Form 4

Notice by Debtor Company to Disclaim or Resiliate an Agreement

<u>To:</u> *Ernst & Young Inc., Court-Appointed Monitor of Big Sky Farms Inc., Drycast Systems Inc. and Big Sky Management Consulting Corp.*

<u>To:</u> *Big Sky Finishers (No. 1) Inc.*

TAKE NOTICE THAT:

1. Proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("the Act") in respect of Big Sky Farms Inc., Drycast Systems Inc. and Big Sky Management Consulting Corp. were commenced on the 10th day of November, 2009.

2. In accordance with subsection 32(1) of the Act, the debtor company gives you notice of its intention to disclaim or resiliate the following agreements:

(a) Contract Finishing Agreement (the "**Contract Finishing Agreement**") between Big Sky Finishers (No. 1) Inc. ("**Finishers**") and Big Sky Farms Inc. ("**Farms**") dated May 16, 2003 whereby Finishers has agreed to finish hogs owned by Farms for a term ending June 30, 2018 (subject to earlier termination in certain circumstances, as provided for in the Contract Finishing Agreement);

(b) Option Agreement (the "**Option Agreement**") between Finishers and Farms dated May 16, 2003 pursuant to which Finishers has a put option to sell to Farms two large scale hog finishing barns and related land, facilities and equipment located near Ogema, Saskatchewan (the "**Project**"), and Farms has a call option to repurchase the Project from Finishers at the expiry of the term of the Contract Finishing Agreement (or, at the option of Finishers, on one year's notice at any time after June 10, 2010) at the depreciated book value of the barns at the time of sale, subject to certain adjustments as provided in the Option Agreement; and

(c) Indemnity agreement (the "**Indemnity Agreement**") between Finishers and Farms dated May 16, 2003 pursuant to which Farms has agreed to indemnify Finishers, along with its directors, officers and certain related persons, against certain claims or losses resulting from environmental activity pertaining to the Project.

3. In accordance with subsection 32(2) of the Act, any party to the agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the Agreement and to the monitor, apply to court for an order that the Agreement is not to be disclaimed or resiliated.

THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF JOHN BECKTON SWORN BEFORE ME AT THE CITY OF SASKATOON, SASKATCHEWAN, THIS 17th DAY OF FEBRUARY, 2010.

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF SASKATCHEWAN MY COMMISSION EXPIRES ______ OR BEING A SOLICITOR ✓

4. In accordance with paragraph 32(5)(a) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the Agreement is disclaimed or resiliated on the 6th day of March, 2010, being 30 days after the day on which this notice has been given.

Dated at Humboldt, Saskatchewan, on February 4, 2010

BIG SKY FARMS INC.

Per: ____________________
Casey Smit, Chief Executive Officer

The monitor approves the proposed disclaimer or resiliation.

ERNST & YOUNG INC., in its Capacity as Monitor of Big Sky Farms Inc.

Per: ____________________
Kevin Brennan, Monitor's Representative
Responsible For the Proceedings

Dated at Vancouver, British Columbia, on February 4, 2010..........

CONTRACT FINISHING AGREEMENT

Made as of the 16th day of May, A.D. 2003.

BETWEEN:

BIG SKY FARMS INC., a body corporate pursuant to the laws of the Province of Saskatchewan, with office in Humboldt, Saskatchewan

("Big Sky")

OF THE FIRST PART

- and -

BIG SKY FINISHERS (NO. 1) INC., a body corporate pursuant to the laws of the Province of Saskatchewan, with office in Saskatoon, Saskatchewan

(the "Operator")

OF THE SECOND PART

WHEREAS:

A. The Operator owns or is entitled to become the owner of certain hog finishing Facilities (as hereafter defined);

B. Big Sky wishes to retain the services of the Operator for the purposes of feeding and finishing hogs at the Facilities; and

C. The parties desire to enter into this Agreement to provide for the terms and conditions on which the Operator will feed and finish hogs for Big Sky;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties agree as follows:

ARTICLE 1.0 - INTERPRETATION

1.1 Defined terms

For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF JOHN BECKTON SWORN BEFORE ME AT THE CITY OF SASKATOON, SASKATCHEWAN, THIS 18th DAY OF FEBRUARY, 2010.

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF SASKATCHEWAN MY ~~COMMISSION EXPIRES~~ OR BEING A SOLICITOR ✓ JL

"**Agreement**" means this agreement and all documents, instruments and certificates delivered by a Party pursuant to the terms hereof and all amendments made by written agreement of the Parties; and the terms "**hereof**", "**hereunder**" and similar expressions refer to this agreement, and not to any particular Article, Section or other portion of the Agreement and references herein to a particular Article, Section, subsection or paragraph are to Articles, Sections, subsections or paragraphs of this agreement;

"**Annual Fee**" or "**Finishing Fee**" means, for each Year, or portion thereof, the aggregate of the amounts calculated in accordance with Article 3.0;

"**Applicable Laws**" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and, for greater certainty, includes all orders, directives and decisions rendered by, and all policies, instructions and guidelines of any Governmental Authority, and any obligations or requirements arising under common law, legally enforceable, in each case, against or with respect to a person or the Facilities;

"**Articles**" means the articles of incorporation of the Operator, as amended, as at the date of this Agreement, and the terms "**Available Funds**" and "**First Preferential Dividends**" have the meaning given such terms in the Articles;

"**Barn #1**", "**Barn #2**" and "**Barn #3**", respectively, mean:

(a) the bare lands legally described, respectively, as follows:

(i) Surface Parcel #108475454
Reference Land Description: SE Sec 18 Twp 08 Rge 22 W2
Extension 0
As described on Certificate of Title 00SE21467
("**Barn #1**");

(ii) Surface Parcel #108475230
Reference Land Description: NW Sec 11 Twp 08 Rge 22 W2
Extension 1
As described on Certificate of Title 00SE21468

and Surface Parcel #108461000
Reference Land Description: NW Sec 11 Twp 08 Rge 22 W2
Extension 2
As described on Certificate of Title 00SE21468
("**Barn #2**");

(iii) Surface Parcel #143031631
Reference Land Description: SE Sec 12 Twp 33 Rge 07 W2
Extension 0
As described on Certificate of Title 00Y07197
("**Barn #3**")

(the "**Lands**");and

(b) all buildings located on each of the said Lands, respectively, including, in particular, the 12,000 hog space finishing barn on each of the Lands (for a total of three finishing barns on the Lands) and all other buildings, waste storage lagoons and other improvements located on or about such Lands including: all hog slats; hog pens and penning materials and structures; fencing; feeding and/or watering systems and controls; plumbing equipment, systems and controls; heating, ventilating and/or air-conditioning equipment, systems and controls; scales; power washers, washers and dryers; and all other fixtures located on or affixed to the Lands or any of the foregoing buildings or improvements as of the Commencement Date, as the same, or any parts thereof, may hereafter be altered, renovated, repaired or replaced in accordance with the provisions of this Agreement from time to time and together with all other buildings, improvements, additions or fixtures hereafter constructed or placed on or otherwise made to the relevant Lands or any of the foregoing buildings or improvements in accordance with the provisions of this Agreement (the "**Buildings**"); and

(c) all equipment of the Operator located in, on or about the said Lands or Buildings and used in the Business (the "**Equipment**"),

and "**Barn**" means any one of such Barns and the Lands, Buildings and Equipment included therewith;

"**Base Fee**" has the meaning given such term in Section 3.2, as the same may be adjusted from time to time in accordance with Sections 3.3, 3.4, 3.5, 3.6 and/or 3.7;

"**Business**" means:

(a) the carrying on, on or in the Facilities, of hog finishing operations by the Operator consisting of the feeding, raising and caring for of "feeder" hogs owned by Big Sky in accordance with the provisions of this Agreement (the "**Hog Operations**"); and

(b) (i) the growing and harvesting of agricultural crops by the Operator or, pursuant to a Crop Lease, by third parties; and/or

(ii) the disposal of manure produced by the Hog Operations, on those arable portions of the Lands that are not used or required for the Hog Operations hereunder;

"Business Day" means any day except Saturday, Sunday or any statutory holiday in the Province of Saskatchewan;

"Closing Date" means, with respect to each Barn, the actual date and time on which the Operator's purchase of such Barn is effective pursuant to the Asset Purchase Agreement;

"Commencement Date" has the meaning given such term in Section 2.2;

"Contract" means any agreement of any nature or kind whatsoever written or verbal;

"Crop Lease" means any lease, licence, tenancy agreement or similar agreement or arrangement, whether written or verbal, between (or assumed by) the Operator and any third party permitting arable portions of the Lands that are not used or required for Hog Operations to be used by such third party for the growing and harvesting of agricultural crops;

"Employee Bonus Plan" has the meaning given such term in Section 6.7;

"Encumbrance" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing;

"Environmental Laws" means all Applicable Laws relating to environmental matters, including the protection of the environment, occupational health and safety matters or the manufacture, processing, distribution, use, treatment, storage, disposal (including but not limited to storage and disposal of manure), recycling, packaging, transport, handling, containment, clean-up or other remediation or corrective action of Hazardous Substances;

"ETA" means Part IX of the *Excise Tax Act* (Canada), as amended from time to time;

"Event of Default" means, with respect to Big Sky, the occurrence of any of those events enumerated in Section 8.1 and, with respect to the Operator, means the occurrence of any of those events enumerated in Section 8.3;

"Facilities" means, collectively, such of Barns #1, #2 and #3 as are actually purchased and acquired by the Operator from Big Sky pursuant to the Asset Purchase Agreement;

"**GAAP**" means the generally accepted accounting principles recommended by the Canadian Institute of Chartered Accountants as set forth in the "CICA Handbook";

"**Governmental Authority**" means any government, regulatory authority, agency, ministry, tribunal, department, commission, board, minister, director, governor, municipality or court, or other law, regulation or rule-making entity;

"**GST**" means all taxes payable under the ETA or under any federal legislation similar to the ETA;

"**Hazardous Substance**" means, as defined by Environmental Laws, any pollutant, contaminant, chemical, hazardous material, waste (including, without limitation, subject waste, liquid industrial waste, other industrial waste, toxic waste or hazardous waste, asbestos or any substance containing asbestos, the group of organic compounds known as polychlorinated biphenyls, lead, hydrocarbons, cadmium, flammable explosives, radioactive materials, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included in the definition of hazardous or toxic waste, materials or substances under any Environmental Laws);

"**Hogs**" means feeder hogs supplied by Big Sky to the Operator for feeding and finishing by the Operator under the terms of this Agreement;

"**Losses**" means, in respect of any matter, all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter;

"**Market Weight**" means the weight of Hogs at the time of their delivery to Big Sky or its agents at the Barns as required by Big Sky;

