PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Business Plan

December 2005

With Amendments November 2006

AGREEMENT OF CONFIDENTIALITY

The information, business plans, ideas, designs, data, trade secrets, and other proprietary information (collectively "Information") disclosed within this business plan, the exhibits, and financial projections are confidential.

In receiving the information, the Reader agrees to retain such information in confidence and not to publish, make available or otherwise disclose any part or portion of such information to any third party except with the prior express written consent of an authorized representative of Parkland BioFibre Limited Partnership and further agrees not to make any copies, in part or in whole, of any of this business plan.

The Reader further agrees not to use, exploit, and / or commercialize such information for the benefit of other third parties.

By accepting delivery of this business plan, the Reader agrees to review this document solely for the purpose of increasing their understanding of the Parkland BioFibre Limited Partnership business plan and will return this document to Parkland BioFibre Limited Partnership if the Reader does not choose to participate in any way with Parkland BioFibre Limited Partnership.

DISCLAIMER

This document contains forward-looking statements, which involve risks and uncertainties. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, changes in competitive pressures including pricing pressures, changes in technology, and government policy changes.

NOTICE OF AMENDMENTS

Please note that pages identified with the Executive Summary and pages 31 and 32 have been amended to reflect updates to the plan as of November 2006. Management has confirmed that all other representations in the business plan remain unchanged from the December 2005 plan.

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EXECUTIVE SUMMARY

Hemp fibre has been well known throughout much of history for its strength and durability in a variety of uses such as rope and high quality paper, canvases and textiles dating back several thousand years to early India and China. Today, hemp fibre is primarily used in the manufacture of specialty papers, such as cigarette paper and bank notes, and as a composite replacement for fiberglass.

Now industrial hemp is showing the potential to be a part of a growing trend towards developing “renewable” sources for industrial products currently sourced primarily from “non-renewable” sources. Currently, there is no commercial hemp fibre processing facility in North America to supply and grow these markets. To pursue these opportunities, Parkland BioFibre Limited Partnership (“Parkland BioFibre LP”) has been established and will build a processing facility in Dauphin Manitoba capable of processing up to 36,000 metric tonnes annually of hemp straw into biofibre and by-products. The “Pilot Processing Plant” will be used to modify and reengineer the small scale fibre processing technology that is currently operating in Europe.

The potential for growth for hemp biofibre production and processing is significant. The Pilot Processing Plant will focus on a selected small number of well developed and accessible markets and uses that have a range in quality requirements.

Parkland BioFibre LP Pilot Processing Plant is expected to achieve 30% (12,000 metric tonnes) processing capacity in the first year of operation, increasing to 50% (18,000 metric tonnes) in year two, and just over 80% (30,000 metric tonnes) in year three.

Parkland BioFibre LP is a limited partnership formed under the laws of the Province of Manitoba. Parkland BioFibre LP is owned by the General Partner, Parkland BioFibre Ltd., and the initial limited partner, Don Dewar. After the offering (as hereinafter defined) Parkland Industrial Hemp Growers Cooperative Ltd. (PIHG Ltd.) will become a limited partner, along with those individuals and entities that purchase units pursuant to the offering (as hereinafter defined). After the offering, the initial limited partner, Don Dewar, will cease to be a limited partner.

Capital requirements for Parkland BioFibre LP are projected at approximately $14 million, and include the construction of the 36,000 metric tonne Pilot Processing Plant and the acquisition and reengineering and modification of equipment from Europe. Start-up requirements are projected at approximately $1.6 million, and include initial inventory requirements and general start up expenses. Financing requirements are projected to be funded through a $3 million flexible loan from the Province of Manitoba and traditional financing of nearly $7.3 million. The remaining $5.25 million is to be raised in 2006 through an offering (the “Offering”) of Parkland BioFibre LP units pursuant to National Instrument 45-106-Propsectus and Registration Exemptions (“NI 45-106”). Three year financial projections are included as Appendix 1.

Modification and reengineering of the equipment and the construction of the plant is expected to require approximately 12 months, followed by two full years of limited production during the pilot testing of the processing and products.

Parkland BioFibre LP is projected to achieve $2.36 million in revenue in 2008, the first 11 months of pilot operations, growing to $8.16 million by the end of 2010.

Based on a gross margin of 47%, Parkland BioFibre LP achieves break even with approximately $6.4 million revenues in 2010, or at approximately 79% of 2010 projected revenues.

Profit margins from operations improve from negative 40% in 2008 to negative 14% in 2009, improving to positive 10% in 2010. This reflects a net loss from operations of approximately $940,000 in 2008, improving to net earnings of over $800,000 by 2010. Net earnings, including income from grants and payment of interest on long-term debt, improve from a loss of $485,992 in 2008, to positive earnings of over $180,000 in 2009, and over $450,000 in 2010.

GENERAL

Background

Parkland BioFibre Limited Partnership ("Parkland BioFibre LP") has been formed pursuant to the laws of the Province of Manitoba for the purpose of establishing a commercial facility that will manufacture and market products made from industrial hemp straw. The focus of this business will be to capture the value from the superior qualities of hemp fibre. Hemp fibre has been well known throughout much of history for its strength and durability in a variety of uses such as rope and high quality paper, canvases and textiles dating back several thousand years to early India and China. Industrial hemp is showing the potential to be a part of a growing trend towards developing "renewable" sources for industrial products currently sourced primarily from "non-renewable" sources. This is a reversal of trends over the last several decades to focus on synthetic replacements for natural products. In a time when the world is again seeking "natural" sources of product and at a time when sources of wood fibre are seen to be more limited given deforestation concerns around the world, Parkland BioFibre LP is being established to pursue these opportunities. The proponents of the company have worked closely over the last several years with BioFibre Europe of Bangor Wales and the BioComposites Centre at the University of Wales; the current leaders in technology and knowledge for the processing and utilization of industrial hemp fibre. It is much of that knowledge that Parkland BioFibre LP believes is transferable to a Canadian context.

Parkland Biofibre LP will build a processing facility in Dauphin, Manitoba capable of processing up to 36,000 metric tonnes of hemp straw into fibre and by-products annually. This facility will be a "pilot" facility, to be used to modify and reengineer the small scale fibre processing technology that is currently operating in Europe. The Pilot Processing Plant is also considered a pilot facility in the sense that there is currently no other commercial hemp fibre processing facility in North America. The processing of the fibre, in itself, is not a new technology, but uses much of the process employed in the creation of other bio-fibres, such as flax.

Parkland Biofibre LP's strategy is to become self sustaining based on primary processing and marketing of fibre and by-products (shives) in the initial years. This will allow the business time to refine the process and efficiency, and time to develop the higher margin markets from products that require secondary manufacturing processes. The first of these is to create a non-woven matting that has a number of uses. The initial focus will be to develop and market an industrial hemp home and commercial insulation product from non-woven hemp matting. The hemp fibre matt will be cut into sheets/bats and further processed, and will have the consistency to allow it to be a replacement for pink fibre glass insulation. Subsequently, several other markets will be developed for secondary processed products that fit into the consumer and industrial markets. By example, some of these are erosion matting for waterways and river/lake shore erosion control, and matting for horticultural use.

Moreover, hemp fibre has proven to be superior to glass fibres for strength and resiliency, and is lighter in weight making it ideal to replace glass fibres in the transportation, aerospace and bio-composites parts industry. Combined, the model uses an agricultural biofibre product to produce environmentally friendly products from an annual renewable resource in a completely mechanical zero waste process that can contribute to Canada's efforts to reduce greenhouse gas emissions.

In 1998, Health Canada licensed the restricted production of non-THC (tetra-hydro-cannabinol) (less than 0.3%) varieties of industrial hemp to be grown. Since then, there has been recognition and an interest to develop industrial hemp in Canada as a commercial source of fibre, oils, and food products, creating an alternate production opportunity for farmers and the development of a new fibre industry in Canada using an alternate annual renewable source of fibre. Industrial hemp has been grown in Manitoba on a small scale since its licensing in 1998. The commercial use of the product up to this point in Manitoba has consisted primarily of seed processing for its oil and qualities as a food product. Ongoing research and testing has been conducted with the Manitoba grown fibre produced by this crop to develop and test its suitability for various markets.

Mission of Parkland BioFibre LP:

The following points make up the ideals of the draft mission statement of Parkland BioFibre LP:

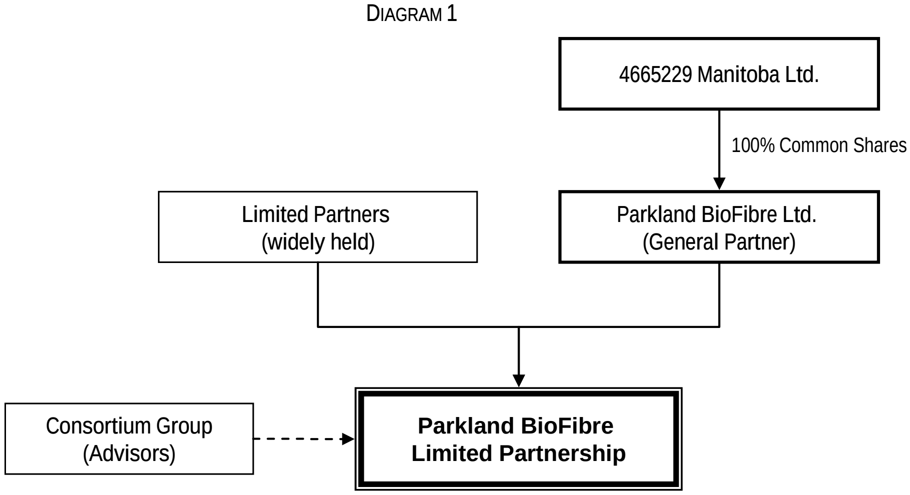
- Import and adapt technology to process industrial hemp fibre.
- Initiate a new crop and a new value added processing industry to the region,
- To build a Pilot Processing Plant that will create a repeatable, vibrant industry in a multitude of rural communities in Canada.
- Demonstrate the ability to process industrial hemp fibre on a commercial scale suitable to Canadian conditions.
- Demonstrate hemp fibre products to markets in North America.
- Create a Canadian biofibre industry that will be prepared to grow to meet the demand for biomaterials with a consistent quality fibre.
- Support research and development for bio-composites.
- Develop a major market for bio-insulation in Canada.

Legal Structure

Parkland BioFibre LP is formed as a limited partnership pursuant to the laws of the Province of Manitoba. Parkland BioFibre LP is owned by the General Partner, Parkland BioFibre Ltd., and the initial limited partner, Don Dewar. After the offering Parkland Industrial Hemp Growers Cooperative Ltd. (PIHG Ltd.) will become a limited partner, along with those individuals and entities that purchase units pursuant to the offering. After the offering, the initial limited partner, Don Dewar, will cease to be a limited partner.

The following diagram is the corporate structure of Parkland BioFibre LP:

DIAGRAM 1



The General Partner, Parkland BioFibre Ltd., was incorporated as a corporation in Manitoba on September 20, 2005. Parkland BioFibre Ltd. is a wholly owned subsidiary of 4665229 Manitoba Ltd. The following are the shareholders of 4665229 Manitoba Ltd. each with an equivalent number of shares:

- Joe Federowich
- Robert Baker
- Fisher Farms
- Triple "S" Seeds Ltd.
- Ron Myers
- Jim Pavlin
- Chris Federowich
- Chris Dzisiak
- Jim Mulligan
- Dewar Seed Farms Ltd.
- Rampton Enterprises Ltd.

4665229 Manitoba Ltd. was incorporated as a corporation in Manitoba on December 23, 2002.

The Initial Limited Partnership Agreement and the draft Limited Partnership Agreement and accompanying Schedules are included as Appendix 2.

The General Partner, Parkland BioFibre Ltd., has established a Board of Directors to provide direction to the functions and operations of Parkland BioFibre LP. The Board may have a minimum of one director and a maximum of 10 directors, two of which can be appointed from the board of 4665229 Manitoba Ltd. The current board members are

Don Dewar, Chairperson	Drake McMurphy, Secretary
John Orisko, Treasurer	Blair Wright

A Consortium Group consisting of industry experts has been formed to act as an advisory committee to Parkland BioFibre LP. The Consortium Group brings expertise of fibre supply equipment, process, management, and market access to the Pilot Processing Facility. The following are the Consortium Group members:

- Joe Federowich, Parkland Industrial Hemp Growers Co-operative
- Blair Wright, Olds Ag-Tech Industries Inc. (Private Corp); Business start-up and management training
- Larry M Siddens of North American Natural Fibres, LLC; Raw Fibre marketing
- Richard Provost of Agri East Distributing LLC; Marketing of Hurds
- Gary Newman of Plant Fibre Technologies; Technology developer, provider and technical advisor
- Mark McMunn, McMunn & Yates Building Supplies

The contact for Parkland BioFibre LP is Don Dewar, the project facilitator. The office is located at:

#3 – 126 Main St. Dauphin, MB R7N 1C2

Telephone (204) 629-4367

Fax (204) 629-4368

The Parkland BioFibre LP Pilot Processing Plant will be located in the industrial park which borders the north end of the City of Dauphin. The legal land description of the facility site is NE 15-25-19 W.

Current Situation

Parkland BioFibre LP is a start-up company. Currently, the project is at the pilot stage of development. The biofibre processing technology and equipment to be used is currently operating in Europe on a smaller scale, and to date is not available in North America. Parkland BioFibre LP has an agreement with Gary Newman, who also works for the BioComposites Centre at the University of Wales in Bangor, Wales, and Plant Fibre Technology Ltd. to access the biofibre processing technology used in Europe. The configuration of equipment proposed for Parkland BioFibre LP does not exist as a 'package', and will be assembled and configured according to Mr. Gary Newman. The process is not technically new or complex. It involves the process of mechanically beating and breaking down the straw and separating it into component parts of long fibres, short fibres (hurds or shives) and dust. This technology is well known for the commercial processing of flax fibre in North America and Europe.

Phase one of this project will include construction and operation of a Pilot Processing Plant with a production capacity of 36,000 metric tonnes – full commercial scale – in Canada to demonstrate and adapt the technology and process for the commercial production. This pilot phase is the focus of this business plan and financial projections. The successful result of this pilot phase will be to 1) establish a commercial market for Canadian grown hemp fibre products, 2) refine commercial scale processing of industrial hemp fibre, and 3) establish industrial hemp as a viable crop alternative in Western Canada. In addition to basic fibre manufacturing, the Pilot Processing Plant will process industrial hemp fibre into non-woven matting products such as matting used in the horticultural industry, and further processed to create a biofibre insulation. This Pilot Processing Plant will be the first production source of bio-insulation in North America. Additionally, this plant is capable of processing other fibre crops that are commercially grown in Canada such as flax.

The Parkland BioFibre LP Pilot Processing Plant represents a new processing and unique product introduction to Canada. The pilot operation provides the foundation to establish the technology to meet North American raw material and biofibre product requirements, as well as acting as the channel to grow this market in Canada and North America. The Pilot Processing Plant will bring together the small plant technology available in Europe and demonstrate it in a commercial plant setting that will be the largest in the world.

Canada has the acreage base and the economic factors to make agricultural production an attractive option for farmers. Canadian farmers are known to be very knowledgeable in implementing high quality production systems and are able to meet the challenge of producing a new crop consistently to meet the processing requirements for quantity and quality. To support the initial production model, Dauphin area farmers have organized themselves into the Parkland Industrial Hemp Growers Co-op Limited (PIHG Ltd.). PIHG Ltd. was chartered as a new generation co-operative in May of 1999 and has been instrumental in promoting the development of the potential of industrial hemp as a new crop alternative for Canadian farmers. These producers have now spent several years refining the production practices necessary for viable hemp production and harvesting. Parkland BioFibre LP and PIHG Ltd. have signed a non-binding letter of intent outlining the general terms and conditions of the exclusive supply of raw hemp fibre by PIHG Ltd. to Parkland BioFibre LP. Parkland BioFibre LP is negotiating the terms and conditions of the definitive agreement. No definitive agreement regarding the supply of raw fibre has been entered into. A copy of the letter of intent is included as Appendix 3.

Long term, the processing technology can be replicated in any number of communities in rural Canada, about every 200 km, helping to revitalize rural employment and infrastructure. The bulky nature of the raw product makes it more economical to process relatively close to the source of raw material and ship the finished value added products.

This industrial hemp Pilot Processing Plant is necessary to demonstrate the market suitability of hemp fibre based products, and is expected to require approximately two years operation to commercialize the process.

Biofibre products such as hemp also have significant environmental benefits, both in the production of the industrial hemp plant and in the processing of the fibre into marketable products. Growing industrial hemp helps remove greenhouse gases from the air through photosynthesis. This environmental benefit is further enhanced with each market product that is replaced by a biofibre product. Additionally, the manufacture of the hemp products involves a mechanical process that does not involve the use of non-renewable energy or water in the processing, and uses a zero waste process so there are no emissions or waste during production.

The Parkland BioFibre LP Pilot Processing Plant will also be a catalyst to research in the bio-composite field that will lead to the use of natural fibres and natural polymers in products such as molded panels that can be used on the interior of buses, equipment, and in the automotive industry. This will increase the amount of material in products and homes that can sequester carbon and be recycled. The challenge for researchers is accessing biofibre. The industry needs this new technology to be introduced into Canada to begin research and to fuel the use of natural fibres.

This European technology that will be used by Parkland BioFibre LP processes industrial hemp raw material into three basic products, pure bast fibre, hurds and fines. Pure bast fibre makes up 35% of the raw product, hurds/shives make up 50% and fines make up the final 15%.

Future Plans

At the end of the pilot phase, the technology is expected to be ready for commercial scale production, and market demand for hemp biofibre products will have been demonstrated. The commercial model will use the same zero-waste process operating on hydro-electric power and have a production capacity of 36,000 metric tonnes (mt) of raw fibre annually. Current estimates anticipate construction of one commercial processing facility every two years over a ten year period.

In 10 years this biofibre processing model could cumulatively sequester approximately 466 kilotons (kt) of carbon or about 86 kt per year. These biofibre processing plants can be replicated anywhere in Canada where hemp and most other crops can grow. Hemp is adapted to a wide range of soil types and climates so most areas of the Western Provinces and Ontario can easily enter the production chain. Further information on industrial hemp crop and production is included as Appendix 4. The amount of carbon sequestered is expected to be greater each year as new plants will learn from the Pilot Processing Plant and other Parkland BioFibre LP initiated commercial plants, improving the efficiency of the technology.

The forecast of new construction is based on a slow growth of the natural fibre uses, biofibre insulation and biofibre/biomaterials industries. Research in Canada and internationally is ongoing to develop processes and polymers suitable to utilize agriculture fibres as a replacement for glass fibres such as those found in fiberglass insulation. However, there is little work being done on fibre production and processing. Parkland BioFibre LP will provide the platform for development of biofibre suitable for product research requirements, while sustaining itself financially with sales of raw fibre and non-woven matting products, such as biofibre insulation.

MARKETING PLAN

Industry Analysis

Internationally, the biofibre processing industry is in the development stages. Commercialized industrial hemp processing is new and limited in the world. The majority of hemp fibre for textiles comes from hand processing countries like China. However, biofibre processing technology is successfully operating in Europe in small scale plant production. This European technology decorticates and separates the plant material and processes the material into non-woven matting products, such as insulation. European Union crop subsidies currently do not encourage farmers to produce industrial hemp. This results in an unreliable supply of hemp fibre. To date, as a result, flax has been the main fibre used for natural fibre insulation.

Research in the biofibre or natural fibre area is also in its infancy, however, initial estimates suggest the natural fibre industry has a huge potential in the bio-composite industry for structural and non-structural uses. In 2003, 160,000 tonnes of natural fibre composites were used in the German automotive industry.

New composite innovation centers, such as The Composites Innovation Centre in Winnipeg, Manitoba and University of Manitoba Engineering Department, are being developed. These centres research and develop bio-composites for door panels in cars, buses and airplanes, and load bearing and non-load bearing applications such as window frames and house beams. It is estimated that about 10 to 15 processing facilities with capacities of 36,000 mt each would be required to be a reliable supplier of just one of the major auto manufacturers.

These innovative technology research and product developments require access to natural materials such as processed industrial hemp materials, and require a reliable, consistent and sufficient supply. The automotive manufacturers are interested but require a uniform product that must meet specifications, just in time delivery, large volumes and available at a competitive price. Many of these processing plants in diverse growing areas are needed for a supply guarantee.

Fiberglass insulation for the building industry is currently in short supply. Retailers indicate the price has risen approximately 40% in the last two years and is expected to continue to increase.

Hemp and flax fibre insulation have been produced in Europe since the mid 1990's, and have been in the market place in Europe for about seven years. Hemp and flax fibres are made predominantly from cellulose or fibre. Cellulose insulation, in the form of hammer milled paper, is well established in the North American market, and market acceptance has been growing. The current cost for this biofibre insulation product is approximately one and a half times that of mineral insulation products such as fiberglass. Natilin, the brand name of biofibre insulation in Europe, has been assessed and approved by the DIBT in Germany. Further information about Natilin is included as Appendix 5.

Many of the biofibre products have gone through rigorous national and international test programs before the product is sold. Tests include thermal conductivity, fire performance, reaction to moisture, susceptibility to mould growth and maintenance of loft. The overriding authority for approving the products are national building control organizations such as the BBA in the UK, the CTSB in France and the DIBT in Germany. All these organizations share data under a European agreement known as UEATC.

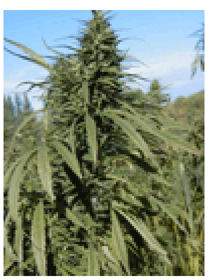
The national building control organizations not only control the performance and quality of the product, but also the production process. Maintenance of national certification requires rigorous quality control procedures to be implemented and maintained. The product specification cannot be changed without the approval of the controlling authority.

European plants have demonstrated the equipment and technology can process industrial hemp. Production of this crop in the farmer's fields is a challenge under the European farm practices, crop choices and subsidies. To date, a constant, sufficient supply of industrial hemp has not been possible in Europe. The European processing plants are processing mainly flax fibre to produce bio-insulation that meets European (German) building and fire codes.

Flax fibre processing equipment available in Canada has been tried but is not heavy or strong enough to process hemp fibre. The Parkland BioFibre LP Pilot Processing Plant will work closely with local researchers, building code authorities, Plant Fibre Technology Ltd., which has access to a decortication and separation technology that was developed by BioFibre Ltd with support from and the BioComposites Centre at the University of Wales, and the BioComposites Centre. The strategy is to incorporate the most suitable of the available technologies into the Pilot Processing Facility. This application will assist in developing, adapting and configuring the technology to the scale required for Canadian manufacturing requirements. Industrial hemp processing equipment needs to be robust. The Parkland BioFibre LP Pilot Processing Plant will be the first in Canada in a position to supply biofibre materials for commercial research activities.

The capital cost of the biofibre processing technology is relatively inexpensive. Newer plants will be built and are expected to be more efficient as the technology is refined and improved. The potential exists for numerous rural communities in Canada, potentially every 200 kilometer radius, to be home to an industrial hemp processing facility.

Industrial Hemp Production



Industrial Hemp Plant

Canadian farmers have demonstrated they can grow and harvest a successful industrial hemp crop, and the larger fields available in Canada can create a more consistent quality hemp fibre for processing. In Western Canada's there is about 30.1 million ha of annual crop production. Hemp could be grown on most of this land.

Industrial hemp or flax biofibre processing by commercial mechanical processes is relatively new. Hemp biofibre manufacturing has started in Europe. Non-THC hemp, as a commercial industrial crop was first licensed in Canada in 1998 and can only be grown under a license from Health Canada. The United States Food and Drug Administration prohibits growing industrial hemp of any kind. This US stand gives Canada an obvious competitive advantage in industrial hemp production and processing.

Industrial hemp is an annual crop that can be produced in the agricultural system in a continuous crop, minimum or zero till production system. Minimum or zero till systems generally increase yields with reduced inputs and build ups in soil carbon.

The hemp crop is very robust and can be grown on a wide range of soil types and climates. Canadian production indicates the crop performs well on a wide range of soils and soil types, and in a wide range of climates across Canada, including many of the northern areas of the Prairies and Ontario where crop choices are limited and cash crop alternatives are few.

Nutrient inputs generally being suggested and used are comparable to wheat and canola. Crops following hemp have not been found to require different management or increased inputs.

Industrial hemp can be grown in a regular rotation, and can be included as another crop in the rotation or can replace lower yielding and lower return cereal crops. Hemp should not be grown in a rotation that includes potatoes, because the residual hemp fibre would cause problems during potato harvesting.

Industrial hemp is seeded with conventional equipment. Where the crop is also grown for seed production, the seed is harvested using a conventional small grains combine. The hemp straw is baled with conventional haying equipment after combining with round balers used for baling hay and straw in the livestock industry. The raw product is staked and stored on farm in these large round bales. These bales are then available to be hauled to the processing plant as required. Additional expenditures on specialized equipment are not required for existing crop producers.

Parkland Crop Diversification Foundation (PCDF) has done considerable work on industrial hemp agronomy in the northwest part of Manitoba, where to date the majority of acres of hemp in Canada are found. Their findings support the crop as a sustainable, crop diversification option for many operations[1]. Manitoba Agriculture, Food and Rural Initiatives (MAFRI) have been closely involved in working with growers, and industrial hemp research is ongoing in Manitoba.

The current anticipated grain yields and fibre production obtained from industrial hemp, and the farm gate price paid to producers is currently estimated (December 2005) to create higher returns for farmers than for most crops on the prairies. However, at this time there are currently no commercial markets established and the "fit" of industrial hemp into large scale commercial agriculture is yet to be established (the main objectives of this business plan).

The table below is the Manitoba Agriculture, Food and Rural Initiatives 2005 Crop Production Budgets which compare the common crops grown on the prairies. Feed grains such as barley and oats historically have low market prices. These acres could potentially be replaced by higher value crops such as industrial hemp once reliable markets for the hemp-based materials are established.

TABLE 1

Crop Comparisons - 2005	Wheat	Canola	Barley	Hemp Grain
Average Yield Potential (t/ha)(1)	2.287	1.569	2.959	0.560
Farm Gate Value per tonne (2)	$165.00	$295.00	$101.00	$1,213.00
Total Cost of Production (Operating & Fixed $/ha)	$478.51	$558.57	$463.17	$502.36
Break even yield (t/ha)	2.898	1.894	4.582	0.414
Gross Income ($/ha)	$377.36	$462.86	$298.86	$679.28
Net Income	-$101.16	-$95.72	-$164.31	$176.92

Source: Manitoba Agriculture, Food and Rural Initiatives 2005 Crop Production Costs
Note: No allowance made for potential sale of hemp fibre. Fibre yield after grain harvest averages 3.705 t/ha. Valued at $100 per tonne.
(1) MCIC (Manitoba Crop Insurance Corporation 1993 to 2002 average yields
(2) 2005 anticipated prices. Historical lows

Industrial hemp will contribute to sustainable crop production by providing one more crop in the production cycle and crop rotation. This is a huge benefit in the reduction of cereal leaf diseases and the corresponding use of fungicides. Additionally, the large root of the hemp plant will capture and recycle nutrients deep in the soil profile. More detail is provided on the agronomic characteristics of hemp production in Appendix 4.

Industrial Fibre Market

The key properties of the hemp bast fibres (35% of the hemp stalk) are length, strength and durability. Historically, hemp fibre was used to make rope, nets, sailcloth, canvas, and paper. Today, it is primarily

[1] http://www.mts.net/~pcdfnw/index.htm

used in the manufacture of specialty papers, such as cigarette paper and bank notes, and as a composite replacement for fiberglass.

Specialty pulp is currently the largest segment of the hemp industry in Europe. Hemp fibre has 87% share of this specialty pulp market. The North American market for specialty fibres is 125,000 tonnes per year.

Canada and the US consume 115 million tonnes of paper and paperboard products annually; 25% of which is recovered or recycled paper. Recycled paper products require the addition of 15% new fibre, which could be industrial hemp fibre. Hemp fibres have been tested for use in the cardboard recycling industry. Inclusion of hemp fibres as 1/3 of the total mix has shown to increase the capability to recycle the cardboard from 3 times to up to 9 times. One recycling facility indicates it would require 226,000 tonnes of fibre semi-annually – this represents a market potential of 4.3 million tonnes of fibre per year.

Fibre based non-woven products are used in the transportation sector, and in home furnishings, geo-textiles, filtration, and medical products, as wipes and diapers, and in adult incontinence and feminine hygiene products. In Europe, all these products have been manufactured using biofibre materials. This market would require over 17.0 billion square yards of biofibre material and with a value of $47.7 billion US.

The US market for residential insulation is estimated to be approximately 3,985 million pounds, of which 2,860 million is fiberglass. Assuming Canadian demand to be 10% of the US demand, the total North American usage of fiberglass insulation would be approximately 3,146 million pounds or 1.427 million tonnes.

In 1999, world fibre production consisted of 54.5% synthetic, and 42.9% natural plant fibre (78.5% cotton) and 2.6% wool. In addition to cotton, flax is the only other significant plant fibre grown in temperate regions. Hemp fibre can replace other natural fibres in many applications, and can sometimes compete with synthetic materials (glass fibre) and even steel. Exhibits 1 and 2 provide supplementary information for the potential uses of hemp fibres in disposable and durable products and uses that exist in the market today.

EXHIBIT 1

Disposable Non-Woven Products

Hygiene Products
- Diapers
- Sanitary napkins
- Training pants
- Dry and wet wipes
- Cosmetic applicators
- Lens cleaners
- Headrest covers
- Airline pillow cases

Healthcare Products
- Surgical caps, masks, gowns
- Surgical sponges
- Wound dressing
- Bandages
- Medical wipes
- Dental bibs
- Bedding underpads
- Examination gowns
- Blood filters

Home/Office Products
- Vacuum bags
- Tea bags
- Polishing cloths
- Fabric softener sheets
- Mops
- Napkins
- Ironing board pads
- Washcloths
- Maps & Signs
- Floppy disk liners

EXHIBIT 2

Durable Non-Woven Products

Geotextile Uses
- Asphalt overlay
- Soil stabilization
- Drainage layers
- Erosion control
- Pond lines
- Road and railroad beds

Construction Products
- Roofing underlay
- Acoustic material
- Insulation
- Housewrap
- Pipe wrap
- Shingles

Agricultural Uses
- Crop covers
- Root bags
- Capillary matting
- Turf protection
- Weed control fabrics

Industrial Products
- Industrial and air conditioning filters
- Semiconductor polishing pads
- Industrial wipes
- Protective apparel
- Face masks
- Cable insulation
- Absorbents
- Packaging
- Conveyor belts
- Paper making felts
- Acoustic felts

Automotive Products
- Trunk liners
- Parcel shelf covers
- Door trim panels
- Synthetic leather backing
- Headliners
- Insulation materials
- Acoustic materials
- Seat padding
- Oil filters
- Car and boat covers

Clothing Products
- Interlinings
- Padding
- Shoe components
- Clothing and glove insulation

Home Furnishings
- Cushions and mattress filling
- Padding materials
- Dust covers
- Quilt backing
- Blankets
- Wall covering backings
- Acoustic wall covering
- Pillows and pillow cases
- Window dressing
- Carpet backing
- Artificial leather

Products and Services

The potential for growth for biofibre production and processing is significant. The Parkland BioFibre LP Pilot Processing Plant will focus on a selected small number of well developed and accessible markets and uses that have a range in quality requirements. To mitigate risk, Parkland BioFibre LP will first establish basic markets for primary processed fibre and shives to create cash flow. Once these have been established, Parkland BioFibre LP will immediately move forward on the processing and manufacturing of hemp fibre insulation. These non-woven products will replace non-renewable products like fiberglass insulation in the construction industry and plastic mulch used in the horticulture industry. Products such as fiberglass insulation and plastic mulch require heavy loads of non-renewable energy sources during their manufacture which emit greenhouse gasses. By comparison, an automated mechanical process that releases little to no greenhouse gasses will be used by Parkland BioFibre LP for the manufacture of biofibre insulation and other products.

Bulk Bast Fibre

Parkland BioFibre LP will adopt a zero waste process in the plant, processing the industrial hemp raw material into three products, pure bast fibre, hurds and fines.

Pure bast fibre makes up 35% of the raw product. The fibre can then be sold to the paper and cardboard recycling industry or further processed for value-added non-woven matting products such as biofibre insulation for the construction and building industry, and other biofibre matting products such as those used in the horticultural industry.

Non-Woven Matting

Hurds/shives makes up 50% of the plant material, and is a light and absorbent substance, which is a high quality animal bedding, such as race horses, and the small pet market.

The fines, which makes of the final 15% of the plant, can be used to manufacture products that are used for sources of heat, such as fire logs, which will either be sold for retail or used as an energy source for the Pilot Processing Facility.

Hurd or Shive baled in plastic bags for horse bedding

The main goal for Parkland BioFibre LP at this time is to produce a matted fibre product formed into “bats” that will be a biofibre insulation targeted for the building and construction industry. The biofibre insulation can be used as a substitute to “pink” fiberglass insulation.

The biofibre insulation has equal insulating qualities as fiberglass, and has the advantage of being clean, easy and safe to install without irritation to the skin, eyes or respiratory system. Further, hemp biofibre insulation sequesters carbon in the insulation for the life of the building in which it insulates, and could later be recycled. The benefits of biofibre insulation directly address the common and important concerns when using “pink” fiberglass insulation.

Fines compressed into heating

Bast fibre from the primary process will be used in the cardboard recycling industry. The strong fibre increases the number of times a cardboard box can be recycled from 3 to 9 times more often.

These biofibre products will be available to a broad number of Canadians as the natural fibre market develops. Bio-insulation is an ideal fit for the building renovation and new construction markets.

BioFibre Insulation

The bast fibre can be used in other markets, such as bio-composite products that include interior paneling for buses, cars, windows sills, etc. Industry has demonstrated considerable interest in further developing technology to replace synthetic products with high quality bio-fibre materials. Production from this facility will create a consistent reliable source of strong, durable, environmentally friendly base fibre for a key element in bio-composite research. Further, production of this product is currently not available in Canada. To date, this material is only available from small bench type laboratory processing research facilities.

BioFibre Insulation

Public acceptance of biofibre is expected to be high due to the environmental benefits of the products and in its method of manufacture. Moreover, at the end of the usable life of the biofibre product, it can be recovered and recycled. Finally, the biofibre material is user friendly, and has no health warnings.

