CERVUS LP

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Management's Discussion and Analysis

For the period ended March 31, 2005

For the period from January 1 to March 31, 2005

The following discussion and analysis has been prepared by management and reviewed and approved by the Board of Directors of the general partner of Cervus LP ("the LP"). The discussion and analysis has been prepared as of May 27, 2005.

This management and discussion analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements for the period ended March 31, 2005. The unaudited consolidated financial statements and financial data contained in the MD&A have been prepared in accordance with Canadian generally accepted accounting principles.

This MD&A may contain forward-looking information that involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward–looking statements. Such risks and uncertainties include, but are not limited to: general economic conditions, industry conditions, commodity prices, currency fluctuations and competition from other agricultural equipment dealers.

The LP is in the business of acquiring and operating authorized John Deere Limited dealerships selling John Deere agricultural and grounds care equipment. Currently, the LP operates eleven locations in Western Canada.

Commencement of operations

On March 14, 2003, Cervus Corporation announced the creation of a limited partnership to be known as Cervus LP and entered into an arrangement agreement with Cervus LP. Pursuant to the agreement, the dealerships in Calgary, Ponoka, Stettler and Trochu transferred their net dealership assets to Cervus LP in exchange for the promissory notes, limited partnership units and fixed value limited partnership units on April 30, 2003.

On closing of the arrangement, each common shareholder of Cervus Corporation received one limited partnership unit of Cervus LP for each common share held. Cervus Corporation distributed the limited partnership units to its shareholders via a dividend. Cervus Corporation is the general partner of Cervus LP.

On January 1, 2004, the LP acquired a 59% interest in Greenline Equipment Ltd. from Cervus Corporation in exchange for a promissory note. Greenline Equipment had locations in Moosomin - SK, Wawota - SK and Russell - MB.

Revenue

Revenue was $19.7 million for the three months of operations ended March 31, 2005 compared to $20.5 million for the three month period ended March 31, 2004, a decrease of $0.8 million. The decrease is due to lower whole good sales compared to same period in the prior year. In the current year, new and used equipment sales were $14.5 million representing 74 percent of sales compared

to $16.0 million representing 78 percent of sales in the same period last year. Parts and service sales were $5.2 million representing 26 percent of sales compared to $4.5 million representing 22 percent of sales for the comparative period. The reduction in whole good sales is a result of delayed shipments of new equipment for whole good items that were sold yet not delivered to the customer. These pending sales should be booked in the next two quarters.

Cost of Sales

Cost of sales were $16.1 million for the three months ended March 31, 2005 compared to $17.3 million for the comparative period. The decrease is consistent with the lower sales activity.

Gross Profit Margins

Year to date, the LP's overall gross profit margin was 18.4 percent of sales for March 31, 2005 compared to 15.2 percent for the same period last year. The increased gross profit margin is consistent with the increase in the parts and service sales mix and the decrease in whole good sales. Parts and service have higher margins than whole good sales.

Selling, General and Administrative Expenses

For the three months ended selling, general and administrative expenses were $4.0 million compared with $3.4 million, an increase of $0.6 million. The increase is due to the reorganization costs of the five Alberta stores into single operating entity known as Agro.

Interest

Year to date, interest expense was $0.2 million compared to $0.2 million in the same period last year. As a percentage of revenue, interest expense remained consistent for year at 1.0 percent compared with 1.1 percent for the comparative the prior year.

Depreciation

Year to date, depreciation was $0.1 million compared to $0.1 million in depreciation for the comparative period in 2004.

Income Taxes

Income taxes are the responsibility of the individual partners except for the LP's subsidiary Questus and its subsidiary corporations.

Equity Earnings on Investment

Equity earnings on investments represents earnings on Deer Star Systems Inc., an Alberta based company, 101034350 Saskatchewan Ltd. operating Green-Trac Spraymasters, and Greenway Sprayers. The LP owns 27 percent, 33 percent and 19 percent of these three entities respectively. All three companies retail John Deere self propelled sprayers. The income from these investments was $0.1 million year to date.

Net income (loss)

The net loss for the period was $0.6 million. On a per unit basis for the year, the basic loss was $0.15 per unit and compared to basic loss of $0.10 per unit for the last fiscal year. The weighted average units outstanding totaled 4.0 million units for the period.

Quarterly Information

	2005	2004				2003		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue (thousands $)	19,747	31,684	47,681	41,754	20,498	18,959	22,990	14,459
Net Earnings (Loss) (thousands $)	(596)	496	1,890	1,684	(369)	(80)	1,433	754
Basic Earnings (Loss) Per Share	(0.15)	0.12	0.50	0.45	(0.10)	(0.02)	0.39	0.20
Diluted Earnings (Loss) Per Share	(0.14)	0.09	0.50	0.45	(0.10)	(0.02)	0.38	0.20
Shares Outstanding (thousands)	4,051	4,017	3,917	3,917	3,702	3,702	3,702	3,702
Fully Diluted Shares (thousands)	4,138	4,159	4,059	3,917	3,917	3,917	3,917	3,877

Liquidity and Capital Resources

Cash Flows from Operations

In 2004, operating activities generated $0.3 million of cash. The loss from operations of $0.6 million was offset by decreased investments in working capital of $0.9 million.

Cash Flows from Financing

In 2004, financing activities used $1.2 million for the year on an overall basis. Cash from financing included $0.6 million from the exercise of unit options and purchase of limited partnership units under the DRIP plan.