"**Material Contract**" means any one of the following agreements made between the Parties and "**Material Contracts**" means all of the following agreements collectively:

(a) the asset purchase agreement dated for reference January 14, 2003 (the "**Asset Purchase Agreement**");

(b) this Contract Finishing Agreement;

(c) the option agreement made concurrently with this Contract Finishing Agreement (the "**Option Agreement**"); and

(d) the indemnity agreement made concurrently with this Contract Finishing Agreement (the "**Indemnity Agreement**"),

as such Material Contracts or any of them may be amended, supplemented or modified from time to time;

"**Operator's Expenses**" means those fees, charges, costs, expenses and other liabilities for which the Operator is responsible pursuant to this Agreement;

"**Permitted Encumbrances**" means, with respect to each Barn:

(a) servitudes, easements, restrictions, rights-of-way and other similar rights, provided the same are not of such nature as to materially adversely affect the use of the Barn in the operation of the Business in accordance with this Agreement or the disposition of the Barn in accordance with the Option Agreement;

(b) liens for Taxes either not due and payable or due but for which notice of assessment has not been given;

(c) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations and/or Encumbrances of any nature whatsoever claimed or held by any Governmental Authority that have not at the time been filed or registered against title or that relate to obligations that are not due or delinquent;

(d) security given in the ordinary course of the Business to any utility supplier or Governmental Authority in connection with the operation of such Business, other than security for borrowed money;

(e) the reservations in any original grants from the Crown or interest therein and statutory exceptions to title that do not materially detract from the value of the Barn or materially impair its use in the Business as contemplated by this Agreement;

(f) the interests of the respective parties in the Barn pursuant to the Material Contracts, including, for greater certainty but not to limit the generality of the foregoing, the interests of any lender of Big Sky claiming an interest in the Barn pursuant to an assignment of any Material Contract as security for any obligations now or hereafter owing by Big Sky to such lenders;

(g) a Permitted Mortgage;

(h) Crop Leases consented to by Big Sky in accordance with subsection 7.1(a); or

(i) any other Encumbrances expressly permitted by this Agreement or otherwise mutually agreed upon by Big Sky and the Operator;

"**Parties**" means Big Sky and the Operator and their respective successors and permitted assigns;

"**Permitted Mortgage**" and "**Permitted Mortgagee**" have the meanings given such terms in subsection 7.1(d);

"**PST**" means all taxes payable under *The Provincial Sales Tax Act* (Saskatchewan) or under any provincial legislation similar to *The Provincial Sales Tax Act* (Saskatchewan);

"**Rated Capacity**" means the number of feeder Hogs which each respective Barn was designed to hold at any one time, it being acknowledged that, at the date of this Agreement, the Rated Capacity of each Barn is 12,000 Hogs;

"***SBCA***" means *The Business Corporations Act* (Saskatchewan);

"**Senior Credit Agreement**" means the Amended and Restated Credit Agreement made as of June 26, 2002, as amended by a First Amending Agreement and Consent made as of September 16, 2002, between Big Sky, Drycast Systems Inc. and the Senior Lenders, and as further amended by a memorandum to Big Sky dated November 8, 2002 and by a Second Amending Agreement made as of 13 December, 2002, pertaining to certain credit facilities provided by such Senior Lenders to Big Sky, as the same may from time to time be further amended, supplemented, restated or replaced;

"**Senior Lenders**" means the Bank of Nova Scotia, as Administrative Agent under the Senior Credit Agreement and the Lenders as defined in the Senior Credit Agreement and any future lenders to Big Sky, and agents thereof, should the Senior Credit Agreement be replaced at any time;

"**Standard Operating Procedures**" means the standard operating procedures relating to diet, feed rations, medications, animal health and welfare practices, bio-security practices, barn cleaning, repairs and maintenance and other matters pertaining to the feeding and finishing of Hogs that are regularly followed by Big Sky in feeding, maintaining, caring for and finishing Hogs in finishing barns that Big Sky itself owns and as set forth in such operating and/or procedural manuals or other written guidelines or directives as may be provided from time to time by Big Sky to the Operator;

"**Taxes**" means all taxes, levies, imposts, stamp taxes, duties, deductions, withholdings and similar charges assessed, levied, collected, withheld or otherwise imposed by any Government Authority as at the date of this Agreement or at any time in the future;

"**Technological Change**" means a change or improvement made or proposed to be made by either Big Sky or the Operator to a Barn, or any part of a Barn, including, without limitation, structural changes to the Building, or the alteration of any then existing, or installation of any new or different, equipment, systems or other improvements in or to a Barn, that is intended and/or can reasonably be expected to materially:

(a) improve the productivity, quality or efficiency of the Hog Operations in, or the Rated Capacity of, that Barn compared to the productivity, quality or efficiency of such Hog Operations or the Rated Capacity of such Barn immediately prior to such Technological Change; or

(b) change the Operator's Expenses compared to the Operator's Expenses immediately prior to such Technological Change;

"**Term**" has the meaning given such term in Section 2.2;

"**Year**" or "**Contract Year**" means a fiscal year of the Operator, it being acknowledged by the parties that the Operator's fiscal year ends June 30 in each calendar year.

1.2 Recitals

The recitals to this Agreement shall form an integral part hereof.

1.3 Relationship Created

Nothing herein contained shall be deemed or construed by the Parties or by any third party as creating the relationship of partnership nor of joint venture between the Parties, it being understood and agreed that the Operator is in all respects an independent contractor and that neither the computation of the Finishing Fee hereunder nor any other provision contained herein nor any act or acts of the Parties shall be deemed to create any relationship between the Parties other than that of independent contractors.

1.4 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

1.5 Sections and Headings

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.6 Number, Gender and Persons

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

1.7 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such Province and all courts competent to hear appeals therefrom.

1.8 Entire Agreement

This Contract Finishing Agreement, together with the other Material Contracts, contains the entire agreement between the Parties related to the subject matter hereof and it is admitted so that they shall be forever estopped from asserting to the contrary and, except as contained in another Material Contract, there is no condition precedent or warranty of any nature whatsoever and no collateral warranty or covenant whatsoever to the within Agreement.

1.9 Severability

The provisions of this Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate Article, Section and subsection hereof. Should any provision or provisions of this Agreement be illegal or unenforceable, it or they shall be considered separate and severable from the rest of this Agreement, and the remaining provisions shall remain in force and be binding upon the Parties as though the said provision or provisions had never been included.

1.10 Accounting Terms

All accounting terms not otherwise defined have the meanings ordinarily assigned to them pursuant to GAAP and all computations made pursuant to this Agreement shall be made in accordance with GAAP consistently applied.

1.11 Statutes

Except where otherwise expressly set forth herein, any reference herein to a statute includes a reference to such statute and its regulations, with all amendments 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 or regulation so referred to.

1.12 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective successors and assigns, provided that, except as permitted by Article 7.0, the Operator shall not assign any of its rights or obligations hereunder without the prior written consent of Big Sky, and further provided that, without limiting the generality of Big Sky's right to assign this Agreement in whole or in part as it sees fit, the Operator expressly acknowledges and agrees that Big Sky may assign this Agreement to the Senior Lenders as collateral security for its obligations under the Senior Credit Agreement.

ARTICLE 2.0 - BASIC CONTRACT TERMS

2.1 Engagement

Big Sky hereby engages the Operator, and the Operator hereby accepts such engagement, to maintain, feed, care for and finish Hogs at the Facilities during the Term in accordance with and subject to the terms and conditions of this Agreement.

2.2 Commencement and Term

The engagement of the Operator hereunder shall commence, with respect to each Barn, effective as of the Closing Date of the Operator's purchase of such Barn pursuant to the Asset Purchase Agreement (such time being herein referred to as a "**Commencement Date**", it being acknowledged by the Parties that there may be separate Commencement Dates with respect to each of the Barns and being further acknowledged that the failure for any reason to close the transaction of purchase and sale of either Barn #2 or Barn #3 pursuant to the Asset Purchase Agreement shall not thereby terminate or otherwise affect this Agreement as it relates to other Barn(s) that are or were purchased under the Asset Purchase Agreement) and continue with respect to such Barn for that period of time (the "**Term**") until the earlier of:

(a) June 30, 2018;

(b) the date the Barn is sold and transferred back to Big Sky pursuant to the Option Agreement;

(c) the date Big Sky terminates the Operator's engagement hereunder in accordance with Section 8.4; or

(d) the date the Operator terminates its engagement hereunder in accordance with Section 8.2.

2.3 General Obligations of Big Sky

Without limiting the obligations of Big Sky set forth more specifically elsewhere in this Agreement, Big Sky shall, at its own expense and throughout the Term, with respect to each Barn that forms part of the Facilities:

(a) supply and deliver Hogs to the Barn at such times and from time to time and in such numbers, not exceeding 110% of the Rated Capacity of the Barn, as Big Sky may from time to time determine and in accordance with such reasonable delivery schedules as Big Sky shall from time to time advise the Operator;

(b) supply and deliver to the Barn all feed and feed ingredients, including micronutrients ("**Feed**") and all medications, medical supplies and similar supplies ("**Supplies**") required by the Operator in order to feed, maintain, care for and finish the Hogs delivered to the Barn in accordance with this Agreement, other than such ingredients or supplies that are required to be provided by the Operator pursuant to an express provision of this Agreement;

(c) provide veterinary services for all Hogs in the Barn, including responsibility for engaging and paying the fees and other charges of veterinarians;

(d) be responsible for transporting all Hogs that are to be finished by the Operator hereunder to the Barn and taking delivery from the Operator at the Barn of all finished Hogs upon such Hogs reaching Market Weight and in accordance with such reasonable delivery schedules as Big Sky shall from time to time advise the Operator;

(e) assist the Operator in disposing of manure produced by the Hog Operations in accordance with the requirements of *The Agricultural Operations Act* and the waste storage and waste management plans relative to the Barn pursuant to that legislation, and in accordance with other applicable Environmental Laws, and, in particular, but without limiting the generality of the foregoing, be responsible (and/or reimburse the Operator) for all expenses incurred in connection with such disposal, including expenses incurred in obtaining and maintaining consents of third parties for the disposal of such manure on lands owned by such third parties; and

(f) pay the Finishing Fee to the Operator at the time and in the manner set forth in Article 3.0.