Paper Recycling

In the US, the Herty Foundation in Savanna, Georgia is the private test lab used by the paper industry for testing and conducted research and testing on hemp fibres in paper products. Research indicates introducing hemp fibre to the recycled paper mixture at a rate of 33% the cardboard product produced could be recycled a further 8 to 9 times. Without hemp fibre, cardboard products could be recycled 3 to 4 times.

One customer of North American Natural Fibres would require 226,000 tonnes of fibre semi-annually to use in their recycling. This market requires fibre that was only 90% clean.

Insulation

Quality insulation is critical for new construction and renovation projects. It is important to install sufficient and quality insulation to reduce energy consumption for both heating and cooling. The market for fiberglass insulation is well established and demand for fiberglass insulation products is generally predictable. Although there are different forms and sources of insulation, fiberglass insulation is used in 71% of residential applications. This form of insulation is available at all building supply stores in Canada. The majority of building supply stores are large national chains or individually owned centre that are part of a buying group.

Three major companies dominate the fiberglass insulation market: Johns Manville, Owens Corning, and Knauf Insulation. There are no known competitors of natural fibre-based insulation in North America, and transportation from Europe is cost prohibited. Parkland Biofibre LP plans to enter into a sales agreement firstly with McMunn and Yates for the purchase and sale of hemp based insulation for the residential market, and has had initial discussions with McMunn and Yates. Group member Mark McMunn of McMunn & Yates Building Supplies indicates there is a current shortage of fiberglass insulation and that over the past 2 years, the shortage and energy costs has driven up prices by 40%. Further price increases are expected.

While it is difficult to estimate the potential market size, the production of this first facility will be a very small fraction of the overall market potential. Processing raw hemp fibre at 12,600 MT per year (full capacity is 36,000 MT) to produce biofibre insulation would represent 4.5% of the Canadian market for insulation, or 0.4% of the North American market. The wholesale value of 6,300 MT of processed biofibre insulation (production based on 6,300 MT of raw fibre) would be about $9.1 million, and $18.2 million retail.

The long term market acceptance of fiberglass “pink” as the insulation of choice will be a market barrier. Hemp fibre insulation will be an alternative product, at least equal in quality to suit the construction market. Hemp insulation is environmentally “green”, safer to handle, and a novel product. These features will attract a segment of the population.

Non-woven Matting

There have been several other markets identified for strong matted biofibres. Some of these are horticultural pot liners, which would replace imported cocoa matting, erosion control matting for ditches and the banks of waterways, which would replace poly-mesh materials, and lagoon covers, which would replace poly tarps. These are all large existing markets, some of which utilize petro-based products that would be replaced with renewable resource based products. Major customers targeted in this market include Dexter, Weyerhaeuser, RG Nabisco and Georgia Pacific, specifically targeting their products that require non-woven matting.

Automotive Use

In 2004, reports indicate 160,000 tonnes of natural fibre was used in automotive production in Germany. Both Mercedes Benz and BMW are using natural fibres in their automobiles. Daimler-Chrysler is interested in using natural fibres in their North American automobiles, and research is underway at Ford. However, there is a shortage of fibre available to be used by these manufacturers. This provides a significant opportunity for Canada to develop a consistent supply source of natural fibres to meet this growing demand.

Other Uses

Parkland BioFibre LP's American consortium member, North American Natural Fibre, is also testing the use of hemp fibre as concrete and asphalt filler. Tests to date indicate very good results have been obtained in concrete.

Hemp Products Competitive Advantage

Hemp products provide several key advantages to the direct user as well as to the environment and our way of life.

1) Durable high strength source of industrial fibre.
2) Fibre produced from an annual renewable resource that can replace synthetic fibres. Manufactured into bio-degradable products that can ultimately reenter the environment without harmful effects.
3) Hydro-electric/mechanical manufacturing process that does not use hydrocarbons for manufacturing or conversion of the product into finished goods and creates no waste by-products for disposal into the environment.
4) Competitively priced commercial products for high quality fibre and insulation markets.
5) Hemp biofibre insulation is proven to have equal insulating effectiveness to that of fiberglass, and it is safe and easy to install. Natural fibres are not irritating to the skin, eyes or respiratory system[2]. This is a benefit to many installers especially the do it yourself market. Conversely, installers of fiberglass insulation are at risk to ingest the fiberglass wool fibres through inhalation and skin contact.

Industry Benefits

Parkland BioFibre LP's Pilot Processing Plant and subsequent commercial processing facilities will increase the rural infrastructure and rural sustainability through the introduction of an alternative, high value crop that can be produced in the majority of areas in Canada where current cropping exists and rurally located processing facilities.

Environmental Benefits

The Kyoto Protocol is an international climate change agreement that was signed by Canada in 1997 and ratified in Parliament in 2002. It is expected to become legally binding when Russia ratifies the agreement[3].

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[2] http://naturalbuildingproductscouk.ntitemp.com/pdfs/natilin.pdf

[3] The Western Producer, Kyoto: what it means to farmers, by Brian Cross, ed. March 19, 2003 http://www.producer.com/articles/20030313/special_report/20030313kyoto_main.html Accessed September 18, 2003.

When Canada endorsed the proposal in Kyoto, Japan, it agreed to reduce its own greenhouse gas emissions to an average of six percent below 1990 levels by 2012[3]. In an effort to meet its Kyoto Protocol obligations, the Canadian government has stated that it intends to set up a market for carbon credits or offsets. There are some companies that are in the process of developing systems to market carbon credits.

These carbon credits would be created by farmers and forestry companies that sequester carbon in plants, trees and the soil by altering their land management and harvesting practices. Industries that surpass their greenhouse gas production limits could then buy the offsets to compensate for their own emissions.

The greenhouse gases covered under the Kyoto Protocol include three naturally occurring gases — carbon dioxide, methane and nitrous oxide — and three man-made gases — perfluorocarbons, hydrofluorocarbons and sulfur hexafluoride[4].

Hemp also has significant environmental benefits. High biomass crops such as industrial hemp are associated with the ability to sequester higher amounts of carbon. Industrial hemp grows approximately 2 to 3 meters tall, producing a high tonnage per acre of an annually renewable fibre. Actively growing plants capture carbon during photosynthesis as a part of the carbon cycle. Growing a high volume, high biomass annual crop like hemp is a cost effective means of reducing atmospheric levels of carbon dioxide ($C0_2$). Industrial hemp, due to its large above ground biomass, also has a large root compared to other annual crops. Carbon removed from the atmosphere is also sequestered into the below ground portion or root system and sequestered in the soil. Although industrial hemp is a relatively new crop, estimates suggest carbon sequestered by the root system is 20% of the above ground biomass. Based on this estimate, industrial hemp has a positive carbon balance over alternative crops. Additional information on hemp is included as Appendix 4.

By sequestering carbon and removing carbon dioxide from the air, value-added biofibre products such as biofibre insulation, lock up this carbon for the life of the product. This product could then be recycled at the end of its useful life. Other biofibre products such as non-woven matting used in the horticultural industry would sequester carbon in the soil as it becomes a part of the organic matter.

Parkland BioFibre LP has an opportunity to use an environmentally friendly manufacturing process to produce environmentally friendly hemp fibre products manufactured from agricultural waste. These biofibre products are substitutes for some existing products that require a manufacturing process that contributes to greenhouse gas emissions.

The impact of fibre production on greenhouse gases will be with carbon sequestration. By definition, carbon sequestering is a process whereby trees and other plants remove carbon dioxide from the atmosphere and through photosynthesis, turn it into plant material.

This Pilot Processing Facility, with a capacity to process 36,000 mt of raw fibre, will have the capacity to sequester a bank of carbon of up to 17.2 kt per year. This will be a permanent removal of carbon when the fibre is used in products such as insulation. All hemp fibre insulation used to replace fiberglass will also cause a reduction in nitrous oxide (N_20) and sulphur dioxide ($S0_2$) equal to that would have been emitted during the fiberglass manufacturing process. The long-term impact will depend on the life cycle of the constructed building; in Canada this is typically 100 to 150 years. At the end of that time it is reasonable to expect the insulation would be recycled, similar to the trend that has now started in Europe. There would be a bank of permanent carbon removal relevant to the number of tonnes of raw fibre processed annually.

[4] The Western Producer, Kyoto: what it means to farmers, by Brian Cross, ed. March 19, 2003 http://www.producer.com/articles/20030313/special_report/20030313kyoto_main.html Accessed September 18, 2003.

The following table compares the energy consumption for the manufacture of biofibre insulation and the traditional mineral fibre insulation. The manufacture of biofibre insulation uses less energy and emits less carbon and pollutants than the manufacture of mineral fibre insulation such as fiberglass. The difference is mainly due to the process used to manufacture the insulation. Mineral fibre insulation requires heat to manufacture the product. The process involves melting sand and or recovered glass in gas-fired furnaces at high heat temperatures. The molten glass is then jetted through tiny heated holes in a high speed stream. The resulting fibres are drawn very thin and to great length, and are then collected into a mat to produce fiberglass insulation. Based on the information provided by the Bio-Composites Centre in Wales (illustrated in Table 2 below), it takes approximately 6.98 Mega Joules (MJ) of energy to produce one kilogram of fiberglass insulation[5]. Whereas, the manufacture of biofibre insulation requires 0.55 MJ per kilogram of insulation produced.

Further, in North America, natural gas is generally used in the manufacture of fiberglass insulation. Natural gas releases carbon dioxide ($C0_2$), methane (CH_4), and nitrous oxide (N_20), which are commonly known as greenhouse gases.

Biofibre insulation requires an automated mechanical process, which will be powered by hydroelectric power sources.

TABLE 2

T	Energy Consumed in manufacture of flax/hemp and mineral fibre insulation			
	Processing	Fibre Extraction	0.25 MJ/kg fibre	(Ref. BioFibre)
		Insulation Production	0.30 MJ/kg fibre	(Ref. Natilin SAS)
	Total Energy consumed in manufacture		0.55 MJ/kg (insulation) 0.26 kWh/kg (insulation)	
Mineral Fibre	**Total Energy consumed in manufacture**		6.95 MJ/kg (insulation) 1.93 kWh/kg (insulation)	(Data supplied by mineral fibre manufacturer - Rockwool)
		Conversion Factors		
		kWh to MJ	3.6	

Assumptions
Thermal performance of flax insualtion is equivalent to mineral insulation for equivalent densities (Ref. Textinap)
Equivalent energy consumed in all activities other than product manufacture (e.g distribution, sales etc)
Data Source: Biocomposite Centre, Bangor Wales, UK

As illustrated in the table, the benefit of using a biofibre to replace mineral fibre insulation is an energy reduction in the manufacturing process of approximately 6.43 MJ per kilogram of insulation produced.

For current industrial hemp production in Canada, burning the hemp fibre that remains after the seeds are harvested is the only available option to remove the straw from the field. Burning hemp fibre releases carbon into the atmosphere. However, this carbon is sequestered when the hemp straw fibre is processed into useable materials, such as non-woven matting products. Operating at the full capacity of 36,000 tonnes per year, the processing the hemp bast or long fibre, which makes up 35% of the hemp straw, would make total carbon available for sequestering (in products like insulation and non-woven matting) of 5,040 tonnes per year. Products such as insulation sequester the carbon for the life of the building. Non-woven matting

5 http://www.nuwool.com/products/environment.html

products for horticulture will sequester the carbon in the soil as it decays to become part of the soil organic matter.

For perspective, consider insulation will insulate a house for its useful life, estimated at 75 to 150 years in Canada, thus tying up the carbon. With fiberglass insulation products, at the end of the houses' useful life, it is destroyed and debris such as insulation is buried in a landfill. Using biofibre insulation in this scenario, burying the insulation would still tie up the carbon.

Biofibre insulation could also be recycled. In Europe there are "recycling" taxes on products to cover their disposal at the end of their life cycle. Components in the manufactured unit are taken out to be recycled or there is a heavier tax. In 75 to 150 years it is not unreasonable to assume "components" in a house (like insulation) will be taken out to recycle in Canada.

Carbon sequestering also occurs when the hurd, which makes up 50% of the hemp stalk, is processed into animal bedding. After use the bedding is spread on the soil, sequestered into the soils' organic matter. At full capacity, producing this product in the Pilot Processing Plant would return 7,200 tonnes per year of carbon to the soil.

TABLE 3

Total carbon available to sequester per year per plant from all sources is:

Source of Carbon Sequestering	Total Carbon to sequester(tonnes)
Bast fibre in insulation and non-woven matting	5,040
Hurd in animal bedding	7,200
Advantage for growing hemp from net Carbon in roots vs. alternative crop	2,160
Replacement advantage of Biofibre replacing fibre glass insulation CO_2e/unit	2,875
Total Carbon to sequester per year at full production	17,275 tonnes
or	**17,275 kt/yr**

Fines and byproducts which make up the final 15% of the hemp plant can be compressed into firebricks that can be burned to generate heat. This alternative renewable fuel source can reduce the need for non-renewable fossil fuels. Research and development is needed to further develop this firebrick product and to determine the net benefit of reducing fossil fuels for the same energy generation. The product is undeveloped and research is not available, therefore emissions created from burning the hemp based firebrick, or the advantage of switching from a fossil fuel to a renewable resource is not yet available and has not be estimated in this business plan. Alternatively, fines and by-products could be incorporated into the soil to improve soil texture and increase organic matter.

Further, growing industrial hemp helps remove greenhouse gases from the air through photosynthesis. These benefits are further emphasized when industrial hemp producers carry out minimum or zero till practices. Minimum tillage system is a means for gaining "carbon-offset credits", thus reducing the need for expensive control system. According to Agriculture Canada[6], industrial hemp production fits into this type of agricultural practice.

6 http://www.agr.gc.ca/policy/environmnent/pdfs/soil_sinks/carbonengpdf#search='carbon%20sequestering

Carbon is also sequestered as a result of the growing of a plant with a higher root biomass, such as industrial hemp. The root biomass is approximately equivalent to 20% of the above ground biomass. For example, 36,000 tonnes of above ground material would create 7,200 tonnes per year root biomass of which 40% is carbon, equaling 2,880 tonnes of carbon to sequester in the soil per year. Compared to an alternate major acreage crop such as wheat, which on average produces 0.75 tonnes per acre straw per year, industrial hemp produces 3 tonnes per acre of straw per year. For the same comparable production acreage, a wheat crop would produce approximately 9,000 tonnes of wheat straw. The roots would produce 1,800 tonnes of biomass or 720 tonnes of carbon for sequestering per year. A net benefit for growing or switching wheat acres to hemp acres in the agriculture production system would be 2,880 - 720 = 2,160 tonnes of carbon sequestered in the soil per year from roots.

Parkland BioFibre LP plans to commercialize the biofibre processing technology, and expects to construct five processing facilities each with a production capacity of 36,000 metric tonnes of raw hemp fibre annually over the next 10 years. The estimated reduction in greenhouse gas as a result of the biofibre products replacing existing products are illustrated in the chart below. Based on initial estimates, 5 commercial processing facilities could cumulatively reduce greenhouse gas emissions by 466.42 kt per year. See Table 4 below.

TABLE 4

	Canada					
Year	No. of New Installations	Added Capacity	Total Annual Capacity	Cumulative Total Annual Capacity	GHG Reduction of New Installations (kt/yr)	Cumulative GHG Reduction (kt/yr)
Baseline		Tonnes of raw product (000)	Tonnes of raw product (000)	Tonnes of raw product (000)		
2006						
2007	1	12	12	12	5.76	8.64
2008		24	24	36	11.517	17.275
2009	1	18	54	90	8.67	43.187
2010		18	72	162	8.67	77.737
2011	1	18	90	252	8.67	120.925
2012		18	108	360	8.67	172.750
2013	1	18	126	486	8.67	233.212
2014		18	144	630	8.67	302.312
2015	1	18	162	792	8.67	380.049
2016		18	180	972	8.67	466.42

MARKETING STRATEGY

Target Market

The Parkland BioFibre LP Pilot Processing Plant will focus on the development of a business that processes biofibre insulation for the building material market and non-woven matting for various final products, such as the horticultural market. The plant will also sell basic fibre to the paper and cardboard manufacturing/recycling industry as a way to enter the business with a market for surplus fibre produced and that will allow the organization time to develop the insulation and matting channels. These three markets were selected from an extensive list to allow for focused efficient and effective development of the market.

The production from the biofibre Pilot Processing Plant is expected to represent a small portion of the market potential of biofibre products. As the production process is developed, and product quality and features are proven in the market increasing the market demand and uses of biofibre materials, Parkland BioFibre LP will expand production capacities and capabilities with subsequent commercialized production facilities.

Raw fibre for paper and cardboard recycling and hurds for animal bedding will generate significant cash flow for the company as well. Letters of intent have been prepared to support these markets for the near and longer term. Letters of Intent are also being prepared to market the bast fibre to use in paper and cardboard recycling. Copies are provided as Appendix 6.

Promotion

The demand for insulation has been established and is growing as people upgrade older homes to be more energy efficient. Biofibre insulation has been approved in Berlin for use in construction by the “Deutsche Institut fur Bautechnik” (German Institute for Constructional Engineering) under approval number Z 2311-1192.

Hemp fibre insulation production requires only 20% of the energy of fiberglass insulation. This product will require about 18 months to attain Canadian certification, and includes an assessment of the biofibre insulation’s thermal performance, fire performance, reaction to moisture and susceptibility to decay, and maintenance of loft. Further detail regarding these assessment factors is included as Appendix 5. Parkland BioFibre LP intends to work with the Canadian Construction Materials Council to assist in attaining certification.

The Parkland BioFibre LP consortium will be responsible to market and promote the technology fibre processing and biofibre insulation manufacturing technology.

During the pilot phase, the quantity of biofibre insulation will be limited, and the product and demand of the product will be closely monitored. Due to the limited supply of the pilot product and monitoring requirements, Parkland BioFibre LP will restrict distribution and sales of the product to relatively local areas. Parkland BioFibre LP is currently in discussions with potential high profile demonstration sites to increase awareness and promote the biofibre insulation product. Discussions are also underway with a major local building materials supplier to retail the biofibre insulation product.

When the product is commercial-ready and production levels are at commercial levels and sustainable, Parkland BioFibre LP will penetrate the building materials market through existing relationships, accessing national chains and buying groups. The well connected network of building supply centres across North America is an effective and efficient distribution network for biofibre insulation. Parkland BioFibre LP will leverage the knowledge of locally based McMunn & Yates Building Supplies to enter this market. McMunn & Yates Building Supplies, a Manitoba building supply retailer with ten outlets across Manitoba, including Winnipeg, has agreed to demonstrate the biofibre insulation product. Rona, a national building supply chain is also interested in the product, and is expected to agree to demonstrate the product after reviewing the technical testing report. Preliminary discussions have taken place with Mountain Equipment Co-op to use the insulation, when it becomes available, in a demonstration project.

No approvals are needed for the sale of the raw fibre or the non-woven matting products produced at Parkland BioFibre LP. Sales will be able to commence immediately upon start-up. This will allow a revenue stream to sustain the plant while the insulation product undergoes the Canadian and US testing and approval process.

The successful acceptance of the product in the marketplace will reflect on the performance of the production technology. The technology will market itself as the demand grows for the end product.

Management expects to achieve 0.4%, or 1.5 million pounds of the residential insulation market in Canada with the introduction of this unique, environmentally friendly, natural product which is manufactured using far less energy in today's environmentally conscious society. Additionally, hemp insulation does not cause itching, nor shed harmful fibres that can be ingested, making it safe and user friendly. These features are expected to be popular with the do-it-yourself individual.

Price

Fiberglass insulation retails in Canada for $40 per cubic meter. At an average density of 13.6 kg/m3, it sells for $2,900 /tonne. However, it is difficult to determine precise price points for biofibre hemp insulation. In Europe, the retail price of biofibre insulation has changed from initially four times the cost of fiberglass to 1.6 times the cost.

The matting machine specified for the Parkland BioFibre LP Pilot Processing Plant will produce a complete range of non-woven matting. Price for these fibre demand range from $240-$2,400/tonnes US, depending upon product and quality. Based on current estimates, Parkland BioFibre LP expects to wholesale biofibre insulation for $1,800 per metric tonne. The same process and non-woven matting product is used for horticultural products, therefore Parkland BioFibre LP expects to wholesale this material at $1,800 per metric tonne also.

Fibre and shives wholesaled to the paper manufacturing/recycling industry will be priced at $300 per metric tonne.

Distribution

The non-woven matting products such as horticultural biofibre lines, and those that are further processed into products such as biofibre insulation, will be wholesaled to McMunn and Yates Building Supplies, Dauphin, Manitoba for retail to the construction and home improvement markets.

Parkland BioFibre LP will also market the bast fibre through North American Natural Fibres, USA, to paper manufacturers and cardboard recyclers/manufacturers.

Hurds will be wholesaled to Consortium Group member, Agri-East Distributing LLC in Peterstown, West Virginia for marketing as bedding to the high end horse racing market.

Parkland BioFibre LP will use the fines to produce firebricks and use these as sources of heat for their operation.

PLAN OF OPERATIONS

Parkland BioFibre LP Hemp Fibre Processing – How it Works

The Pilot Processing Plant is estimated to process 36,000 tonnes of raw fibre at full annual capacity. Internationally, the biofibre processing industry is in the development stages; however this is a processing technology currently in use in Europe. The European technology decorticates and separates plant material, processing the material into non-woven matting products, such as insulation. Small scale processing production facilities have been operating in Europe since the mid-90's. On average, these facilities have a processing capacity of 2-3 metric tonnes per hour (compared to Parkland BioFibre LP at 4-5 metric tonnes per hour). To date, flax straw is the main product used in processing due to the insufficient and fluctuating supply of hemp and influences of subsidies. However, the European processing facilities have demonstrated the equipment and technology can process industrial hemp.

One of the most advanced companies associated with the processing of hemp and flax fibres and the production of hemp insulation is Plant Fibre Technology Ltd. The principal owner of Plant Fibre Technology Ltd. is Gary Newman who has 11 years experience in the processing of agricultural fibres and the production of agricultural fibre products - including natural fibre insulation. Gary Newman is also a long standing research associate at the BioComposites Centre involved in many projects concerned with developing the technology of, and expanding the markets for, natural fibres. Gary Newman is currently involved with Plant Fibre Technology Ltd. and is one of Parkland BioFibre LP's technical and product advisors. Plant Fibre Technology Ltd. has access to a decortication and separation technology that was developed by BioFibre Ltd with support from the BioComposites Centre at the University of Wales.

The Parkland BioFibre LP industrial hemp processing facility will involve a two phase development. Phase 1 includes the construction and operation of Pilot Processing Facility, and product and market development, and is the focus of this business plan and the accompanying financial projections. Phase 2 is the commercialization of the industrial hemp biofibre processing technology.

In Phase 1, the Pilot Processing Plant will utilize the European biofibre processing technology developed through the BioComposites Centre at the University of Wales. During this phase, the European technology will be modified and re-engineered to process industrial hemp material using an automated facility of approximately twice the capacity of the European technology.

The Parkland BioFibre LP Pilot Processing Plant will be the first in North America, and will demonstrate the market opportunity of hemp fibre products. This Pilot Processing Plant will act as a catalyst in building a sustainable development infrastructure in hemp fibre processing in Canada. This technology will demonstrate that high biomass fibrous crops like industrial hemp and others fibrous crops such as flax can be processed into bio-fibre products like building insulation that can replace energy dependant products such as fiberglass 'pink' insulation in the building industry. This technology and Pilot Processing Plant will act as the primary catalyst in building a sustainable development infrastructure for industrial hemp processing in Canada.

The pilot project is expected to be tested for two full years. At full capacity, the Pilot Processing Plant is expected to process 36,000 metric tonnes of fibre annually.

At the completion of the two year pilot phase, if the technology and industrial hemp prove to produce consistent and quality products, the technology will be available for commercialization, Phase 2 of the development. In this phase, Parkland BioFibre LP will continue to maximize the value of the output of the existing plant and will begin to seek partners to construct and operate commercial production facilities with annual processing capacities of 36,000 MT (these opportunities have not been developed further in this business plan).

The primary source of industrial hemp will be Parkland Industrial Hemp Growers Co-operative Ltd. (PIHG Ltd.). PIHG Ltd. consists of 50 producers located in Manitoba and Saskatchewan experienced in hemp production and are in negotiations to supply the raw hemp fibre for the Pilot Processing Plant and some of the planned commercial facilities.

Parkland BioFibre LP will adopt a zero waste process in the plant, processing the industrial hemp raw material into three products, pure bast fibre, hurds and fines. This is the same process used in the European technology.

Construction and Start-Up

Pilot Processing Plant

The Parkland Biofibre LP pilot project consists of construction, assembly and operation of a pilot/demonstration hemp fibre processing facility at Dauphin, Manitoba. Design and construction will commence immediately upon confirmation of all funding sources. Modification and reengineering of the equipment and the construction of the plant is expected to require approximately 12 months, followed by two full years of pilot testing of the processing and products.

Parkland Biofibre LP anticipates start-up processing in the Pilot Processing Plant will be February 2007 with limited production in the first two years while Pilot Processing Plant is being tested and brought up to capacity. At full capacity, the proposed Pilot Processing Plant is expected to process 36,000 metric tonnes of fibre annually.

Parkland BioFibre LP Pilot Processing Plant is expected to achieve 30% (12,000 metric tonnes) processing capacity in the first year of operation, increasing to 50% (18,000 metric tonnes) in year two, and just over 80% (30,000 metric tonnes) in year three.

The purpose of the Pilot Processing Plant includes:

- Scaling up and automating the equipment to meet processing targets.
- Configuring the equipment and technology for efficient product processing and flow.
- Mitigate the risk of a new industry and manufacturing process.
- Commercial scale demonstration of processing capability under diverse climate and growing conditions found from year to year.
- Create a manufacturing process to produce a consistent quality of biofibre products that meet or exceed industry standards and requirements.

There are few working models that have the technology developed for the scale of the plant proposed. The equipment is available in Europe. Some of the pieces need to be scaled up to meet the target processing requirements. This challenge will be met by use of Canadian project engineers working with and consulting with equipment manufacturers and Plant Fibre Technology Ltd. The basic floor plan and equipment configuration is known but needs to be confirmed and supervised by engineers during installation. Efficiency of the plant will be increased by the use of monitors and computers.

The Pilot Processing Plant for Parkland BioFibre LP will be used to test, modify and re-engineer this European technology developed through the BioComposites Centre to efficiently process industrial hemp using an automated mechanical process. The outcome will be a functioning process that decorticates and separates industrial hemp fibre material to produce quality and marketable products.

During the pilot phase, Parkland BioFibre LP will also work with strategic alliances and partners to seek and develop markets for hemp products. Parkland BioFibre LP will benefit from the relationship with Plant Fibre Technology Ltd. and the BioComposites Centre in that it will have access to the proven technology and knowledgeable and experienced research and technical teams. On a longer term basis, a fibre research centre in Manitoba could work with the BioComposites Centre on cooperative research efforts.

Biofibre insulation is a unique product, and is expected to be highly scrutinized by the industry. During the planning and construction of the Pilot Processing Facility, Parkland BioFibre LP will work with both the

Canadian Construction Materials Centre (CCMC) and the United States counterpart, the International Codes Council (ICC) to obtain North American approval for the biofibre insulation product. These agencies will be involved in testing procedures and results, issuing reports on the performance of the product relative to building code requirements.

Based on discussions with the Canadian Construction Materials Council, this building code evaluation process typically requires up to twelve month. However Parkland BioFibre LP expects to shorten the time between plant operations and product approval by starting the approval process during the construction phase of the plant. Parkland BioFibre LP will move forward seeking product approval as soon as construction of the pilot production begins in order to have final approval shortly after production begins. The final approval would be subject to an audit that will verify the ability of the process to produce consistent product.

Commercial Facilities

At the completion of the two year pilot phase, and if the technology and industrial hemp prove to produce consistent and quality products, the technology will be available for commercialization, Phase 2 of the development. Using the modified and re-engineering automated mechanic process developed in the pilot phase, Parkland BioFibre LP will replicate the technology in commercial biofibre processing facilities. At full commercial capacity, the commercial production facility is expected to process 36,000 metric tonnes of raw hemp fibre annually.

Commercial plants will begin at 50% of capacity, increasing to full capacity within two years as the production acres for industrial hemp increase and demand for biofibre products increase. The current plan is to construct a new plant every two years to meet market demand.

Manufacturing Process and General Operations

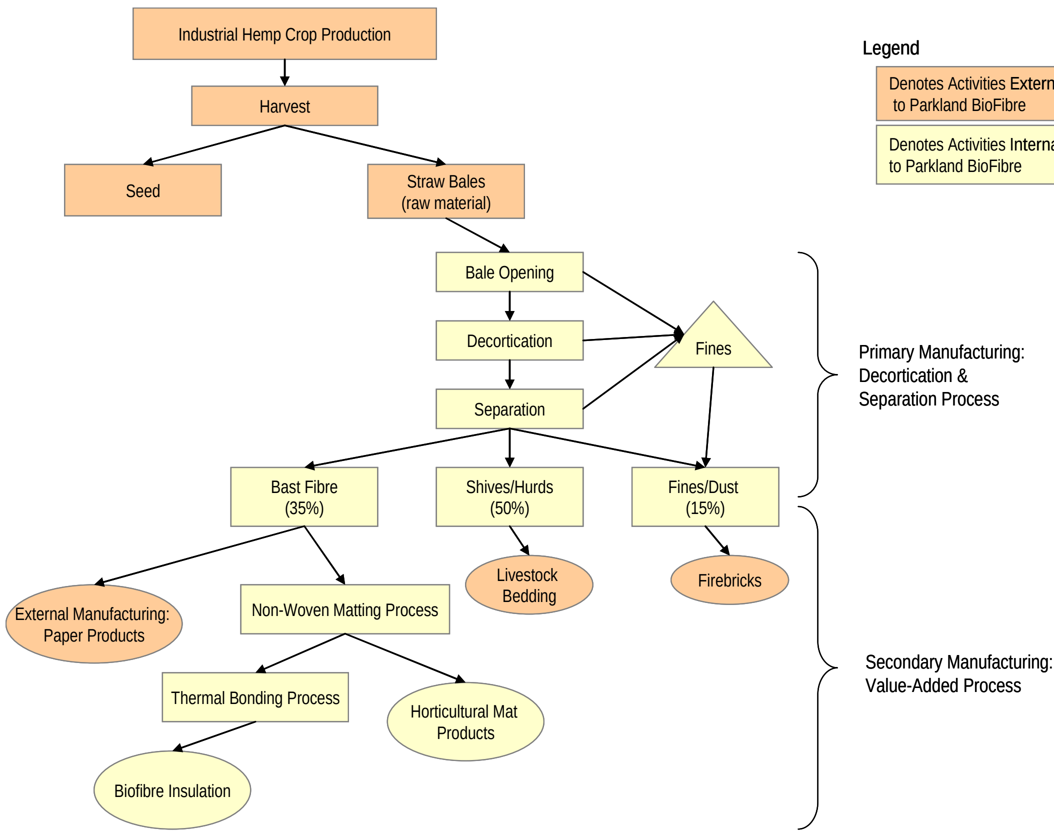
The Parkland BioFibre LP Pilot Processing Plant will operate 10 to 12 hours shifts per day, Monday to Friday and is expected to operate 50 weeks per year.

Parkland BioFibre LP will access a hemp fibre processing system that decorticates and separates industrial hemp plant material, and will be a fully automated mechanical zero waste processing system. Plant Fibre Technology Ltd. has access to this configuration of technology, which was developed by BioFibre Ltd. with support from and the BioComposites Centre at the University of Wales.

The proposed process will utilize round bales of unretted hemp plant material. The process will automatically open the bale, decorticate the material mechanically and separate it into bast (long) fibre, hurds (short) and fines with no waste from the process.

The yields of primary products from hemp straw typically include 15% fines, 50% shives/hurds, and 35% fibre. The process map below illustrates the primary manufacturing stage whereby the straw is processed into stage one products, consisting of fibre, shives/hurds and fines. The secondary manufacturing stage is the value-added process where the raw fibre materials are further processes into products such as non-woven matting, or sold to external secondary processors to manufacture and distribute products such as high value livestock bedding for animals such as racehorses, and firebrick logs, and other products such as paper and cardboards, bio-composites, etc.

DIAGRAM 2



The decortication and separation of the raw industrial hemp plant material is an automated mechanical processing that is a no waste, no chemical, and no emissions technology system when powered by hydro-electricity. Illustrated in Diagram 2, the process separates the raw fibre into three basic components: bast or long fibre, hurd or short fibre, and fines or dust and small plant material. It uses a pneumatic separation and material transfer system that filters and captures fines and dust that can be compressed into a useable product, such as a firebrick, and there are no dust emissions. This mechanical process uses all the raw industrial hemp material to produce useable products.

The mechanical technology also includes a matting machine that further processes the bast fibre into non-woven matting. This machine is capable of manufacturing this non-woven matting into mats with approximately 1 cm thick. Layering these mats in a criss-cross pattern and processing them through a thermal bonding process creates strong, dense fibre matting material suitable for different end uses, including biofibre insulation. The thermal bonding process involves applying a powered resin and fire retardant product to the non-woven mat, layering another non-woven mat on top, cross-ways, and applying the powered resin and fire retardant to this mat, and using a machine to 'punch' the mats to bind them together. This process continues until the desired thickness of the mat material is achieved.

Inventory

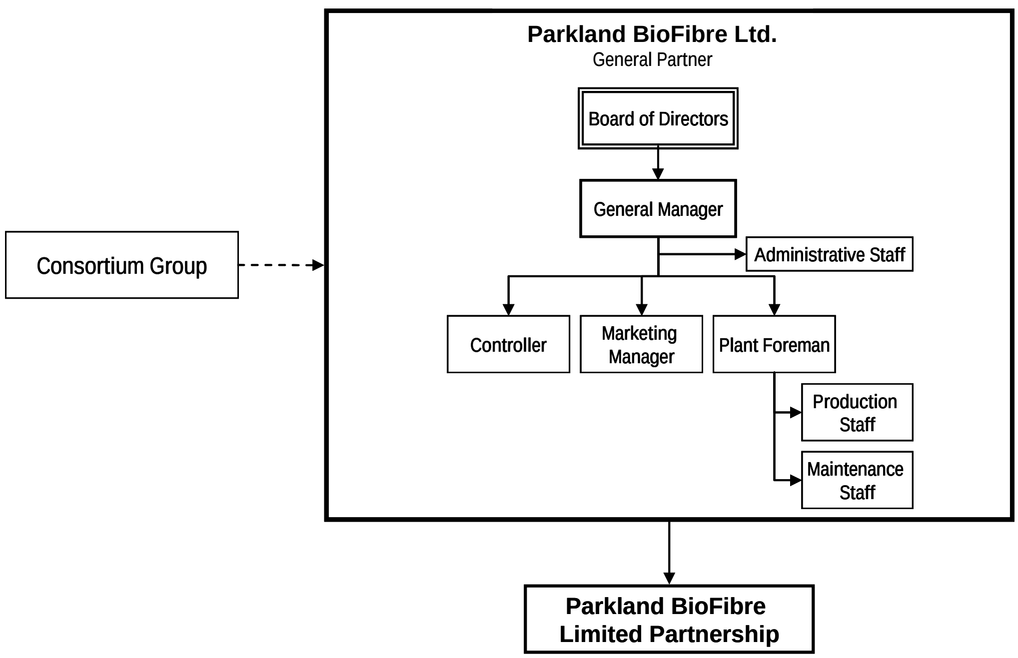
Inventory will consist of raw hemp straw as it is brought in from the producers, finished fibre for sale and further processing, and shives, for sale. As the business becomes established, there will also be finished goods of matting and matted products. Initial inventory requirements are estimated at $1.5 million. The hemp straw will be processed into biofibre for sale to further manufacturers, into products for wholesale to retail supply stores, and into products for market demonstration purposes and for research and development.