Cash used for financing activities included $0.5 million repaid in notes payable to Cervus Corporation, $0.2 million in repayment of notes payable and $1.0 million cash distributions to unitholders.

Cash Flows from Investing

In 2004, investing activities used $0.1 million for the year on an overall basis. Cash used in investing activities included $0.1 million of fixed assets for the year.

Line of Credit, Liquidity and Debt

As of March 31, 2005, the LP had working capital of $10.5 million, a decrease of $1.8 million from December 31, 2004. The working capital ratio decreased slightly at 1.4 to 1 at March 31, 2005 compared 1.7 to 1 at December 31, 2004.

The LP has a $5 million credit operating facility with its bank secured by current assets. At March 31, 2004, the LP had $1.0 million drawn on this line leaving $4.0 available for operating purposes.

Long-term liabilities include unsecured and subordinated notes payable to the general partner of $6.3 million. The notes are payable in five year terms. The notes payable require quarterly interest

payments at bank prime rate. In addition, the LP owes $0.5 million to other related companies that are unsecured and subordinated.

As of March 31, 2005, the LP's issued equity consisted of 4,114,089 units and 803,969 fixed value units.

Related Party Transactions with Cervus Corporation

Under the arrangement agreement and subsequent operational agreement between the LP and Cervus Corporation, Cervus Corporation is entitled to reimbursement for costs incurred as general partner. The agreement provides for an allocation of insurance costs, allocation of data services, guarantee fees based on 3% of the guarantee amounts to John Deere payable to either Cervus Corporation or the individual providing the guarantees, interest on any overdraft balances, interest on any outstanding indebtedness, building lease charges based on 1% per month of the fair market value of the property, and other direct expenses reimbursable with no handling fees or markup.

During the period from January 1, 2005 to March 31, 2005, the LP had the following transactions relating to the above agreement with Cervus Corporation:

	2005	2004
Equipment and real estate rentals	$ 212,669	$ 182,073
Interest on notes payable	84,600	115,698
Interest on fixed value units	10,050	10,050
Monthly management fees	-	77,329
Guarantee fees	36,375	24,375
General partner profit allocation	(5,964)	(3,688)
	$ 337,730	$ 405,837

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Other Related Party Transactions

During 2005, the LP paid limited partnership unit holders the following:

	2005	2004
Guarantee fees	39,000	28,875
Equipment and real estate rental	90,000	90,000
Management fees paid to companies controlled by two dealership managers	54,800	54,800
Interest on notes payable to companies controlled by two dealership managers	5,050	5,050
	$ 188,850	$ 178,725

Future Accounting Standards

The CICA issued Accounting Guideline 15 – "Consolidation of Variable Interest Entities". The Guideline requires enterprises to identify VIEs in which they have an interest, determine whether they are the primary beneficiary of such entities, and, if so, to consolidate them. This guideline has no impact on the consolidated financial statements.

Business Risks and Uncertainties

Authorized John Deere dealerships sell agricultural, lawn and garden and commercial products. The majority of sales are derived from the agricultural sector. Consequently, grain and livestock prices, weather conditions, Canadian vs. U.S. currency exchange rates, interest rates, disease, Canadian and U.S. government trade policies and customer confidence have an impact on demand for equipment, parts and service.

The retail farm equipment industry is very competitive. The LP faces a number of competitors, including other "in-line" John Deere dealerships and other competitors including authorized Agco, Case, Caterpillar, Kubota and New Holland dealerships that may be located in communities of the LP's dealerships or are located in surrounding communities to the LP's dealerships. Although competition can be strong, there are a number of factors which allow the LP to compete throughout its market areas: ability to complete large deals with large customers due to the LP's financial strength, its dealership locations are located in key centers such Calgary and Saskatoon and its dealerships are primarily located in higher rainfall, more productive farming areas of western Canada.

The LP is dependent on the market acceptance of John Deere's products. Presently, Deere & Company has a reputation for the manufacture and delivery of high quality, competitively priced products with excellent brand recognition and customer support. John Deere has the largest market share of manufacturing and sales of farm equipment in North America. There can be no assurance that John Deere will continue to manufacture high quality, competitively priced products or maintain its market share in the future.

The success of each dealership is largely dependent on the performance of key employees. Failure of the LP to retain key employees or attract additional key employees with the necessary skills may have a material adverse effect on the growth and profitability of the LP.

The LP acts as a sales agent for the lease of certain equipment by customers from Deere Credit. Under the terms of its agreement with Deere Credit, the LP is obligated to purchase the equipment leased to customers by Deere Credit at the end of the lease term. Deere Credit is obligated to finance these future purchases under dealer floor plan arrangements.

Presently, the agreement with John Deere also provides an arrangement under which John Deere Limited can terminate a John Deere dealership owned by the LP if such dealership fails to maintain certain performance and equity covenants as agreed to by John Deere Limited and the LP. Each contract also provides a one year remedy period whereby the LP has one year to restore any

deficiencies to a dealership contract. There can be no guarantee that John Deere Limited will provide its consent to John Deere dealership acquisitions and there can be no guarantee that circumstances will not arise which give John Deere Limited the right to terminate John Deere dealership contracts owned by the LP. To date the LP has maintained a good relationship with John Deere and management expects this will continue going forward.

Outlook

Low grain prices and the closed border to live cattle shipments may continue to suppress demand for equipment. Despite this, the partnership anticipates growth in revenues and profitability and intends to maintain in monthly distributions.

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Additional information about the LP may be found on the sedar website at www.sedar.com