2.4 **General Obligations of the Operator**

Without limiting the obligations of the Operator set forth more specifically elsewhere in this Agreement, the Operator shall, subject to Article 3.0, at its own expense and throughout the Term, with respect to each Barn that forms part of the Facilities:

(a) subject to the limits described in subsection 2.3(a), receive all Hogs delivered by Big Sky to the Barn and, subject to subsection 2.4(e), upon such Hogs reaching Market Weight assemble such Hogs for delivery at the Barn to, and transport by, Big Sky or its agents, in accordance with such reasonable delivery schedules as Big Sky shall from time to time advise the Operator;

(b) receive and store all Feed and Supplies delivered by Big Sky to the Barn and, to the extent any such Feed or Supplies are not used by the Operator in feeding and caring for the Hogs in accordance with this Agreement, permit Big Sky or its agents to remove any such Feed or Supplies at any reasonable time and from time to time on demand by Big Sky;

(c) feed, maintain, care for and, subject to subsection 2.4(e), finish to Market Weight all Hogs delivered to the Barn in accordance with Standard Operating Procedures or as Big Sky may otherwise reasonably direct from time to time and in accordance with good animal husbandry practices and Applicable Law;

(d) store, manage and, at the expense of Big Sky as contemplated by subsection 2.3(e), dispose of manure produced by the Hog Operations in accordance with the requirements of *The Agricultural Operations Act* and the waste storage and management plans relative to the Barn pursuant to that legislation, and in accordance with other applicable Environmental Laws;

(e) dispose of dead or diseased Hogs in accordance with Standard Operating Procedures or as Big Sky may otherwise reasonably direct from time to time and in accordance with good animal husbandry practises and Applicable Law;

(f) maintain and provide to Big Sky feeding, production, inventory and other records, systems and programs in accordance with Standard Operating Procedures or as Big Sky may otherwise reasonably direct from time to time;

(g) provide management and labour necessary to properly supervise:

(i) the maintenance, feeding, caring for and finishing of all Hogs delivered to the Barn by or on behalf of Big Sky from time to time;

(ii) the receipt, unloading and storage of all Feed and Supplies delivered to the Barn by or on behalf of Big Sky from time to time; and

(iii) the provision and supply of proper pen space, heating, ventilation, lighting, water, cleaning repairs and maintenance and, subject to subsection 2.3(e), manure storage, management and disposal as contemplated by this Agreement,

all in accordance with the terms of this Agreement, Standard Operating Procedures and the directions and instructions issued by Big Sky from time to time, good animal husbandry practices, and Applicable Laws.

2.5 Ownership and Risk of Hogs, Feed, Supplies and Other Big Sky Property

All Hogs, Feed and Supplies located in, on or about the respective Barns at the Commencement Date, and all Hogs, Feed, Supplies or other property of Big Sky (**"Other Big Sky Property"**) that is delivered to a Barn after the Commencement Date, is and, subject to subsection 2.5(d), shall remain, both during and after the Term, the sole and exclusive property of Big Sky and, in acknowledgement thereof, the Parties expressly acknowledge and agree that:

(a) the Operator does not have, and, subject to subsection 2.5(d), is not pursuant to this Agreement or any other Material Contract acquiring, any proprietary interest in the Hogs, Feed, Supplies or Other Big Sky Property and the Operator is not authorized to and, subject to subsection 2.4(e), shall not, at any time, sell, transfer, mortgage, charge, grant a security interest in or otherwise dispose of or Encumber any of the Hogs, Feed, Supplies or Other Big Sky Property, and any attempt to do so shall be void and of no effect;

(b) the Operator, in feeding, maintaining, caring for and finishing the Hogs shall comply with all of its covenants, obligations and agreements under this Agreement, and in so doing the Operator, its agents, representatives and employees shall exercise commercially reasonable skill and diligence;

(c) the Operator shall be under no obligation to insure any of the Hogs, Feed, Supplies or Other Big Sky Property, it being acknowledged that any such insurance shall be at the responsibility and for the account of Big Sky; and

(d) any or all Hogs, Feed, Supplies or Other Big Sky Property may be removed by Big Sky from the Barns at any time upon reasonable notice in the circumstances and without compensation to the Operator, whether before or after termination of the Operator's engagement hereunder and whether before or after default by Big Sky hereunder or under any other Material Contract and, regardless of the state of any accounts between Big Sky and the Operator, free of any claim or setoff by the Operator, provided that where any Supplies or Other Big Sky Property consisting of fixtures or equipment are removed from a Barn Big Sky shall repair any damage to the Barn caused by such removal and, further provided that, unless otherwise expressly agreed to by the Parties, all heating, ventilation or air-conditioning equipment located in the Barns as of the Commencement Date is, and all heating, ventilation or air-conditioning equipment hereafter placed or installed in any Barn after the Commencement Date whether by Big Sky or the Operator upon being so placed or installed shall become and remain, subject to the rights of Big Sky under the Option Agreement, the property of the Operator.

ARTICLE 3.0 - CONTRACT FINISHING FEES

3.1 General

Big Sky shall pay to the Operator, at its offices as set forth in Section 10.2, or at such other place in Saskatchewan as the Operator may from time to time direct, in lawful money of Canada, for each Year and for each Barn included in the Facilities, an annual finishing fee (the "**Annual Fee**" or the "**Finishing Fee**"), in the amounts, at the times, and in the manner set forth in this Article 3.0.

3.2 Base Fee

Big Sky shall pay to the Operator a base fee in the amount of $620,000 per Barn per Year (pro-rated in respect of any Year where the Operator's engagement hereunder with respect to any particular Barn is in effect for less than the entire Year) as adjusted pursuant to Sections 3.3, 3.4, 3.5 and/or, 3.6, as applicable (the "**Base Fee**"), which Base Fee shall, except as otherwise provided in Sections 3.3, 3.4, 3.5, 3.6 or 3.7 be payable in equal monthly installments on the first day of each month of the Term beginning with the Commencement Date relative to the particular Barn.

3.3 Inflationary Adjustments

The Parties acknowledge that the initial annual Base Fee of $620,000 per Barn has been negotiated, in part, on the representation by Big Sky that the Operator's cost of: supplying utilities to; paying property taxes for; obtaining and maintaining insurance in respect of; and cleaning, repairing and maintaining the Barns in accordance with the requirements of this Agreement and Applicable Laws (the "**Variable Costs**") is expected to be approximately $170,000 per annum, based on market prices for, or relative to the inputs which make up, such Variable Costs and that are prevailing as at the Commencement Date. Effective July 1, 2006 and July 1 in every third year thereafter during the Term (an "**Adjustment Date**") the Base Fee shall be adjusted in an amount approximately equal to, and/or reflective of, any changes in such Variable Costs where and to the extent that such changes result from or are reasonably attributable to changes in the market prices for, or the inputs that make up, such Variable Costs between the Adjustment Date and the last preceding Adjustment Date (or July 1, 2003 in the case of the first Adjustment Date), and as may be mutually agreed upon by the Parties. In the event that the Parties are unable to mutually agree upon an appropriate adjustment in accordance with the foregoing principles within 90 days following any Adjustment Date, either Party may submit the matter to arbitration in accordance with Article 9.0 and the Base Fee shall be adjusted in accordance with the decision or decisions of the arbitrator in that regard.

3.4 Employee Costs and Benefits

The Parties acknowledge that the Base Fee has been negotiated, in part, on the assumption that the Operator will require the equivalent of two full-time barn technician employees per Barn and based on the requirement that the Operator will, pursuant to Section 6.7, maintain a compensation system for its Barn staff reasonably commensurate with the wages and benefits that Big Sky pays to its own staff performing substantially similar work in finishing barns owned by Big Sky, but without accounting for monies that may be payable to such employees pursuant to Employee Bonus Plans that may be adopted by the Operator from time to time as contemplated by Section 6.7. Accordingly:

(a) if and to the extent that more than the equivalent of two full-time barn technician employees per Barn are required in order for the Operator to properly perform its obligations hereunder, such additional employees (the "**Additional Employees**") as are necessary may be employed directly by Big Sky or, with the consent of Big Sky, by the Operator and, if and to the extent employed by the Operator, the Base Fee shall be adjusted upwards by an amount equal to the actual wages and salaries payable to, and any applicable payroll benefits payable by the Operator in respect of, such Additional Employees which amounts shall be payable by Big Sky to the Operator from time to time as such wages, salaries and applicable payroll benefits come due from the Operator to such Additional Employees;

(b) if and to the extent that Big Sky from time to time requires, pursuant to Section 6.7, the Operator to increase the wages and benefits paid to its barn employees, the Base Fee shall be adjusted upwards by an amount equal to the actual increase in wages and salaries (and any applicable payroll benefits) payable by the Operator as a result of such requirement which amounts shall be payable by Big Sky to the Operator from time to time as such increased wages, salaries and applicable payroll benefits come due from the Operator to the employees to whom such increased wages or salaries apply; and

(c) without duplicating any adjustments pursuant to subsections (a) or (b) above, if and to the extent that any barn technician employees of the Operator become entitled to bonus payments pursuant to an Employee Bonus Plan that the Operator maintains and pursuant to Section 6.7 is required to maintain, the Base Fee shall be adjusted upwards by an amount equal to the total bonuses payable by the Operator pursuant to such Employee Bonus Plan which amounts shall be payable by Big Sky to the Operator from time to time if, as and when such bonuses become payable by the Operator to its barn technician employees.

3.5 Force Majeure Adjustments

If as a result of fire, flood, storms or other damages from the elements, strikes, riots, action of Governmental Authority, acts of war, terrorism or the public enemies, acts of God or other reasons outside the reasonable control of either Big Sky or the Operator (any of the foregoing being referred to as "*force majeure*") the Facilities, or any part thereof, should be permanently or temporarily destroyed or damaged, or otherwise rendered unsuitable for feeding or finishing Hogs in the numbers or the manner contemplated by this Agreement, and as a result thereof the Operator's Expenses hereunder are reduced, the Base Fee shall, at the written request of Big Sky to the Operator, be reduced in an amount approximately equal to the amount by which the Operator's Expenses were reduced during the period of such *force majeure* and as may be mutually agreed upon by the Parties (a "***Force Majeure* Adjustment**"). If the Parties are unable to mutually agree upon an appropriate *Force Majeure* Adjustment in accordance with the foregoing principles within 90 days following Big Sky's written request for such adjustment, either Party may submit the matter to arbitration in accordance with Article 9.0 and the Base Fee shall be adjusted in accordance with the decision or decisions of the arbitrator in that regard.

3.6 Technological Changes

Either Party (in this Section 3.6 referred to as the "**Proponent**") may, at any time during the Term, at the Proponent's expense make or implement a Technological Change in or to the Facilities or the Hog Operations, or any part or parts thereof, provided that:

(a) the Proponent is not at that time in default of any of its obligations under this Agreement or under any other Material Contract or could reasonably be expected to be in default after implementing the Technological Change;

(b) prior to making or implementing the Technological Change the Proponent provides written notice (a "**Technological Change Notice**") to the other Party setting forth in reasonable detail particulars of the proposed Technological Change including:

(i) the estimated cost to the Proponent of the Technological Change;

(ii) the purpose of the Technological Change including its intended or expected effect on the productivity, quality or efficiency of the Hog Operations;

(iii) the expected or estimated effect that the Technological Change will have, if any, on the Operator's Expenses hereunder; and

(iv) such other information pertaining to the proposed Technological Change as may reasonably be requested by the other Party; and

(c) where the Operator is the Proponent, it shall not make or implement any Technological Change without first obtaining the consent of Big Sky, which consent shall not be unreasonably withheld, provided, for greater certainty, that Big Sky shall not be considered to have unreasonably withheld its consent where it determines in good faith that a proposed Technological Change would or would be expected to have an adverse effect on the productivity, quality or efficiency of the Hog Operations or the quality or value of the Hogs finished by the Operator hereunder.