MANAGEMENT AND LABOUR

The following diagram shows the proposed management organizational chart for Parkland BioFibre Ltd., the General Partner of Parkland BioFibre LP.

DIAGRAM 3

Management Organizational Structure of Parkland BioFibre



The General Partner, Parkland BioFibre Ltd., through its Board of Directors, provides direction to the functions and operations of Parkland BioFibre LP. The Board may have a minimum of one director and a maximum of 10 directors, two of which can be appointed from the board of 4665229 Manitoba Ltd. The current board members are:

Don Dewar, Chairperson	Drake McMurphy, Secretary
John Orisko, Treasurer	Blair Wright

Biographies of the Directors of the Board are included in Appendix 7.

The General Partner, Parkland BioFibre Ltd., has established a Board of Directors to provide direction to the functions and operations of the Pilot Processing Facility. A Consortium Group consisting of industry experts has been formed to act as an advisory committee to Parkland BioFibre LP. The Consortium Group brings expertise of fibre supply equipment, process, management, and market access to the Pilot Processing Facility. The role of the Consortium Group is to provide advice and to support the development and operation of the Pilot Processing Plant and commercialization of industrial hemp processing in Canada. The following are the Consortium Group members:

- Gary Newman and Plant Fibre Technology Ltd. (formerly BioFibre Ltd.) - Developed the fibre processing technology and is the source of the technology for Parkland BioFibre LP. Gary is currently providing consulting services to the industry in Europe through Plant Fibre Technology Ltd. Parkland BioFibre LP is in the process of finalizing an agreement with Gary Newman and Plant Fibre Technology Ltd. wherein Gary will provide Parkland BioFibre LP an assessment of the available processing technology, and provide the group with recommendations regarding choosing a technology and an efficient configuration. He will also provide Parkland BioFibre LP with the specifications of the selected technology and test the equipment selected. Gary and Plant Fibre Technology Ltd. will supply the technology and set-up, provide engineering services for the specialty equipment and provide advice on handling methods, the technology and process, and markets.
- Joe Federowich, Parkland Industrial Hemp Growers Co-operative Ltd. (PIHG Ltd.), Dauphin, MB – will provide agronomic information and advice to producers growing hemp, and will be the primary suppliers of raw product.
- Blair Wright, Olds Ag-Tech Industries Inc. (Private Corp), Olds, Alberta – has experience in compacting fibre crops (i.e., timothy hay) for overseas markets and will oversee the processing, handling, marketing, scheduling and overall plant management during the two year pilot project phase. Olds Ag-Tech Industries will also be responsible for establishing quality control requirements and systems, and act in an advisory role through this period, and begin management training.
- Larry M Siddens of North American Natural Fibres, LLC – will be responsible to market the hemp fibre to the fibre market, specifically paper and cardboard recycling.
- Richard Provost of Agri-East Distributing, LLC - will be responsible to market the hurd/shives for race horse bedding (high end market)
- Mark McMunn, McMunn & Yates Building Supplies – will be responsible to market the biofibre hemp insulation products.

Management

The management team for Parkland BioFibre LP and cursory overview of the key responsibilities for each position are described below. Initially, an individual may occupy more than one management function, with recruiting into the distinct areas of responsibility to support the growth of the company. During the planning and construction phase of the Pilot Processing Plant, the Board of Directors, working with the qualified delegates of the Consortium Group, will recruit qualified individuals for these positions, providing key individuals with on-site training in operating European plants.

Don Dewar, President of Parkland BioFibre Ltd. and acting General Manager of Parkland BioFibre LP: Don Dewar is a local area crop producer and is an active member and leader of associations and political organizations with involvement and influence on a variety of agricultural and producer issues. As General Manager of Parkland BioFibre LP, Don is responsible for overseeing the business operations and the performance of administrative, human resources and operating functions of Parkland BioFibre LP. Don is also the chairperson of the Board of Directors for Parkland BioFibre Ltd.

Plant Forman is responsible for all activities related to the production operations, including materials and inventory management, meeting production schedules, workplace safety and staff requirements. This position will be recruited during the construction phase of the Pilot Processing Plant. The selected candidate will have management experience in an agricultural processing environment, and be knowledgeable in crop production, specifically industrial hemp. The selected candidate will be trained at the Plant Fibre Technology Ltd. facility in Europe.

Marketing Manager is responsible for researching market needs, communicating product development needs and requirements to the General Manager, and developing markets and demand for hemp based biofibre products. This position will be recruited during the construction phase of the Pilot Processing Plant. The selected candidate will have substantial product and market development experience, and experience in building markets. The marketing manager will work closely with members of the consortium group to promote hemp fibre products and develop markets. During the pilot phase, the role of the Marketing Manager will be combined with the General Manager and will be the responsibility of Don Dewar.

Controller is responsible for managing the overall financial affairs of the Parkland BioFibre LP, including investor relations and negotiations related to strategic contractual agreements. This position will be recruited during the construction phase of the Pilot Processing Plant. The selected candidate will have management experience in a manufacturing or processing environment, and will have a professional accounting designation.

All management personnel will be hired on the basis of an employment contract that will be developed, specifying non-compete and non-disclosure obligations as well as compensation and other employment details.

Staffing

Production and administrative staff will be recruited during the construction phase of the Pilot Processing Plant.

Production:

Based on the required staffing required for the 2-3 mt per hour capacity processing facilities in Europe, the 36,000 MT Parkland Biofibre LP Pilot Processing Plant is expected to require approximately 4-6 production staff. These individuals report to the Operations Manager/Plant Forman, who in turn reports to the CEO/General Manager.

Administrative:

Parkland BioFibre LP will establish three administrative office positions and will recruited competent individuals who meet the position requirements and share the same values. These positions include an Administrative Assistant, Receptionist, and Accounting Clerk.

Compensation and Benefits

Management and employees will be compensated at market rates with the opportunity to increase total compensation through a performance-based bonus system. A comprehensive benefit package will be developed and offered to management and employees after one year with the company.

Performance Management System

A formal performance management system will be outlined in the company employee guidelines to be developed. Performance will be evaluated based on individual performance and company performance.

Professional Resource Team

Legal Counsel (in connection with the Offering)

Fillmore Riley LLP
1700 - 360 Main Street
Winnipeg, Manitoba R3C 3Z3
Phone: 204-956-2970

Planning and Financial Advisory Services

Mr. Ian Craven – Planning Services
Mr. Dan Trotter – Financial Services
Meyers Norris Penny LLP
1401 Princess Avenue
Brandon, Manitoba R7A 3Y9
Phone: 204-727-0667
Fax: 204-571-7126

Accountancy Services

Marion Pernarowski, CA
General Delivery
Dauphin, Manitoba R7N 2V5
Phone: 204-638-0909

Financial Institution

Bank of Montreal
320 Main Street
Dauphin, Manitoba R7N 2V5
Phone: 204-638-4210

Escrow Agent:

Johnston & Company
Mr. Tom Van Buekenhout
18 – 3rd Avenue North West
Dauphin, Manitoba R7N 2V5
Phone: 204-638-3211

Strategic Alliances and Partnerships

Parkland BioFibre LP has also developed alliances to assist in the research and development of products as they are introduced to the market place and the development of new products. These alliances include:

- Composites Innovation Centre, Winnipeg, MB
- University of Manitoba, Engineering Department
- Bio-composites Centre, Bangor, Wales, U.K.

RISK ANALYSIS

There are few working models of biofibre processing technology, and plants of the proposed scale of the Pilot Processing Plant are not available. The technical challenges of this project include the re-configuration and development of existing processing equipment, development of high efficiency matting machine with insulation making capability, and transferring the technology for set up in Canada.

Plant Fibre Technology Ltd. is working in the industry and is a member of the Consortium Group. Their involvement reduces the risk of the processing aspect by being a contact with manufacturers of equipment in Europe. BioFibre Europe has been processing agricultural fibres and manufacturing bio-insulation for 9 years. Further, sound engineering of system integration of the proven pieces of the technology and use of this system for separation mitigates the technology risk.

The project risk involves introducing a new technology and process to supply an existing market with an alternative product. The overall risk of introducing a new technology and product will be mitigated with the funding assistance of the Province of Manitoba and SDTC.

Market risk will be in the time required for the testing process and the reaction of the competing fiberglass insulation manufacturers. This risk mitigated by using a small scale pilot to introduce the new insulation to the marketplace.

FINANCIAL PLAN

The construction of the 36,000 metric tonne Pilot Processing Plant, Parkland BioFibre LP is expected to require approximately $13,996,533 in capital and $1,585,671 in operating financing to cover expenses, including initial inventory requirements of $1.5 million until revenue from sales is generated.

Capital Budget

Total capital requirements reflected in this plan are approximately $13,996,533, and include fixed capital requirements and capitalized start up costs. Capital requirements associated with fixed capital include the construction of the Pilot Processing Plant, and fibre processing and matting equipment. Parkland BioFibre LP is in negotiations with the City of Dauphin, Manitoba and the Rural Municipality of Dauphin to purchase land in which the Parkland BioFibre LP Pilot Processing Plant will be located. The negotiations include purchasing the land for approximately $290,000 with an incentive provided by the City of Dauphin wherein the City will give Parkland approximately $290,000. No definitive agreement has been entered into.

Pilot Processing Plant Building	$3,742,137
Fibre Processing Equipment	$5,170,028
Matting Equipment	$4,634,367
Total Capital (fixed assets)	$13,546,533
Start-Up Costs	$450,000
Total Capital	$13,996,533

Capital budgets are based on cost estimates provided by management.

Costs associated with the start of business operations are estimated at $450,000 and have been capitalized, amortized at 8% per year. These capitalized start-up costs include $250,000 for research and development costs invested by PIHG Ltd. associated with the development of the project, and $200,000 in organization costs that include general start up costs.

Management estimates these start up costs will be realized prior to full production of the Pilot Processing Plant.

No additional capital expenditures are anticipated for the period of this business plan.

Financing

Total financing required to fund the purchase of capital assets, development costs and start up expenses is $15,543,064.

Long-term debt of $10,293,064 will be sought to finance capital requirements associated with the construction and purchase of the plant and equipment. Financing will be sought through a $3 million flexible loan from the Province of Manitoba at an interest rate of 5.5%, amortized over 10 years. Traditional financing of $7,293,064 will be sought to finance capital associated with the construction of the plant and purchase of processing equipment. Discussions are underway with traditional financers. $2,500,000 will be used to finance the building construction at an interest rate of 8.25% with an amortization of 20 years. $4,793,064 will be used to finance the equipment costs, with an interest rate of 8.25% and an amortization period of 10 years.

Parkland Biofibre LP plans to raise $5,250,000 in additional financing through an equity offering of Parkland Biofibre LP units (the “Units”) pursuant to the offering memorandum exemption in NI 45-106 (the “Offering”). The additional equity financing obtained from the Offering will be used to finance the balance of the capital costs and costs associated with the start of operations, including the purchase of initial inventory requirements. The equity raised by the Offering will be in the form of $1,500,000 of raw hemp fibre provided by PIHG Ltd. and $3,750,000 from cash. An offering memorandum has been prepared pursuant to NI 45-106.

Parkland BioFibre LP will be responsible to meet the applicable securities laws in each province in which equity is raised.

Parkland BioFibre LP has also applied for a grant through Sustainable Development Technology of Canada for $3 million to fund the purchase and installation of specific monitoring equipment during the construction phase, and to cover a portion of the eligible operating and demonstration costs associated with the two year pilot processing and product testing.

Financial Projections

Parkland BioFibre LP’s gross revenues include direct sales revenues from basic fibre and shives/hurds products, wholesaled to the paper and horse bedding industry, respectively, and revenues from basic horticultural mat line product which is sold as a finished biofibre insulation product to building supply retailers.

Parkland BioFibre LP is projected to achieve $2.36 million in revenue in 2008, the first 11 months of pilot operations, growing to $8.16 million by the end of 2010.

Major direct costs include raw hemp material. Gross margins are relatively stable during the first three years of the processing project, projected at 48% in 2008, 49% in 2009, and 47% in 2010.

The most significant expense categories are marketing, amortization of property and equipment and salaries, wages and benefits representing approximately 69% of overall expenses in 2008, and approximately 76% in 2009 and 75% in 2010.

Based on a gross margin of 47%, Parkland BioFibre LP achieves break even with approximately $6.4 million revenues in 2010, or at approximately 79% of 2010 projected revenues.

Profit margins from operations improve from negative 40% in 2008 to negative 14% in 2009, improving to positive 10% in 2010. This reflects a net loss from operations of nearly approximately $940,000 in 2008, improving to net earnings of over $800,000 by 2010. Net earnings, including income from grants and payment of interest on long-term debt, improve from a loss of $485,992 in 2008, to positive earnings of over $180,000 in 2009, further improving to over $450,000 in 2010.

APPENDIX 1

Financial Projections

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
FINANCIAL PROJECTION
December 31, 2010

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NOTICE TO READER
To Compile a Financial Projection

We have compiled the financial projection of Parkland Biofibre Limited Partnership consisting of projected balance sheets at December 31, 2007, 2008, 2009 and 2010, and the related statements of projected earnings and retained earnings and cash flows for the years ending December 31, 2007, 2008, 2009 and 2010 using assumptions, including the hypothesis set out in Note 1, with an effective date of November 14th, 2006 and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection issued by The Canadian Institute of Chartered Accountants.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypothesis, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypothesis. Further, since the financial projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

This communication is intended to be used solely for management purposes and is only to be referred to or distributed to management of Parkland Biofibre Ltd. as general partner of Parkland Biofibre Limited Partnership and its providers of capital, and read in conjunction with the Parkland Biofibre Limited Partnership Business Plan dated December, 2005 and as amended November, 2006, prepared by Meyers Norris Penny LLP. The information contained in this compilation may not be appropriate for other purposes.

November 14, 2006
Winnipeg, Manitoba

MEYERS NORRIS PENNY LLP
Chartered Accountants

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Projected Balance Sheet

For the Four Years ending December 31, 2010

(Unaudited - see Notice to Reader)

	2007	2008	2009	2010
Assets				
Current				
Cash	$ -	$ 251,548	$ 997,355	$ 1,873,059
Accounts receivable *(Note 2.0)*	-	434,032	346,935	670,932
Inventory *(Note 3.0)*	1,500,000	613,319	1,014,544	1,014,544
	1,500,000	1,298,899	2,358,834	3,558,535
Property and equipment, net of amortization *(Note 4.0)*	13,546,533	12,858,916	11,483,681	10,108,446
Start-up costs, net of amortization *(Note 5.0)*	450,000	393,750	337,500	281,250
	$ 15,496,533	$ 14,551,565	$ 14,180,015	$ 13,948,231
Liabilities				
Current				
Bank indebtedness *(Note 6.0)*	85,671	-	-	-
Accounts payable and accruals *(Note 7.0)*	-	-	80,661	80,661
Current portion of long-term debt *(Note 8.0)*	341,011	614,221	680,434	736,055
	426,682	614,221	761,095	816,716
Long-term debt *(Note 8.0)*	9,952,053	9,305,538	8,602,558	7,862,383
	10,378,735	9,919,759	9,363,653	8,679,099
Partners' Equity				
Balance, beginnig of year	-	5,117,798	4,631,806	4,816,362
Contributions *(Note 9.0)*	5,250,000	-	-	-
Withdrawals	-	-	-	-
Share of earnings (loss)	(132,202)	(485,992)	184,556	452,770
Balance, end of year	5,117,798	4,631,806	4,816,362	5,269,131
	$ 15,496,533	$ 14,551,565	$ 14,180,015	$ 13,948,231

The accompanying notes are an integral part of this financial projection

Projected Statement of Earnings

For the Four Years Ending December 31, 2010

(Unaudited - see Notice to Reader)

	2007	2008	2009	2010
Sales *(Note 10.0)*	$ -	$ 2,361,000	$ 4,302,000	$ 8,163,000
Cost of sales *(Note 11.0 and 12.0)*	-	1,219,720	2,209,308	4,326,390
Gross profit	-	1,141,280	2,092,692	3,836,610
Expenses *(Note 13.0)*				
Marketing costs	-	385,304	294,945	501,720
Amortization of property & equipment *(Note 4.0)*	-	687,617	1,375,235	1,375,235
Amortization of start up costs *(Note 5.0)*	-	56,250	56,250	56,250
Production equipment lease	-	175,000	175,000	175,000
Insurance	-	33,866	33,866	33,866
Interest and bank charges *(Note 6.0)*	9,551	8,000	5,000	5,000
Management fees & reimbursements	-	100,000	100,000	100,000
Property taxes	-	82,000	84,460	165,000
Office	-	30,000	30,000	30,000
Professional fees	-	30,000	17,500	17,500
Repairs and maintenance	-	50,000	75,000	100,000
Salaries, wages and benefits	-	361,524	372,720	383,897
Travel, meals and entertainment	-	45,000	45,000	45,000
Telephone, fax and internet	-	24,000	24,000	24,000
Memberships and dues	-	500	500	500
Shareholder newsletter	-	12,000	12,000	12,000
	9,551	2,081,061	2,701,476	3,024,968
Earnings (loss) from operations	(9,551)	(939,781)	(608,784)	811,642
Other income and (expense)				
Interest on long term debt	(122,651)	(746,211)	(706,660)	(658,872)
SDTC Grant *(Note 14.0)*	-	1,200,000	1,500,000	300,000
	(122,651)	453,789	793,340	(358,872)
Net earnings (loss)	(132,202)	(485,992)	184,556	452,770

The accompanying notes are an integral part of this financial projection

Projected Statement of Cash Flows

For the Four Years Ending December 31, 2010

(Unaudited - see Notice to Reader)

	2007	2008	2009	2010
Cash provided by (used for) the following activities				
Operating activities				
Net earnings (loss)	$ (132,202)	$ (485,992)	$ 184,556	$ 452,770
Non-cash items:				
Amortization of start-up costs and capital assets	-	743,867	1,431,485	1,431,485
	(132,202)	257,875	1,616,041	1,884,255
Changes in working capital accounts				
Accounts receivable	-	(434,032)	87,097	(323,996)
Inventory	-	886,681	(401,225)	-
Accounts payable	-	-	80,661	-
	(132,202)	710,524	1,382,574	1,560,259
Financing activities				
Advances of long-term debt	10,293,064	-	-	-
Advance from PIHG	-	-	-	-
Repayment of PIHG	-		-	-
Repayment of long-term debt	-	(373,305)	(636,767)	(684,554)
Partner contributions	3,750,000	-	-	-
	14,043,064	(373,305)	(636,767)	(684,554)
Investing activities				
Purchases of property and equipment	(13,546,533)	-	-	-
Start-up costs	(450,000)	-	-	-
	(13,996,533)	-	-	-
Total increase (decrease) in cash resources	(85,671)	337,219	745,807	875,705
Cash resources (indebtedness), beginning of year	-	(85,671)	251,548	997,355
Cash resources (indebtedness), end of year	$ (85,671)	$ 251,548	$ 997,355	$ 1,873,059

The accompanying notes are an integral part of this financial projection

1.0 Nature of presentation

Parkland Biofibre Limited Partnership (Parkland Biofibre) is a Manitoba-based limited partnership that is in the process of setting up operations. Parkland Biofibre is planning to build a hemp processing facility in the Dauphin area that will rely on a local producers co-op to supply the plant with raw hemp fibre. As a result, this financial projection was prepared in order to allow future capital providers to evaluate the future profitability, cash flows, and liquidity of Parkland Biofibre.

The financial projection presents, to the best of management's knowledge and belief, Parkland Biofibre's expected financial position, results of operations and cash flows for the projected period. Accordingly, the projection reflects management's judgement, as at November 14th, 2006 of the expected conditions and their expected course of action.

The assumptions disclosed herein are those that management believes are significant to the projection. There will usually be differences between the projection and the actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Management does not intend to update the projection for changes that may occur beyond the effective date of assumptions, stated above.

Basis of Presentation

The projected financial statements represent the unincorporated business, a limited partnership, operating as Parkland Biofibre and do not include any other assets, liabilities, revenues or expenses of the partners. No provision has been made in the accounts for any income taxes which may be payable by the partners. No provision has been made in the accounts for fees, interest or similar items accruing to the partners.

Hypothesis

The financial projection is presented on the basis of the hypothesis that Parkland Biofibre will be successful in obtaining the financing (see Note 6.0, 8.0 and 9.0) required to implement construction of the hemp processing facility.

2.0 Accounts receivable

Management estimates that accounts receivable will be average of sales on a net 30 days basis.

3.0 Inventory

Management estimates inventory to consist of raw material and finished goods. Projected inventory of raw material is detailed in Schedules B and E and valued at most recent projected purchase price. Inventory of finished goods is detailed in Schedules D and G and valued at projected cost of manufacturing. The estimated cost of manufacturing includes cost of raw material, freight in, direct labour and direct overhead.

4.0 Property and equipment

Property and equipment are recorded at projected cost. Estimated amortization is provided using the following methods and rates intended to amortize the cost of the assets over their estimated useful lives:

Buildings	Straight-line	5% per year
Equipment	Straight-line	12.5% per year

Management estimates that Parkland Biofibre will make property and equipment expenditures of $13,546,532 throughout 2007 consisting of the following:

Buildings & Land		
Plant building	3,742,137	
Property at plant location	1	
		$ 3,742,138
Equipment		
Fibre equipment	5,170,028	
Mat equipment	4,634,367	
		$ 9,804,395
Total capital expenditures		$ 13,546,533

The projection assumes that Parkland Biofibre will be required to purchase the land at the plant site for $290,000 but the local government will provide an offsetting grant and the cost of the land is reported net of this grant.

Year	Opening Cost	Additions	Ending Cost	Opening Accumulated Amortization	Amortization Expense	Ending Accumulated Amortization	Opening NBV	Ending NBV
2007	-	13,546,533	13,546,533	-	-	-	-	13,546,533
2008	13,546,533	-	13,546,533	-	687,617	687,617	13,546,533	12,858,916
2009	13,546,533	-	13,546,533	687,617	1,375,235	2,062,852	12,858,916	11,483,681
2010	13,546,533	-	13,546,533	2,062,852	1,375,235	3,438,087	11,483,681	10,108,446

5.0 Start-up Costs

Estimated start-up costs are recorded at cost. Amortization is provided using the following method and rate intended to amortize the costs over their estimated period of benefit:

Start-up cost	Straight-line	8% per year

Management estimates that the following start-up costs must be incurred before full production will occur.

Research and development	250,000	
Organization costs	200,000	
		$ 450,000

Year	Opening Cost	Additions	Ending Cost	Opening Accumulated Amortization	Amortization Expense	Ending Accumulated Amortization	Opening NBV	Ending NBV
2007	-	450,000	450,000	-	-	-	-	450,000
2008	450,000	-	450,000	-	56,250	56,250	450,000	393,750
2009	450,000	-	450,000	56,250	56,250	112,500	393,750	337,500
2010	450,000	-	450,000	112,500	56,250	168,750	337,500	281,250

6.0 Bank indebtedness

Management projects to obtain a line of credit of up to $300,000 and interest on the operating loan will be payable at an annual rate of 6.5%

7.0 Accounts payable and accruals

Management estimates that accounts payable will consist mainly of unpaid amounts owing to producers for raw hemp straw. Management estimates that on average, 15 days of a month's raw hemp straw acquisitions will be payable.

8.0 Long-term Debt

Management estimates long-term debt to consist of the following loans:

Buidling & land	8.25%	monthly blended payments over 20 years
Equipment	8.25%	monthly blended payments over 10 years
Province of Manitoba	5.5%	monthly blended payments over 10 years

Projected long-term debt advancements are shown in Schedule A. Estimated repayment of building, land, and equipment loans through the 2007 construction phase are assumed to be interest only with regular blended payments beginning January 2008. Estimated repayment of the Province of Manitoba loan is assumed to be interest only in 2007 and 2008 with regular payments beginning January 2009.

9.0 Partner Contributions

Mangement estimates that a total of $5,250,000 in partner capital contributions will be raised in 2007. The projected partner contributions include an exchange for $1,500,000 of raw hemp fibre for partnership equity. The hemp fibre exchange includes 1,500 metric tonnes(mt) valued at $100/mt by management.The remaining $3,750,000 is projected to be raised through a net cash equity offering.

10.0 Sales

Fibre and Shives

For purposes of this projection, it is assumed that a basic unit (metric tonne) of fibre or shive product will sell for approximately $300/unit. Management has estimated sales quantities as detailed in Schedule C and F.

Building Insulation

For puposes of this projection, it is assumed that a basic unit of mat will sell for approximately $1,800/unit. Management has estimated sales quantities as detailed in Schedule C and F.

11.0 Cost of Manufacturing

Fibre and Shives

Management has estimated quantities manufactured as detailed in Schedule B and E. Shive production is estimated at 50% of raw material charged to manufacturing and fibre production is estimated at 35% of raw material charged to manufacturing. The remaining 15% of material charged to manufacturing is dust, a waste by-product of production that is not projected to hold any market value at this time. Dust production will be used as heating fuel for the plant and research is currently being done to sell dust to neighbouring facility.

Building Insulation

The insulation line is a secondary process applied to fibre that produces building insulation and matting. Because the insulation line is in an experimental start-up phase 2007 thru 2010, a separate cost of manufacturing schedule is not included in this projection. Projected production and sales occurring 2008 thru 2010 would only require approximately 6 days, 12 days and 26 days of equipment use. For the purpose of this projection, the cost of goods manufactured for fibre in Schedules B and E include cost of manufacturing incurred on the insulation line.

Direct labour and overhead costs have been estimated by management.
Frieght-in has been estimated by management at $10/mt of raw material purchased.

12.0 Cost of sales

Management has estimated quantities sold as detailed in Schedules C and F. The cost of goods sold includes cost of raw materials, direct labour, factory overhead and freight in. The projected COGS is allocated on a per unit basis as the finished goods are sold. Cost of sales for the insulation line are included in the fibre cost of goods sold.

13.0 Expenses

Management has estimated operating expenses based on their best estimate for each cost and time for completion of construction and processing start-up of the project.

Salaries, wages and benefits are estimated as follows:

	Annual Wage		
Position	2007	2008	2009
CEO and General Manager	$96,000	$98,880	$101,846
Field Agrologist	$50,000	$51,500	$53,045
Comptroller	$48,000	$49,440	$50,923
Operations Manager	$48,000	$49,440	$50,923
Admin Assistant	$30,000	$30,900	$31,827
Reception	$24,000	$24,720	$25,462
Accounting Clerk	$30,000	$30,900	$31,827
Sub-Total	$326,000	$335,780	$345,853
Plus: Total Benefits	$35,520	$36,936	$38,044
TOTAL	$361,520	$372,716	$383,897

Marketing costs have been estimated by management as follows:

	2007	2008	2009
General Marketing Costs	250,000	263,500	470,275
Product used for Development	135,304	31,445	31,445
TOTAL	$ 385,304	$ 294,945	$ 501,720

Projected production equipment lease costs are estimated at $175,000 per year.

Estimated management fees of $100,000 annually consist of management fees of $15,000 paid to the General Partner and reimbursements for expenses of $85,000 paid to the General Partner.

Projected office costs consist of $18,000 of regular office charges and $12,000 of office equipment rental per year.

14.0 Sustainable Development Technology Canada (SDTC)

Management projects that a total of $3,000,000 of grant money will be received from SDTC in the years 2008-2010. There are no repayment terms attached to the grant funding.

	January	February	March	April	May	June	July	August	September	October	November	December
Assets												
Current												
Cash	$ -	$ -	$ 3,500,000	$ 3,300,000	$ 3,000,000	$ 2,656,906	$ 2,410,375	$ 2,161,437	$ 2,160,093	$ 98,278	$ -	$ -
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	500,000	1,000,000	1,500,000	1,500,000
	-	-	3,500,000	3,300,000	3,000,000	2,656,906	2,410,375	2,161,437	2,660,093	1,098,278	1,500,000	1,500,000
Property and equipment, net of amortization	-	-	-	-	750,001	1,600,001	2,200,001	2,800,001	3,400,001	8,500,001	13,100,001	13,546,533
Start-up costs, net of amortisation	-	-	250,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
	$ -	$ -	$ 3,750,000	$ 3,750,000	$ 4,200,001	$ 4,706,907	$ 5,060,376	$ 5,411,438	$ 6,510,094	$ 10,048,279	$ 15,050,001	$ 15,496,533
Liabilities												
Current												
Bank indebtedness	-	-	-	-	-	-	-	-	-	-	1,769,671	85,671
Accounts payable and accruals	-	-	-	-	-	-	-	-	250,000	241,935	250,000	-
Advance from PIHG	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	121,041	151,823	182,817	214,024	245,445	277,082	308,937	341,011
	-	-	-	-	121,041	151,823	182,817	214,024	495,445	519,017	2,328,608	426,682
Long-term debt	-	-	-	-	328,960	808,178	1,137,184	1,465,977	1,794,556	4,822,919	7,551,064	9,952,053
Partners' Equity												
Balance, begining of period												
Contributions	-	-	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	4,250,000	4,750,000	5,250,000	5,250,000
Withdrawals												
Share of earnings (loss)	-	-	-	-	-	(3,094)	(9,625)	(18,563)	(29,907)	(43,657)	(79,671)	(132,202)
Balance, end of period	-	-	3,750,000	3,750,000	3,750,000	3,746,906	3,740,375	3,731,437	4,220,093	4,706,343	5,170,329	5,117,798
	$ -	$ -	$ 3,750,000	$ 3,750,000	$ 4,200,001	$ 4,706,907	$ 5,060,376	$ 5,411,438	$ 6,510,094	$ 10,048,279	$ 15,050,001	$ 15,496,533

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses													
Marketing costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of property & equipment					-	-	-	-	-	-	-	-	-
Amortization of start up costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Production equipment lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	4,526	5,025	9,551
Management fees & reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Office	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries, wages and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel, meals and entertainment													-
Telephone, fax and internet	-	-	-	-	-	-	-	-	-	-	-	-	-
Memberships and dues	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder newsletter	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	4,526	5,025	9,551
Loss from operations	-	-	-	-	-	-	-	-	-	-	(4,526)	(5,025)	(9,551)
Other income and (expense)													
Interest on long-term debt	-	-	-	-	-	(3,094)	(6,531)	(8,938)	(11,344)	(13,750)	(31,488)	(47,506)	(122,651)
SDTC Grant													-
	-	-	-	-	-	(3,094)	(6,531)	(8,938)	(11,344)	(13,750)	(31,488)	(47,506)	(122,651)
Net loss	-	-	-	-	-	(3,094)	(6,531)	(8,938)	(11,344)	(13,750)	(36,014)	(52,531)	(132,202)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cash provided by (used for) the following activities													
Operating activities													
Net earnings (loss)	$ -	$ -	$ -	$ -	$ -	$ (3,094)	$ (6,531)	$ (8,938)	$ (11,344)	$ (13,750)	$ (36,014)	$ (52,531)	$ (132,202)
Non-cash items:													
Amortization of start-up costs and capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(3,094)	(6,531)	(8,938)	(11,344)	(13,750)	(36,014)	(52,531)	(132,202)
Changes in working capital accounts													
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	250,000	(8,065)	8,065	(250,000)	-
	-	-	-	-	-	(3,094)	(6,531)	(8,938)	238,656	(21,815)	(27,949)	(302,531)	(132,202)
Financing activities													
Advances of long-term debt	-	-	-	-	450,001	510,000	360,000	360,000	360,000	3,060,000	2,760,000	2,433,063	10,293,064
Advance from PIHG	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of PIHG	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Partner contributions	-	-	3,750,000	-	-	-	-	-	-	-	-	-	3,750,000
	-	-	3,750,000	-	450,001	510,000	360,000	360,000	360,000	3,060,000	2,760,000	2,433,063	14,043,064
Investing activities													
Purchases of property and equipment	-	-	-	-	(750,001)	(850,000)	(600,000)	(600,000)	(600,000)	(5,100,000)	(4,600,000)	(446,532)	(13,546,533)
Start-up costs			(250,000)	(200,000)									(450,000)
	-	-	(250,000)	(200,000)	(750,001)	(850,000)	(600,000)	(600,000)	(600,000)	(5,100,000)	(4,600,000)	(446,532)	(13,996,533)
Total increase (decrease) in cash resources	-	-	3,500,000	(200,000)	(300,000)	(343,094)	(246,531)	(248,938)	(1,344)	(2,061,815)	(1,867,949)	1,684,000	(85,671)
Cash resources (indebtedness), beginning of period		-	-	3,500,000	3,300,000	3,000,000	2,656,906	2,410,375	2,161,437	2,160,093	98,278	(1,769,671)	-
Cash resources (indebtedness), end of period	$ -	$ -	$ 3,500,000	$ 3,300,000	$ 3,000,000	$ 2,656,906	$ 2,410,375	$ 2,161,437	$ 2,160,093	$ 98,278	$ (1,769,671)	$ (85,671)	$ (85,671)