Where a Technological Changc is made or implemented, or is proposed to be made or implemented, by Big Sky in accordance with the foregoing provisions of this Section 3.6, and such Technological Change has had or would reasonably be expected to have, in the opinion of either Big Sky or the Operator, a material affect on the Operator's Expenses (which is not otherwise adjusted for pursuant to another provision of this Article 3.0), such Party may, by written notice to the other Party (a "**Renegotiation Notice**") request that the Base Fee be adjusted upwards or downwards in an amount reasonably commensurate with the actual or expected net increase or decrease in the Operator's Expenses resulting from such Technological Change(s) (less 10% in the case of a decrease in the Operator's Expenses and plus 10% in the case of an increase in the Operator's Expenses to account for the Operator's profit margin) over the balance of the Term of the Operator's engagement hereunder (a "**Negotiated Adjustment**"). Where a Party delivers a Renegotiation Notice, the Parties shall negotiate in good faith the amount of the Negotiated Adjustment that is appropriate in the circumstances having regard to the principles above described and, in the event that within ninety (90) days following the delivery of a Renegotiation Notice they are unable to agree upon a mutually acceptable Negotiated Adjustment either Party may submit the matter to arbitration in accordance with Article 9.0. The Base Fee shall be adjusted, as applicable, in accordance with each such Negotiated Adjustment or the decision or decisions of the arbitrator from time to time over the Term.

3.7 Rontine Administrative Expense Adjustments

The Parties acknowledge that the aggregate Base Fee for the three Barns has been negotiated, in part, on the expectation and assumption that the Operator will incur day-to-day administrative and managerial expenses, including, without limitation, administrative and managerial expenses to:

(a) supervise its Barn employees and administer its payroll system for such employees;

(b) supervise and arrange for the provision of, and payment for, utilities, insurance and Barn cleaning, repairs and maintenance in accordance with its obligations hereunder;

(c) prepare and maintain proper books of accounts and records of the Business in accordance with its obligations hereunder;

(d) maintain its status as a corporation in good standing in Saskatchewan pursuant to the *SBCA* and to comply with its continuous disclosure obligations as a reporting issuer in Saskatchewan pursuant to *The Securities Act, 1988* (Saskatchewan), including expenses in connection with the preparation and, where applicable, filing with regulatory authorities and/or distribution to its security holders and/or dissemination to the public, of annual returns, annual reports, interim unaudited financial statements, audited annual financial statements and other continuous disclosure materials;

(e) hold annual shareholder meetings and to prepare, file with regulatory authorities and/or distribute to its security holders and others notices, information circulars, proxy materials and/or other information required by Applicable Laws in connection with such meetings;

(f) prepare and file tax returns and other information and filings that the Operator is required to prepare and file in accordance with Applicable Laws; and

(g) pay the fees and expenses of lawyers, auditors and other professional advisors or consultants in connection with the foregoing

(the foregoing being referred to collectively as "**Routine Administrative Expenses**"),

totalling approximately $90,000 per annum. In the event that the Operator acquires fewer than the three Barns contemplated by the Asset Purchase Agreement and it is subsequently determined that in any Year the Routine Administrative Expenses actually and reasonably incurred or expected to be actually and reasonably incurred in that Year by the Operator exceed $30,000 in the event that the Operator acquires just one Barn, or $60,000 in the event that the Operator acquires just two Barns (either such amount, as applicable, being referred to as the "**Upset Amount**"), at the written request of the Operator, Big Sky shall (but without duplicating any adjustment that may be made to the Annual Fee pursuant to another provision of this Article 3.0) either reimburse the Operator and/or cause to be performed such administrative and/or managerial services on behalf of the Operator and/or negotiate an adjustment to the Base Fee, or any combination of the foregoing as may be mutually agreed upon by the Parties (any of the foregoing being herein referred to as an "**Administrative Adjustment**") so as to reduce the Operator's actual Routine Administrative Expenses for that Year to an amount not exceeding the Upset Amount or to increase the Base Fee for that Year by an amount equal to the amount by which the Operator's actual Routine Administrative Expenses exceed such Upset Amount. In the event of disagreement between the Parties as to the reasonableness of any Routine Administrative Expenses incurred or proposed to be incurred by the Operator for which the Operator requests an Administrative Adjustment to be made and/or in the event that the Parties are unable to agree upon the appropriate amount or manner of such Administrative Adjustment in accordance with the foregoing principles, within 90 days following the Operator's written request for such adjustment, either Party may submit the matter to arbitration in accordance with Article 9.0 and an Administrative Adjustment shall be made in accordance with the decision of the arbitrator in that regard.

3.8 Taxes

Big Sky shall additionally pay to the Operator such GST, PST and other like taxes if any, on or in respect of the Finishing Fee at the time and in the manner required by Applicable Law.

3.9 Interest

If any portion of the Finishing Fees are not paid at the time or times contemplated by the foregoing provisions of this Article 3.0, Big Sky shall pay interest on the unpaid portion thereof at the rate of 10% per annum, calculated from the date that payment was properly due hereunder until paid.

ARTICLE 4.0 - REPRESENTATIONS, WARRANTIES AND COVENANTS OF BIG SKY

Big Sky represents, warrants, covenants and agrees to and in favour of the Operator as follows:

4.1 Organization

It is duly incorporated and organized and validly subsisting as a corporation under the laws of the Province of Saskatchewan and it has the power to own or lease its property, to carry on the business now being conducted by it and/or to be conducted by it as contemplated by the Material Contracts, and to enter into this Agreement and perform its obligations hereunder.

4.2 Authorization

This Agreement has been duly authorized, executed and delivered by, and is a legal, valid and binding obligation of, Big Sky, enforceable against it by the Operator in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

4.3 No Violation

The execution and delivery of this Agreement by Big Sky and the performance of its obligations hereunder will not result in either:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligations of Big Sky under:

(i) any Contract to which it is a party or by which it or any of its properties are bound;

(ii) any provision of the articles, bylaws or other constating documents of Big Sky or any resolution of its board of directors or shareholders;

(iii) any judgment, decree, order or award of any Governmental Authority having jurisdiction over Big Sky or the Facilities;

(iv) any licence, permit, approval, consent or authorization held by Big Sky relating to the Facilities; or

(v) any Applicable Law; or

(b) the creation or imposition of any Encumbrance on any of the Facilities other than Permitted Encumbrances.

4.4 Operator's Second Preferred Share Put Right

Provided that no Event of Default with respect to the Operator has occurred and is subsisting, if at any time or from time to time the board of directors of the Operator resolves, or notifies Big Sky in writing of its intention to resolve, to declare and/or pay First Preferential Dividends on its First Preferred Shares (any such dividend or intended dividend being referred to in this Section 4.4 as a "**Proposed Dividend**"), then provided that:

(a) there are no reasonable grounds for believing that, after payment of the Proposed Dividend:

(i) the Operator would be unable to pay its liabilities as they become due; and

(ii) the realizable value of the Operator's assets would thereby be less than its liabilities; and

(b) there are reasonable grounds for believing that after the payment of the Proposed Dividend the realizable value of the Operator's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes of shares (the difference between the realizable value of the Operator's assets and the aggregate of its liabilities and stated capital as aforesaid being referred to as the "**Stated Capital Deficiency**"); and

(c) the Operator is not prevented from declaring and/or paying the Proposed Dividend by any Applicable Law or for any other reason, other than section 40 of the *SBCA*,

the following provisions shall apply:

(d) upon written demand by the Operator, Big Sky shall subscribe for and the Operator shall issue to Big Sky that number of Second Preferred Shares of the Operator, at a price of $10 per share, which provides aggregate proceeds to the Operator equal to the Stated Capital Deficiency (or such lesser amount as the Operator may request), provided that Big Sky shall not be required to subscribe, in the aggregate over the Term of this Agreement, for more than a total of 10,000 Second Preferred Shares for each Barn that is acquired pursuant to the Asset Purchase Agreement (i.e. a maximum of 30,000 shares if all three Barns are acquired); and

(e) Big Sky and the Operator shall agree for the purposes of section 26 of the *SBCA* that, notwithstanding the actual subscription price of the Second Preferred Shares so subscribed for, the Operator shall add to its stated capital for its Second Preferred

Shares the sum of only $1 or such other amount as may be mutually agreed upon by Big Sky and the Operator.

ARTICLE 5.0 - REPRESENTATIONS AND WARRANTIES OF THE OPERATOR

The Operator represents and warrants to Big Sky as follows:

5.1 Organization

It is duly incorporated and organized and validly subsisting as a corporation under the laws of the Province of Saskatchewan and it has the power to own or lease its property, to carry on the business now being conducted by it and/or to be conducted by it as contemplated by the Material Contracts, and to enter into this Agreement and perform its obligations hereunder.

5.2 Authorization

This Agreement has been duly authorized, executed and delivered by, and is a legal, valid and binding obligation of, the Operator, enforceable against it by Big Sky in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

5.3 No Violation

The execution and delivery of this Agreement by the Operator and the performance of its obligations hereunder will not result in either:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligations of the Operator under:

 (i) any Contract to which it is a party or by which it or any of its properties are bound;

 (ii) any provision of the articles, bylaws or other constating documents of the Operator or any resolution of its board of directors or shareholders;

 (iii) any judgment, decree, order or award of any Governmental Authority having jurisdiction over the Operator or the Facilities;

 (iv) any licence, permit, approval, consent or authorization held by the Operator relating to the Facilities; or

 (v) any Applicable Law; or

(b) the creation or imposition of any Encumbrance on any of the Facilities other than Permitted Encumbrances.

ARTICLE 6.0 - ADDITIONAL COVENANTS AND AGREEMENTS OF THE OPERATOR

6.1 Covenants Generally

Throughout the Term, the Operator shall, at its own expense and in accordance with Applicable Law, observe and perform each of the covenants and obligations set forth in this Article 6.0.

6.2 Condition of Facilities

The Operator shall supply and keep in good working condition the entire Facilities such that the Facilities, and each Barn, will at all times be capable of accepting, feeding and finishing at any one time, in accordance with the provisions of this Agreement, that number of Hogs which is equivalent to its Rated Capacity (as such Rated Capacity may be increased from time to time as a result of any Technological Change) and, without limiting the generality of the foregoing, but subject to Sections 3.6 and 7.3, the Operator shall clean, repair and maintain all Barns in good working condition, consistent with high quality hog finishing operations and in reasonably the condition that such Barns were in at the Commencement Date, reasonable wear and tear excepted.

6.3 Conduct of the Business

The Operator shall conduct the Business in accordance with sound business practise.

6.4 Taxes

The Operator shall be responsible for and shall pay all Taxes assessed or otherwise charged against or in respect of, or relating to the use or occupation of the Facilities, and every part thereof, the conduct of the Business or other Taxes assessed or charged upon its income or capital, at or prior to the time that such Taxes are due.

6.5 Licenses

The Operator shall obtain and maintain all licenses, permits, approvals, consents, certificates, registrations and authorizations of all Governmental Authorities ("Licenses") as are necessary or reasonably desirable to carry on the Business as contemplated by this Agreement and shall pay all fees and expenses for or in respect of such Licenses.

6.6 **Utilities**

The Operator shall ensure that the Facilities are at all times supplied with water, power, electricity, gas and other utilities necessary or reasonably desirable for the conduct of the Business in accordance with this Agreement.

6.7 **Employees Wages, Benefits and Records**

Subject to Section 3.4 and 3.5, the Operator shall establish and maintain a compensation system for all staff employed by it in the Barns which provides for the payment of wages and benefits to such staff which, having regard to the skills, years of employment and experience of such staff, is reasonably commensurate with, or of reasonably equal value to, the wages and benefits that Big Sky pays to its own staff performing substantially similar work in finishing barns owned by Big Sky, including adopting bonus plans and programs for the Operator's Barn employees that are reasonably commensurate with the bonus program in effect at the Barns as of the Commencement Date (the "**Employee Bonus Plans**") as the same may be amended from time to time. Big Sky shall from time to time advise the Operator as to its wage and benefit policies and as to the particulars of its Employee Bonus Plans and any amendments thereto.

6.8 **Use of the Name "Big Sky"**

The Operator shall carry on and conduct the Business only under the name "Big Sky Finishers" and/or "Big Sky Finishers (No. 1)" in a reputable manner to preserve and protect the goodwill associated with the name "Big Sky" and, in so doing, shall use, display and/or present the name "Big Sky" on or in any signage, records or other writings (including any electronic writings or records) in accordance only with the formats, designs, logos and/or trademarks (whether registered or not) approved by Big Sky, it being expressly acknowledged by the Operator that the name "Big Sky", all goodwill associated with the name "Big Sky", and all formats, designs, logos, trademarks and other representations of or associated with the name "Big Sky" are the sole and exclusive property of Big Sky, and further provided always that in the event that Big Sky, in its sole and absolute discretion, determines that the Operator is using or employing the name "Big Sky" or any formats, designs, logos, trademarks or other representations of or associated with such name in a manner that is contrary to the best interests of Big Sky, the Operator shall, upon demand by Big Sky, cease and desist in such usage, and provided further, that if Big Sky in its sole and absolute discretion should determine that it is necessary or desirable to licence, assign or otherwise permit or consent to the use of the name "Big Sky" (whether alone or with any other words) to or by any third party, the Operator shall, upon demand by Big Sky, execute such consents and/or other instruments and do or cause to be done such other acts and things as may reasonably be requested by Big Sky so as to permit such usage by any such third party including, if applicable, consenting to another body corporate incorporating under, or amending its articles to change its name to, a name that includes the words "Big Sky" or "Big Sky Finishers".

6.9 Books and Records

The Operator shall keep and maintain full, complete and accurate books of account and records of the Business and shall enter and record therein fully and accurately all transactions and other matters related to the business and affairs of the Operator and, provided that no Event of Default has occurred and is subsisting in respect of Big Sky, shall grant access to such offices, premises or electronic storage systems in which such books and records are kept to Big Sky, its officers, employees, agents, auditors and other authorized representatives who shall, at all times and from time to time, upon reasonable notice to the Operator, be entitled to inspect, examine, make copies of or take extracts from all such books and records, provided that the provisions of Section 6.13 applicable to the Operator hereunder shall apply, *mutatis mutandis*, to all information given to or otherwise obtained by Big Sky, its officers, employees, agents, auditors and other authorized representatives pursuant to this Section 6.9.

6.10 Access to and Inspection of Facilities

The Operator shall grant to Big Sky, its officers, employees, agents and/or other representatives, unrestricted access to all Facilities at all times and from time to time on reasonable notice, for the purposes of inspecting the state or condition of the Facilities, the Hog Operations, and/or the Operator's conduct of the Business and/or for the purposes of delivering to or removing from the Facilities any Hogs, Feed, Supplies or Other Big Sky Property.

6.11 Insurance

The Operator shall:

(a) take out and maintain insurance on all of the Facilities with financially sound and reputable insurance companies or associations acceptable to Big Sky acting reasonably, including all-risk property insurance on a full replacement cost basis, non-owned automobile liability and comprehensive general liability insurance with liability limits of not less than two million ($2,000,000.00) dollars for any one occurrence or such higher limits as a Permitted Mortgagee may reasonably require from time to time, and such other insurance against such risks and in such amounts as may be reasonably requested by Big Sky and consistent with insurance normally maintained by prudent owners and operators of hog finishing facilities similar to the Facilities of the Operator hereunder and/or consistent with the types and amounts of insurance normally required by mortgage lenders to the owners and/or operators of such hog finishing facilities;

(b) if required by a Permitted Mortgagee, cause the policies of insurance referred to above to contain a standard mortgage clause and other customary endorsements for the benefit of the Permitted Mortgagees, all in a form acceptable to such Permitted Mortgagee(s) acting reasonably, and, subject to the prior rights of such Permitted Mortgagees, the Operator shall name Big Sky as an additional insured under such policies;

(c) in the event of damage or destruction to the Facilities, or any part thereof, cause the loss to be adjusted as quickly as reasonably possible and, subject to the rights of Permitted Mortgagees and, unless otherwise agreed to by Big Sky, the Operator shall apply any proceeds of such insurance in repairing, replacing or restoring the Facilities to a condition substantially similar, or better, than the condition they were in prior to such event;

(d) whenever reasonably requested in writing by Big Sky, the Operator shall cause certified copies of the policies of insurance carried pursuant to this Section to be delivered to Big Sky; and

(e) the Operator shall provide Big Sky promptly with such other evidence of insurance as Big Sky shall from time to time reasonably require,

provided that, in lieu of the Operator obtaining and maintaining insurance as aforesaid, where Big Sky maintains policies of insurance in respect of the above-referenced matters, Big Sky shall, if requested by the Operator in writing, and to the extent permitted by or under its own such policies of insurance, maintain such insurance on behalf of the Owner and cause the named insureds and/or loss payables under such policies of insurance as such policies relate to the Facilities, to be amended as is appropriate in the circumstances to protect the interests of the Operator, and if applicable, its Permitted Mortgagees. However, in such case, the Operator shall reimburse Big Sky for an appropriate pro rata amount of the premiums payable and other costs in respect of obtaining and maintaining such insurance, and in the event that the Parties are unable to mutually agree upon the amounts to which Big Sky is entitled to reimbursement hereunder, either Party may refer the matter to arbitration in accordance with Article 9.0.

6.12 Confidential Information and Trade Secrets

The Operator acknowledges and agrees that prior to entering into this Agreement, and in the course of performing its services under this Agreement, it has had and will continue in the future to have access to and has been and will be provided with confidential information and trade secrets relating to Big Sky's past, present and future research, development or business activities pertaining to hogs including, without limitation, information relating to diet, feed rations, medications, animal health and welfare practises, biosecurity practises and other matters pertaining to the feeding, maintaining, caring for and finishing of Hogs or relating to the marketing of hogs including past, present and future customers of Big Sky (all of which are herein referred to collectively as "**Trade Secrets**"), the disclosure of any of which Trade Secrets to competitors of Big Sky or to the general public, or the use of same by the Operator for any purposes other than in connection with its conduct of the Business hereunder would be highly detrimental to the interests of Big Sky. In acknowledgement thereof, the Operator hereby agrees that it shall not, and shall not suffer or permit any of its officers, directors, employees, agents or other representatives, or those who it has business dealings with to, directly or indirectly disclose to any person or in any way make use of, other than for the purposes of performing its obligations under this Agreement and the other Material Contracts, in any manner, any of the Trade Secrets, (except as may be required by

Applicable Law but only to the extent required by such Applicable Law) and provided that such Trade Secrets shall be deemed not to include information that was:

(a) known to the Operator, its officers, directors or employees prior to entering into this Agreement or negotiations pertaining to this Agreement;

(b) in the public domain at the time the Operator obtained the information, or subsequently entered the public domain through no fault of the Operator, its officers, directors, employees or other representatives; or

(c) disclosed to the Operator in good faith by a third party which had the right to make such disclosure free of any confidentiality agreements in favour of Big Sky.

6.13 Negative Covenants

Provided that no Event of Default has occurred and is subsisting in respect of Big Sky, the Operator shall not, except with the prior written consent of Big Sky:

(a) amend, modify or vary its Articles, bylaws or other constating documents;

(b) issue any shares (or other ownership interest) in its capital except as permitted or required by the Material Contracts;

(c) grant from its treasury, or permit to be granted, any options, warrants, securities convertible into or exchangeable for, or rights to subscribe for, purchase or otherwise acquire any shares (or other ownership interest) in its capital except as permitted or required by the Material Contracts;

(d) declare or pay any dividends on any of its shares, redeem or otherwise repurchase any of its shares, or make any other distribution to any of its shareholders except for the declaration and payment of First Preferential Dividends in accordance with its Articles;

(e) amalgamate with any other body corporate;

(f) enter into any partnership, joint venture or similar agreement or arrangement with any third party;

(g) carry on any business other than the Business as herein defined;

(h) use or permit to be used the Facilities, or any part thereof, for any purpose other than the conduct of the Business as contemplated by this Agreement and the other Materials Contracts;

(i) make any advances or loans to or any investment in, provide any guarantees on behalf of, or otherwise provide financial assistance to, any person or entity;

(j) suffer or permit any Encumbrance to be registered against or otherwise affect the Facilities, other than Permitted Encumbrances;

(k) sell, transfer or otherwise dispose of to any third party; nor suffer or permit the use or occupation by any third party; nor grant to any third party (or otherwise suffer or permit any third party to take, register or otherwise acquire) any mortgage, charge or other security interest in or to, the Facilities or any part thereof except in accordance with Section 7.1;

(l) do or permit to be done upon the Facilities or any part thereof anything which might reasonably be deemed to be a nuisance, annoyance, inconvenience or damage to the owners or occupiers of any neighbouring lands or premises, provided for greater certainty, that the carrying on of the Business in compliance with the Material Contracts shall not and is not considered to be a nuisance, annoyance or inconvenience for the purposes of this subsection; and

(m) do or permit to be done upon the Facilities, or any part thereof, any act or thing whereby any of the policies of insurance that the Operator is required to maintain hereunder may be rendered void or voidable by the insurers.