MNP

	January	February	March	April	May	June	July	August	September	October	November	December
Assets												
Current												
Cash	$ 100,227	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 73,057	$ -	$ 76,689	$ 251,548
Accounts receivable	-	94,821	100,161	118,500	136,452	178,500	172,742	172,742	178,500	346,935	388,500	434,032
Inventory	1,504,728	1,475,739	1,438,409	1,399,138	1,357,558	1,310,265	1,256,835	1,212,469	1,168,727	1,008,300	828,582	613,319
	1,604,955	1,570,560	1,538,570	1,517,638	1,494,010	1,488,765	1,429,577	1,385,211	1,420,284	1,355,235	1,293,771	1,298,899
Property and equipment, net of amortization	13,489,232	13,431,930	13,374,629	13,317,327	13,260,026	13,202,724	13,145,423	13,088,121	13,030,820	12,973,518	12,916,217	12,858,916
Start-up costs, net of amortization	445,313	440,625	435,938	431,250	426,563	421,875	417,188	412,500	407,813	403,125	398,438	393,750
	15,539,499	15,443,116	15,349,136	15,266,215	15,180,598	15,113,364	14,992,187	14,885,832	14,858,916	14,731,879	14,608,425	14,551,565
Liabilities												
Current												
Bank indebtedness	-	126,635	249,971	387,017	86,240	173,989	214,285	275,621	-	43,838	-	-
Accounts payable and accruals	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	373,305	394,679	416,157	437,740	459,427	481,220	503,119	525,124	547,237	569,457	591,785	614,221
	373,305	521,314	666,128	824,757	545,667	655,209	717,404	800,745	547,237	613,295	591,785	614,221
Long-term debt	9,889,809	9,838,279	9,786,438	9,734,283	9,681,814	9,629,027	9,575,921	9,522,495	9,468,745	9,414,670	9,360,268	9,305,538
Partners' Equity												
Balance, begining of period	5,117,798	5,276,385	5,083,522	4,896,570	4,707,175	4,953,118	4,829,128	4,698,862	4,562,592	4,842,934	4,703,914	4,656,372
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-
Share of earnings (loss)	158,587	(192,862)	(186,952)	(189,396)	245,943	(123,990)	(130,266)	(136,270)	280,342	(139,020)	(47,542)	(24,566)
Balance, end of period	5,276,385	5,083,522	4,896,570	4,707,175	4,953,118	4,829,128	4,698,862	4,562,592	4,842,934	4,703,914	4,656,372	4,631,806
	$ 15,539,499	$ 15,443,116	$ 15,349,136	$ 15,266,215	$ 15,180,598	$ 15,113,364	$ 14,992,187	$ 14,885,832	$ 14,858,916	$ 14,731,879	$ 14,608,425	$ 14,551,565

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Projected Monthly Statement of Earnings (Loss)

For the Year Ending December 31, 2008

(Unaudited - see Notice to Reader)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales	-	88,500	103,500	118,500	141,000	178,500	178,500	178,500	178,500	358,500	388,500	448,500	2,361,000
Cost of sales	-	46,905	53,475	59,250	67,210	81,515	79,730	79,730	79,135	197,330	218,120	257,320	1,219,720
Gross profit	$ -	$ 41,595	$ 50,025	$ 59,250	$ 73,790	$ 96,985	$ 98,770	$ 98,770	$ 99,365	$ 161,170	$ 170,380	$ 191,180	$ 1,141,280
Expenses													
Marketing costs	46,749	39,917	41,689	37,854	32,703	26,612	34,533	25,469	25,440	25,431	25,431	23,476	385,304
Amortization of property & equipment	57,301	57,301	57,301	57,301	57,301	57,301	57,301	57,301	57,301	57,301	57,301	57,301	687,617
Amortization of start up costs	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	56,250
Production equipment lease	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	175,000
Insurance	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	33,866
Interest and bank charges	-	82	1,037	1,749	1,312	742	1,095	1,377	606	-	-	-	8,000
Management fees & reimbursements	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Property taxes	-	-	-	-	-	-	-	-	-	82,000	-	-	82,000
Office	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional fees	-	-	-	15,000	-	-	-	15,000	-	-	-	-	30,000
Repairs and maintenance	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Salaries, wages and benefits	30,127	30,127	30,127	30,127	30,127	30,127	30,127	30,127	30,127	30,127	30,127	30,127	361,524
Travel, meals and entertainment	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	45,000
Telephone, fax and internet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Memberships and dues	50	50	50	50	50	50	50	50	50	50	-	-	500
Shareholder newsletter	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
	178,070	171,320	174,047	185,925	165,336	158,676	166,950	173,168	157,367	238,752	156,703	154,747	2,081,061
Earnings (loss) from operations	(178,070)	(129,725)	(124,022)	(126,675)	(91,546)	(61,691)	(68,180)	(74,398)	(58,002)	(77,582)	13,677	36,433	(939,781)
Other Income and (Expense)													
Interest on long-term debt	(63,343)	(63,137)	(62,930)	(62,721)	(62,511)	(62,299)	(62,086)	(61,872)	(61,656)	(61,438)	(61,219)	(60,999)	(746,211)
SDTC Grant	400,000				400,000				400,000				1,200,000
	336,657	(63,137)	(62,930)	(62,721)	337,489	(62,299)	(62,086)	(61,872)	338,344	(61,438)	(61,219)	(60,999)	453,789
Net earnings (loss)	$ 158,587	$ (192,862)	$ (186,952)	$ (189,396)	$ 245,943	$ (123,990)	$ (130,266)	$ (136,270)	$ 280,342	$ (139,020)	$ (47,542)	$ (24,566)	$ (485,992)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cash provided by (used for) the following activities													
Operating activities													
Net earnings (loss)	$ 158,587	$ (192,862)	$ (186,952)	$ (189,396)	$ 245,943	$ (123,990)	$ (130,266)	$ (136,270)	$ 280,342	$ (139,020)	$ (47,542)	$ (24,566)	$ (485,992)
Non-cash items:													
Amortization of start-up costs and capital assets	61,989	61,989	61,989	61,989	61,989	61,989	61,989	61,989	61,989	61,989	61,989	61,989	743,867
	220,576	(130,873)	(124,963)	(127,407)	307,932	(62,001)	(68,277)	(74,281)	342,331	(77,031)	14,447	37,423	257,875
Changes in working capital accounts													
Accounts receivable	-	(94,821)	(5,340)	(18,339)	(17,952)	(42,048)	5,758	-	(5,758)	(168,435)	(41,565)	(45,532)	(434,032)
Inventory	(4,728)	28,989	37,330	39,271	41,579	47,294	53,430	44,366	43,741	160,428	179,718	215,262	886,681
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
	215,848	(196,706)	(92,973)	(106,475)	331,560	(56,755)	(9,089)	(29,915)	380,314	(85,039)	152,601	207,153	710,524
Financing activities													
Advances of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of long-term debt	(29,950)	(30,156)	(30,363)	(30,572)	(30,782)	(30,994)	(31,207)	(31,421)	(31,637)	(31,855)	(32,074)	(32,294)	(373,305)
Partner contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
	(29,950)	(30,156)	(30,363)	(30,572)	(30,782)	(30,994)	(31,207)	(31,421)	(31,637)	(31,855)	(32,074)	(32,294)	(373,305)
Investing activities													
Purchases of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Start-up costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total increase (decrease) in cash resources	185,898	(226,862)	(123,336)	(137,047)	300,778	(87,749)	(40,296)	(61,336)	348,677	(116,894)	120,527	174,859	337,219
Cash resources (indebtedness), beginning of period	(85,671)	100,227	(126,635)	(249,971)	(387,017)	(86,240)	(173,989)	(214,285)	(275,621)	73,057	(43,838)	76,689	(85,671)
Cash resources (indebtedness), end of period	$ 100,227	$ (126,635)	$ (249,971)	$ (387,017)	$ (86,240)	$ (173,989)	$ (214,285)	$ (275,621)	$ 73,057	$ (43,838)	$ 76,689	$ 251,548	$ 251,548

The accompanying notes are an integral part of this financial projection

	January	February	March	April	May	June	July	August	September	October	November	December
Assets												
Current												
Cash	$ 349,462	$ 251,158	$ 202,207	$ 625,624	$ 567,764	$ 492,101	$ 434,191	$ 858,654	$ 782,993	$ 639,076	$ 560,372	$ 997,355
Accounts receivable	346,935	384,107	346,935	358,500	346,935	358,500	346,935	346,935	358,500	346,935	358,500	346,935
Inventory	646,410	679,477	712,693	745,636	778,090	810,550	844,189	877,078	909,969	944,402	979,198	1,014,544
	1,342,807	1,314,742	1,261,835	1,729,759	1,692,789	1,661,151	1,625,316	2,082,667	2,051,462	1,930,414	1,898,070	2,358,834
Property and equipment, net of amortization	12,744,313	12,629,710	12,515,107	12,400,504	12,285,901	12,171,298	12,056,695	11,942,092	11,827,489	11,712,887	11,598,284	11,483,681
Start-up costs, net of amortization	389,063	384,375	379,688	375,000	370,313	365,625	360,938	356,250	351,563	346,875	342,188	337,500
	14,476,182	14,328,827	14,156,630	14,505,263	14,349,003	14,198,074	14,042,949	14,381,010	14,230,514	13,990,175	13,838,541	14,180,015
Liabilities												
Current												
Bank indebtedness	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accruals	80,613	89,250	80,613	83,300	80,661	83,350	80,661	80,661	83,350	80,661	83,350	80,661
Current portion of long-term debt	636,767	640,615	644,486	648,381	652,301	656,245	660,214	664,208	668,226	672,270	676,339	680,434
	717,380	729,865	725,099	731,681	732,962	739,595	740,875	744,869	751,576	752,931	759,689	761,095
Long-term debt	9,231,668	9,176,186	9,120,369	9,064,215	9,007,720	8,950,883	8,893,702	8,836,174	8,778,299	8,720,072	8,661,493	8,602,558
Partners' Equity												
Balance, begining of period	4,631,806	4,527,134	4,422,776	4,311,162	4,709,367	4,608,321	4,507,596	4,408,371	4,799,966	4,700,639	4,517,172	4,417,359
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-
Share of earnings (loss)	(104,672)	(104,358)	(111,614)	398,206	(101,047)	(100,724)	(99,225)	391,595	(99,328)	(183,467)	(99,813)	399,003
Balance, end of period	4,527,134	4,422,776	4,311,162	4,709,367	4,608,321	4,507,596	4,408,371	4,799,966	4,700,639	4,517,172	4,417,359	4,816,362
	$ 14,476,182	$ 14,328,827	$ 14,156,630	$ 14,505,263	$ 14,349,003	$ 14,198,074	$ 14,042,949	$ 14,381,010	$ 14,230,514	$ 13,990,175	$ 13,838,541	$ 14,180,015

The accompanying notes are an integral part of this financial projection

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Projected Monthly Statement of Earnings (Loss)

For the Year Ending December 31, 2009

(Unaudited - see Notice to Reader)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	4,302,000
Cost of sales	185,887	185,887	184,713	183,963	183,538	183,538	182,364	183,114	183,114	183,114	184,288	185,788	2,209,308
Gross profit	$ 172,613	$ 172,613	$ 173,788	$ 174,538	$ 174,962	$ 174,962	$ 176,136	$ 175,386	$ 175,386	$ 175,386	$ 174,212	$ 172,712	$ 2,092,692
Expenses													
Marketing costs	24,601	24,598	24,590	24,583	24,575	24,570	24,565	24,566	24,563	24,567	24,577	24,591	294,945
Amortization of property & equipment	114,603	114,603	114,603	114,603	114,603	114,603	114,603	114,603	114,603	114,603	114,603	114,603	1,375,235
Amortization of start up costs	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	56,250
Production equipment lease	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	175,000
Insurance	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	33,866
Interest and bank charges	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Management fees & reimbursements	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Property taxes	-	-	-	-	-	-	-	-	-	84,460	-	-	84,460
Office	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional fees	-	-	8,750	-	-	-	-	8,750	-	-	-	-	17,500
Repairs and maintenance	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000
Salaries, wages and benefits	31,060	31,060	31,060	31,060	31,060	31,060	31,060	31,060	31,060	31,060	31,060	31,060	372,720
Travel, meals and entertainment	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	45,000
Telephone, fax and internet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Memberships and dues	50	50	50	50	50	50	50	50	50	50	-	-	500
Shareholder newsletter	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
	216,657	216,654	225,396	216,639	216,631	216,626	216,621	225,372	216,619	301,083	216,583	216,597	2,701,476
Loss from operations	(44,044)	(44,040)	(51,608)	(42,101)	(41,670)	(41,664)	(40,485)	(49,986)	(41,233)	(125,697)	(42,371)	(43,885)	(608,784)
Other Income and (Expense)													
Interest on long-term debt	(60,628)	(60,318)	(60,006)	(59,693)	(59,377)	(59,060)	(58,740)	(58,419)	(58,095)	(57,770)	(57,442)	(57,112)	(706,660)
SDTC Grant				500,000				500,000				500,000	1,500,000
	(60,628)	(60,318)	(60,006)	440,307	(59,377)	(59,060)	(58,740)	441,581	(58,095)	(57,770)	(57,442)	442,888	793,340
Net earnings (loss)	$ (104,672)	$ (104,358)	$ (111,614)	$ 398,206	$ (101,047)	$ (100,724)	$ (99,225)	$ 391,595	$ (99,328)	$ (183,467)	$ (99,813)	$ 399,003	$ 184,556

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cash provided by (used for) the following activities													
Operating activities													
Net earnings (loss)	$ (104,672)	$ (104,358)	$ (111,614)	$ 398,206	$ (101,047)	$ (100,724)	$ (99,225)	$ 391,595	$ (99,328)	$ (183,467)	$ (99,813)	$ 399,003	$ 184,556
Non-cash items:													
Amortization of start-up costs and capital assets	119,290	119,290	119,290	119,290	119,290	119,290	119,290	119,290	119,290	119,290	119,290	119,290	1,431,485
	14,619	14,932	7,676	517,496	18,244	18,566	20,065	510,886	19,963	(64,176)	19,477	518,293	1,616,041
Changes in working capital accounts													
Accounts receivable	87,097	(37,172)	37,172	(11,565)	11,565	(11,565)	11,565	-	(11,565)	11,565	(11,565)	11,565	87,097
Inventory	(33,091)	(33,067)	(33,216)	(32,943)	(32,455)	(32,460)	(33,639)	(32,888)	(32,891)	(34,433)	(34,796)	(35,346)	(401,225)
Accounts payable	80,613	8,637	(8,637)	2,687	(2,639)	2,689	(2,689)	-	2,689	(2,689)	2,689	(2,689)	80,661
	149,238	(46,669)	2,995	475,676	(5,285)	(22,770)	(4,698)	477,997	(21,805)	(89,733)	(24,195)	491,823	1,382,574
Financing activities													
Advances of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of long-term debt	(51,324)	(51,634)	(51,946)	(52,259)	(52,575)	(52,893)	(53,212)	(53,534)	(53,857)	(54,183)	(54,510)	(54,840)	(636,767)
Partner contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
	(51,324)	(51,634)	(51,946)	(52,259)	(52,575)	(52,893)	(53,212)	(53,534)	(53,857)	(54,183)	(54,510)	(54,840)	(636,767)
Investing activities													
Purchases of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Start-up costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total increase (decrease) in cash resources	97,914	(98,303)	(48,951)	423,417	(57,860)	(75,663)	(57,910)	424,463	(75,662)	(143,916)	(78,705)	436,983	745,807
Cash resources (indebtedness), beginning of period	251,548	349,462	251,158	202,207	625,624	567,764	492,101	434,191	858,654	782,993	639,076	560,372	251,548
Cash resources (indebtedness), end of period	$ 349,462	$ 251,158	$ 202,207	$ 625,624	$ 567,764	$ 492,101	$ 434,191	$ 858,654	$ 782,993	$ 639,076	$ 560,372	$ 997,355	$ 997,355

The accompanying notes are an integral part of this financial projection

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
Schedule A - Projected Schedule of Long Term Debt Advances and Interest Payments
For the Year Ending December 31, 2007
(Unaudited - see Notice to Reader)

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Purchases													
Building and Land	-	-	-	-	(750,001)	(750,000)	(500,000)	(500,000)	(500,000)	(300,000)	(300,000)	(142,137)	(3,742,138)
Equipment	-	-	-	-	-	(100,000)	(100,000)	(100,000)	(100,000)	(4,800,000)	(4,300,000)	(304,395)	(9,804,395)
TOTAL	$ -	$ -	$ -	$ -	$ (750,001)	$ (850,000)	$ (600,000)	$ (600,000)	$ (600,000)	$ (5,100,000)	$ (4,600,000)	$ (446,532)	$ (13,546,533)
Advances													
Building and Land	-	-	-	-	450,001	450,000	300,000	300,000	300,000	180,000	180,000	339,999	2,500,000
Equipment	-	-	-	-	-	30,000	30,000	30,000	30,000	1,440,000	1,290,000	1,943,064	4,793,064
Prov of MB	-	-	-	-	-	30,000	30,000	30,000	30,000	1,440,000	1,290,000	150,000	3,000,000
TOTAL	$ -	$ -	$ -	$ -	$ 450,001	$ 510,000	$ 360,000	$ 360,000	$ 360,000	$ 3,060,000	$ 2,760,000	$ 2,433,063	$ 10,293,064
Rolling Total													
Building and Land	-	-	-	-	450,001	900,001	1,200,001	1,500,001	1,800,001	1,980,001	2,160,001	2,500,000	2,500,000
Equipment	-	-	-	-	-	30,000	60,000	90,000	120,000	1,560,000	2,850,000	4,793,064	4,793,064
Prov of MB	-	-	-	-	-	30,000	60,000	90,000	120,000	1,560,000	2,850,000	3,000,000	3,000,000
TOTAL	$ -	$ -	$ -	$ -	$ 450,001	$ 960,001	$ 1,320,001	$ 1,680,001	$ 2,040,001	$ 5,100,001	$ 7,860,001	$ 10,293,064	$ 10,293,064
Interest													
Building and Land	-	-	-	-	-	3,094	6,188	8,250	10,313	12,375	13,613	14,850	68,681
Equipment	-	-	-	-	-	-	206	413	619	825	10,725	19,594	32,381
Prov of MB	-	-	-	-	-	-	138	275	413	550	7,150	13,063	21,588
TOTAL	$ -	$ -	$ -	$ -	$ -	$ 3,094	$ 6,531	$ 8,938	$ 11,344	$ 13,750	$ 31,488	$ 47,506	$ 122,650

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
Schedule B - Projected Schedule of Costs of Goods Manufactured
For the year ended December 31, 2008
(Unaudited - see Notice to Reader)

		January	February	March	April	May	June	July	August	September	October	November	December
Raw Hemp Inventory (mt):													
Opening balance raw material (mt)		15,000	14,450	13,850	13,150	12,350	11,400	10,200	9,000	7,800	6,600	5,400	4,200
Purchases (mt)	mt	-											
Price/mt	$	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Value of purchases	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Material available for manufacturing (mt)	mt	15,000	14,450	13,850	13,150	12,350	11,400	10,200	9,000	7,800	6,600	5,400	4,200
Value of material available for manufacturir	$	$ 1,500,000	$ 1,445,000	$ 1,385,000	$ 1,315,000	$ 1,235,000	$ 1,140,000	$ 1,020,000	$ 900,000	$ 780,000	$ 660,000	$ 540,000	$ 420,000
Material charged to production (mt)	mt	(550)	(600)	(700)	(800)	(950)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Value of material charged to production	$	$ 55,000	$ 60,000	$ 70,000	$ 80,000	$ 95,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000
Ending inventory raw material	mt	14,450	13,850	13,150	12,350	11,400	10,200	9,000	7,800	6,600	5,400	4,200	3,000
Value of ending inventory raw material	$	$ 1,445,000	$ 1,385,000	$ 1,315,000	$ 1,235,000	$ 1,140,000	$ 1,020,000	$ 900,000	$ 780,000	$ 660,000	$ 540,000	$ 420,000	$ 300,000
Direct Materials Charged to Manufacturing													
Material charged to production (mt)	mt	550	600	700	800	950	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Value of material charged to production	$	$ 55,000	$ 60,000	$ 70,000	$ 80,000	$ 95,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000
Direct Labour	$	$ 13,143	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Freight In	$	$ 5,500	$ 6,000	$ 7,000	$ 8,000	$ 9,500	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000
Direct overhead	$	$ 12,000	$ 11,000	$ 10,000	$ 9,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 9,500	$ 11,000	$ 12,700
Cost of goods manufactured	$	$ 85,643	$ 97,000	$ 107,000	$ 117,000	$ 132,500	$ 160,000	$ 160,000	$ 160,000	$ 160,000	$ 161,500	$ 163,000	$ 164,700

		January	February	March	April	May	June	July	August	September	October	November	December
Revenue													
Shives													
Sales	mt	-	295	345	395	470	595	595	595	595	595	595	595
Price	$	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Shives sales	$	$ -	$ 88,500	$ 103,500	$ 118,500	$ 141,000	$ 178,500	$ 178,500	$ 178,500	$ 178,500	$ 178,500	$ 178,500	$ 178,500
Fibre													
Sales	mt	-	-	-	-	-	-	-	-	-	600	700	900
Price	$	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Fibre sales	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 180,000	$ 210,000	$ 270,000
Horticultural Matting													
Sales	mt	-	-	-	-	-	-	-	-	-	-	-	-
Price	$	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800
Matting sales	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Sales	$	$ -	$ 88,500	$ 103,500	$ 118,500	$ 141,000	$ 178,500	$ 178,500	$ 178,500	$ 178,500	$ 358,500	$ 388,500	$ 448,500
Cost of Sales													
Shives													
Beginning inventory		-	42,043	42,844	42,092	40,591	38,914	36,716	36,315	35,916	36,115	36,463	36,366
+Cost of goods manufactured		42,822	48,500	53,500	58,500	66,250	80,000	80,000	80,000	80,000	80,750	81,500	82,350
-Ending inventory		42,043	42,844	42,092	40,591	38,914	36,716	36,315	35,916	36,115	36,463	36,366	37,113
Cost of goods sold		$ 779	$ 47,699	$ 54,252	$ 60,001	$ 67,927	$ 82,198	$ 80,401	$ 80,398	$ 79,801	$ 80,402	$ 81,598	$ 81,602
Fibre													
Beginning inventory		-	17,685	47,895	81,317	123,547	178,645	253,549	320,520	396,552	472,612	431,836	372,216
+Cost of goods manufactured		42,822	48,500	53,500	58,500	66,250	80,000	80,000	80,000	80,000	80,750	81,500	82,350
-Ending inventory		17,685	47,895	81,317	123,547	178,645	253,549	320,520	396,552	472,612	431,836	372,216	276,206
Cost of goods sold		$ 25,137	$ 18,289	$ 20,078	$ 16,270	$ 11,152	$ 5,095	$ 13,029	$ 3,968	$ 3,940	$ 121,526	$ 141,120	$ 178,360
COGS before Product Development		$ 25,915	$ 65,989	$ 74,330	$ 76,271	$ 79,079	$ 87,294	$ 93,430	$ 84,366	$ 83,741	$ 201,928	$ 222,718	$ 259,962
+Product Used for Development		$ 25,915	$ 19,084	$ 20,855	$ 17,021	$ 11,869	$ 5,779	$ 13,700	$ 4,636	$ 4,606	$ 4,598	$ 4,598	$ 2,642
Total COGS		$ -	$ 46,905	$ 53,475	$ 59,250	$ 67,210	$ 81,515	$ 79,730	$ 79,730	$ 79,135	$ 197,330	$ 218,120	$ 257,320

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Schedule D - Projected Schedule of Finished Goods Inventory

For the year ended December 31, 2008

(Unaudited - see Notice to Reader)

	January	February	March	April	May	June	July	August	September	October	November	December
Finished Goods Inv. Shives												
Opening balance	$ -	$ 42,043	$ 42,844	$ 42,092	$ 40,591	$ 38,914	$ 36,716	$ 36,315	$ 35,916	$ 36,115	$ 36,463	$ 36,366
Shive production transferred in	$ 42,822	$ 48,500	$ 53,500	$ 58,500	$ 66,250	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,750	$ 81,500	$ 82,350
Production available for sale	$ 42,822	$ 90,543	$ 96,344	$ 100,592	$ 106,841	$ 118,914	$ 116,716	$ 116,315	$ 115,916	$ 116,865	$ 117,963	$ 118,716
Sales	$ -	$ (46,905)	$ (53,475)	$ (59,250)	$ (67,210)	$ (81,515)	$ (79,730)	$ (79,730)	$ (79,135)	$ (79,730)	$ (80,920)	$ (80,920)
Product used for development	$ (779)	$ (794)	$ (777)	$ (751)	$ (717)	$ (683)	$ (671)	$ (668)	$ (666)	$ (672)	$ (678)	$ (682)
Ending balance ($)	$ 42,043	$ 42,844	$ 42,092	$ 40,591	$ 38,914	$ 36,716	$ 36,315	$ 35,916	$ 36,115	$ 36,463	$ 36,366	$ 37,113
Opening balance (mt)	-	270	270	270	270	270	270	270	270	270	270	270
Shive production transferred in (mt)	275	300	350	400	475	600	600	600	600	600	600	600
Quanity available for sale	275	570	620	670	745	870	870	870	870	870	870	870
Sales (mt)	-	(295)	(345)	(395)	(470)	(595)	(595)	(595)	(595)	(595)	(595)	(595)
Product used for development (mt)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Ending balance (mt)	270	270	270	270	270	270	270	270	270	270	270	270
Per unit cost of inventory available for sale	$ 156	$ 159	$ 155	$ 150	$ 143	$ 137	$ 134	$ 134	$ 133	$ 134	$ 136	$ 136
Finished Goods Inv. Fibre												
Opening balance	$ -	$ 17,685	$ 47,895	$ 81,317	$ 123,547	$ 178,645	$ 253,549	$ 320,520	$ 396,552	$ 472,612	$ 431,836	$ 372,216
Fibre production transferred in	$ 42,822	$ 48,500	$ 53,500	$ 58,500	$ 66,250	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,750	$ 81,500	$ 82,350
Quanity available for sale	$ 42,822	$ 66,185	$ 101,395	$ 139,817	$ 189,797	$ 258,645	$ 333,549	$ 400,520	$ 476,552	$ 553,362	$ 513,336	$ 454,566
Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (117,600)	$ (137,200)	$ (176,400)
Product used for development	$ (25,137)	$ (18,289)	$ (20,078)	$ (16,270)	$ (11,152)	$ (5,095)	$ (13,029)	$ (3,968)	$ (3,940)	$ (3,926)	$ (3,920)	$ (1,960)
Ending balance ($)	$ 17,685	$ 47,895	$ 81,317	$ 123,547	$ 178,645	$ 253,549	$ 320,520	$ 396,552	$ 472,612	$ 431,836	$ 372,216	$ 276,206
Opening balance (mt)	-	80	210	365	570	849	1,244	1,599	1,999	2,399	2,199	1,899
Fibre production transferred in (mt)	193	210	245	280	333	420	420	420	420	420	420	420
Quanity available for sale	193	290	455	645	902	1,269	1,664	2,019	2,419	2,819	2,619	2,319
Sales (mt)	-	-	-	-	-	-	-	-	-	(600)	(700)	(900)
Product used for development (mt)	(113)	(80)	(90)	(75)	(53)	(25)	(65)	(20)	(20)	(20)	(20)	(10)
Ending balance (mt)	80	210	365	570	849	1,244	1,599	1,999	2,399	2,199	1,899	1,409
Per unit cost of inventory available for sale	$ 222	$ 229	$ 223	$ 217	$ 210	$ 204	$ 200	$ 198	$ 197	$ 196	$ 196	$ 196
TOTAL FINISHED GOODS INVENTORY ($)	$ 59,728	$ 90,739	$ 123,409	$ 164,138	$ 217,558	$ 290,265	$ 356,835	$ 432,469	$ 508,727	$ 468,300	$ 408,582	$ 313,319

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Schedule E - Projected Schedule of Costs of Goods Manufactured

For the year ended December 31, 2009

(Unaudited - see Notice to Reader)

		January	February	March	April	May	June	July	August	September	October	November	December
Raw Hemp Inventory (mt):													
Opening balance raw material (mt)		3,000	3,166	3,332	3,498	3,664	3,831	3,998	4,165	4,332	4,499	4,666	4,833
Purchases (mt)	mt	1,666	1,666	1,666	1,666	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
Price/mt	$	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Value of purchases	$	$ 166,600	$ 166,600	$ 166,600	$ 166,600	$ 166,700	$ 166,700	$ 166,700	$ 166,700	$ 166,700	$ 166,700	$ 166,700	$ 166,700
Material available for manufacturing (mt)	mt	4,666	4,832	4,998	5,164	5,331	5,498	5,665	5,832	5,999	6,166	6,333	6,500
Value of material available for manufacturir	$	$ 466,600	$ 483,200	$ 499,800	$ 516,400	$ 533,100	$ 549,800	$ 566,500	$ 583,200	$ 599,900	$ 616,600	$ 633,300	$ 650,000
Material charged to production (mt)	mt	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Value of material charged to production	$	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Ending inventory raw material	mt	3,166	3,332	3,498	3,664	3,831	3,998	4,165	4,332	4,499	4,666	4,833	5,000
Value of ending inventory raw material	$	$ 316,600	$ 333,200	$ 349,800	$ 366,400	$ 383,100	$ 399,800	$ 416,500	$ 433,200	$ 449,900	$ 466,600	$ 483,300	$ 500,000
Direct Materials Charged to Manufacturing													
Material charged to production (mt)	mt	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Value of material charged to production	$	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Direct Labour	$	$ 26,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,322
Freight In	$	$ 16,660	$ 16,660	$ 16,660	$ 16,660	$ 16,670	$ 16,670	$ 16,670	$ 16,670	$ 16,670	$ 16,670	$ 16,670	$ 16,670
Direct overhead	$	$ 12,360	$ 11,333	$ 10,300	$ 9,270	$ 8,240	$ 8,240	$ 8,240	$ 8,240	$ 8,240	$ 9,785	$ 11,333	$ 13,075
Cost of goods manufactured	$	$ 205,020	$ 204,993	$ 203,960	$ 202,930	$ 201,910	$ 201,910	$ 201,910	$ 201,910	$ 201,910	$ 203,455	$ 205,003	$ 207,067

		January	February	March	April	May	June	July	August	September	October	November	December
Revenue													
Shives													
Sales	mt	750	750	750	750	750	750	750	750	750	750	750	750
Price	$	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Shives sales	$	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Fibre													
Sales	mt	420	420	420	420	420	420	420	420	420	420	420	420
Price	$	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Fibre sales	$	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000	$ 126,000
Horticultural Matting													
Sales	mt	4	4	4	4	4	4	4	4	4	4	4	4
Price	$	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800
Matting sales	$	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500
Total Sales	$	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500	$ 358,500
Cost of Sales													
Shives													
Beginning inventory		37,113	36,189	35,252	34,553	34,091	33,121	32,152	31,935	30,965	29,997	29,799	29,619
+Cost of goods manufactured		102,510	102,497	101,980	101,465	100,955	100,955	100,955	100,955	100,955	101,728	102,502	103,534
-Ending inventory		36,189	35,252	34,553	34,091	33,121	32,152	31,935	30,965	29,997	29,799	29,619	28,962
Cost of goods sold		$ 103,434	$ 103,433	$ 102,679	$ 101,927	$ 101,925	$ 101,924	$ 101,172	$ 101,925	$ 101,923	$ 101,926	$ 102,682	$ 104,190
Fibre													
Beginning inventory		276,206	293,621	311,025	328,340	345,145	361,869	378,598	395,755	412,913	430,072	448,003	466,279
+Cost of goods manufactured		102,510	102,497	101,980	101,465	100,955	100,955	100,955	100,955	100,955	101,728	102,502	103,534
-Ending inventory		293,621	311,025	328,340	345,145	361,869	378,598	395,755	412,913	430,072	448,003	466,279	485,581
Cost of goods sold		$ 85,095	$ 85,093	$ 84,665	$ 84,660	$ 84,230	$ 84,226	$ 83,799	$ 83,797	$ 83,796	$ 83,797	$ 84,225	$ 84,231
COGS before Product Development		$ 188,529	$ 188,526	$ 187,344	$ 186,587	$ 186,155	$ 186,150	$ 184,971	$ 185,722	$ 185,719	$ 185,722	$ 186,907	$ 188,421
+Product used for Development		$ 2,643	$ 2,639	$ 2,631	$ 2,625	$ 2,617	$ 2,612	$ 2,607	$ 2,607	$ 2,604	$ 2,608	$ 2,619	$ 2,633
Total COGS		$ 185,887	$ 185,887	$ 184,713	$ 183,963	$ 183,538	$ 183,538	$ 182,364	$ 183,114	$ 183,114	$ 183,114	$ 184,288	$ 185,788

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Schedule G - Projected Schedule of Finished Goods Inventory

For the year ended December 31, 2009

(Unaudited - see Notice to Reader)

	January	February	March	April	May	June	July	August	September	October	November	December
Finished Goods Inv. Shives												
Opening balance	$ 37,113	$ 36,189	$ 35,252	$ 34,553	$ 34,091	$ 33,121	$ 32,152	$ 31,935	$ 30,965	$ 29,997	$ 29,799	$ 29,619
Shive production transferred in	$ 102,510	$ 102,497	$ 101,980	$ 101,465	$ 100,955	$ 100,955	$ 100,955	$ 100,955	$ 100,955	$ 101,728	$ 102,502	$ 103,534
Production available for sale	$ 139,623	$ 138,685	$ 137,232	$ 136,018	$ 135,046	$ 134,076	$ 133,107	$ 132,890	$ 131,920	$ 131,725	$ 132,301	$ 133,152
Sales	$ (102,750)	$ (102,750)	$ (102,000)	$ (101,250)	$ (101,250)	$ (101,250)	$ (100,500)	$ (101,250)	$ (101,250)	$ (101,250)	$ (102,000)	$ (103,500)
Product used for development	$ (684)	$ (683)	$ (679)	$ (677)	$ (675)	$ (674)	$ (672)	$ (675)	$ (673)	$ (676)	$ (682)	$ (690)
Ending balance ($)	$ 36,189	$ 35,252	$ 34,553	$ 34,091	$ 33,121	$ 32,152	$ 31,935	$ 30,965	$ 29,997	$ 29,799	$ 29,619	$ 28,962
Opening balance (mt)	270	265	260	255	250	245	240	235	230	225	220	215
Shive production transferred in (mt)	750	750	750	750	750	750	750	750	750	750	750	750
Quanity available for sale	1,020	1,015	1,010	1,005	1,000	995	990	985	980	975	970	965
Sales (mt)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Product used for development (mt)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Ending balance (mt)	265	260	255	250	245	240	235	230	225	220	215	210
Per unit cost of inventory available for sale	$ 137	$ 137	$ 136	$ 135	$ 135	$ 135	$ 134	$ 135	$ 135	$ 135	$ 136	$ 138
Finished Goods Inv. Fibre												
Opening balance	$ 276,206	$ 293,621	$ 311,025	$ 328,340	$ 345,145	$ 361,869	$ 378,598	$ 395,755	$ 412,913	$ 430,072	$ 448,003	$ 466,279
Fibre production transferred in	$ 102,510	$ 102,497	$ 101,980	$ 101,465	$ 100,955	$ 100,955	$ 100,955	$ 100,955	$ 100,955	$ 101,728	$ 102,502	$ 103,534
Quanity available for sale	$ 378,716	$ 396,118	$ 413,005	$ 429,805	$ 446,100	$ 462,824	$ 479,553	$ 496,710	$ 513,868	$ 531,800	$ 550,504	$ 569,812
Sales	$ (83,137)	$ (83,137)	$ (82,713)	$ (82,713)	$ (82,288)	$ (82,288)	$ (81,864)	$ (81,864)	$ (81,864)	$ (81,864)	$ (82,288)	$ (82,288)
Product used for development	$ (1,958)	$ (1,956)	$ (1,952)	$ (1,948)	$ (1,942)	$ (1,938)	$ (1,934)	$ (1,933)	$ (1,931)	$ (1,933)	$ (1,937)	$ (1,943)
Ending balance ($)	$ 293,621	$ 311,025	$ 328,340	$ 345,145	$ 361,869	$ 378,598	$ 395,755	$ 412,913	$ 430,072	$ 448,003	$ 466,279	$ 485,581
Opening balance (mt)	1,409	1,500	1,591	1,682	1,772	1,863	1,954	2,045	2,136	2,227	2,317	2,408
Fibre production transferred in (mt)	525	525	525	525	525	525	525	525	525	525	525	525
Quanity available for sale	1,934	2,025	2,116	2,207	2,297	2,388	2,479	2,570	2,661	2,752	2,842	2,933
Sales (mt)	(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)
Product used for development (mt)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Ending balance (mt)	1,500	1,591	1,682	1,772	1,863	1,954	2,045	2,136	2,227	2,317	2,408	2,499
Per unit cost of inventory available for sale	$ 196	$ 196	$ 195	$ 195	$ 194	$ 194	$ 193	$ 193	$ 193	$ 193	$ 194	$ 194
TOTAL FINISHED GOODS INVENTORY ($)	$ 329,810	$ 346,277	$ 362,893	$ 379,236	$ 394,990	$ 410,750	$ 427,689	$ 443,878	$ 460,069	$ 477,802	$ 495,898	$ 514,544

The accompanying notes are an integral part of this financial projection

APPENDIX 2

Partnership Agreements & Schedules

INITIAL LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement made January 20, 2006.

BETWEEN

PARKLAND BIOFIBRE LTD.,
a corporation incorporated under
the laws of Manitoba,

(the "**General Partner**"),

- and -

DON DEWAR,
an individual resident in
Dauphin, Manitoba

(the "**Initial Limited Partner**"),

The General Partner and the Initial Limited Partner agree as follows:

1. **Formation.** The General Partner and the Initial Limited Partner hereby form a limited partnership (the "**Partnership**") under the name "Parkland Biofibre Limited Partnership" pursuant to the provisions of *The Partnership Act* (Manitoba). The General Partner and/or the Initial Limited Partner shall execute promptly all registrations and other documents which are necessary to accomplish all filings required by *The Partnership Act* (Manitoba). The General Partner may at any time change the name of the Partnership or adopt for it such other trade name as it may determine advisable. The principal office shall be #3-126 Main Street N. Dauphin, MB, R7N 1C2 and the principal place of business of the Partnership shall be as determined by the General Partner.

2. **Purpose of Partnership.** The Partnership is formed for the purposes of building and operating a hemp fibre processing plant in Dauphin, Manitoba to develop products made from hemp fibre for resale.

3. **Term.** The term and business of the Partnership shall commence upon the date hereof and shall continue until terminated pursuant to paragraph 8 of this Agreement.

4. **Capital.** The interest of the limited partners other than the Initial Limited Partner (the "**Limited Partners**") in the Partnership shall be represented by Class A Units. The Initial Limited Partner shall contribute, towards the capital of the Partnership, the sum of One Dollar ($1.00) in cash and shall be entitled to a special initial unit (the "**Initial Unit**") therefor. The General Partner shall contribute, towards the capital of the Partnership, the sum of One Dollar ($1.00) in cash.

5. **Allocation of Net Income and Loss.**

(a) The net income of the Partnership for each fiscal year of the Partnership shall be allocated or distributed, as the case may be, to the partners for accounting and income tax purposes as follows:

(i) in respect of the Initial Limited Partner the amount of One ($1.00) Dollar;

(ii) 0.01 % to the General Partner;

(iii) 99.99% to the Limited Partners.

(b) The income allocated to the Limited Partners shall be allocated or distributed, as the case may be, among the Limited Partners on a *pro rata* basis based on Units held.

(c) The net loss of the Partnership for each fiscal year of the Partnership shall be allocated to the partners for accounting and income tax purposes on the same basis as net income.

(d) Net income and net loss of the Partnership shall be determined by the accountants of the Partnership in accordance with generally accepted accounting principles, consistently applied.

(e) An individual capital account shall be maintained for each of the Limited Partners and shall be initially credited with the amount of each Limited Partner's capital contribution to the Partnership. No Limited Partner shall be entitled to withdraw any part of its original capital contribution or to receive any distribution except as provided in this Agreement and except as permitted by law.

(f) Except as otherwise provided herein, no Limited Partner shall be entitled to interest on the amount of its capital contribution to the Partnership.

6. **Management.** The Partnership shall be managed by the General Partner. At any time, the Partnership shall have only one General Partner. The General Partner shall control and have responsibility for the business of the Partnership and do or cause to be done in a prudent and reasonable manner any and all acts necessary, appropriate

or incidental to the business of the Partnership or the raising of capital through a public offering or private placement of Units as the General Partner in its sole discretion may determine. No person dealing with the Partnership shall be required to enquire into the authority of the General Partner to bind the Partnership. The General Partner covenants that it will not, during the continuance of the Partnership, in the name of the Partnership, make, draw, endorse, accept or sign any cheque, promissory note, draft, bill of exchange, bond or obligation of any description for the accommodation of any person, firm, association or corporation other than in the regular legitimate business of the Partnership. The General Partner shall act honestly, in good faith, and in what it reasonably believes to be in the best interests of the Limited Partners and the Partnership.

7. **Indemnity.** The General Partner will indemnify and save harmless each Limited Partner for any costs or damages incurred by the Limited Partner if such Limited Partner's liability is not limited as a Limited Partner, other than as a result of any act or omission of any Limited Partner. The General Partner will not be liable for damages, losses or costs incurred by the Partnership or any Limited Partner, except as aforesaid and except where any damages, losses or costs of the Partnership are incurred as a result of any breach by the General Partner of its standard of care set forth herein. The Partnership will indemnify and hold harmless the General Partner for any costs or damages incurred by the General Partner in carrying out its responsibilities as General Partner, other than costs or damages incurred as a result of the bad faith, fraud, or wanton or wilful misconduct by the General Partner, its directors, shareholders, employees or agents.

8. **Dissolution and Termination.** In this Agreement "Special Resolution" means:

(a) a resolution approved by not less than two-thirds of the votes cast by those Limited Partners who vote, and are entitled to vote, in person or by proxy at a duly convenient meeting of the Limited Partners or at any adjournment thereof, called in accordance with this Agreement; or

(b) a written resolution in one or more counterparts signed by a Limited Partner or Limited Partners holding in the aggregate not less than two-thirds of the aggregate number of Units held by those Limited Partners who are entitled to vote.

The Partnership created hereby shall terminate by a Special Resolution of the Limited Partners; or upon the occurrence of the bankruptcy, dissolution or winding-up of the General Partner, if a new General Partner is not appointed; or upon the insolvency of the Partnership; or upon the General Partner's request and the consent of the Limited Partners by Special Resolution; or upon the conduct of the Partnership's business becoming impossible or illegal. Upon termination or dissolution the assets of the Partnership shall be distributed to the Limited Partners after payment of the obligations of the Partnership, in the same proportion as net income is allocated under Section 5 hereof. This Agreement and the Partnership created hereby shall also be terminated when, pursuant to the agreement of all of the Limited Partners, the assets of the Partnership have been sold, or otherwise disposed of and the proceeds of such sale or other disposition have been distributed in accordance with the terms hereof. Notwithstanding any rule of law or equity to the contrary, the Partnership shall not be terminated except in the manner provided for herein.

9. **Books and Records.** At all times, during the continuance of the Partnership, the General Partner shall keep or cause to be kept, full and faithful books of account in which shall be entered, fully and accurately, each and every transaction of the Partnership and the General Partner shall cause the books to be written up and balanced as of the end of each fiscal year during the continuance of the Partnership and a statement shall be mailed to each Limited Partner; and the net income, if any, of the Partnership after deduction of or allowance for, all of the expenses and outlays made or incurred in the conduct of the business as well as the losses sustained, shall be apportioned, as previously provided, and shall be recorded upon the books. All of the books of account shall, at all times, be open to the inspection and examination of the Limited Partners or their representatives.

10. **Continuation of Partnership.** The Partnership shall continue notwithstanding the death or insolvency of any Limited Partner or the admission of any new Limited Partner, the intent being that the Partnership shall be dissolved only in the manner provided for in this Agreement. Any person becoming entitled to an interest in the Partnership in consequence of the insolvency of any Limited Partner or an assignment of a Unit, or otherwise by operation of law, shall be recorded as such on the records of the Partnership.

11. **Assignment Permitted.** Subject to limits or restrictions on transfer of Units pursuant to applicable securities laws, regulations and rules, a Limited Partner may assign its share in the Partnership, and upon such an assignment, the assignee shall become a Limited Partner in the Partnership, with all rights of the assignor.

12. **Consent Required for Charge.** A Limited Partner shall not permit its Partnership interest to be charged for its separate debts without the consent of the remaining partners.

13. **Consent of General Partner Required.** No person may be admitted to the Partnership as a Limited Partner without the consent of the General Partner.

14. **Amendment.** If, at any time, during the continuance of the Partnership, the parties hereto shall deem it necessary or expedient to make any amendment, revision or alteration in any article, clause, matter or thing herein contained, or to add any additional provisions hereto or to restate this Agreement as amended, they may do so by agreement in writing signed by each of them, and all such alterations, amendments, revisions or additions shall be adhered to and have the same force and effect as if they had been originally embodied in and formed part of this Agreement. In

this regard, the parties hereby acknowledge their intention to raise capital for the Partnership by offering Units for sale for such amounts and upon such terms and conditions as the General Partner may deem necessary, it being always understood, however, that prior to the completion of any such sale this Agreement shall first be appropriately amended and restated to reflect the agreement and understanding of the parties.

15. **Gender.** Whenever the context of this Agreement requires, masculine gender includes the feminine or neuter, and singular number includes the plural, and vice versa.

16. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of each of the parties hereto.

17. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of Manitoba.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year above written.

PARKLAND BIOFIBRE LTD.

Per: ______________________

Per: ______________________

____
WITNESS

____
DON DEWAR

Draft #5

PARKLAND BIOFIBRE
LIMITED PARTNERSHIP

LIMITED PARTNERSHIP AGREEMENT

THIS AGREEMENT dated the ____ day of _________, 2006 is made between Parkland Biofibre Ltd. (the "**General Partner**"), a corporation duly incorporated under the laws of Manitoba, as General Partner and Don Dewar (the "**Initial Limited Partner**"), an individual resident in Dauphin, Manitoba; and each and every other Person who subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who is a successor to any such Person) and is registered as such in accordance with the Act.

WHEREAS:

A. The Partnership is formed for the purposes of establishing and operating a hemp processing centre, and through the operation of such hemp processing centre to generate returns for the Partners;

B. The General Partner on behalf of the Partnership has offered to sell Units to investors pursuant to an offering of Units made in Manitoba;

NOW THEREFORE the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions.** In this Agreement (including the preamble hereto), the following terms, when the first letters thereof are capitalized, shall have the following meanings:

(a) "**Act**" means *The Partnership Act* (Manitoba);

(b) "**Affiliate**" means any of the following:

(i) a Person who is an affiliate or associate (as those terms are defined in *The Securities Act* (Manitoba)) of the General Partner;

(ii) a director or officer of the General Partner or of any Person referred to in (i) above;

(iii) a Person who does not deal at Arm's Length with the General Partner or any Person referred to in (i) above;

(c) "**Arm's Length**" has the same meaning as in subsection 251(1) of the Income Tax Act as at the date of this Agreement;

(d) "**Assignment and Transfer Form**" means the assignment and transfer form attached hereto as Schedule "B";

(e) "**Auditor**" means the firm of chartered accountants appointed from time to time as the auditor for the Partnership in accordance with this Agreement;

(f) "**Capital**" means, at any time, the aggregate of all Capital Contributions at or prior to such time in respect of all Units issued and outstanding at that time, net of any returns of capital made prior to such time;

(g) "**Capital Account**" of a Partner at any time means the account to be established for each Partner and to which shall be added:

(i) such Partner's Capital Contribution; and

(ii) such Partner's share of any Net Income for all Fiscal Years ending before that time;

and from which shall be deducted:

(iii) such Partner's share of any Net Loss for all Fiscal Years ending before that time; and

(iv) any distributions of Surplus Cash made to such Partner prior to that time;

(h) "**Capital Contribution**" means the amount in cash or other property contributed to the Partnership by a Partner;

(i) "**Certificate**" means the certificate or declaration filed as required by the Act, as amended from time to time in accordance with the Act;

(j) "**Commission**" means The Manitoba Securities Commission;

(k) “**Consulting Services Agreement**” means the Agreement entered between the General Partner by and on behalf of the Partnership, Plant Fibre Technology and Newman.

(l) "**Escrow Agent**" means Johnston and Company, located in Dauphin, Manitoba,;

(m) "**Escrow Agreement**" means the agreement dated_________, as amended, between the Partnership and the Escrow Agent;

(n) "**Fiscal Year**" means the 12 month period ending on December 31st of each calendar year, or such other date as the General Partner may determine, provided however, that the first Fiscal Year shall be the period commencing on the date first above written and ending on December 31st, 2006;

(o) "**General Partner**" means Parkland Biofibre Ltd., a corporation incorporated under the laws of the Province of Manitoba, or any successor thereto appointed as provided herein;

(p) "**Income Tax Act**" means the *Income Tax Act* (Canada);

(q) "**Initial Limited Partner**" means Don Dewar, an individual resident in Dauphin, Manitoba;

(r) "**Initial Partnership Agreement**" means the limited partnership agreement dated January 20, 2006, between the General Partner and the Initial Limited Partner, pursuant to which the Partnership was formed;

(s) "**Initial Unit**" means the interest in the Partnership which upon making a Capital Contribution of $1.00 was acquired by the Initial Limited Partner;

(t) "**Limited Partner**" means a limited partner of the Partnership and includes the Initial Limited Partner, and any other Person who or which subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who or which is a Substituted Limited Partner) and who or which is registered as such in accordance with the Act;

(u) "**Net Income**" or "**Net Loss**" in respect of any Fiscal Year means, respectively, the income or loss of the Partnership for such period determined in accordance with generally accepted accounting principles;

(v) “**Newman**” means Gary Newman, an individual resident in Bangor, Gwynedd, Great Britain.

(w) "**Offering**" means the offering of Units in Manitoba pursuant to the Offering Memorandum, or any future offering of Units;

(x) "**Offering Memorandum**" means the offering memorandum dated the ____ day of __________, 2006, relating to the offering of Units by the Partnership in Manitoba;

(y) “**Ordinary Resolution**" means a resolution passed by more than 50% of the votes cast at a duly constituted meeting of the Partners, or any adjournment thereof, or alternatively a written resolution signed in one or more counterparts by the holders of all of the Units entitled to vote at a meeting of Partners;

(z) "**Partner**" means any Limited Partner or the General Partner;

(aa) "**Partnership**" means Parkland Biofibre Limited Partnership formed on the date first above written pursuant to this Agreement;

(bb) "**Person**" means an individual, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any trustee, executor, administrator or other legal representative;

(cc) "**Plant Fibre Technology**" means Plant Fibre Technology Ltd. a corporation incorporated pursuant to the laws of Great Britain with its head office in Bangor, Gwynedd.

(dd) "**Process**" means the process determined pursuant to the Consulting Services Agreement, by Plant Fibre Technology and adopted by the Partnership to use hemp in the manufacture of various hemp based products.

(ee) "**Register**" means the register of Partners maintained by or on behalf of the General Partner;

(ff) "**Special Resolution**" means a resolution passed by 66 2/3% or more of the votes cast at a duly constituted meeting of Partners called for the purpose of considering such resolution or any adjournment thereof or, alternatively a written resolution signed in one or more counterparts by Limited Partners holding all of the voting rights in respect of outstanding Units entitled to vote on such resolution at a meeting of Partners;

(gg) "**Subscriber**" means any Person who or which subscribes for Units by completing, executing and delivering a Subscription Form to the Escrow Agent;

(hh) "**Subscription Form**" means the subscription and power of attorney form for each Subscriber, attached hereto as Schedule "A" in respect of any offering of Units, or such other form as the General Partner may determine from time to time;

(ii) "**Subscription Price**" means the subscription price for a Unit which is $1,000;

(ii) "**Substituted Limited Partner**" means a Person who has been assigned a Unit by a Partner (or any successor thereto) and been accepted as a substituted limited partner by the General Partner in accordance with this Agreement;

(jj) "**Surplus Cash**" means any cash held by the General Partner on behalf of the Partnership after all expenditures (including operating expenses, management fees, payable to the General Partner as provided in Section 7.17 hereof, administrative expenses, reduction of liabilities and acquisition of assets) have been paid and after any reserves determined by the General Partner to be retained by the Partnership to meet future liabilities;

(kk) "**Tax Income**" or "**Tax Loss**" in respect of any Fiscal Year means, respectively, the amount of income or loss of the Partnership for such period determined in accordance with the provisions of the Income Tax Act (including the amount of the taxable capital gain or allowable capital loss, recapture of capital cost allowance or ter- minal loss, resulting from the disposition of each capital property of the Partnership as determined by the General Partner in accordance with the provisions of the Income Tax Act);

(ll) "**Unit**" means the interest of a Limited Partner (other than the Initial Limited Partner) in the Capital of the Partnership as set out in Article 5 hereof and for greater certainty any reference to a Unit in this Agreement does not include a reference to the Initial Unit; and

(mm) "**Unit Certificate**" means a certificate in the form attached hereto as Schedule "C" as evidence of the Unit or Units held by a Partner, or such other form as may be approved from time to time by the General Partner.

1.02 **References to Agreement**. “This Agreement”, “herein”, “hereto”, “hereof” and similar expressions refer to this Limited Partnership Agreement as it may from time to time be supplemented or amended.

1.03 **Headings**. The index and headings preceding the text, Articles and Sections hereof have been inserted for convenience only and do not form a part of this Agreement nor are they intended to be used to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

1.04 **Accounting Terms**. All accounting terms not otherwise defined herein shall be interpreted and all computations made pursuant to this Agreement, except as expressly provided otherwise, shall be made in accordance with generally accepted accounting principles.

1.05 **Currency**. All references to currency herein are references to Canadian currency unless otherwise stated.

1.06 **Statutory References**. Unless otherwise provided, any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

1.07 **Successors**. Any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity.

1.08 **Properly Incurred and Paid**. Any reference to "properly incurred and paid" means incurred and paid in the ordinary course of business.

1.09 **Approvals**. Any reference to "approval", "authorization" or "consent" of the General Partner means the written approval, written authorization or written consent of the General Partner.

1.10 **Gender and Plural**. Words importing any gender include all genders and words in the singular include the plural, and vice versa, wherever the context requires.

1.11 **Schedules**. The following are Schedules to this Agreement:

Schedule "A" - Subscription Form

Schedule "B" - Assignment and Transfer Form

Schedule “C” - Unit Certificate Form

ARTICLE 2 - PARTNERSHIP

2.01 **Business**. The business of the Partnership shall be to establish and operate a hemp processing centre using the Process, and any other activities complementary or incidental to or in furtherance of the foregoing.

2.02 **Principal Place of Business**. The principal place of business of the Partnership shall be in Dauphin, Manitoba. The head office of the Partnership shall be located at the office of the General Partner at #3 - 126 Main Street, Dauphin, Manitoba, R7N 1C2 or at such other place as the General Partner may from time to time determine.

2.03 **Term of Partnership**. The term of the Partnership commenced on the date first above written and shall continue until terminated upon the occurrence of an event set out in Article 11 hereof.

2.04 **Fiscal Year**. The first Fiscal Year of the Partnership commenced on the date first above written and shall end on December 31, 2006. Each subsequent Fiscal Year shall end on December 31 of each calendar year, or such other date as may be determined by the General Partner.

ARTICLE 3 - REPRESENTATIONS, WARRANTIES AND COVENANTS

3.01 **General Partner**. The General Partner represents and warrants to and covenants with each Limited Partner that:

(a) it is a body corporate duly incorporated under the laws of Manitoba, and it is and shall continue to be duly existing in good standing under such laws and under the laws of any jurisdiction where it carries on business;

(b) all necessary corporate proceedings have been taken by it to authorize the execution, delivery and performance of this Agreement by it;

(c) it has and shall continue to have the capacity to act as the general partner of the Partnership and to perform its obligations under this Agreement and that such obligations do not and shall not conflict with or constitute a default under its Articles of Incorporation, By-laws or any agreement by which it is bound or to which it is a party;

(d) it shall act with the utmost fairness and good faith in the best interests of the Limited Partners in the carrying on of the business of the Partnership;

(e) it shall and shall cause each of its officers to devote such of their time, attention and facilities as may be necessary for the full, proper and efficient administration of the affairs of the Partnership;

(f) it shall, in conducting and completing the Offering or otherwise, comply with the applicable securities legislation and requirements of any securities commission or similar regulatory authority in any province, state or country having jurisdiction; and

(g) it shall use its best efforts to provide and maintain limited liability of the Limited Partners in all the jurisdictions in which the Partnership carries on business.

3.02 **Limited Partners**. Each Limited Partner severally represents and warrants to and covenants with each other Partner that:

(a) such Limited Partner has the legal capacity and competence to enter into and be bound by this Agreement and, if not an individual, that all necessary corporate, partnership or other (as the case may be) action has been taken and all necessary approvals have been given to authorize it to enter into this Agreement;

(b) such Limited Partner is not and shall continue to not be a "non-resident" of Canada within the meaning of the Income Tax Act;

(c) such Limited Partner is not and shall not become a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);

(d) while a Limited Partner, such Limited Partner will not change its status such that the above representations would at any time be untrue, or assign or purport to assign any Unit to any Person who would be unable to make the representations and warranties in Subsections 3.02 (a), (b) and (c) above; and

(e) such Limited Partner shall, at any time and from time to time at the request of the General Partner, provide such evidence of its status as the General Partner may require.

ARTICLE 4 - AUTHORITY AND LIABILITY

4.01 **Limitation on Authority of Limited Partners**. Except to the extent a limited partner is permitted by law, each Limited Partner shall not in its capacity as a Limited Partner:

(a) take an active part in the business of the Partnership, or exercise any power in connection therewith;

(b) execute any document which binds or purports to bind the Partnership or any other Partner;

(c) hold itself out as having the power or authority to bind the Partnership or any other Partner;

(d) have any authority or power to act for or undertake any obligation of responsibility on behalf of any other Partner or the Partnership; or

(e) bring any action for partition or sale or otherwise in connection with any interest in the property of the Partnership, whether real or personal, or register or permit to be filed or registered or remain undischarged, any lien or charge in respect of the property of the Partnership.

Notwithstanding the foregoing:

(f) the General Partner may do any of the things referred to in Subsections 4.01 (a) to (e) above in its capacity as General Partner on behalf of the Partnership, notwithstanding that it or any of its shareholders, directors or officers may be a Limited Partner; and

(g) Limited Partners may, from time to time, examine the state and progress of the Partnership business and may advise as to its management, in each case in accordance with the Act.

4.02 **Power of Attorney**. Each Limited Partner hereby irrevocably nominates, constitutes and appoints the General Partner to act, with full power of substitution, as the Limited Partner's true and lawful attorney and agent to act on the Limited Partner's behalf, in a manner not inconsistent herewith and to give effect to the provisions of this Agreement, with full power and authority in the Limited Partner's name, place and stead to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

(a) any amendment to this Agreement made in accordance with this Agreement, the Certificate, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws;

(b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized by this Agreement;

(c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the Income Tax Act or any analogous fiscal legislation in Canada, any of the provinces of Canada or in any other jurisdiction;

(d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of this Agreement, including the cancellation of any declaration;

(e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the Partnership, provided that such amendments or other actions are made in accordance with this Agreement;

(f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:

(i) adding to this Agreement (in accordance with the provisions of this Agreement) or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;

(ii) curing any ambiguity, or to correct or supplement any provision contained in this Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained herein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;

(iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;

(iv) carrying out fully this Agreement in accordance with its terms including, without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and

(v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership,

but the foregoing grant of authority shall not include the authority to transfer the interest of any Limited Partner in its Units (except where such Limited Partner is a Defaulting Partner as defined in Article 13 hereof), nor to execute any proxy on behalf of any Limited Partner nor to vote in respect of or to execute on behalf of any Limited Partner any Ordinary Resolution or any Special Resolution. The power of attorney hereby granted shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Limited Partner and will survive and be exercisable during any subsequent legal incapacity of the Limited Partner, will survive the death of the Limited Partner, the assignment of all or any part of the Limited Partner's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators and other legal representatives and the successors and assigns of the Limited Partner.

Each Limited Partner, in executing a Subscription Form or in executing an Assignment and Transfer Form will be required to execute a power of attorney containing the powers set forth above in form satisfactory to the General Partner.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney. The power of attorney granted herein may be exercised by the General Partner executing on behalf of each Limited Partner any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them. Each Limited Partner shall be bound by any representation or action made or taken by the General Partner pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under and within such power of attorney.

4.03 **Unlimited Liability of General Partner**. The General Partner shall have unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership, as required by the Act.

4.04 **Limited Liability of Limited Partners**. Subject to the provisions of the Act, the liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the amount of such Limited Partner's Capital Contribution plus such Limited Partner's share hereunder of any other undistributed Capital or Net Income of the Partnership. If any part of the Capital Contribution of a Limited Partner is returned to such Limited Partner, then such Limited Partner (including any successor to such Limited Partner) will be liable for the debts of the Partnership to the extent the amount so returned is necessary to discharge liabilities of creditors of the Partnership whose claims arose before the return of the Capital Contribution. Further, the Limited Partners acknowledge the possibility that they may lose their limited liability in certain circumstances, including to the extent that the principles of the relevant provincial, territorial and Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, carrying on business, owning property, or incurring obligations in another province or territory.

4.05 **Other Activities of Partners**. Affiliates of the General Partner and the Limited Partners and their respective Affiliates may engage in businesses, ventures, investments and activities which may be similar to or competitive with those in which the Partnership is or might be engaged and no Limited Partner nor any Affiliate of the General Partner or a Limited Partner shall be required to offer or make available to the Partnership any other business or investment opportunity which a Limited Partner or any Affiliate of the General Partner or a Limited Partner may acquire or be engaged in for their respective accounts.

4.06 **Indemnity of Limited Partners**. The General Partner shall indemnify and hold harmless each Limited Partner from any costs, damages, liabilities or expenses suffered or incurred by such Limited Partner if the liability of such Limited Partner is not limited in the manner provided for in this Agreement unless the liability of such Limited Partner is not so limited as a result of or arising out of any act or omission of such Limited Partner or as a result of a change in any applicable legislation. Such indemnity shall apply only with respect to losses in excess of the Capital Contribution of the Limited Partner. Such indemnity shall be limited to the General Partner and shall under no circumstances extend to any shareholder or Affiliate of the General Partner or any of their respective assets.

4.07 **Indemnity of Partnership**. The General Partner shall indemnify and hold harmless the Partnership from any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership as a result of or arising out of any act, omission or error in judgment as a result of which the General Partner is adjudged to be in contravention of its obligation to exercise the powers and discharge the duties of its office honestly, in good faith, and in what it reasonably believes to be in the best interests of the Limited Partners, including legal expenses incurred by the Partnership to defend any action, suit or proceeding based in whole or in part upon allegations indicating that the General Partner has been in contravention of section 7.03 hereof if the defence thereof is substantially unsuccessful with respect to such allegations. No such action, suit or proceeding against the Partnership shall be settled unless the settlement is consented to in writing or ratified by a Special Resolution.

4.08 **Compliance with Laws**. Each Limited Partner, on the request of the General Partner, will immediately execute the Certificate and any other documents considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction in Canada, or elsewhere, for the continuation, operation and good standing of the Partnership.

ARTICLE 5 - UNITS AND CAPITAL CONTRIBUTION

5.01 **Number of Units**. The interests of the Limited Partners in the Partnership shall be divided into and represented by the Initial Unit and an unlimited number of Units. The Units shall be designated Class “A” Units and are available to all Subscribers.

5.02 **Nature of Units**. Except as otherwise provided in this Agreement, the issued and outstanding Units are equal to each other with respect to all matters without any Unit having a preference or priority over any other Unit, including, without limitation, the following:

(a) the right to one vote for each Unit held in respect of matters to be decided by the Partnership or the Limited Partners, subject to the condition that the Initial Unit shall carry no voting rights upon the admission of any Limited Partners to the Partnership in accordance with section 5.10 hereof, and a Defaulting

Partner (as defined in section 13.01 hereof) shall not be entitled to vote its Units until the default is remedied;

(b) the right to allocations of Net Income, Net Loss, Tax Income and Tax Loss in accordance with Article 6 hereof, subject to the loss of such right by a Limited Partner in the event of a default as described in section 13.01 hereof;

(c) the right to share in the Surplus Cash in accordance with Article 6 hereof, subject to the loss of such right by a Limited Partner in the event of a default as set out in section 13.01 hereof; and

(d) all other rights and obligations as set out in this Agreement.

5.03 **Offerings of Units**. The General Partner may raise capital for the Partnership by offering Units to potential investors in Manitoba, including by way of the Offering Memorandum. The General Partner has the sole and complete discretion to determine the terms and conditions of any such offering and may do all things in that regard, including providing for a commission or fee and the execution and performance of agreements with securities dealers or others concerning the marketing of the Units. All things done by the General Partner on behalf of the Partnership in that regard prior to the execution of this Agreement are hereby ratified and confirmed, provided that the General Partner shall at all times comply with applicable securities legislation.

5.04 **Capital**. The Capital shall be the aggregate amount of the Capital Accounts of the Partners. The initial Capital shall be the aggregate of the Capital Contributions of the Partners.

5.05 **Capital Accounting**. The General Partner shall establish and maintain on the books of the Partnership a Capital Account for each Partner. The interest of a Partner in the Partnership shall not terminate by reason of a negative balance in its Capital Account nor shall a Partner be required to make contributions or be charged with such negative balances unless otherwise specified herein. The Partnership shall not pay interest on the Capital Accounts.

5.06 **Contribution of Initial Limited Partner**. The Initial Limited Partner shall not be required to make any Capital Contribution other than its initial Capital Contribution of $1.00. The Partnership shall, upon the admission of Limited Partners other than the Initial Limited Partner, redeem the Initial Unit for the sum of $1.00. Once the Initial Limited Partner receives payment of $1.00 in full satisfaction of its interest in the Partnership it will cease to be the Initial Limited Partner. The Initial Limited Partner may not sell, assign, transfer or otherwise dispose of or encumber the Initial Unit except to sell, assign or transfer it to the Partnership upon its redemption.

5.07 **Contribution of General Partner**. The General Partner may but shall not be required to make any Capital Contribution other than its initial Capital Contribution of $1.00.

5.08 **General Partner as Unitholder**. If the General Partner owns Units, the General Partner shall continue to be the general partner of the Partnership but is entitled to receive allocations and distributions with respect to the Units registered in its name on the same basis as the Limited Partners are entitled with respect to the Units registered in their names.

5.09 **Subscription for Units**. A Person may subscribe for Units and will become a Limited Partner upon:

(a) delivery to the Escrow Agent of an appropriate Subscription Form completed and executed in a manner acceptable to the General Partner together with such other documents as the General Partner may request;

(b) acceptance by the General Partner of the subscription for Units of such Person;

(c) satisfaction of all conditions set out in the applicable accepted Subscription Form;

(d) satisfaction of all conditions of closing relating to the Offering as set out in the Offering Memorandum; and

(e) the filing by the General Partner of an appropriate declaration of change in membership in accordance with the Act.

5.10 **Admission of Limited Partners**. The General Partner shall be authorized, subject to the receipt of subscriptions in accordance with Section 5.09 hereof and subject to Sections 5.11, 5.12 and 5.13 hereof, to admit to the Partnership, at any time, Limited Partners in addition to the Initial Limited Partner and, subject as aforesaid, the Partners hereby consent to the admission of, and will admit, such Limited Partners without further acts of the Limited Partners. The General Partner shall amend the Certificate and the Register by showing the name of each such Limited Partner and make all necessary filings.

5.11 **Minimum Subscription and Acceptance**. No subscription shall be accepted for a fraction of a Unit and a Subscriber must subscribe for a minimum of 5 Units. The General Partner shall have the right in its sole and absolute discretion to refuse to accept any subscription for Units. If, for any reason, a subscription for Units is not accepted or such subscription is accepted but the Subscriber is not entered on the Register as a Limited Partner, the General Partner shall cause the Partnership to refund to the Subscriber the Subscription Price for such Units paid for by such Subscriber without interest.

5.12 **Capital Contribution and Payment of Subscription**. For each Unit subscribed for pursuant to the Offering, a Subscriber shall pay to the Partnership the sum of $1,000 per Unit payable upon subscription by certified cheque, bank draft or money order payable to the Escrow Agent in the full amount of $1,000 for each Unit.

5.13 **Registered Holder of Units**. No Unit may be subscribed for by or registered in the name of:

(a) a person or entity who or which is not a Person;

(b) a Person who is a "non- Canadian" within the meaning of the *Investment Canada Act* (Canada); or

(c) a Person who is a "non-resident" of Canada within the meaning of the Income Tax Act;

unless any such requirement is waived by the General Partner in the event of the death, dissolution or disability of a Limited Partner. Only one Person shall be recorded on the Register and on the Certificate in respect of each Unit.