ARTICLE 7.0 - DISPOSITIONS AND MORTGAGES OF AND STRUCTURAL CHANGES TO THE FACILITIES

7.1 Permitted Dispositions and Mortgages

The Operator shall not, during the Term of its engagement hereunder: sell, assign, transfer or otherwise dispose of, lease or license to any third party or otherwise suffer or permit any third party to use or occupy; nor mortgage, charge, grant or otherwise Encumber (except by way of a Permitted Encumbrance) the Facilities or any part thereof, except with the prior written consent of Big Sky which consent may be withheld for any reason by Big Sky in its discretion, and except that, so long as the Operator is not then in default of any of its obligations under this Agreement or any other Material Contract, the Operator:

(a) may lease arable portions of the Lands not required for the Hog Operations to third parties pursuant to a Crop Lease, provided the form and substance of such Crop Lease shall have first been submitted by the Operator to Big Sky and Big Sky shall have granted its consent to such Crop Lease, which consent shall not be unreasonably withheld;

(b) may sell and transfer portions of the Lands not required for Hog Operations to third parties (a **"Proposed Purchaser"**), subject to compliance by the Operator with all Applicable Laws relating to the severance and subdivision of the Lands sold or proposed to be sold, and provided that Big Sky shall have consented to such sale and transfer, which consent shall not be unreasonably withheld provided that, if requested by Big Sky, the Proposed Purchaser shall have entered into an agreement with, and satisfactory to, Big Sky restricting the Proposed Purchaser (and its successors and assigns in title, or those claiming by, through or under the Proposed Purchaser or such successors and assigns in title) from using the Lands so sold and transferred in any manner, other than for the growing and harvesting of agricultural crops, which, in Big Sky's reasonable opinion, may interfere with the Hog Operations conducted hereunder on the remaining portions of the Lands retained by the Operator and/or may otherwise be injurious to the raising and finishing of Hogs on such retained Lands;

(c) shall sell and transfer the Facilities to Big Sky and/or its nominees if, as and when required pursuant to the Option Agreement; and

(d) may grant a mortgage of, or other security interest in, the Facilities or any part thereof (a **"Permitted Mortgage"**) to a *bona fide* lender or lenders (a **"Permitted Mortgagee"**) for the purpose of securing a loan or loans made by such Permitted Mortgagee to fund up to 75% of the purchase price of the Barns pursuant to the Asset Purchase Agreement (or to a subsequent *bona fide* lender or lenders to secure any loans made to refinance or otherwise in substitution or replacement for such purchase price financing) and the Operator may assign to Permitted Mortgagees, as collateral security to such Permitted Mortgage(s), this Contract Finishing Agreement and/or any other Material Contract, provided:

(i) prior to granting any Permitted Mortgage or assigning this Agreement or any other Material Contract, the Operator shall notify Big Sky in writing of its intention to do so, including providing the name and address of, and contact information with respect to, the proposed Permitted Mortgagee; and

(ii) if so requested by Big Sky, the Operator and the Permitted Mortgagee shall enter into a consent and acknowledgement agreement and/or non-disturbance agreement with and in a form acceptable to both Big Sky and the Senior Lenders acting reasonably.

7.2 Registration of Big Sky's Interests

The Operator expressly acknowledges and agrees that the rights of Big Sky hereunder (and the rights of the Senior Lenders claiming through Big Sky pursuant to the security granted or to be granted the Senior Lenders under or in connection with the Senior Credit Agreement), including, without limitation, Big Sky's rights to deliver to and/or store on and/or remove from the Facilities, Hogs, Feed, Supplies and Other Big Sky Property and its rights of access to the Facilities hereunder; together with the restrictions imposed by this Agreement as to the purposes for which the Facilities may be used and/or as to the transfer, mortgaging or other disposition or Encumbrancing of the Facilities, or any part thereof, are intended and shall be deemed to constitute an interest in the

Facilities which interest runs with title to the Facilities and shall bind the Owner and its successors in title, and that Big Sky (and the Senior Lenders) may register such interest against title to the Facilities pursuant to *The Land Titles Act, 2000* (Saskatchewan).

7.3 Structural Changes

Notwithstanding any other provision of this Agreement, and in acknowledgement of the representations and warranties of Big Sky in Section 4.9 of the Asset Purchase Agreement, in the event that major structural repairs, alterations or replacements are required for any Barn, beyond what would be considered reasonable wear and tear, including major repairs or alterations to or the replacement of the roof, roof trusses, load bearing walls, concrete flooring or the foundation of any Barn, the cost of such repairs, alterations or replacement shall be the responsibility of Big Sky unless Big Sky can demonstrate that the requirement for such major structural repairs, alterations or replacement resulted from a default by the Operator in its obligations hereunder.

In the event that the Parties are unable to mutually agree as to whether any particular repairs, alterations or replacements are required or, if required, whether they constitute "major structural" repairs, alterations or replacements, or as to whether the requirement therefor resulted from default by the Operator, all as contemplated aforesaid, either Party may submit the matter to arbitration in accordance with Article 9.0.

ARTICLE 8.0 - DEFAULT AND REMEDIES

8.1 Events of Default by Big Sky and Remedies of the Operator

The occurrence of any one of the following events shall constitute an Event of Default by Big Sky hereunder:

(a) if Big Sky defaults in the payment or advance of any monies required to be paid or advanced by Big Sky to the Operator, or if Big Sky otherwise defaults in the performance of any term, condition or covenant, in this Agreement or in any other Material Contract; or

(b) if any representation or warranty of Big Sky contained in this Agreement or any other Material Contract proves to be untrue in any material respect,

and, where an Event of Default has occurred with respect to Big Sky the Operator may sue Big Sky for damages and/or pursue such other rights or remedies as may be available to the Operator at law or in equity, provided that the Operator shall not terminate this Agreement or its engagement hereunder except as may be permitted by Section 8.2.

8.2 Termination by the Operator

Where an Event of Default with respect to Big Sky has occurred and is subsisting, and regardless of any action that may have been commenced by the Operator to enforce any of its rights or remedies hereunder pursuant to Section 8.1 hereof, the following additional provisions shall apply:

(a) where a material Event of Default has subsisted for 30 days or more, the Operator may deliver written notice (a "Notice of Default") to Big Sky:

(i) specifying the default (the "**Specific Default**") complained of;

(ii) requiring Big Sky to remedy the Specific Default within the period of time specified in the Notice of Default (the "**Curative Period**"), which Curative Period shall not, subject to subsection 8.2(c) hereof, in any event be less than 90 days from the date the Notice of Default is delivered; and

(iii) advising Big Sky that the Operator intends, or reserves the right, to terminate its engagement hereunder if the Specific Default is not cured on or prior to the expiry of the Curative Period or on or prior to the occurrence of an event specified in subsection 8.2(c),

and, if the Specific Default has not been cured by the expiry of such Curative Period (or by the time of the occurrence of any event specified in subsection 8.2(c)), the Operator may, at any time thereafter so long as the Specific Default remains subsisting, by further notice in writing to Big Sky (a "**Termination Notice**"), terminate its engagement hereunder and, thereafter, if either the Operator exercises its Put Option or Big Sky exercises its Call Option pursuant to the Option Agreement, complete and close the sale of the Facilities in accordance with the Option Agreement, but without prejudice to the rights or remedies of the Operator pursuant to Section 8.1 hereof;

(b) unless and until the Operator becomes entitled and elects to terminate its engagement hereunder in accordance with subsection 8.2(a), the Operator shall continue to observe and perform all of its obligations hereunder provided that if and to the extent that the Specific Default results in the Operator being prevented from performing, or unable to perform, all of its obligations hereunder, until such time as the Specific Default has been cured the Operator shall be relieved from performing (and shall be deemed not to be in default hereunder for failing to perform) its obligations hereunder, but only to the extent that such performance is prevented by, and/or to the extent the Operator is not reasonably able to perform such obligations, as a consequence of the Specific Default; and

(c) notwithstanding the foregoing provisions of this Section 8.2, where a Notice of Default has been delivered as contemplated by subsection 8.2(a), the Operator may terminate its engagement hereunder prior to the Specific Default being cured by Big Sky and/or prior to the expiry of the Curative Period if and where an event referred to in subsection 8.3(e), (f), (g) or (h) occurs.

8.3 Events of Default by the Operator

The occurrence of any one of the following events shall constitute an Event of Default by the Operator hereunder:

(a) if the Operator defaults in the performance of any material term, condition or covenant in this Agreement or in any other Material Contract and if, after Big Sky has delivered written notice (a "**Notice of Default**") to the Operator:

(i) specifying the default (the "**Specific Default**") complained of; and

(ii) requiring the Operator to remedy the Specific Default within the period of time specified in the Notice of Default (the "**Curative Period**"), which Curative Period shall not in any event be less than 30 days from the date the Notice of Default was delivered,

the Operator has failed to remedy the Specific Default by the expiry of the Curative Period;

(b) if any material representation or warranty of the Operator contained in this Agreement or any other Material Contract proves to be untrue in any material respect;

(c) if the Operator admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;

(d) except to the extent permitted by Big Sky in writing, if the Operator institutes any proceedings or takes any corporate action or executes any agreement to authorize its participation in or commencement of any proceeding:

(i) seeking to adjudicate it a bankrupt or insolvent;

(ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debts, or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) or any reorganization, arrangement or compromise of debt under the laws of the jurisdiction of incorporation of the Operator); or

(iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets or for any part of the Facilities;

(e) if any proceeding is commenced against or affecting the Operator:

(i) seeking to adjudicate it a bankrupt or insolvent;

(ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debts, or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) or any reorganization, arrangement or compromise of debt under the laws of the jurisdiction of incorporation of the Operator); or

(iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets or for any part of the Facilities,

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested remains outstanding, undismissed and unstayed for more than 30 days from the institution of such first mentioned proceeding provided, however, that notwithstanding that any such 30 day period shall not have elapsed, an Event of Default shall be deemed to have occurred if such proceeding remains outstanding and, after the date of commencement of such proceeding, the Operator does not satisfy a payroll obligation;

(f) if any creditor of the Operator or any other person shall privately appoint a receiver, trustee or similar official for any part of the Facilities, and such appointment is not being contested in good faith and by appropriate proceedings or, if so contested, such appointment continues for more than 30 days, provided, however, that notwithstanding that any such 30 day period shall not have elapsed, an Event of Default shall be deemed to have occurred if such appointment remains outstanding and, after the date of the making of such appointment, the Operator does not satisfy a payroll obligation;

(g) if any material execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any part of the Facilities;

(h) if the Operator defaults in the performance of any of its obligations under a Permitted Mortgage and the Permitted Mortgagee commences or threatens to commence foreclosure or other proceedings for the enforcement of its rights under the Permitted Mortgage or under any security collateral thereto; or

(i) if the Operator ceases or threatens to cease to carry on business.