5.14 **Issue Expenses**. The Partnership shall pay all commissions and fees payable to any sales agents in connection with any Offering and initial sales by the Partnership of Units. The General Partner shall pay all other costs incurred in connection with any Offering and initial sales by the Partnership of Units including all offering and issue costs including escrow agent fees and expenses, if any, and all legal and accounting fees. All fees, costs or expenses described in this section may be paid through the proceeds of the Offering.

5.15 **Additional Capital Contributions**. Subject to the provisions of the Act, the Limited Partners shall not be required to make or be liable for any additional Capital Contributions in excess of the Subscription Price for the Units.

5.16 **Effective Date**. The rights and obligations of a Limited Partner under this Agreement commence and are enforceable by and upon the Limited Partner as between the Limited Partner and the other Partners from the date upon which the subscription of such Limited Partner is accepted by the General Partner and all conditions of closing relating to the Offering, as set forth in the applicable Subscription Form have been complied with and, in the case of a Substituted Limited Partner, upon the transfer of the Unit(s) acquired by the Substituted Limited Partner being approved by the General Partner.

5.17 **Unit Certificate**. Upon the acceptance by the General Partner of a subscription for Units and all conditions precedent to the sale of such Units as set forth in the applicable Subscription Form being satisfied, the General Partner shall cause the Subscriber to be entered on the Register and on the Certificate as a Limited Partner and shall, unless such Subscriber directs otherwise, deliver to each such Subscriber a Unit Certificate specifying the number of Units held by such Subscriber. Every Unit Certificate shall be signed manually by at least one officer or director of the General Partner.

5.18 **Registrar and Transfer Agent**. The General Partner or such other Person as the General Partner may appoint from time to time shall:

(a) maintain a head office and a registered office in Manitoba for the Partnership;

(b) maintain a Register at the head office to record the names and addresses of the Partners, the number of Units held by each Limited Partner and particulars of registration and assignment of Units;

(c) maintain such other records as may be required by law;

(d) make on behalf of the Partnership all recordings or filings with any governmental authority that are required to be made by the Partnership; and

(e) keep at the head office:

(i) a list of the full name and last known resident address of each Partner, or in the case of a Partner that is a corporation or trust, an address of the corporation or trust, as the case may be, and particulars indicating whether the Partner is a general partner or a Limited Partner;

(ii) a copy of the Certificate; and

(iii) a copy of this Agreement, and any amendments or restatements thereof.

The General Partner shall be authorized to make such reasonable rules and regulations as it may, from time to time, consider necessary or desirable in connection with the Register, including the form and content of the Register, the times when the Register may be closed, establishment of record dates, the documentation required to record assignment of Units and other matters.

5.19 **Transfer of Units**. Subject to Section 5.20 hereof and in compliance with all applicable resale restrictions, including those set forth in the Offering Memorandum, if approved by the General Partner (such approval not to be unreasonably withheld), whole Units may be transferred or assigned by a Limited Partner or its agent duly authorized in writing if the following requirements are complied with:

(a) the proposed transferee has signed and delivered to the General Partner a declaration in form acceptable to the General Partner that such Person:

(i) is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);

(ii) is not a "non-resident" of Canada within the meaning of the Income Tax Act;

(iii) has the capacity and competence to enter into and be bound by this Agreement; and

(iv) has agreed in writing to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement;

(b) the Limited Partner who proposes to transfer Unit(s):

(i) is in good standing and not in default of its obligations under this Agreement, unless any such requirement is waived by the General Partner in the event of the death, dissolution or disability of a Limited Partner;

(ii) has delivered or caused to be delivered to the General Partner an Assignment and Transfer Form, completed and executed in a manner acceptable to the General Partner;

(iii) has delivered or caused to be delivered to the General Partner the Unit Certificate(s) representing the transferred Units, duly endorsed for transfer if the General Partner does not then have possession of the Unit Certificate(s); and

(iv) has delivered such releases for income tax purposes, if any, as may from time to time be required by the General Partner;

(c) if either the transferor or the transferee is a Person other than an individual, such certified copies of resolutions, extracts of by-laws, articles or other documents or certificates, assurances and other documents as the General Partner may reasonably require are delivered to the General Partner;

and provided that the transfer will not, in the opinion of the General Partner, result in the termination of the Partnership or the creation of a lien, charge or other encumbrance upon the assets and undertakings of the Partnership or any portion thereof. The transferee will not become a Partner until accepted as such by the General Partner. Where the transferee is entitled to become a Limited Partner pursuant to the provisions hereof, the General Partner shall be authorized to admit the Substituted Limited Partner to the Partnership as a Limited Partner and the Partners hereby consent to the admission of, and will admit, the Substituted Limited Partner to the Partnership as a Limited Partner without any further acts of the Limited Partners. The General Partner will record the transfer and will amend the Register and the Certificate by showing the name of the Substituted Limited Partner as a Limited Partner and make all necessary filings as required by the Act. A new Unit Certificate for the Unit so transferred shall be issued to the Substituted Limited Partner. In case of a transfer of less than all Units represented by any Unit Certificate, a new Unit Certificate for the balance of Units retained by the transferor shall be issued to the transferor.

5.19.1 **Right of First Refusal on Transfer**. The General Partner shall have a right of first refusal on any transfer of Units. Accordingly, where any Limited Partner has reached an agreement to sell or otherwise transfer some or all of such Limited Partner's Units to an arms length party, such Limited Partner shall give the General Partner fourteen (14) days notice of such Limited Partner's intention to sell and the number of Units to be sold. In the event the General Partner wishes to exercise such right of first refusal, it shall give written notice to that effect within such fourteen day period, which notice will then constitute a binding agreement of purchase and sale to purchase the price specified in the original notice to the General Partner, with closing to take place on the later of the date specified in the original notice or 30 days after the date of the General Partner confirms its desire to exercise the right of first refusal. Where any such right of first refusal is exercised, the General Partner shall, within thirty (30) days following the notice of exercise of the right of first refusal, offer to the Limited Partners the right to acquire pro rata the Units so acquired at the same price as such Units were to be acquired by the General Partner from the original transferor Limited Partner.

5.19.2 **Assistance to Transferor**. Notwithstanding that there may be no market for the Units, and subject always to the right of first refusal of the General Partner which may be triggered in the process, a Limited Partner shall have the right to request that the General Partner use its reasonable best efforts in conjunction with registered investment dealers or brokers to locate a purchaser for their Units.

5.19.3 **Partnership's Right of Redemption**. The General Partner may, at any time, redeem the whole or any part of the then outstanding Units in accordance with the following rules:

(i) in case only a portion of the then outstanding Units are to be redeemed, the Units to be redeemed shall be in proportion to each Limited Partner's proportionate interest of all Units provided that, with the consent of the Limited Partners who own all of the then outstanding Units, the Units to be redeemed may be selected in any other manner including, without limitation, the selection of all or any part of the Units owned by any particular Limited Partner or Limited Partners.

(ii) the redemption right shall only be exercisable by notice in writing (the "Redemption Notice") given by the General Partner to each Limited Partner (the "Redeemed Partners"). The Redemption Notice shall set forth the intention of the General Partner to redeem all or a portion of the Units owned by the Redeemed Partners (the "Redeemed Units"), and the day upon which the redemption shall occur (the "Redemption Day"), which day shall not be less than 15 days or more than 45 days following the day on which the Redemption Notice is sent to the Redeemed Partners.

(iii) the redemption price per Redeemed Unit payable by the General Partner for the Redeemed Units shall be an amount equal to the fair market value of the Units as determined by the Partnership's accountants divided by the number of Units outstanding. If a dispute arises between the General Partner and a Redeemed Partner regarding the price per Unit payable by the General Partner, the price per Unit shall be determined by a certified business valuator.

(iv) on the Redemption Day, the General Partner shall pay the redemption price to or to the order of each Redeemed Partner, on presentation and surrender to the General Partner of the Unit Certificate or Certificates representing the Redeemed Units.

5.20 **Restrictions on Transfer.** No transfer of a Unit or Units that would result in a Limited Partner or a group of Limited Partners being unable to make the representations set forth in Section 3.02 hereof may be made or will be recognized, accepted or entered in the Register nor will an amendment to the Certificate be made in respect of such transfers.

5.21 **Liability on Transfer.** Upon the transfer of a Unit being approved by the General Partner and recorded on the Register and the Substituted Limited Partner being registered therein as a Limited Partner, the transferor of the Unit shall be relieved of any further liability in respect of the Unit transferred which arises out of any matter occurring after the date of recording of such transfer.

5.22 **Successors in Interest of Limited Partners.** Where a Person becomes entitled to a Unit on the incapacity, death, insolvency or bankruptcy of a Limited Partner, or otherwise by operation of law, in addition to any requirements of Sections 5.19, 5.19.1, 5.19.2, 5.19.3 and 5.20 hereof as may be applicable, such entitlement will not be recognized or entered in the Register and no amendment to the Certificate will be made in respect of such entitlement until such Person:

(a) has produced evidence satisfactory to the General Partner of such entitlement;

(b) has agreed in writing to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement in respect of the Unit being transmitted or assigned to such person;

(c) has delivered such other evidence, approvals and consents in respect of such entitlement as the General Partner may require and as may be required by law or by this Agreement; and

(d) has confirmed in writing the representations set forth in Section 3.02 hereof.

5.23 **Lost Unit Certificates.** Where a Limited Partner claims that a Unit Certificate representing a Unit recorded in the name of such Limited Partner has been defaced, lost, destroyed or wrongly taken, the General Partner shall cause a new Unit Certificate to be issued in substitution for such Unit Certificate if such Limited Partner files with the General Partner a form of proof of loss and an indemnity bond in a form and in an amount satisfactory to the General Partner to indemnify and hold harmless the General Partner and the Partnership from any costs, damages, liabilities or expenses that they may suffer or incur as a result of or arising out of issuing such new Unit Certificate, and satisfies such other reasonable requirements as are imposed by the General Partner.

5.24 **Amendment of Certificate.** Forthwith upon receipt of any communication from any registered holder of a Unit requiring the filing of an amendment to the Certificate, including a change of address of a Partner or a transfer of Units, the General Partner shall, subject to the other provisions of this Agreement, promptly prepare, file and cause to be recorded the proper amendment to the Certificate at the proper offices in all applicable jurisdictions to reflect changes in the membership of the Partnership and transfers as herein provided.

5.25 **Notice of Change to General Partner.** No name or address of a Limited Partner shall be changed on the Register except pursuant to a notice in writing received by the General Partner in form satisfactory to the General Partner.

5.26 **Inspection of Register and Partnership Records.** Any Limited Partner, or an agent of a Limited Partner duly authorized in writing, shall have the right to inspect and take extracts from the Register or any books and records of the Partnership during normal business hours. The General Partner shall be authorized to make reasonable rules and regulations in regard to, among other things, the times when the Register may be closed.

ARTICLE 6 - ALLOCATION AND DISTRIBUTIONS

6.01 **Allocation of Income and Loss**. Allocations of Net Income, Net Loss, Tax Income and Tax Loss and distributions of Surplus Cash for any Fiscal Year will be allocated, in accordance with section 6.09 hereof, as at the end of such period to Persons who are Partners as follows:

(a) 0.01% to the General Partner; and

(b) 99.99% to the Limited Partners.

6.02 **Determination of Tax Income or Tax Loss.** For the purposes of determining the Tax Income or Tax Loss in respect of any Fiscal Year:

(a) income will be deferred for the maximum period of time and recognized in the minimum amount permissible at law;

(b) any deduction available will be taken at the earliest time and in the maximum amount permitted by the *Income Tax Act* (Canada), any analogous fiscal legislation in Canada, or any province thereof respectively and any other applicable law; and

(c) the maximum rate of capital cost allowance will be claimed.

6.03 **Distribution of Surplus Cash.** Within 60 days of the end of each quarter of each Fiscal Year, the General Partner shall distribute to Partners Surplus Cash in respect of such Fiscal Year in accordance with section 6.09 hereof. In addition to distributions made from profits earned by the Partnership in the ordinary course of business of the Partnership, the General Partner may, in appropriate circumstances, make distributions of cash of the Partnership to the Partners from net insurance proceeds, proceeds from the sale of any Partnership asset or interest therein and from any other source whatever, whether of a capital or income nature.

6.04 **Return of Capital.** A Partner is only entitled to demand a return of such Partner's Capital Contribution upon the dissolution, winding-up or liquidation of the Partnership in accordance with Article 11 hereof.

6.05 **Further Distributions.** Subject to Sections 6.03, 6.09 and 11.05, all distributions of Surplus Cash to Partners shall be in the sole discretion of the General Partner.

6.06 **Allocations to Limited Partners.** The amount of Net Income, Net Loss, Tax Income and Tax Loss to be allocated to the Limited Partners will be allocated among those Persons who were shown on the Register as Limited Partners at the end of the applicable Fiscal Year in accordance with the provisions of this Agreement.

6.07 **Effect of Transfer.** If, during a Fiscal Year, a Partner transfers a Unit, thereafter the Partner is not entitled to and the General Partner will not distribute to such Partner any share of the Surplus Cash available for distribution in respect of the Unit transferred and will not allocate any share of the Net Income or Net Loss or the Tax Income or Tax Loss to the Partner as at the date of transfer, but will make such allocation and any subsequent distribution to the registered holder of the Unit as at the end of the applicable Fiscal Year of the Partnership, provided such registered holder is otherwise entitled to such allocation and distribution in accordance with the terms hereof.

6.08 **Auditor's Adjustments.** If the Auditor determines that the share of a Partner in connection with the distribution or allocation of the Net Income or Net Loss, Tax Income or Tax Loss, or Surplus Cash differs from such Partner's share as determined by the General Partner, the determination of the Auditor shall be deemed to be correct and binding upon the Partnership and the General Partner shall cause the necessary adjustments to be made by payment, recovery or reallocation to or from the Partner, as the case may be, and in this regard may set off against any future payments any debt owing by the Partner to the Partnership.

6.09 **Allocations and Distributions.** The Net Income, Net Loss, Tax Income, Tax Loss or Surplus Cash allocated or distributed, as the case may be, to the Limited Partners shall in each case be allocated or distributed, as the case may be, among the Limited Partners proportionately based on the numbers of Class “A” Units held, in amounts as determined by the General Partner.

ARTICLE 7 - MANAGEMENT OF THE PARTNERSHIP

7.01 **General Powers and Duties of the General Partner.** The General Partner has the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership. Any action taken by the General Partner on behalf of the Partnership shall be deemed to be the act of the Partnership and shall bind the Partnership. No person dealing with the Partnership shall be required to enquire into or verify the authority of the General Partner to bind the Partnership and shall be entitled to rely conclusively upon the power and authority of the General Partner as set out in this Agreement.

7.02 **Specific Powers and Duties of the General Partner.** The General Partner has all of the rights, powers and obligations that may be possessed by a general partner under the Act and is authorized and required to manage, control, administer and operate the business and affairs of the Partnership and to represent the Partnership and, without limitation, the General Partner is authorized to:

(a) enter into the Consulting Services Agreement to use the Process;

(b) Construct and operate a plant in Dauphin, Manitoba, which uses the Process to process hemp;

(c) invest the capital of the Partnership as the General Partner deems appropriate;

(b) dispose of any investments of the Partnership at such times and in such manner as the General Partner may determine;

(c) undertake and complete on behalf of the Partnership all such other transactions and acts contemplated by or referred to in the Offering Memorandum;

(d) provide overall management, financial and business planning as required in the operation of the business of the Partnership;

(e) negotiate, enter into and execute any agreements by or on behalf of the Partnership pertaining to the operation of the business of the Partnership;

(f) execute and carry out all agreements which require execution by or on behalf of the Partnership involving matters or transactions which are within the usual course of the business of the Partnership;

(g) provide and maintain or cause to be provided and maintained adequate and proper books of account and records reflecting the activities of the Partnership in accordance with Article 8 hereof;

(h) prepare and forward or cause to be prepared and forwarded to each Limited Partner the reports and financial statements provided for in Article 8 hereof and all reports and financial statements which may be required under applicable tax and securities legislation (subject to any available exemptions regarding financial reporting by partnerships);

(i) prepare and mail or cause to be prepared and mailed all notices for any meetings of the Partnership which meetings shall be called and held by the General Partner in accordance with the provisions of Article 14 hereof;

(j) borrow money as may be required for the business of the Partnership in such amounts as the General Partner may reasonably determine to be necessary for the purpose of earning income from the investments of the Partnership and, from time to time, withdraw, make, execute and issue negotiable and non-negotiable instruments as evidence of indebtedness and to secure the payment of money so borrowed, provided, however, in any case, the General Partner shall not be authorized to borrow funds which exceed, in the aggregate, the amount of the greater of $500,000 or 0.5% of the Capital at such time without the prior approval of the Limited Partners by Special Resolution except as otherwise specifically authorized herein or contemplated in the Offering Memorandum;

(k) place registered title to the property and assets of the Partnership in the name of the General Partner or its nominee or a trustee for the purpose of financing or other convenience for the benefit of the Partnership;

(l) incur all reasonable expenses;

(m) retain or engage (or dismiss from engagement) personnel, agents, representatives or professionals upon such terms, at such places and for such compensation as the General Partner may determine necessary or advisable in the carrying on of the business of the Partnership, including, without limitation, retaining any independent contractors, trustees or agents to carry out any of its duties and obligations under this Agreement;

(n) open accounts at one or more financial institutions for the Partnership in the name of the Partnership, designating and changing, from time to time, the signatories to the accounts, and execute loan and credit agreements on behalf of the Partnership;

(o) generally to do the things and to take the steps in connection with the assets and undertaking of the Partnership which would be customarily carried out by Persons carrying on a business of the same nature as that of the Partnership;

(p) do all things and take all steps necessary to develop the business of the Partnership;

(q) enter into agreements and attend to all matters relating to the sale and distribution of Units or the subscription therefor;

(r) invest funds not immediately required for the operation of the Partnership;

(s) execute, acknowledge and deliver all deeds, documents and instruments necessary to effect the foregoing and the purposes of this Agreement;

(t) prosecute, defend, settle or compromise actions at law at the expense of the Partnership and satisfy any judgment, decree, decision, order or settlement affecting the Partnership;

(u) retain advisors, experts or consultants to assist in the exercise of its powers and the performance of its duties hereunder;

(v) file returns required by any government or like authorities;

(w) appoint the Auditor in accordance with the provisions of Section 8.02 hereof;

(x) purchase such liability and other insurance as may be available at a commercially reasonable cost to fully protect the Partners and the property and assets of the Partnership;

(y) render an account of its administration from time to time as requested by the Limited Partners; and

(z) carry out any Ordinary Resolution or Special Resolution.

7.03 **Duties of General Partner.** The General Partner covenants that it shall:

(a) exercise the powers and discharge the duties of its office hereunder honestly, in good faith, and in what it reasonably believes to be the best interests of the Limited Partners and the Partnership and that it will exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances; and

(b) promptly execute, record and file the Certificate, any declaration, declaration of change form or any amendment to any of the foregoing and any other instrument required to form, qualify, continue and keep in good standing the Partnership as a limited partnership, or otherwise to comply with all laws, of any other jurisdiction in which the Partnership may carry on business or own or have property in order to maintain the limited liability of the Limited Partners and to comply with the applicable laws of such jurisdiction, including the filing of any document as may be necessary to amend the Certificate or like instrument to reflect the transfer of a Unit.

7.04 **Confidentiality of Information.** The General Partner will maintain the confidentiality of trade secrets, financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interest of the Partnership, except to the extent that disclosure is required by law or is in the best interests of the Partnership and the General Partner will utilize the information and data only for the business of the Partnership.

7.05 **Commingling of Funds.** The funds and assets of the Partnership shall not be commingled with the funds or assets of any other Person, project or entity (including those of the General Partner).

7.06 **Transactions involving Affiliates.** The validity of a transaction, agreement or payment involving the Partnership and an Affiliate is not affected by reason of the relationship between the General Partner and the Affiliate or by reason of the approval or lack thereof of the transaction, agreement or payment by the directors of the General Partner, all of who may be involved personally or as officers or directors of or otherwise interested in or related to the Affiliate.

7.07 **Engagement of Affiliates.** The General Partner may engage or retain Affiliates on behalf of the Partnership to provide goods or services to the Partnership and may, in its discretion, engage other Persons interested in or companies owned by, associated with or affiliated with the General Partner, to render on behalf of the General Partner part or all of such generalized and specialized management functions or administrative services as are reasonably required to accomplish the business of the Partnership.

7.08 **Delegation by General Partner.** The General Partner may delegate any of the rights and powers which it possesses and such delegatee may perform the General Partner's duties and incur expenses on behalf of the Partnership. However, no such delegation shall relieve the General Partner from its duties or responsibilities hereunder.

7.09 **Borrowing From Affiliates.** The Partnership may borrow from the General Partner or Affiliates provided that the rate of interest and any other expenses relative to such borrowings correspond to that which the General Partner pays in relation to borrowings from its principal lenders, but shall never exceed that which the Partnership could obtain from recognized financial establishments with respect to similar borrowings.

7.10 **Safekeeping of Assets.** The General Partner is responsible for the safekeeping and use of all funds and assets of the Partnership whether or not in its immediate possession or control and will not employ or permit another to employ the funds or assets of the Partnership except for the exclusive benefit of the Partnership.

7.11 **Payments.** The General Partner will pay the Partnership's costs or expenses as and when they become due, out of the funds of the Partnership on hand or borrowed for the purpose.

7.12 **Costs of General Partner.** The General Partner shall be entitled to reimbursement by the Partnership for any, costs and expenses that are incurred by the General Partner on behalf of the Partnership, including, but not limited to costs incurred in rendering the administrative, management and other services required to be rendered hereunder in the ordinary course of business.

7.13 **Limitation of Liability of General Partner.** The General Partner shall not be liable to a Limited Partner for:

(a) any act, omission or error in judgment other than any act, omission or error in judgment resulting from or arising out of which General Partner is adjudged to be in contravention of Section 7.03 hereof; or

(b) the return of any Capital Contribution made by a Limited Partner to the Partnership.

Notwithstanding any other provision of this Agreement, neither the General Partner nor its officers, directors, shareholders, employees or agents are liable, responsible for, or accountable in damages or otherwise to the Partnership or a Limited Partner for any action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner by this Agreement or by law unless the act or omission was performed or omitted fraudulently or in bad faith or constituted wanton or willful misconduct by the General Partner, its directors, shareholders, officers, employees or agents, as the case may be.

7.14 **Indemnification of General Partner.** The Partnership shall indemnify the General Partner, and its officers, directors, shareholders, employees or agents from and against any losses, expenses and damages incurred or suffered by all or any of them by reason of the acts, omissions or alleged acts or omissions arising out of the activities of the General Partner on behalf of the Partnership or in furtherance of the interest of the Partnership but only if the acts, omissions or the alleged acts or omissions on which the actual or threatened action, proceeding or claim are based were performed in good faith and were not performed or omitted fraudulently or in bad faith or as a result of wanton or willful misconduct by any of the General Partner, its officers, directors, shareholders, employees or agents, as the case may be.

7.15 **Restrictions upon the General Partner.** The General Partner shall not:

(a) cause the Partnership to dispose of all or substantially all the assets of the Partnership unless the disposition is approved by a Special Resolution;

(b) cause the Partnership to guarantee the obligations or liabilities of or make loans to the General Partner or its Affiliates; or

(c) borrow any funds other than for the purposes of earning income from the Partnership business or borrow funds exceeding, in the aggregate, the Capital at any time or borrow, in the aggregate, any amount exceeding the greater of $500,000 and 0.5% of Partnership Capital at such time, unless such borrowing is approved by Special Resolution or was contemplated by the Offering Memorandum.

7.16 **Granting of Security.** Granting of security for advances made to the Partnership is not a disposition for the purposes of Section 7.15 hereof.

7.17 **Management Fee.** The General Partner shall be entitled to an annual management fee (payable quarterly, not in advance) in each year, equal to Fifteen Thousand ($15,000) dollars.

7.18 **Restricted to being General Partner.** The General Partner's activities shall be restricted to acting as the General Partner of the Partnership.

ARTICLE 8 - RECORDS AND REPORTING

8.01 **Books of Account.** The General Partner will keep and maintain, at its principal place of business, or cause to be kept and maintained, complete and accurate books of account and records of the business of the Partnership. The Limited Partnership books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. The books of account and records shall be open to reasonable inspection and examination by Limited Partners or their authorized representatives during reasonable business hours.

8.02 **Appointment of Auditor.** The Auditor for the Partnership shall be Marion Pernarowski Chartered Accountant, or such other firm of chartered accountants as may be approved by the Limited Partners by Ordinary Resolution. The term and remuneration of the Auditor shall be as the General Partner may determine.

8.03 **Annual Financial Information.** The General Partner will send or cause to be sent to each Limited Partner, within 120 days of the end of each Fiscal Year, an annual report containing annual audited financial statements in compliance with applicable legislation and such other statements and reports as may be considered appropriate in the opinion of the Auditor.

8.04 **Interim Financial Information.** The General Partner will send or cause to be sent to each Limited Partner, within 60 days of the date to which they are produced, interim unaudited financial statements in compliance with any applicable legislation.

8.05 **Income Tax Information.** The General Partner will send or cause to be sent to each Limited Partner, within 120 days of the end of each Fiscal Year, all information necessary for the Limited Partners to report the income tax consequences of the investment in Units in the Limited Partner's annual Canadian income tax returns. Each Limited Partner shall be solely responsible for filing all income tax returns required to be filed by the Limited Partner.

ARTICLE 9 - RESOLUTIONS

9.01 **Powers Exercisable by Special Resolution.** In addition to all of the powers conferred upon them by this Agreement, the Limited Partners may by Special Resolution:

(a) remove the General Partner as general partner of the Partnership in the event of a default by the General Partner of any material covenant under this Agreement which is not remedied within 60 days of written notice;

(b) remove the General Partner as general partner of the Partnership for any other reason;

(c) elect a new general partner in anticipation of the removal, retirement, insolvency, bankruptcy or dissolution of the General Partner to be effective upon the removal, retirement, insolvency, bankruptcy or dissolution of the General Partner or successor General Partner;

(d) waive any default on the part of the General Partner on such terms as they may determine;

(e) continue the Partnership in the event that the Partnership is terminated by operation of law;

(f) agree to the dissolution and winding-up of the Partnership;

(g) agree to any compromise or arrangement by the Partnership with any creditor, class of creditors or with the holders of any shares or securities of the General Partner;

(h) require the General Partner, on behalf of the Partnership, to enforce any obligation or covenant of any Limited Partner, or Substituted Limited Partner, arising under this Agreement;

(i) change the Fiscal Year of the Partnership;

(j) amend, modify, alter or repeal any Special Resolution previously passed by the Partners;

(k) authorize the sale of Units in addition to those contemplated by Section 5.03 hereof;

(l) approve any borrowing by the General Partner not authorized herein;

(m) approve or disapprove the sale or exchange in a single transaction or a series of related transactions of all or substantially all of the business and assets of the Partnership;

The powers in this Section 9.01 shall be several and cumulative and not dependent on each other and each power conferred in each subsection of this Section 9.01 shall be construed as complete in itself and not in reference to any other power and the exercise of any one or more of such powers or any combination thereof from time to time, shall not be deemed to exhaust the rights of the Partners to exercise such power or powers or combination of powers thereafter.

9.02 **Written Resolutions.** Notwithstanding any other provision hereof, no Ordinary Resolution or Special Resolution made by written resolution as contemplated by the definitions of “Ordinary Resolution” and “Special Resolution” shall be effective unless and until notice thereof has been provided to all Limited Partners, which notice contains the full text of such written resolutions.

ARTICLE 10 - CHANGE, RESIGNATION OR REMOVAL OF GENERAL PARTNER

10.01 **Resignation.** The General Partner may not resign as such except as provided in Section 10.03 hereof.

10.02 **Disposition of General Partner's Interest.** The General Partner may only sell, transfer, assign or otherwise dispose of all or any of its interest as the general partner in the Partnership if such disposition is approved by Special Resolution. No Person shall be entitled to be recorded on the Register or Certificate or recognized as the holder of any interest in the General Partner's interest in the Partnership without the approval hereby required and until all filing and recording required by law has been made.

10.03 **Bankruptcy or Dissolution.** The General Partner, by agreeing to be bound by this Agreement, shall be deemed to resign as the general partner of the Partnership upon the bankruptcy, insolvency, dissolution (except dissolution as a consequence of merger, amalgamation, consolidation or other corporate reorganization), liquidation or winding-up of the General Partner (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner) or the appointment of a trustee, receiver or receiver-manager of the affairs of the General Partner, but such resignation shall not be effective and the General Partner shall not cease to be the General Partner until the earlier of:

(a) the admission of a new general partner to the Partnership and the filing of a Certificate or amendment thereto under the Act; or

(b) one hundred and eighty (180) days after the occurrence of such event or appointment, in each case, as the case may be.

10.04 **Removal of General Partner.** The General Partner may be removed as the general partner by Special Resolution in accordance with subsection 9.01(a) and (b) hereof. Removal of the General Partner shall be effective upon all monies and fees owing to the General Partner (including those owing under Section 10.10 hereof) being paid in full and a new general partner being appointed. Any new general partner so appointed shall thereby acquire the General Partner's interest in the Partnership and shall assume the responsibilities and rights of the General Partner as general partner of the Partnership.

10.05 **No Additional General Partners.** The Partnership shall not have more than one general partner at any time.

10.06 **Transfer of Management.** On the admission of a new general partner to the Partnership in accordance with this Agreement, the General Partner will do all things and take all steps necessary to immediately and effectively transfer the administration, management, control and operation of the business of the Partnership and the books, records and accounts of the Partnership to the new general partner, including the execution and delivery of all deeds, certificates, declarations and other documents whatsoever which may be necessary to effect such change and to convey all the assets of the Partnership to the new general partner. All costs of such transfer shall be for the account of the Partnership.

10.07 **New General Partner.** In the event of a change of the general partner of the Partnership, the new general partner will be admitted and shall become a party to this Agreement by signing a counterpart hereto and agreeing to be bound by all of the provisions hereof and shall from that time forward for all purposes and in all ways assume the obligations, powers, duties and liabilities of the General Partner hereunder and shall be subject to the terms of this Agreement.

10.08 **Continuity of Partnership.** In the event of the bankruptcy, insolvency, dissolution, liquidation, winding-up or resignation of the General Partner, the Limited Partners shall by Ordinary Resolution appoint a new general partner and the business of the Partnership shall be continued by the successor general partner.

10.09 **Release.** Upon a removal or deemed resignation of the General Partner, the Partnership and the Limited Partners shall release and hold harmless the General Partner from all actions, claims, costs, demands, losses, damages and expenses suffered or incurred by the General Partner as a result of or arising out of events, other than any willful act or omission by the General Partner, which occur in relation to the Partnership after the effective time of such removal or resignation.

10.10 **Payment on Termination.** If the General Partner is terminated as the general partner of the Partnership pursuant to subsection 9.01(a) or (b) hereof, the General Partner shall be paid the aggregate of the following amounts:

(a) all accrued and unpaid management fees hereunder to the effective date of termination; and

(b) if the termination is pursuant to subsection 9.01(b) hereof, the aggregate of the following amounts:

(i) if the termination is:

A. on or before the second anniversary date of the date of this Agreement, an amount equal to 12 months of management fees payable hereunder; and

B. after the second anniversary date of the date of this Agreement, an amount equal to 6 months of management fees payable hereunder.

ARTICLE 11 - DISSOLUTION OF PARTNERSHIP

11.01 **Events Giving Rise to Dissolution.** The Partnership shall be dissolved:

(a) if the Limited Partners do not appoint a new general partner upon the occurrence of the bankruptcy, dissolution or winding-up (except dissolution as a consequence of merger, amalgamation, consolidation or other corporate reorganization) of the General Partner or the occurrence of an event which would permit a trustee or receiver to acquire control of the affairs of the General Partner during the term of this Agreement;

(b) as soon as practicable after the passage of a Special Resolution approving the dissolution and winding-up of the Partnership;

(c) upon a declaration by the General Partner of the dissolution of the Partnership following two consecutive Fiscal Years of insolvency of the Partnership;

(d) at the end of the Fiscal Year in which the business of the Partnership is sold and all of its property and assets distributed;

(e) upon the General Partner's written request and the consent to such request by means of a Special Resolution; or

(f) upon the conduct of the Partnership's business becoming impossible or illegal.

11.02 **Events Not Causing Dissolution.** The Partnership shall not be dissolved or terminated by the death, incompetence, bankruptcy, insolvency, dissolution, liquidation, winding-up or receivership of, or the admission or withdrawal of any Limited Partner or upon the transfer of any Unit.

11.03 **Receiver.** On the dissolution of the Partnership the General Partner shall act as the receiver (the "**Receiver**") of the Partnership, and will commence to wind up the affairs of the Partnership and to liquidate its assets. If the General Partner has become a bankrupt or shall be unable or unwilling to act as the Receiver, the Partners by Special Resolution may appoint another Person to act as the Receiver. The Receiver shall be paid its reasonable fees and disbursements incurred in carrying out its duties as such.

11.04 **Liquidation of Assets.** The Receiver shall prepare or cause to be prepared a statement of financial position of the Partnership which shall be reported upon by the Auditor and a copy of which shall be forwarded to each Person who was shown on the Register as a Partner at the date of dissolution. The Receiver shall wind up the affairs of the Partnership and all property of the Partnership shall be liquidated in a timely and orderly manner. The Receiver shall have all powers and authority of the General Partner under this Agreement. The Receiver shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Partnership assets pursuant to such liquidation, having regard to the activity and condition of the relevant market and general financial and economic conditions.

11.05 **Distribution of Proceeds of Liquidation.** Following the payment of all debts and liabilities of the Partnership and all expenses of liquidation and subject to the right of the Receiver to set up such cash reserves as it may deem necessary for any contingent or unforeseen liabilities or obligations of the Partnership, the proceeds of liquidation and the other funds of the Partnership shall be deemed to be Surplus Cash and shall be distributed to the Partners as such.

11.06 **Statement of Distribution.** Within a reasonable time following the completion of the liquidation of the Partnership the Receiver shall supply to each of the Limited Partners a statement, reviewed by the Auditor, setting out the assets and liabilities of the Partnership as of the date of complete liquidation and the distribution of its assets.

11.07 **Cash Distribution.** No Partner shall have the right to demand or receive property other than cash upon dissolution and termination of the Partnership, but nothing herein shall prohibit a return of Capital in a form other than cash.

11.08 **Allocations to Limited Partners.** The Partners will continue to share the Net Income, Net Loss, Tax Income, Tax Loss and Surplus Cash during the period of liquidation in the manner set out in Articles 5 and 6 hereof.

11.09 **Termination of Partnership.** The Partnership shall terminate when all of its assets have been sold and the net proceeds therefrom, after payment of or due provisions for the payment of all debts, liabilities and obligations of the Partnership to creditors, have been distributed as provided in this Article. The General Partner shall have the authority to execute and record any Certificate as well as any other documents required to effect the dissolution or termination of the Partnership.

ARTICLE 12 - AMENDMENTS

12.01 **Special Resolution.** Except as otherwise set out in this Article, this Agreement may only be amended by Special Resolution approving the amendment.

12.02 **Amendment by General Partner.** The General Partner may, without prior notice to or consent from any Partner, amend this Agreement:

(a) for the purpose of reflecting the admission of additional Limited Partners or Substituted Limited Partners;

(b) to add covenants, restrictions or provisions which, in the reasonable written opinion of counsel to the Partnership, are for the protection of the Limited Partners;

(c) to cure any ambiguity or to correct or supplement any provisions contained herein which, in the reasonable written opinion of counsel to the Partnership, may be defective or inconsistent with any other provision hereof if, in the reasonable opinion of such counsel, such amendment does not and will not in any way materially adversely affect the interests of any Limited Partner; and

(d) to make such other provisions in regard to matters or questions arising under this Agreement which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of any Limited Partner;

provided that all Partners are notified of full details of any amendment to this Agreement under this Section within thirty (30) days after the effective date of such amendment.

12.03 **Limitations on Amendment.** This Agreement may not be amended at any time if the effect of the amendment is to:

(a) reduce the fees payable to the General Partner hereunder;

(b) reduce or increase a share of a Partner in the Net Income, Net Loss, Tax Income, Tax Loss or Surplus Cash;

(c) increase the liability of a Limited Partner;

(d) allow a Limited Partner to exercise control of or take active part in the business of the Partnership;

(e) change the Partnership from a limited partnership to a general partnership;

(f) change the right of a Limited Partner to vote at any meeting; or

(g) amend this Article;

unless all Partners at that time agree to the amendment and their agreement is witnessed by their signatures following the amendment which has been put in writing.

12.04 **Entire Agreement.** Any amendment to this Agreement that has been made in accordance with this Agreement shall together with the other terms and conditions of this Agreement constitute the entire agreement between the parties.

ARTICLE 13 - DEFAULT BY LIMITED PARTNER

13.01 **Remedy in the Event of Default.** A Limited Partner or any Person (the "Defaulting Partner") who is in default of any term of this Agreement or is in breach of any representation, warranty or covenant in this Agreement or a Subscription Form or Assignment and Transfer Form executed by such Limited Partner, unless other arrangements satisfactory to the General Partner are made, shall be deemed to be in default under this Agreement and the General Partner, on behalf of the Partnership, shall accordingly be entitled, without further authorization and at the option of the General Partner, to sell, as the duly authorized agent of the Defaulting Partner, the Units of the Defaulting Partner on such terms as it deems reasonable and may itself become the purchaser of such Units. Any proceeds realized from such sale shall be applied first in payment of all costs in connection with the sale, and the balance, if any, shall be paid to the Defaulting Partner. It is understood and agreed that the sale proceeding so described shall not extinguish any other right of action against a Defaulting Partner by the Partnership or by the General Partner or other Partners in respect of amounts owing to them or otherwise.

13.02 **Authority to Transfer Units.** The General Partner is hereby irrevocably authorized, as the duly appointed attorney and agent of the Defaulting Partner (which power, to the extent necessary, is hereby coupled with an interest), to cause to be transferred and vested in the name of any purchaser under Section 13.01 hereof, all right and title of the Defaulting Partner in such Defaulting Partner's Unit(s) and, for that purpose, is hereby authorized to execute an assignment of such Unit(s) or other appropriate instrument which shall be sufficient to vest title and ownership in and to the Unit(s) in such purchaser. In that event, the Unit Certificate then held by the Defaulting Partner who is in unremedied default shall be considered of no further force or effect and shall no longer constitute evidence of ownership.

13.03 **Legal Proceedings**. In addition to and not in lieu of the remedies set out in Section 13.01 hereof, the General Partner, on behalf of the Partnership or any Partner may bring appropriate legal proceedings against the Defaulting Partner from time to time. All expenses incurred in respect thereof shall be for the account of the Partnership.

ARTICLE 14 - PARTNERSHIP MEETINGS

14.01 **Partnership Meeting.** The General Partner shall cause an annual meeting of the Partners to be held in each calendar year, commencing in 2006, within six months after the end of each Fiscal Year. Meetings shall be held in Dauphin, Manitoba, or at such other place in Manitoba as the General Partner may determine, on a day and at a time and place designated in the notice of the meeting. The meeting shall consider such business as may be contained in the notice calling the meeting and such other business as Partners are entitled to vote or act upon as provided in Section 5.02 hereof. A special meeting of the Partners may be called at any time by the General Partner and shall be called at any time by the General Partner upon written request signed by Limited Partners holding in the aggregate not less than one-third of the outstanding Units. Any such written request shall specify the purpose or purposes for which such meeting is to be called. If the General Partner fails to call a meeting upon such request of Limited Partners within a period of 5 days after the giving of such request, the requesting Limited Partners may call such meeting and the notice calling such meeting shall be signed by such requesting Limited Partners or by any Person as such requesting Limited Partners may specify in writing. Any meeting called by such requesting Limited Partners shall be conducted in accordance with the provisions of this Agreement. The expenses incurred in calling and holding such meetings shall be for the account of the Partnership.

14.02 **Notice of Meetings.** Notice of any Partners' meeting shall be given to each Partner at such Partner's address shown in the Register, to the General Partner and the Auditor. Any such notice shall be mailed by prepaid post at least 7 days and not more than 21 days prior to the meeting and shall state the time when and the place where such meeting is to be held. The notice shall specify, in general terms the nature of all business to be transacted thereat. It shall not be necessary to include in the notices the text of any resolution to be considered. No notice shall be required for adjourned meetings. Any Partner may, in writing, waive notice of any meeting.

14.03 **Quorum.** A quorum for a meeting of Partners shall consist of Partners present in person or represented by proxyholder and owning or representing not less than 50% of all issued and outstanding Units. A solicitation of proxies will not require an information circular unless the laws to which the Partnership may become subject require a proxy information circular. If such a quorum is not present on the date for which the meeting is called within one-half hour after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held not later than 7 days thereafter at which adjourned meeting Partners present in person or represented by proxyholder shall constitute a quorum. Any business may be transacted at the adjourned meeting which might properly have been transacted at the original meeting.

14.04 **Voting and Conflict.** Subject to Section 5.02 hereof and except as otherwise provided herein, at all meetings of Partners, each Partner, other than the General Partner (who will only be entitled to vote in its capacity as a Limited Partner), shall be entitled to cast one vote for each Unit owned upon each matter presented for vote. Only Partners of record not in default or a Person appointed by such Partner by proxy shall be entitled to vote. Every question submitted to a meeting shall be decided by a show of hands unless a poll is demanded, in which case a poll shall be taken. The chairman of the meeting shall not have a deciding vote. Except in respect of matters requiring approval by Special Resolution, no resolution of the Partnership will be validly adopted unless approved by an Ordinary Resolution. The chairman of the meeting shall not have a casting vote. At any meeting of the Partners on a matter voted upon:

(a) for which no poll is required or requested, a declaration made by the chairman of the meeting as to the voting on any particular resolution shall be conclusive evidence thereof; and

(b) for which a poll is required or requested, the result of the poll shall be deemed to be the decision of the meeting on the question or resolution in respect of which the poll was taken.

14.05 **Record Dates.** The General Partner may from time to time cause the Register to be closed for a period of time not exceeding 21 days for the purpose of determining the holders of Units. Any Partner who was a Partner at the time so fixed shall be treated as a Partner even though such Partner has since that record date disposed of its Units, and no Partner becoming such after that date shall be entitled to vote at a meeting or any adjournment thereof or to receive any distribution or to be treated as a Partner of record for purposes of any other action.

14.06 **Proxies.** Any Limited Partner entitled to vote at a meeting may vote by proxy if the proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting.

14.07 **Validity of Proxies.** A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise and the Person challenging will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid and any decision of the chairman concerning the validity of a proxy will be final.

14.08 **Form of Proxy.** Subject to applicable securities legislation every proxy will be substantially in the form which follows or such other form as may be approved by the General Partner or as may be satisfactory to the chairman of the meeting at which it is sought to be exercised:

Proxy

I, ________, of the ________ of __________, in the Province of _____, being the owner of ___ Unit(s) of PARKLAND BIOFIBRE LIMITED PARTNERSHIP hereby appoint ______of _____, in the Province of _______, as my proxy, with full power of substitution, to vote for me and on my behalf at the meeting of Partners to be held on the _____ day of _______, 20__, and every adjournment thereof and every poll that may take place in consequence thereof.

DATED this ___ day of ____, 20__.

14.09 **Corporation.** A Limited Partner which is a Person other than an individual may appoint an officer, director or other authorized person as its representative to attend, vote and act on its behalf at a meeting of Partners by written notice acceptable to the General Partner.

14.10 **Authorized Attendance.** Any officer or director of the General Partner, the solicitor for the General Partner and the Partnership, representatives of the Auditor and any other Person authorized by the General Partner will be entitled to attend any meeting of Partners.

14.11 **Minutes.** Minutes of all resolutions and proceedings of every meeting of Partners shall be made and recorded by the General Partner. Minutes, when signed by the chairman of the meeting at which resolutions were passed or proceedings held or by the chairman at the next succeeding meeting of Partners shall be *prima facie* evidence of the matters therein stated and until the contrary is proved, every such meeting in respect of which minutes shall have been made shall be taken to have been duly held and convened and all resolutions passed or proceedings taken as referred to in the minutes shall be deemed to have been duly passed and taken in accordance with this Agreement.

14.12 **Conduct of Meetings.** The chairman of any meeting shall be an individual nominated by the General Partner unless and until a chairman is selected by Ordinary Resolution. A nominee of the General Partner may not serve as chairman if the General Partner is in default under this Agreement. Meetings shall be conducted as required by this Agreement and as determined at the meeting where procedures are not prescribed herein.

14.13 **Resolution Binding.** Any Special Resolution or Ordinary Resolution passed in accordance with this Agreement shall be binding on all Partners and their respective heirs, executors, administrators, other legal representatives, successors, and assigns, whether or not such Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Partner voted against such resolution.

ARTICLE 15 - MISCELLANEOUS

15.01 **Notices.** Any notice, direction or request required or permitted to be given hereunder shall be in writing and shall be given by personal service, facsimile transmission or by registered letter, with postage thereon fully prepaid, to be addressed as follows: if to the General Partner, Box 1067, Dauphin, Manitoba, R7N 3L9 (or such other place as the General Partner may from time to time designate); if to the Initial Limited Partner, Don Dewar, Box 1067, Dauphin, Manitoba, R7N 3L9; and if to any other Limited Partner, to the address or facsimile number, as the case may be, of such Limited Partner as it appears on the Register or such other address or facsimile number as any party hereto may hereafter designate by notice to the other parties hereto. Any notice, direction or request delivered personally or by facsimile transmission shall be deemed to have been received by and given to the addressee on the date of delivery or transmission. Any notice, direction or request mailed as aforesaid shall be deemed to have been received by and given to the addressee on the third business day following the date of mailing, except in the event of a disruption of postal service, in which event notice shall be delivered personally or given by facsimile transmission.

15.02 **Governing Law.** This Agreement shall be governed by and construed exclusively by its terms and by the laws of Manitoba and the laws of Canada applicable therein and each Partner irrevocably attorns to the exclusive jurisdiction of the courts of Manitoba.

15.03 **Severability.** Each provision of this Agreement is intended to be severable. If any provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

15.04 **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. This Agreement may also be adopted in any Subscription Form, Transfer and Assignment Form or similar instruments signed by a Limited Partner, with the same effect as if such Limited Partner has executed a counterpart of this Agreement. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement.

15.05 **Time.** Time shall be of the essence hereof.

15.06 **Further Assurances.** The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other act and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

15.07 **Limited Partner not a General Partner.** In the event any provision of this Agreement should have the effect of imposing upon a Limited Partner any of the obligations of the General Partner or any right to take an active part in the business of the Partnership, such provisions shall be of no force and effect and shall not be considered a part of this Agreement, but the remainder of this Agreement shall continue in effect.

15.08 **Binding Effect.** Subject to the restrictions on assignment and transfer herein provided for, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors, and assigns.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Limited Partnership Agreement the day and year first above written.

PARKLAND BIOFIBRE LTD.

Per: ________________________________

Per: ________________________________

________________________________ ________________________________

WITNESS **DON DEWAR**

LIMITED PARTNERS, by their Attorney in-fact, Parkland Biofibre Ltd., the General Partner

Per: ________________________________

Per: ________________________________

SCHEDULE "A"

This Schedule "A" forms an integral part of the Limited Partnership Agreement entered into between Parkland Biofibre Ltd., Don Dewar, and each and every other Person who subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who is a successor to any such Person) and is registered as such in accordance with *The Partnership Act* (Manitoba). Unless defined herein, all capitalized terms herein have the meaning ascribed to them in the Limited Partnership Agreement.

SUBSCRIPTION AND POWER OF ATTORNEY
PARKLAND BIOFIBRE LIMITED PARTNERSHIP

TO: PARKLAND BIOFIBRE LTD.
(the "**General Partner"**)

AND TO: PARKLAND BIOFIBRE LIMITED PARTNERSHIP
(the "**Limited Partnership**")

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Limited Partnership Agreement relating to the Limited Partnership to be entered into by the General Partner in its capacity as general partner of the Limited Partnership and each person who subscribes for Units and is accepted as a Limited Partner.

I. The undersigned hereby irrevocably subscribes for __________ limited partnership units ("Units") at a price of $1,000 per Unit.

II. The undersigned shall satisfy the sum of $_________________ (the "subscription price") (calculated by multiplying the number of Units subscribed for by $1,000) by payment in full of the subscription price by cash or cheque payable to _________________ (the "Deposit and Escrow Agent") all of which funds are delivered herewith.

III. The undersigned hereby acknowledges that participation in the Limited Partnership is subject to acceptance of this Subscription by the General Partner on behalf of the Limited Partnership, on or before May 31, 2006 (or such later date as the General Partner may determine acting reasonably), and that a closing may occur immediately upon the General Partner having received commitments for the Minimum Offering (as defined in the Offering Memorandum).

IV. The undersigned hereby acknowledges that he/she/it has received, reviewed and fully understands the Offering Memorandum and the schedules attached thereto, and has utilized all information the Subscriber deems necessary for the purposes of making an informed investment decision and to verify the accuracy and completeness of the information contained therein and herein.

V. In consideration of the General Partner on behalf of the Limited Partnership accepting this Subscription and conditional thereon:

(a) the undersigned agrees to be bound as a party to and as a Limited Partner in the Limited Partnership, by the terms of the Limited Partnership Agreement, as from time to time amended and in effect, and the undersigned expressly ratifies and confirms the Power of Attorney given the General Partner therein and herein; and

(b) the undersigned hereby irrevocably makes, constitutes and appoints the General Partner with full power of substitution, as such party's true and lawful attorney and agent, with full power and authority in such party's name, place and stead and for such party's use and benefit, to acknowledge, deliver, file and record on such party's behalf in the appropriate public offices and publish all the following:

(i) The Limited Partnership Agreement and counterparts thereof;

(ii) All instruments which the General Partner deems appropriate to reflect any amendment, change or modification to the Limited Partnership or to the Limited Partnership Agreement and executes on behalf of the Limited Partner in accordance with the terms thereof;

(iii) All certificates and instruments and amendments thereto which the General Partner deems appropriate or necessary to conform, qualify or continue the qualification of the Limited Partnership in or otherwise comply with the laws of the Province of Manitoba and such other jurisdictions as the General Partner reasonably deems necessary and executes on behalf of the Limited Partner in accordance with the terms thereof;

(iv) All conveyances, agreements, and instructions which the General Partner deems appropriate or necessary to reflect the dissolution and termination of the Limited Partnership and executes pursuant to the terms of the Limited Partnership Agreement;

(v) all transfer forms and such other documents shall be executed and delivered on behalf of and in the name of the Limited Partnership as may be necessary to effect the sale of Units of a Limited Partner in default, in accordance with the Limited Partnership Agreement;

(vi) Any and all other certificates and instruments which may be required to be filed by the Limited Partnership under the laws of Canada, or any Province which the General Partner shall be entitled to execute on behalf of the Limited Partner in accordance with the terms of the Limited Partnership Agreement.

The Power of Attorney hereby granted is coupled with an interest and shall be deemed to be irrevocable and shall survive the death, disability, incapacity, insanity and insolvency of the undersigned and shall extend to and be binding upon the heirs, executors, administrators, legal personal representatives, successors and assigns of the undersigned.

VI. The undersigned hereby declares that the undersigned:

(a) is purchasing the Units as principal;

(b) is resident in the Province of Manitoba;

(c) has received and reviewed the offering memorandum prepared pursuant to section 2.9 of National Instrument 45-106 *Prospectus and Registration Exemptions* in connection with the Offering and the total cost to the undersigned is less than $10,000.00 or the undersigned is an eligible investor and makes the representations and warranties set forth in the duly completed Appendix "A" attached hereto and which forms an integral part hereof;

(d) is resident in Canada within the meaning of the *Income Tax Act* (Canada);

(e) is not a non-Canadian person within the meaning of the *Investment Canada Act*;

(f) if an individual, has attained the age of majority;

(g) if a corporation, partnership, unincorporated association or other entity, is legally competent to execute this Subscription and Power of Attorney, to take all actions required pursuant hereto, and all necessary approvals of directors, shareholders, partners, members or otherwise have been given;

(h) has had an opportunity to review all documents and information relating to the Limited Partnership including, but not limited to, the Limited Partnership Agreement;

(i) is aware of the speculative nature of an investment in the Units and fully understands the nature and extent of the Subscriber's liability in respect of this investment and is fully capable of bearing any loss associated with this investment and has reviewed and fully understands all risks associated with this investment as described in the Offering Memorandum and assumes fully all risks attendant thereon; and

(j) has the financial ability to withstand a loss which might occur as a result of an investment in the Limited Partnership.

VII. The undersigned also acknowledges that the Units have not been qualified for sale by prospectus in any jurisdiction, nor is such qualification contemplated, and that such securities are being issued pursuant to exemptions for the registration and prospectus requirements of applicable securities laws. The undersigned acknowledges that it has not been provided with a prospectus within the meaning of applicable securities laws and, as a result, the undersigned will not be afforded the usual protections provided under applicable securities laws.

VIII. The undersigned acknowledges that the Units will be subject to resale restrictions under applicable securities laws, including without limitation National Instrument 45-106 – *Prospectus and Registration Exemptions*, and the undersigned is fully responsible for complying with such restrictions. In particular, the Subscriber is aware that the Units may not be sold or transferred for a period of 12 months following the date of issuance of the Units, except in certain circumstances as more particularly described in the applicable securities laws. The undersigned acknowledges that, in addition to restrictions on the transfer of Units under applicable securities laws, the transfer of Units is restricted to those persons the General Partner deems in its absolute discretion to be suitable as Limited Partners in the place and stead of any other Limited Partner.

IX. The undersigned acknowledges that he/she/it may never be able to sell the Units.

X. The undersigned represents, warrants and acknowledges that no person has made any written or oral representations:

(a) that any person will resell or repurchase the Units;

(b) that any person will refund the subscription price; or

(c) as to the future price or value of the Units.

XI. The undersigned acknowledges that reports of the sale of Units will be made with the appropriate securities regulatory authorities and the undersigned will be registered as a limited partner in such registries as the General Partner shall consider appropriate. The undersigned irrevocably consents to the collection, use and disclosure of personal information for any purpose that the General Partner considers necessary or advisable in its sole discretion in order to comply with applicable securities laws, limited partnership laws and in order to effectively operate the Limited Partnership in accordance with the Limited Partnership Agreement.

XII. The undersigned has consulted to the extent deemed advisable by the undersigned with its own advisors as to the financial, tax, legal and related matters concerning an investment in the Units and on that basis believes that an investment in Units is suitable and appropriate for the undersigned.

XIII. The undersigned acknowledges and agrees that the information provided herein will be relied upon by the Limited Partnership and the General Partner for the purpose of determining the eligibility of the Subscriber to subscribe for Units. The undersigned hereby indemnifies and holds the Limited Partnership and the General Partner (and, where applicable, their directors, officers, employees and agents) from and against any loss, damage or liability due to or arising out of a breach of any representation, warranty or agreement of the undersigned contained herein. This indemnity shall survive the closing of the subscription for Units. The undersigned hereby undertakes to immediately notify the General Partner of any change in any statement or other information relating to the undersigned set forth in this subscription (or any appendix hereto) which takes place prior to closing of this subscription.

XIV. The undersigned has reviewed and completed the attached Risk Acknowledgement and confirms that he/she/it understands the statements contained therein.

XV. The words, phrases and expressions used herein shall have the same meanings as ascribed to them in the Limited Partnership Agreement, except as otherwise set forth herein.

DATED at this _____ day of ________, 200__.

________________________________ Signature of Subscriber (if an individual)

________________________________ Name of Subscriber (if not an individual)

________________________________ Name of Subscriber (if an individual)

________________________________ Authorized Signatory (if not an individual)

________________________________ Title

Name and Address of Subscriber:

Name: ________________________________

____

____

Tel: ________________________________

E-mail: ________________________________

Address: ________________________________

________________________________ (Street Address)

________________________________ (City and Province or Country)

________________________________ (Postal Code)

Alternate Registration Instructions for Certificate: If other than in the name of the Subscriber:

Name: ________________________________

____

____

Address: ________________________________

________________________________ (City and Province or Country)

________________________________ (Postal Code)

Delivery Instructions: The name and address (including contact name and telephone number) of the person to whom the certificates representing the Units are to be delivered, **<u>if other than the Subscriber</u>**:

Name: ________________________________

Contact Name: ________________________________

Telephone No.: ________________________________

Address: ________________________________ (Street Address)

________________________________ (City and Province or Country)

________________________________ (Postal Code)

ACCEPTANCE

This Subscription is hereby accepted by PARKLAND BIOFIBRE LIMITED PARTNERSHIP, by its general partner PARKLAND BIOFIBRE LTD. on the _______ day of _____________, 200__.

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
by its general partner, Parkland Biofibre Ltd.

Per: ______________________________

APPENDIX "A"

TO THE SUBSCRIPTION AGREEMENT FOR PARKLAND BIOFIBRE LIMITED PARTNERSHIP

"ELIGIBE INVESTOR STATUS CERTIFICATE"

The undersigned subscriber, a resident of Manitoba, hereby represents and warrants, as an integral part of the attached subscription agreement, that he, she or it is an "Eligible Investor" as defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* and accordingly is correctly and in all respects described by the category or categories set forth directly next to which the subscriber has marked below.

[MARK BELOW THE CATEGORY OR CATEGORIES WHICH DESCRIBES YOU]

❑ 1. A person whose net assets, alone or with a spouse, in the case of an individual exceed $400,000.

❑ 2. A person whose net income before taxes exceeded $75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year.

❑ 3. A person whose net income before taxes, alone or with a spouse, in the case of an individual, exceeded $125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year.

❑ 4. A person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors.

❑ 5. A general partnership of which all of the partners are eligible investors.

❑ 6. A limited partnership of which the majority of the general partners are eligible investors.

❑ 7. A trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors.

❑ 8. A person that has obtained advice regarding the suitability of the investment and that advice has been obtained from an eligibility adviser.

❑ 9. A Canadian financial institution, or a Schedule III bank.

❑ 10. The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).

- ❑ 11. A subsidiary of any person or company referred to in paragraphs 9 or 10, if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

- ❑ 12. A person or company registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer, other than a person registered solely as a limited market dealer registered under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador).

- ❑ 13. An individual registered or formerly registered under the securities legislation of a jurisdiction of Canada, as a representative of a person referred to in paragraph 12.

- ❑ 14. The Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada.

- ❑ 15. A municipality, public board or commission in Canada.

- ❑ 16. Any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government.

- ❑ 17. A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada.

- ❑ 18. An individual who, either alone or jointly with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000.

- ❑ 19. An individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent years and who, in either case, reasonably expects to exceed the net income level in the current calendar year.

- ❑ 20. An individual who, either alone or with a spouse, has net assets of at least $5,000,000.

- ❑ 21. A person, other than an individual or investment fund, that has net assets of at least $5,000,000, as shown on its most recently prepared financial statements.

- ❑ 22. An investment fund that distributes or has distributed its securities only to a person that is or was an accredited investor at the time of the distribution.

- ❑ 23. An investment fund that distributes or has distributed its securities only to a person that acquired or has acquired securities as principal, the security has an acquisition cost to the purchaser of not less than $150,000 paid in cash at the time of the trade, and the trade is in a security of a single issuer;

- ❑ 24. An investment fund that, in Manitoba, is distributing or has distributed its securities under one or more prospectuses for which The Manitoba Securities Commission has issued receipts.

- ❑ 25. A trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be.

- ❑ 26. A person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under securities legislation of a jurisdiction of Canada or a foreign jurisdiction and in Ontario is purchasing a security that is not a security of an investment fund.

- ❑ 27. A registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded.

- ❑ 28. An entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs 9 through 12 or paragraph 17 in form and function.

- ❑ 29. A person or company in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors.

- ❑ 30. An investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser.

- ❑ 31. A person that is recognized or designated as an accredited investor by The Manitoba Securities Commission.

- ❑ 32. A director, executive officer or control person of the issuer, or of an affiliate of the issuer.

- ❑ 33. A spouse, parent, grandparent, brother, sister or child of a director, executive officer or control person of the issuer, or of an affiliate of the issuer.

- ❑ 34. A parent, grandparent, brother, sister or child of the spouse of a director, executive officer or control person of the issuer or of an affiliate of the issuer.

- ❑ 35. A close personal friend of a director, executive officer or control person of the issuer, or of an affiliate of the issuer.

- ❑ 36. A close business associate of a director, executive officer or control person of the issuer, or of an affiliate of the issuer.

- ❑ 37. A founder of the issuer or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the issuer.

- ❑ 38. A parent, grandparent, brother, sister or child of a spouse of a founder of the issuer.

- ❑ 39. A person, of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs 32 to 38.

- ❑ 40. A trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs 32 to 38.

Dated at ____________________________ this ______ day of _________________, 200__.

____

Signature of Subscriber

____

Name of Subscriber

____

Address of Subscriber

For the purposes hereof:

(a) "***eligibility adviser***" means

(i) A person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and

(ii) also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant:

(A) does not have a professional, business or personal relationship with the issuer, or any of its directors, senior officers, founders or control persons, and

(B) has not acted for or been retained personally or otherwise as an employee, senior officer, director, associate or partner of a person or company that has acted for or been retained by the issuer or any of its directors, senior officers, founders or control persons within the previous 12 months;

(b) “***executive officer***” means an individual who is:

(i) a chair, vice-chair or president;

(ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production;

(iii) an officer of the general partner, partnershipor any of its subsidiaries and who performs a policy making function in respect of the general partner or partnership;

(iv) performing a policy making function in respect of the general partner or partnership;

(c) "***financial assets***" means cash and securities;

(d) “***founder***” means a person who,

(i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and

(ii) at the time of the trade is actively involved in the business of the issuer

(e) “***fully managed account***” means an account for which a person or company makes the investment decisions if that person or company has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction.

(f) “***investment fund***” means a mutual fund or a non-redeemable investment fund.

(g) “***Spouse***” means, an individual who,

(i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, or

(ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender;

(h) “***Control***” a person (first person) is considered to control another person (second person) if

(i) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,

(ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(iii) the second person is a limited partnership and the general partner of the limited partnership is the first person

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
OFFERING OF LIMITED PARTNERSHIP UNITS

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing $______________ in total; this includes any amount I am obliged to pay in future.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

______________________________	______________________________
Date	Signature of Purchaser
	______________________________
	Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to **Parkland Biofibre Limited Partnership** stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the Subscription Agreement. You can send the notice by fax or email or deliver it in person to **Parkland Biofibre Limited Partnership** at its business address. Keep a copy of the notice for your records.

Parkland Biofibre Limited Partnership

Address:
#3-126 Main Street N.
Dauphin, Manitoba
R7N 1C2
Phone: (204) 629-4367
Fax: (204) 629-4368
E-mail: pihg@mts.net

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and

- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice
You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or investment dealer. In Alberta, Manitoba, Northwest Territories, Prince Edward Island, Québec and Saskatchewan to qualify as an eligible investor, you may be required to obtain that advice. Contact the Investment Dealers Association of Canada (website at www.ida.ca for a list of registered investment dealers in your

area.

The securities you are buying are not listed
The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority.

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg MB R3C 4K5
PH: (204) 945-2548
Email: securities@gov.mb.ca
Website: www.msc.gov.mb.ca

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

SCHEDULE "B"

This Schedule "B" forms an integral part of the Limited Partnership Agreement entered into between Parkland Biofibre Ltd., Don Dewar, and each and every other Person who subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who is a successor to any such Person) and is registered as such in accordance with the Act. Unless defined herein, all capitalized terms herein have the meaning ascribed to them in the Limited Partnership Agreement.

ASSIGNMENT AND TRANSFER FORM
PARKLAND BIOFIBRE LIMITED PARTNERSHIP

Terms, the first letters of which are capitalized and which are not otherwise specifically defined herein, shall have the meanings attributed to them respectively in the Parkland Biofibre Limited Partnership Agreement, as amended from time to time (the "**Partnership Agreemen**t") governing Parkland Biofibre Limited Partnership.

Subject to acceptance of the assignment by PARKLAND BIOFIBRE INC. (the **"General Partner"**) on behalf of PARKLAND BIOFIBRE LIMITED PARTNERSHIP (the **"Partnership"**), the undersigned (the **"Transferor"**), a Limited Partner of the Partnership, hereby transfers, assigns and sells to:

____
(Name of Transferee)

____
(Mailing Address of Transferee)

____
(City, Province, Postal Code)

____
(Telephone Number)

(the **"Transferee"**) all of the Transferor's right, title and interest in and to _____________ Unit(s) in the Partnership and assigns to the Transferee all of the interest of the Transferor in the Partnership that is represented thereby. The Transferor agrees to execute and deliver to the General Partner such documents, certificates, assurances and other instruments as the General Partner may require to effect a valid transfer and assignment of the Units and which are necessary or advisable, in the opinion of the General Partner, to preserve the status of the Partnership as a limited partnership. The Transferor agrees that the power of attorney previously granted by the Transferor to the General Partner shall continue in full force and effect, and shall be irrevocable, until all declarations or certificates, and all amendments thereto and all other instruments required to effect this transfer and assignment and to preserve the status of the Partnership as a limited partnership have been furnished to the General Partner and have been recorded or filed as and where required.

DATED: ______________________

____
Witness

____
(Name of Limited Partner - Print)

____

(Signature of Limited Partner or Authorized Signatory)

____
(Title, if signed by Authorized Signatory)

____
(Address)

Subject to the acceptance of this transfer and assignment by the General Partner, the Transferee accepts the above transfer and assignment and agrees to be bound as a party to the Partnership Agreement between the General Partner, and those parties referred to as Limited Partners therein, as amended from time to time, and as a Limited Partner in the Partnership by the terms of the Partnership Agreement as from time to time amended and in effect as if the Transferee had executed the Partnership Agreement, and hereby ratifies, for all legal purposes, execution of the Partnership Agreement on the Transferee's behalf and all actions taken on the Transferee's behalf pursuant thereto. The Transferee further agrees to:

(a) assume the obligations of the Transferor to the Partnership and to the other Partners under the Partnership Agreement;

(b) pay to the General Partner, on behalf of the Partnership, all costs and expenses incurred in connection with this transfer and assignment; and

(c) execute and deliver any and all documentation that may be required by law, by the Partnership Agreement or by the General Partner in connection with the purchase and any subsequent resale of Units.

The Transferee acknowledges receipt of a true copy of the Partnership Agreement. The Transferee hereby irrevocably nominates, constitutes and appoints the General Partner, and its successors and assigns, to act, with full power of substitution as the Transferee's true and lawful attorney and agent to act on the Transferee's behalf, with full power and authority in the name, place and stead of the Transferee to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

(a) the Partnership Agreement and any amendment thereto made in accordance with the Partnership Agreement, the Certificate, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with the applicable laws;

(b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the applicable laws or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized pursuant to the Partnership Agreement;

(c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the *Income Tax Act* (Canada) or any analogous fiscal legislation in Canada, any of the provinces of Canada or in any other jurisdiction;

(d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement, including the cancellation of the Certificate;

(e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect the cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the Partnership, provided that such amendments or other actions are made in accordance with the terms of the Partnership Agreement;

(f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:

(i) adding to the Partnership Agreement (in accordance with the provisions of the Partnership Agreement) or any other agreement or document delivered in connection with the Offering, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;

(ii) curing any ambiguity, or to correct or supplement any provision contained in the Partnership Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;

(iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the Offering or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;

(iv) carrying out fully the Partnership Agreement in accordance with its terms including without limitation, guarantees, unit subscriptions, debt instruments and general security agreements; and

(v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership.

but the foregoing grant of authority shall not include the authority to transfer the interest of any Limited Partner in its Units (except where such Limited Partner is a Defaulting Limited Partner nor to execute on behalf of any Limited Partner any ordinary resolution Special Resolution or unanimous resolution.

The Transferee hereby irrevocably appoints any officer or director of the General Partner as the Transferee’s attorney for the purposes of effecting the foregoing.

This power of attorney shall be irrevocable, shall be deemed to be a power coupled with an interest and to the extent permitted by law, is valid and binding on the estate of the Transferee and will survive and be exercisable during any subsequent legal incapacity of the Transferee, will survive the death of the Transferee, the assignment of all or any part of the Transferee's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Transferee in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute, and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators, and other legal representatives and the successors and assigns of the Transferee.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney.

The power of attorney granted herein may be exercised by the General Partner executing on behalf of the undersigned any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them.

The Transferee agrees to be bound by any representation or action made or taken by the General Partner pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under and within this power of attorney.