8.4 **Remedies of Big Sky**

Where an Event of Default has occurred with respect to the Operator, Big Sky may:

(a) on notice to the Operator in writing, terminate the Operator's engagement hereunder and, thereafter, if either Big Sky exercises its Call Option or the Operator exercises its Put Option pursuant to the Option Agreement, complete and close the purchase of the Facilities in accordance with the Option Agreement, but without prejudice to the rights or remedies of Big Sky pursuant to the following subsections of this Section 8.4;

(b) where an Event of Default has occurred, or would occur if not remedied within the applicable Curative Period (a **"Pending Event of Default"**), consisting of the failure by the Operator to pay any expense or do or cause to be done any act or thing that the Operator is required to pay or do or cause to be done pursuant to any provision of this Agreement or any other Material Contract, Big Sky may, but shall not be obliged, to pay such expense or do or cause to be done such act or thing, or such additional or alternative acts or things as may reasonably be necessary to cure the Event of Default or Pending Event of Default and all costs and expenses reasonably incurred by Big Sky for such purpose, together with an administrative charge of up to 12% of such costs and expenses, shall be payable by the Operator to Big Sky on demand and all such costs, expenses and administrative charges shall bear interest against the Operator at the rate of 12% per annum from the date of demand until paid in full and, without limiting any other rights or remedies that Big Sky may have for the enforcement or collection of such payment, all or any part of such costs, expenses, administrative charges and interest thereon may be setoff by Big Sky against any monies from time to time otherwise payable by Big Sky to the Operator under this Agreement or under any other Material Contract;

(c) without limiting the generality of subsection 8.4(b), or any other rights of Big Sky under this Agreement, and whether or not Big Sky terminates the Operator's engagement hereunder, Big Sky may enter into and maintain possession of the Facilities, or any part thereof (with the right to exclude the Operator and any officers, employees, agents or other representatives of the Operator from possession) for the purposes of feeding, caring for, maintaining and finishing the Hogs in such Facilities, or parts thereof, and/or carry on all or any part of the Operator's Business, or otherwise remedy or attempt to remedy any default of the Operator hereunder, provided always that the exercise of any such rights or powers shall not render Big Sky a mortgagee in possession and Big Sky shall not thereby be responsible or liable for any debts or obligations of the Operator howsoever and to whomsoever incurred, save and except for such debts and obligations as Big Sky may expressly agree to assume and/or be responsible for; and/or

(d) sue the Operator for damages and/or pursue such other rights or remedies as may be available to Big Sky at law or in equity, it being specifically acknowledged by the Operator, however, that a breach by the Operator of the provisions of this Agreement may not be adequately compensated for by damages. Therefore, without restricting any other rights or remedies that Big Sky may assert or be entitled to, Big Sky shall be entitled to, and the Operator hereby consents to, the granting of an order of specific performance, injunction or like order to compel the performance of the Operator's obligations hereunder and/or to enjoin the breach of any of the Operator's covenants, obligations or agreements hereunder.

ARTICLE 9.0 - DISPUTE SETTLEMENT

9.1 Arbitrable Matters

In the event that there is a dispute or disagreement between the Parties as to:

(a) the amount or calculation of any adjustment to the Base Fee pursuant to Section 3.3, 3.4, 3.5 or 3.6;

(b) the amount or manner of any Administrative Adjustment pursuant to Section 3.7;

(c) the amount of any Stated Capital Deficiency as contemplated by Section 4.4;

(d) a matter referred to in Section 7.3;

(e) as to whether an Event of Default by either the Operator or Big Sky constitutes a "material" default entitling the other Party to terminate the Operator's engagement hereunder; or

(f) any other matter in respect of which the Parties have herein, or in any other Material Contract, agreed or may hereafter agree should be settled by arbitration in accordance with this Article 9.0,

(each of the foregoing being referred to in this Article 9.0 as an "**Arbitrable Matter**"), and following negotiation the Parties have not been able to settle such dispute or disagreement within the time limits specified herein for such settlement, either Party may refer the matter to arbitration in accordance with the provisions of this Article 9.0 and, where a matter is so referred, such referral shall constitute a submission for the purposes of *The Arbitration Act, 1992* (Saskatchewan).

9.2 Commencement

The arbitration of an Arbitrable Matter may be commenced by either Party (the "**Applicant**") delivering to the other Party (the "**Respondent**") written notice (collectively a "**Referral**") containing:

(a) a brief description of the matter to be arbitrated (the "**Matter**");

(b) the name of up to three individuals proposed to arbitrate the Matter (the "**Applicant's Nominees**"), each of whom shall have confirmed to the Applicant his or her willingness and availability to hear the Matter at the times contemplated in the Referral;

(c) the proposed date or dates on which, and place at which, the arbitration is to be held (the "**Hearing**") which, unless otherwise expressly agreed to by the Respondent, shall be a date or dates commencing not less than 21 days nor more than 40 days following the delivery of the Referral and shall be at a place in the City of Saskatoon, Saskatchewan;

(d) a written statement about the Matter setting forth, with sufficient particularity to allow the Respondent to make a reasonable response, the Applicant's position on the Matter (the "**Applicant's Position**") including: a summary of any material facts upon which the Applicant intends to rely at the Hearing; the names of any witnesses that the Applicant intends to call at the Hearing; and any other information concerning the Matter that the Applicant considers relevant; and

(e) where the Matter is a matter described in subsection 9.1(a), the Applicant's position, as applicable, as to the appropriate adjustment to the Base Fee (the "**Applicant's Final Offer**").

9.3 **Response**

Within 10 days (or within such greater period of time as may be permitted by the Applicant) of the Respondent's receipt of the Referral, the Respondent may deliver to the Applicant written notice (collectively the "**Response**") containing all or any portion of the following:

(a) notice that it accepts or rejects the Applicant's Position and/or, if applicable, the Applicant's Final Offer;

(b) a statement as to which one of the Applicant's Nominees for arbitrator, if any, the Respondent accepts (who shall then be the arbitrator for the purposes of the Hearing) or a statement to the effect that the Respondent rejects all of the Applicant's Nominees, in which case the Respondent shall name three individuals that it proposes to arbitrate the Matter (the "**Respondent's Nominees**"), each of whom shall have confirmed to the Respondent his or her willingness and availability to hear the Matter at the times contemplated in the Referral;

(c) a written statement setting forth with sufficient particularity the Respondent's position with respect to the Matter together with any material facts on which the Respondent intends to rely at the Hearing including: the names of any witnesses that the Respondent intends to call at the Hearing; and any other information that the Respondent considers relevant or material to the Matter; and

(d) where the Matter is a matter described in subsection 9.1(a), the Respondent's position, as applicable, as to the appropriate adjustment to the Base Fee (the "**Respondent's Final Offer**").

9.4 **Acceptance or Failure to Respond**

If within 10 days (or within such greater period of time as may be permitted by the Applicant) of the Respondent's receipt of the Referral, the Respondent delivers a Response in which it accepts the Applicant's Position and/or, if applicable, the Applicant's Final Offer, or if the Respondent fails to deliver a Response, in which case it shall be deemed to have accepted the Applicant's Position and/or, if applicable, the Applicant's Final Offer, and in either of which cases the arbitration proceedings with respect to that Matter hereunder shall, without further formality, thereupon be terminated and this Agreement shall be amended in accordance with the Applicant's Position and/or, if applicable, the Applicant's Final Offer.

9.5 **Finalization of Arbitrator**

If within 10 days (or within such greater period of time as may be permitted by the Applicant) of the Respondent's receipt of the Referral, the Respondent delivers a Response rejecting all of the Applicant's Nominees as arbitrators and naming three individuals as the Respondent's Nominees as arbitrators, as contemplated by subsection 9.3(b), the Applicant shall, within 10 days (or within such greater period of time as may be permitted by the Respondent) of the Applicant's receipt of the Response, either:

(a) notify the Respondent in writing as to which one, if any, of the Respondent's Nominees are acceptable to the Applicant, in which case the Respondent's Nominee so named shall be the arbitrator for the Matter; or

(b) make application, pursuant to *The Arbitration Act, 1992*, to the Court of Queen's Bench in the Judicial Centre of Saskatoon for the appointment of an arbitrator, requesting therein that the Court select such arbitrator from amongst either the Applicant's Nominees or the Respondent's Nominees, it being the intent, however, that such request shall not preclude the Court from naming another individual as arbitrator where in the opinion of the Court it is appropriate to do so, and, in which case, the arbitrator so appointed by the Court shall be the arbitrator for the Matter.

9.6 **Time and Place of Hearing**

Once an arbitrator (the "**Arbitrator**") has been determined in accordance with the foregoing provisions of this Article, unless the Parties and the Arbitrator mutually agree otherwise, the Hearing shall commence at the date and place set forth in the Referral, provided that where the Arbitrator has been appointed by the Court as contemplated by subsection 9.5(b), the Hearing may,

ARTICLE 10.0 - GENERAL AND MISCELLANEOUS

10.1 Further Assurances

Each Party shall promptly execute and deliver all such additional documents, consents and other assurances and do all such other acts and things as the other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or any of the Parties' respective obligations hereunder.

10.2 Survival of Representations, Warranties, Covenants and Agreements

The parties acknowledge and agree that the representations, warranties, covenants and agreements of each of the parties hereto contained in this Agreement shall continue for so long as this Agreement remains in effect and for a period of two years following the termination of this Agreement.

10.3 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile, electronic mail or other form of electronic transmission or sent by first-class mail, charges prepaid, addressed as follows:

(i) if to Big Sky:

905 - 5th Avenue
PO Box 610
Humboldt SK S0K 2A0
Attention: Michael Deutscher
Phone: (306) 682-5168
Fax: (306) 682-2750
E-mail: mdeutscher@bigsky.sk.ca

(ii) if to the Operator:

c/o Beckton Financial Consulting Corp.
400 - 410 - 22nd Street East
Saskatoon SK S7K 5T6
Phone: (306) 934-3020
Fax: (306) 652-6665
E-mail: beckton.ag@sk.sympatico.ca

(b) any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day or is after 4:00 p.m. on a Business Day, on the next following Business Day) or, if mailed, on the fifth Business Day following the date of mailing, provided, however, that if at the time of mailing or within five Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered in person or transmitted by facsimile, electronic mail or other form of electronic transmission as aforesaid;

(c) any Party may at any time change its address for service by giving notice to the other Party in accordance with this Section 10.3.