The Transferee further acknowledges that:

(a) The General Partner shall have a right of first refusal on any transfer of Units. Accordingly, where any Limited Partner has reached an agreement to sell or otherwise transfer some or all of such Limited Partner’s Units to an arms length party, such Limited Partner shall give the General Partner fourteen (14) days notice of such Limited Partner’s intention to sell and the number of Units to be sold. In the event the General Partner wishes to exercise such right of first refusal, it shall give written notice to that effect within such fourteen day period, which notice will then constitute a binding agreement of purchase and sale to purchase the price specified in the original notice to the General Partner, with closing to take place on the later of the date specified in the original notice or 30 days after the date of the General Partner confirms its desire to exercise the right of first refusal. Where any such right of first refusal is exercised, the General

Partner shall, within thirty (30) days following the notice of exercise of the right of first refusal, offer to the Limited Partners the right to acquire pro rata the Units so acquired at the same price as such Units were to be acquired by the General Partner from the original transferor Limited Partner.

(b) The General Partner may, at any time, redeem the whole or any part of the then outstanding Units in accordance with the following rules:

(i) in case only a portion of the then outstanding Units are to be redeemed, the Units to be redeemed shall be in proportion to each Limited Partner's proportionate interest of all Units provided that, with the consent of the Limited Partners who own all of the then outstanding Units, the Units to be redeemed may be selected in any other manner including, without limitation, the selection of all or any part of the Units owned by any particular Limited Partner or Limited Partners.

(ii) the redemption right shall only be exercisable by notice in writing (the "**Redemption Notice**") given by the General Partner to each Limited Partner (the "**Redeemed Partners**"). The Redemption Notice shall set forth the intention of the General Partner to redeem all or a portion of the Units owned by the Redeemed Partners (the "**Redeemed Units**"), and the day upon which the redemption shall occur (the "**Redemption Day**"), which day shall not be less than 15 days or more than 45 days following the day on which the Redemption Notice is sent to the Redeemed Partners.

(iii) the redemption price per Redeemed Unit payable by the General Partner for the Redeemed Units shall be an amount equal to the fair market value of the Units as determined by the Partnership's accountants divided by the number of Units outstanding. If a dispute arises between the General Partner and a Redeemed Partner regarding the price per Unit payable by the General Partner, the price per Unit shall be determined by a certified business valuator.

(iv) on the Redemption Day, the General Partner shall pay the redemption price to or to the order of each Redeemed Partner, on presentation and surrender to the General Partner of the Unit Certificate or Certificates representing the Redeemed Units.

The Transferee hereby represents and warrants to the Partnership and all Partners that:

(a) the undersigned has the legal capacity and competence to execute this Assignment and Transfer of Units and to take all actions required pursuant hereto; and

(b) the undersigned shall ensure that its status referred to in (a) above shall not be modified and it shall not knowingly transfer Units in whole or in part to a person who is not able to make these representations and warranties.

The undersigned shall indemnify and save harmless the Partnership, the General Partner, each other Limited Partner and each of their respective directors, officers, agents, employees or partners (the "**Indemnified Parties**") from and against any claims, demands, actions, causes of action, damage, loss, costs, liability or expense, including expenses and costs of lawyers, accountants and other professionals, consequential damages and statutory penalties and interest (**"Claims"**) which may be made or brought against one or more of the Indemnified Parties and/or which one or more of them may suffer or incur as a result of or arising out of any incorrectness in or breach of any representation, warranty, declaration, certification, acknowledgment or agreement of the undersigned pursuant hereto. This indemnity shall survive the transfer of Units of the undersigned.

DATED: ______________________

Witness	Name of Transferee – Please Print
Name of Witness	(Signature of Transferee or Authorized Signatory)
Qualification to be Witness (If the Transferee is an individual, the witness must be a Notary Public for the Province in which the Transferee is resident, a lawyer entitled to practice in such Province, a duly qualified medical practitioner, a justice of the peace, magistrate or provincial judge, a member of a municipal police force in Manitoba who exercises powers of a peace officer, a judge of a superior court of the Province of Manitoba or such other province of Canada.)	(Title, if signed by Authorized Signatory) (Mailing Address) (City, Province, Postal Code) (Telephone Number)

NOTES: 1. No transfer of a fraction of a Unit. 2. An assignment of a Unit may have income tax implications to the Transferor and the Transferee.

ACCEPTED as of the day and date of the assignment executed by the Transferor.

PARKLAND BIOFIBRE LIMITED PARTNERSHIP by its general partner Parkland Biofibre Ltd.

Per:____________________________________

Title: ___________________________________

SCHEDULE "C"

This Schedule "C" forms an integral part of the Limited Partnership Agreement entered into between Parkland Biofibre Ltd., Don Dewar, and each and every other Person who subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who is a successor to any such Person) and is registered as such in accordance with the Act. Unless defined herein, all capitalized terms herein have the meaning ascribed to them in the Limited Partnership Agreement.

No. _________

UNIT CERTIFICATE
PARKLAND BIOFIBRE LIMITED PARTNERSHIP
(a limited partnership formed under the laws of the Province of Manitoba)

THIS IS TO CERTIFY

that

____

is the registered owner of ______ Class A Units in

PARKLAND BIOFIBRE LIMITED PARTNERSHIP

This Certificate and the Units represented hereby are held subject to the terms, conditions and restrictions contained in the Limited Partnership Agreement (as amended from time to time) dated ______________, between Parkland Biofibre Ltd., Don Dewar; and each and every other Person who subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who is a successor to any such Person) and is registered as such in accordance with *The Partnership Act*.

The Units represented by this Certificate are subject to certain restrictions under applicable securities laws, including without limitation National Instrument 45-106 – *Prospectus and Registration Exemptions*.

DATED ____________, 20__.

PARKLAND BIOFIBRE LIMITED PARTNERSHIP by its general partner Parkland Biofibre Ltd.

Per: ____

Per: ____

APPENDIX 3

Letter of Intent - Parkland Industrial Hemp Growers Cooperative Ltd.

LETTER OF INTENT

BETWEEN:

Parkland Industrial Hemp Growers
#3 – 126 Main St. N
Dauphin, MB
R7N 1C2

(hereinafter referred to as the Cooperative)

AND:

Parkland BioFibre
Box 310
Dauphin, MB
R7N 3L9

(hereinafter referred to as Parkland)

The purpose of this Letter of Intent is to set forth the basic terms to be granted to the Cooperative to have exclusive rights to supply Parkland with an annual supply of raw material through time delivery contracts.

This Letter of Intent shall not constitute an obligation binding of either of the parties nor does it create any rights in favour of them or any other person. The purpose of this Letter of Intent is to set out the general terms and conditions upon which the parties pursue the discussions and negotiation of the exclusive distribution agreement contemplated herein.

Terms and Conditions of the Proposed Exclusive Rights:

1. PIHG shall supply hemp fibre/bales exclusively to Parkland BioFibre LP.
2. Parkland BioFibre LP will purchase hemp fibre/bales exclusively from the Cooperative.
3. Quality, quantity, price and method of payment to be negotiated.

Each of the parties hereto will bear its own costs and expenses in connection with the proposed transaction, including without limitation, fees for their respective legal Counsel, accountants and other professional advisors.

This letter of Intent shall be governed and interpreted in accordance with the laws of the province of Manitoba and the laws of Canada applicable therein.

SIGNED THIS 18 day of OCTOBER, 2005.

ON BEHALF OF
PARKLAND INDUSTRIAL HEMP GROWERS

____

____
Witness

ON BEHALF OF
PARKLAND BIOFIBRE

____

____
Witness

APPENDIX 4

Industrial Hemp Production in Canada

Industrial hemp fibre yield after grain harvest averages 3.705 tonnes per ha. Fibre yield if grown as a fibre yield will range from 7.41 to 17.82 tonnes per ha or an average of 8.645 tonnes per ha.

Industrial hemp is adapted to a wide range of soils and climate. It does well on well drained soils of varying textures. Wet or water logged soils for any length of time is a major problem for hemp. Shallow seeding of hemp is suggested in late May and early June into warm, moist soils when the soil temperature in the seed zone is in the 8 to 10 degrees Celsius range. Hemp has a large root that is capable of scrounging nutrients and moisture from a large cross section of the soil profile. 2003 was one of the driest and hottest years in history. Industrial hemp crops that year were able due to their large root, find moisture in the soil profile and still yield a reasonable crop compared to other types of crops in the area. Nutrient inputs generally being suggested and used are comparable to wheat and canola. Crops following hemp have not been found to require different management or increased inputs.

To date the only pests that have been identified as a potential threat to industrial hemp is grasshoppers and Sclerotinia disease. Grasshoppers are usually an isolated, cyclical pest posing a problem in small areas to all crops, generally on sandy soils and hot dry years. Sclerotinia (white mould) is common to many broadleaf crops. Sclerotinia has been identified in the stalks in one field four years ago and in seed heads to a limited extent in 2004. Sclerotinia requires periods of high humidity and other climatic conditions to be fully expressed in a premature ripening of the crop. It is not expected to be a problem every year. Sclerotinia would not be present if the crop was harvested as a fibre only crop. Overall yield loss has been and expected to be minimal. There is history of Hemp being grown on a field for three consecutive years in a row without any disease build up.

No herbicides are registered for hemp production and are not needed. The crop is very competitive and reaches its maximum height in the first couple of weeks of August. If the crop gets a good start, any weeds present disappear due to the shading and competition of the hemp crop. Without having to use herbicides, a producer will save approx. $50.00 per Hectare. Growing of this crop under a “Pesticide free” production system contributes to clean air by reducing pesticide loading in the environment.

Industrial hemp will contribute to sustainable crop production by providing one more crop in the production cycle and crop rotations. This is a huge benefit in the reduction of cereal leaf diseases and the corresponding use of fungicides that are being used for production of cereals. Hemps large root will capture and recycle nutrients deep in the soil profile.

Sufficient land for hemp does exist. For example in western Canada there is about 30.1 million farm ha. Of this there is about 2.8 million ha of barley. (Canadian Wheat Board Seeded Acreage Report 2004-05). The industrial hemp acreage could grow to a very large industry within this acreage base and not have a major impact on the acreage or displace other high value crops or crops with major diversification or value added opportunities.

The industrial hemp crop is harvested for grain using conventional harvesting equipment that is used in other traditional crops. The fibre is left standing in the field for two or three weeks depending on weather conditions to ret. The field is then windrowed using a swather so the fibre can be baled. Large round balers are used to make an approximately 1.8 m round bale that can be stacked and stored in the field to be transported to the processing plant when needed.

The bales can be stored in the field for 3 or 4 years in this climate without major deterioration. Sample bales of different age and deterioration have been sent to Europe for processing with excellent and acceptable results.

The storage in fields allows the farmers to harvest the fibre and stock pile it. This ensures the processing plant has a quantity of quality fibre for its processing needs year round.

APPENDIX 5

Natilin – European Biofibre Insulation

Natilin, the brand name of biofibre insulation band in Europe, has been assessed and approved by the DIBT in Germany.

Hemp and flax fibres are made predominantly from cellulose. Cellulose insulation, in the form of hammer milled paper, is well established in the North American Market.

Thermal Performance

Thermal performance is conventionally summarized in a single value of thermal conductivity (w/m°K), which is the rate of heat flow through the material. It is a property of the material and is independent of thickness. The thermal conductivity of Natilin is calculated as 0.037 w/m°K conducted under test DIN 52 612. The test was conducted under the supervision of the DIBT. This rate of heat flow is at the higher end of the performance scale of fibre based insulation products. It is important to note that, although thermal conductivity is accepted as the method of measuring thermal performance, it is a very blunt instrument in describing what actually occurs in the dynamic conditions within a home. One significant additional performance advantage of natural fibre insulation is that it can absorb and release moisture with minimal effect on conductivity. It is well known that should moisture condense on glass fibre, its thermal conductivity falls dramatically. Also, the specific heat capacity of natural fibre insulation is superior to mineral insulation. This can have a significant effect on thermal comfort.

Fire Performance

Nearly all the natural fibre insulation products available in Europe have been treated with a fire retardant to achieve a certain acceptable level of performance. The exact performance requirement will depend on the use of the building and the properties of the other materials used (such as plasterboard). Natilin has achieved a B2 rating under DIN4102. Again this test was conducted under the supervision and approval of the DIBT in Germany. Natilin achieves this performance by using borax throughout the thickness of the product and applying sodium silicate to the surface.

Is relevant to note that domestic houses are built from many flammable materials, and the importance that mineral fibre manufacturers attach to flammability is often more a marketing issue than a real performance. Also important is the consideration that in a house fires the fumes given off by synthetic materials, including foamed insulants such as polyurethane and polystyrene, are considered to be the major hazard.

Reaction to moisture and susceptibility to decay

As with wood, hemp and flax fibre are based on cellulose. Also like wood, if the correct conditions exist hemp and flax will biodegrade. However the levels of moisture that would allow rot to occur should not be present within the structure of buildings. To achieve DIBT approval Natilin has been tested for its durability under DIN IEC68 Teil 2. If hemp and flax insulation becomes wet, but is able to dry no rotting or loss of performance should ensue. Once again wood and cellulose products have an extremely long history of use in construction throughout the world.

However, there are construction details where the use of natural fibre insulation would not be recommended due to the difficulty of ensuring correct on site construction. The brick and block cavity wall detail is one area where natural fibre insulation should be used with caution. It is well established that these cavities can often be wet. However, it should also be pointed out that mineral fibre insulation will not act as an insulant in wet cavities. In domestic dwellings, natural fibre insulation is most appropriately used in the walls and roofs of timber frame houses.

Maintenance of loft

For insulation to perform, it is essential that the installed thickness is maintained. Low density glass fibre insulation products have a poor record in this regard. Blown in loose cellulose insulation products are also known to settle in use. Natilin has an extremely good ability to maintain loft. This is largely due to the high density levels of 20kg/m3 to 35kg/m3. Typical mineral wool products sold for thermal performance will have a density of around 15 kg/m3. The thickness of Natilin is monitored and tested under DIN 18165.

APPENDIX 6

Letters of Intent – Agri East and Pontin

Agri East Distributing LLC.

P.O. Box 419
Peterston, West Virginia 24963

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
#3-126 Main Street N.
Dauphin, Manitoba
R7N 1C2

Attn: Don Dewar

Dear Sirs,

Re: DISTRIBUTION OF SHIVE BEDDING PRODUCTS

We understand that Parkland Biofibre Limited Partnership ("**Parkland**") has been created to own and operate a production facility (the "**Proposed Plant**"), and to undertake marketing and development activities on behalf of the Proposed Plant. For purposes of this letter ("**Letter of Intent**"), reference to Parkland means the collective interests of all existing and future entities involved in the processing, manufacture, marketing, and development of this venture.

We understand that Parkland intends to build the Proposed Plant in Dauphin, Manitoba in order to process and decorticate hemp using new technology. We also understand that in using the new technology Parkland will be able to decorticate hemp into various by-products, including dust-free shive. We understand further that the Proposed Plant is to have a minimum capacity of 12,000 metric tonnes of shive per year. As well, we understand that Parkland has prepared a business plan and is in the process of securing financing to construct the Proposed Plant. The estimated cost of the project is 15 million dollars (Cdn), and the current schedule contemplates commercial operation in 2007.

We understand further that Parkland intends to give Agri East Distributing LLC ("**Agri East**") the exclusive right to distribute shive bedding which shall be produced from the Proposed Plant (the "**Product**") and the right of first refusal to distribute Product to be produced in any future plant in North America which Parkland has an interest.

The purpose of this Letter of Intent is to set forth the basic terms of the exclusive right to be granted to Agri East to distribute the Product produced at the Proposed Plant and the right of first refusal to distribute the Product produced in any future plants in North America in which Parkland has an interest.

Except for section 9 and paragraphs B and C hereof, or as specifically set forth herein, this Letter of Intent shall not constitute an obligation binding on either of the parties nor does it create any rights in favour of either of them or any other person. The purpose of this Letter of Intent is to set out the general terms and conditions upon which the parties wish to pursue the discussions and negotiations of the exclusive distribution agreement and right of first refusal contemplated herein.

With that in mind, Agri East proposes the following:

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A. TERMS AND CONDITIONS OF THE PROPOSED EXCLUSIVE DISTRIBUTION RIGHT

1. SCOPE:

Agri East will annually purchase Eighty Five (85%) percent of the total production of the Product produced at the Proposed Plant until such purchases equal 12,000 metric tonnes in a given year, at which point, Agri East will be required to only purchase 12,000 metric tonnes annually even if 85% percent of the total production exceeds this amount (the "**Agri East Quota**").

Parkland will grant to Agri East the exclusive right to sell the Product in North America. Agri East will also be granted the right of first refusal to purchase 85% of the total production in excess of 12,000 metric tonnes of Product (the "**Right of First Refusal**").

The parties acknowledge that the remaining 15% of the total production of the Product is required by Parkland for market and product research, and for use in products other than shive bedding.

The parties acknowledge that total production of the Product is anticipated to be: (i) 6,000 metric tonnes in year 1; (ii) 9,000 metric tonnes in year 2; (iii) 9,000 – 12,000 metric tonnes in year 3; and (iv) 12,000 in year 4.

2. Term:

The Term of the Exclusive Distribution Agreement shall be for an initial period of three (3) years commencing one month after the Proposed Plant has been completed, is functional and is capable of producing the Product. It is anticipated that the Proposed Plant will be completed, functional and capable of producing the Product in the summer of 2007, and Parkland agrees to keep Agri East informed as to the progress of the Proposed Plant. Notwithstanding the foregoing anticipated start date, the parties acknowledge that construction of the Proposed Plant may be delayed due to unforeseen construction problems that may arise.

The Exclusive Distribution Agreement will be automatically renewed for an additional one (1) year term unless either party provides written notice to the other party at least ninety (90) days prior to the end of any term.

3. Exclusivity:

Distribution rights will be exclusive to Agri East in North America in respect of the Agri East Quota. In the event Agri East does not exercise the Right of First Refusal Parkland will be entitled to distribute any amount in excess of the Agri East Quota in North America at its discretion.

If, in any year during the term of the Exclusive Distribution Agreement, Agri East has purchased and distributed less than the Agri East Quota, then the exclusive distribution right shall become non-exclusive. In the event the exclusive distribution right becomes non-exclusive, Agri East will still be required to purchase the Agri East Quota for the term of the Exclusive Distribution Agreement. Parkland will retain all rights at law and equity available to them in the event of any breach of the Exclusive Distribution Agreement, and any breach of any other agreement contemplated therein.

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4. Marketing:

All North American inquiries regarding the Product will be directed to Agri East who will handle all marketing aspects of the Product in North America. Parkland will provide Agri East with all general and technical information relevant to the Product and Agri East will have access, upon notice, to the results of any tests performed on the Product.

5. Price:

The price will be $300.00 (Cdn) F.O.B per metric tonne in the first year, and will increase 3% per year thereafter, with a mechanism, to be determined in the Exclusive Distribution Agreement, to adjust pricing at the end of the initial term and any subsequent term to reflect market conditions. Parkland will invoice Agri East on a monthly basis and such invoices will be payable net (30 days).

6. Projected Sales of Product:

Agri East shall notify Parkland on or before February 28th each year, during the term of the Exclusive Distribution Agreement of Agri East's projected sales forecasts of the Product.

7. Right for the Production of other Plants:

In the Exclusive Distribution Agreement, Parkland will grant to Agri East a right of first refusal on shive bedding produced from any future hemp decortications plants in North America where Parkland has such right.

8. Option to Purchase an interest in Parkland :

Parkland will grant to Agri East the right to acquire an equity interest in Parkland of up to 25%. For the purposes hereof, the value of Parkland shall be equal to the construction costs of the Proposed Plant. The right shall be exercisable at any time commencing on the date the Offering Memorandum is signed by Parkland, Parkland Biofibre Ltd., and the Agent (as defined in the Offering Memorandum) (the "**Start Date**") and the right will terminate one (1) year after the Start Date. "Offering Memorandum" means that certain offering memorandum used by Parkland to sell units in the partnership to Manitoba residents.

9. Exclusive Distribution Agreement:

From the date of acceptance of this Letter of Intent, each party will enter into formal discussions to negotiate an exclusive distribution agreement (the "**Exclusive Distribution Agreement**") and any other agreements necessary or useful in order to carry out the intent of this Letter of Intent and to consummate the transactions described above. The execution of the Exclusive Distribution Agreement contemplated herein shall take place on or before the date on which the Proposed Plant will enter into production, failing which, this Letter of Intent shall be deemed null and void save and except for the obligations of the parties under paragraph B which shall survive the termination of this Letter of Intent.

B. CONFIDENTIALITY

Prior to the party entering into the Exclusive Distribution Agreement, all parties to this Letter of Intent shall keep confidential these negotiations, the proposed transaction contemplated herein, the subject matter hereof and any information obtained in connection with

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the transaction contemplated hereby, except where such information has been obtained from a third party or is otherwise generally available to the public, or where the parties to this Letter of Intent have agreed to make the information available.

C. EXCLUSIVITY OF NEGOTIATION

Until the execution of the Exclusive Distribution Agreement or until this Letter of Intent is terminated in accordance which its terms, Parkland shall use their best efforts to ensure that their respective officers, directors, employees or affiliates do not directly or indirectly solicit, initiate or participate in discussions or negotiations with any other party with respect to the distribution of Product to be produced at the Proposed Plant or at any other facility in which Parkland has an interest.

D. MISCELLANEOUS

Each of the parties hereto will bear its own costs and expenses in connection with the proposed transaction, including with out limitation, fees for their respective legal counsel, accountants and other professional advisors.

This Letter of Intent shall be governed and interpreted in accordance with the laws of the province of Manitoba and the laws of Canada applicable therein.

Upon written notice to Parkland, Agri East may assign its rights and obligations under this Letter of Intent to Agri East.

If the foregoing is in accordance with your understanding, please sign and return the enclosed copy of this letter on or before 5:00 pm on January 18th, 2006.

Yours very truly,

Agri East Distributing LLC

PER:

Richard Provost

ACCEPTANCE

Parkland Biofibre Limited Partnership accepts the terms of this letter of intent.

Dated this 18th day of January , 2006.

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
by its General Partner Parkland Biofibre Ltd.

Per: ______________________
Its:

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Pontin S.r.l.
Via Luzzo, 56
3032 Feltre – Belluno

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
#3-126 Main Street N.
Dauphin, Manitoba
R7N 1C2

Attn: Don Dewar

Dear Sirs,

RE: EUROPEAN DISTRIBUTION OF FIBRE PRODUCT

We understand that Parkland Biofibre Limited Partnership ("**Parkland**") has been created to own and operate a production facility (the "**Proposed Plant**"), and to undertake marketing and development activities on behalf of the Proposed Plant. For purposes of this letter ("**Letter of Intent**"), reference to Parkland means the collective interests of all existing and future entities involved in the processing, manufacture, marketing, and development of this venture.

We understand that Parkland intends to build the Proposed Plant in Dauphin, Manitoba in order to process and decorticate hemp using new technology. We also understand that in using the new technology Parkland will be able to decorticate hemp into various by-products, including dust-free shive, fibre and non-woven fibre products. As well, we understand that Parkland has prepared a business plan and is in the process of securing financing to construct the Proposed Plant. The estimated cost of the project is 15 million dollars (Cdn), and the current schedule contemplates commercial operation in 2007.

We understand further that Parkland will give Pontin S.r.l. ("**Pontin**") the European rights to distribute all fibre product which shall be produced from the Proposed Plant (the "**Product**") and a right of first refusal to distribute (in Europe) the Product produced in any future plant within North America in which Parkland has an interest.

The purpose of this Letter of Intent is to set forth the basic terms to be granted to Pontin to distribute the Product to be produced at the Proposed Plant and the basic terms of the right of first refusal to distribute the Products produced in any future plants in North America in which Parkland has an interest.

Except for section 8 and paragraphs B and C hereof, or as specifically set forth herein, this Letter of Intent shall not constitute an obligation binding on either of the parties nor does it create any rights in favour of either of them or any other person. The purpose of this Letter of Intent is to set out the general terms and conditions upon which the parties wish to pursue the discussions and negotiations of the exclusive distribution agreement contemplated herein.

With that in mind, Pontin proposes the following:

A. TERMS AND CONDITIONS OF THE PROPOSED EXCLUSIVE DISTRIBUTION RIGHT

1. Scope:

Pontin will annually purchase Eighty Five (85%) percent of the total production of the Product produced at the Proposed Plant until such purchases equal 12,000 metric tonnes in a given year, at which point, Pontin will be required to only purchase 12,000 metric tonnes annually even if 85% percent of the total production exceeds this amount (the "**Pontin Quota**").

Parkland will grant to Pontin the exclusive right to sell the Product in Europe. Pontin will also be granted the right of first refusal to purchase 85% of the total production in excess of 12,000 metric tonnes of Product (the "**Right of First Refusal**").

The parties acknowledge that the remaining 15% of the total production of the Product is required for market and product research in North America, and for use in other products.

The parties acknowledge that total production of the Product is anticipated to be: (i) 4,200 metric tonnes in year 1; (ii) 6,300 metric tonnes in year 2; (iii) 10,500 metric tonnes in year 3; and (iv) 12,600 in year 4.

2. Term:

The Term of the Exclusive Distribution Agreement (as hereinafter defined) shall be for an initial period of three (3) years commencing one month after the Proposed Plant has been completed, is functional and is capable of producing the Product. It is anticipated that the Proposed Plant will be completed, functional and capable of producing the Product in the first quarter of 2007, and Parkland will keep Pontin informed as to the progress of the Proposed Plant. Notwithstanding the foregoing anticipated start date, the parties acknowledge that construction of the Proposed Plant may be delayed due to unforeseen construction problems that may arise.

The Exclusive Distribution Agreement will be automatically renewed for an additional one (1) year term unless either party provides written notice to the other party at least ninety (90) days prior to the end of any term.

3. Exclusivity:

European distribution rights will be exclusive to Pontin in Europe in respect of the Pontin Quota. In the event Pontin does not exercise the Right of First Refusal Parkland will be entitled to distribute any amount in excess of the Pontin Quota in Europe at its discretion.

If, in any year during the term of the Exclusive Distribution Agreement, Pontin has purchased and distributed less than the Pontin Quota, then the exclusive distribution right shall become non-exclusive. In the event the exclusive distribution right becomes non-exclusive, Pontin will still be required to purchase the Pontin Quota for the term of the Exclusive Distribution Agreement. Parkland will retain all rights at law and equity available to them in the event of any breach of the Exclusive Distribution Agreement, and any breach of any other agreement contemplated therein.

4. Marketing:

All European related inquiries regarding the Product will be directed to Pontin who shall handle all marketing aspects of the Product. Parkland shall provide Pontin with all general and technical information relevant to the Product and Pontin shall have access, upon notice, to the results of any tests performed on the Product.

5. Price:

The price per tonne will be determined in the Exclusive Distribution Agreement, but, subject to the price adjustments below, will not be less than $300.00 (Cdn) per tonne. There will be a mechanism, to be agreed upon in the Exclusive Distribution Agreement, to adjust pricing at the end of the initial term and any subsequent term to reflect market conditions. Parkland will invoice Pontin on a monthly basis and such invoices will be payable net (30 days). Price may vary in accordance with end-use and cleanliness. In any case, price will be studied when technical specifications become available. The Exclusive Distribution Agreement will provide for how the price will be adjusted in regard to the differing technical specifications.

6. Projected Sales of Product:

Pontin shall notify Parkland each year of its projected sales forecasts of the Product.

7. Right for the Production of other Plants:

In the Exclusive Distribution Agreement, Parkland will grant to Pontin a right of first refusal on Product produced from any future hemp decortications plants in North America where Parkland has such right.

8. Exclusive Distribution Agreement:

From the date of acceptance of this Letter of Intent, each party will enter into formal discussions to negotiate the exclusive distribution agreement (the "**Exclusive Distribution Agreement**") and any other agreements necessary or useful in order to carry out the intent of this Letter of Intent and to consummate the transactions described above. The execution of the Exclusive Distribution Agreement contemplated herein shall take place on or before the date on which the Proposed Plant will enter into production, failing which, this Letter of Intent shall be deemed null and void save and except for the obligations of the parties under paragraph B which shall survive the termination of this Letter of Intent.

B. CONFIDENTIALITY

Prior to the party entering into the Exclusive Distribution Agreement, all parties to this Letter of Intent shall keep confidential these negotiations, the proposed transaction contemplated herein, the subject matter hereof and any information obtained in connection with the transaction contemplated hereby, except where such information has been obtained from a third party or otherwise generally available to the public, or where the parties to this Letter of Intent have agreed to make the information available.

C. EXCLUSIVITY OF NEGOTIATION

Until the execution of the Exclusive Distribution Agreement or until this Letter of Intent is terminated in accordance which its terms, Parkland shall use their best efforts to ensure that their respective officers, directors, employees or affiliates do not directly or indirectly solicit, initiate or participate in discussions or negotiations with any other party with respect to the European distribution of Product to be produced at the Proposed Plant or at any other facility in which Parkland has an interest.

If the foregoing is in accordance with your understanding, please sign and return the enclosed copy of this letter.

Yours very truly,

Pontin S.r.l.

PER: Larry M. Siddons

ACCEPTANCE

Parkland Biofibre Limited Partnership accepts the terms of this letter of intent.

Dated this 11 day of October, 2005.

PARKLAND BIOFIBRE LIMITED PARTNERSHIP
by its General Partner Parkland Biofibre Ltd.

Per: [signature]
Its:

APPENDIX 7

Parkland BioFibre Ltd. Board of Director Curriculum Vitae

The following are curriculum vitae's for Don Dewar and Blair Wright, and a brief biography of Drake McMurphy and John Orisko.

Don Dewar — Chairperson Board of Directors

EDUCATION: Bachelor Science in Agriculture, University of Manitoba Specialist: Agricultural Economics

EMPLOYMENT EXPERIENCE:

1973- Present: Self employed farm owner /operator
1993-1994: Term position: Policy Analyst, Government of Manitoba, Department of Agriculture
1973-1975: Instructor: Farm Management, Assiniboine Community College
1972-1973: Supervisor: contract crops, United Grain Growers Limited.

OTHER EXPERIENCE:

1998-2002: President, Keystone Agricultural Producers

- Representing the 5,000 farmer members to both levels of government and industry
- Direct the Executive Committee and General Council
- Lead and co-ordinate policy development for the organization
- Liaison and plan with staff for policy implementation
- Represent the membership to the general public through media interviews and press conferences.

1998-2002 Member National Safety Nets Advisory Committee to Agriculture & Agri-Food Minister Lyle Vanclief, appointed by the Minister

- Provide input on behalf of Manitoba farmers to the development of safety net programs for Canadian farmers

1998-2002 Member of the Executive Committee and the Board of Directors of the Canadian Federation of Agriculture
1998-2002 Member of the Board of Directors, Canada Grains Council
1996-2002 Member of the National Council of the Canadian Federation of Agriculture
1996-1998 Vice-president, Keystone Agricultural Producers Elected as 2nd VP 1996 and 1st VP
1995-1998 Member of the Dauphin Airport Authority representing the Rural Municipality of Dauphin

- Part of the first management team as Transport Canada transferred airports to local jurisdictions

1991-1996 Director, SeCan Association

- Member of the transition team as SeCan implemented the Carver model of governance

1991-1993 Executive Member representing District 11, Keystone Agricultural Producers

1988 - present	Board member, Manitoba Farm Mediation Board. Appointed by the Manitoba Minister of Agriculture and Food ➤ Provide mediation services between farmers in financial difficulty and their creditors
1985-1991	Board member, Canadian Seed Growers Association, Representing Manitoba seed growers ➤ Chair of the national education and publicity committee
1977-1985	Board member, Manitoba Branch of the Canadian Seed Growers Association
1982-1983	Chair, Education and Publicity Committee, Manitoba Branch of the Canadian Seed Growers Association
1983-1985	President, Manitoba Branch of the Canadian Seed Growers Association
1983	President, Kinsmen Club of Dauphin, earned the outstanding presidents award

OTHER:

- Chair, CSGA committee for review of The Canada Seeds Act
- Mediation training by Canadian Dispute Resolution Corporation through Manitoba Farm
- Mediation Board
- Member of Steering Committee led by Arthur Kroeger
- Producer member of Canadian Grains Commission review committee
- Producer representative- Manitoba Grains Roads Committee
- Producer representative-Manitoba Transport 2020
- Past member, Knights of Columbus, Dauphin Council #3497
- Member, Dauphin Snowmobile Club
- Member, Dauphin Flying Club
- Member of Vestry, Saint Paul's Anglican Church
- Past member Mountview Pony and Swine 4-H Club
- Junior leader Mountview 4-H Club
- Peer panel advisor, Federal Farm Debt Review Board
- Media training courses sponsored by Canadian Seed Growers and Keystone Agricultural Producers

John Orisko — Member & Treasurer, Board of Directors

Employment:

- President - John Orisko, Chartered Accountant Inc.
- Retired partner - Meyers Norris Penny LLP 1987-2005

Memberships:

- Rostered consultant for CFIA Farm Business Advisory Service
- Member ICAM Professional Conduct Committee
- Past President Kinsmen Club of Dauphin
- Past Treasurer Canada's National Ukrainian Festival
- Treasurer of Phase 2 Fund Raising Committee

Education:

- 1987 Brandon University BA in Political Science

Blair Wright, RET — Member, Board of Directors

EMPLOYMENT

- Co-founder, President and Chairman of the Board, Transfeeder Inc., 1987 to present.
- Founding member North American Bio-Fiber Group 2002.
- President, Integrated Transport Ltd. 2000 – present.
- President, Olds Ag Tech Industries Ltd. 2001 – present.

SUMMARY OF QUALIFICATIONS

- Registered Engineering Technologist.
- Ten years as senior partner in Forage (bio-mass) industry, growing the business into one of the largest in North America.
- Ten years as co-founder and partner of Canada's first long fiber forage (bio-mass) facility.
- Demonstrated ability to pursue new opportunities in the agricultural processing and value-added ndustries.

EDUCATION

- Water Sciences Technology Diploma 1974

MEMBERSHIPS

- Certified Engineering Technologist, 1976-1994.
- Registered Engineering Technologist, 1994.
- Kinsman Club of Canada (President 1976 to 1993).
- Canadian Hay Association - founding member and Director to Dec 2000.
- Global Forage Alliance - founding member and President 1998 to present.

PROFESSIONAL EXPERIENCE

- Co-founder and manager of Canada's largest forage processing company.
- Co-owner and operator of a large corporate farm for supply of forages for processing and ultimate export.
- Directed research and development efforts of Canada's largest processing company.
- Managed a container trucking company.

Drake McMurphy — Member & Secretary, Board of Directors

Operating in a management role for over 35 years with the Co-operative retailing system, Drake is an experienced manager. He has been the general manager of two retail stores for over 23 years, and spent four years as a retail advisor and nine years as an accountant and office manager. For the past 13 years, Drake has been the general manager of Dauphin Consumers Co-op.