10.4 **Counterparts and Facsimile**

This Agreement and/or any amendments thereto may be executed in any number of counterparts and by different Parties in separate counterparts, each of which counterparts when so executed shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Any Party may execute and deliver this Agreement and/or any amendments hereto by facsimile or by electronic mail or other form of electronic transmission and a document delivered by any Party by electronic mail or other form of electronic transmission that bears a notation that it was signed by or on behalf of that Party shall be deemed for all purposes to have been validly executed and delivered by such Party.

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

BIG SKY FARMS INC.

Per: ______________________
Florian Possberg - President and Chief Executive Officer

Per: ______________________
Michael Deutscher - Chief Financial Officer

BIG SKY FINISHERS (NO. 1) INC.

Per: ______________________
John Beckton - President and Chief Executive Officer

Per: ______________________
Lorianne Baris - Chief Financial Officer

OPTION AGREEMENT

Made as of the 16th day of May, A.D. 2003.

BETWEEN:

BIG SKY FARMS INC., a body corporate pursuant to the laws of the Province of Saskatchewan, with office in Humboldt, Saskatchewan

("Big Sky")

OF THE FIRST PART

- and -

BIG SKY FINISHERS (NO. 1) INC., a body corporate pursuant to the laws of the Province of Saskatchewan, with office in Saskatoon, Saskatchewan

(the "Owner")

OF THE SECOND PART

WHEREAS the Parties enter into this Agreement for the purpose of providing the terms and conditions upon which the Owner may be entitled or required to sell to Big Sky, and Big Sky may be required or entitled to purchase from the Owner, the Barns (as hereafter defined).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties agree as follows:

ARTICLE 1.0 - INTERPRETATION

1.1 Defined terms

For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Agreement**" means this agreement and all documents, instruments and certificates delivered by a Party pursuant to the terms hereof and all amendments made by written agreement of the Parties; and the terms "**hereof**", "**hereunder**" and similar expressions refer to this agreement, and not to any particular Article, Section or other portion of the Agreement and references to Articles, Sections, subsections or paragraphs are to Articles, Sections, subsections or paragraphs of this agreement;

THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF JOHN BECKTON SWORN BEFORE ME AT THE CITY OF SASKATOON, SASKATCHEWAN, THIS 18th DAY OF FEBRUARY, 2010.

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF SASKATCHEWAN ~~MY COMMISSION EXPIRES~~ OR BEING A SOLICITOR

"**Applicable Laws**" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and, for greater certainty, includes all orders, directives and decisions rendered by, and all policies, instructions and guidelines of any Governmental Authority, and any obligations or requirements arising under common law, legally enforceable, in each case, against or with respect to a person or the Barns;

"**Barn #1**", "**Barn #2**" and "**Barn #3**", respectively, mean:

(a) the bare lands legally described, respectively, as follows:

(i) Surface Parcel #108475454
Reference Land Description: SE Sec 18 Twp 08 Rge 22 W2
Extension 0
As described on Certificate of Title 00SE21467
("**Barn #1**");

(ii) Surface Parcel #108475230
Reference Land Description: NW Sec 11 Twp 08 Rge 22 W2
Extension 1
As described on Certificate of Title 00SE21468

and Surface Parcel #108461000
Reference Land Description: NW Sec 11 Twp 08 Rge 22 W2
Extension 2
As described on Certificate of Title 00SE21468
("**Barn #2**");

(iii) Surface Parcel #143031631
Reference Land Description: SE Sec 12 Twp 33 Rge 07 W2
Extension 0
As described on Certificate of Title 00Y07197
("**Barn #3**")

(the "**Lands**");and

(b) all buildings located on each of the said Lands, respectively, including, in particular, the 12,000 hog space finishing barn on each of the Lands (for a total of three finishing barns on the Lands) and all other buildings, waste storage lagoons and other improvements located on or about such Lands including: all hog slats; hog pens and penning materials and structures; fencing; feeding and/or watering systems and controls; plumbing equipment, systems and controls; heating, ventilating and/or air-conditioning equipment, systems and controls; scales; power washers, washers and dryers; and all other fixtures located on or affixed to the Lands or any of the foregoing buildings or improvements as of the Commencement Date (as that term is defined in the Contract Finishing Agreement), as the same, or any parts thereof, may thereafter be altered, renovated, repaired or replaced in accordance with the provisions of the Contract Finishing Agreement from time to time and together with all other buildings, improvements, additions or fixtures constructed or placed on or otherwise made to the relevant Lands during the term of the Owner's engagement under the Contract Finishing Agreement, and in existence as of the Closing Date hereunder (the "**Buildings**"); and

(c) all equipment of the Owner located in, on or about the said Lands or Buildings as of the Closing Date (the "**Equipment**"),

and "**Barn**" means any one of such Barns and the Lands, Buildings and Equipment included therewith;

"**Book Value**" has the meaning and shall be calculated in the manner set forth in Article 3.0;

"**Business**" means:

(a) the carrying on, on or in the respective Barns, of hog finishing operations by the Owner in accordance with the provisions of the Contract Finishing Agreement prior to the Closing Date, and after the Closing Date the carrying on, on or in the respective Barns, of hog finishing operations by Big Sky or its nominee (the "**Hog Operations**"); and

(b) (i) the growing and harvesting of agricultural crops by the Owner prior to the Closing Date or by Big Sky or its nominee after the Closing Date or, pursuant to a Crop Lease, by third parties; and/or

(ii) the disposal of manure produced by the Hog Operations,

on those arable portions of the Lands that are not used or required for the Hog Operations;

"**Business Day**" means any day except Saturday, Sunday or any statutory holiday in the Province of Saskatchewan;

"**Closing Date**" has the meaning given such term in Section 2.5;

"**Contract**" means any agreement of any nature or kind whatsoever written or verbal;

"**Crop Lease**" means any lease, licence, tenancy agreement or similar agreement or arrangement, whether written or verbal, between the Owner and any third party permitting arable portions of the Lands that are not used or required for Hog Operations to be used by such third party for the growing and harvesting of agricultural crops;

"**Encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing;

"**ETA**" means Part IX of the *Excise Tax Act* (Canada), as amended from time to time;

"**GAAP**" means the generally accepted accounting principles recommended by the Canadian Institute of Chartered Accountants as set forth in the "CICA Handbook";

"**Governmental Authority**" means any government, regulatory authority, agency, ministry, tribunal, department, commission, board, minister, director, governor, municipality or court, or other law, regulation or rule-making entity;

"**GST**" means all taxes payable under the ETA or under any federal legislation similar to the ETA;

"**Material Contract**" means any one of the following agreements made between the Parties and "**Material Contracts**" means all of the following agreements collectively:

(a) the asset purchase agreements dated for reference January 14, 2003 (the "**Asset Purchase Agreement**");

(b) the contract finishing agreement made concurrently with this Option Agreement (the "**Contract Finishing Agreement**");

(c) the indemnity agreement made concurrently with this Option Agreement (the "**Indemnity Agreement**"); and

(d) this Option Agreement,

as such Material Contracts or any of them may be amended, supplemented or modified from time to time;

"**Option**" means either a Put Option or Call Option, as those terms are defined in Article 2.0;

"**Permitted Encumbrances**" means, with respect to each Barn:

(a) servitudes, easements, restrictions, rights-of-way and other similar rights, provided the same are not of such nature as to materially adversely affect the use of the Barn in the operation of the Business;

(b) liens for taxes either not due and payable or due but for which notice of assessment has not been given;

(c) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations and/or Encumbrances of any nature whatsoever claimed or held by any Governmental Authority that have not at the time been filed or registered against title or that relate to obligations that are not due or delinquent;

(d) security given in the ordinary course of the Business to any utility supplier or Governmental Authority in connection with the operation of such Business, other than security for borrowed money;

(e) the reservations in any original grants from the Crown or interest therein and statutory exceptions to title that do not materially detract from the value of the Barn or materially impair its use in the Business;

(f) Crop Leases, approved by Big Sky as contemplated by the Contract Finishing Agreement; or

(g) any other Encumbrances expressly permitted by this Agreement or otherwise mutually agreed upon by Big Sky and the Operator;

"**Parties**" means Big Sky and the Operator and their respective successors and permitted assigns;

"**PST**" means all taxes payable under *The Provincial Sales Tax Act* (Saskatchewan) or under any provincial legislation similar to *The Provincial Sales Tax Act* (Saskatchewan);

"**Purchase Price**" means the purchase price for the respective Barns calculated in accordance with Article 3.0;

"**Senior Credit Agreement**" means the Amended and Restated Credit Agreement made as of June 26, 2002, as amended by a First Amending Agreement and Consent made as of September 16, 2002, between Big Sky, Drycast Systems Inc. and the Senior Lenders, and as further amended by a memorandum to Big Sky dated November 8, 2002 and by a Second Amending Agreement made as of 13 December, 2002, pertaining to certain credit facilities provided by such Senior Lenders to Big

Sky, as the same may from time to time be further amended, supplemented, restated or replaced;

"**Senior Lenders**" means the Bank of Nova Scotia, as Administrative Agent under the Senior Credit Agreement and the Lenders as defined in the Senior Credit Agreement and any future lenders to Big Sky, and agents thereof, should the Senior Credit Agreement be replaced at any time;

1.2 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

1.3 Sections and Headings

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.4 Number, Gender and Persons

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

1.5 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such Province and all courts competent to hear appeals therefrom.

1.6 Entire Agreement

This Option Agreement, together with the other Material Contracts, contains the entire agreement between the Parties related to the subject matter hereof and it is admitted so that they shall be forever estopped from asserting to the contrary and, except as contained in another Material Contract, there is no condition precedent or warranty of any nature whatsoever and no collateral warranty or covenant whatsoever to the within Agreement.

1.7 **Severability**

The provisions of this Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate Article, Section and subsection hereof. Should any provision or provisions of this Agreement be illegal or unenforceable, it or they shall be considered separate and severable from the rest of this Agreement, and the remaining provisions shall remain in force and be binding upon the Parties hereto as though the said provision or provisions had never been included.

1.8 **Accounting Terms**

All accounting terms not otherwise defined have the meanings ordinarily assigned to them pursuant to GAAP and all computations made pursuant to this Agreement shall be made in accordance with GAAP consistently applied.

1.9 **Statutes**

Except where otherwise expressly set forth herein, any reference herein to a statute includes a reference to such statute and its regulations, with all amendments 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 or regulation so referred to.

1.10 **Successors and Assigns**

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective successors and assigns, provided that, except as permitted by Article 7.0 of the Contract Finishing Agreement, the Owner shall not assign any of its rights or obligations hereunder without the prior written consent of Big Sky, and further provided that, without limiting the generality of Big Sky's right to assign this Agreement in whole or in part as it sees fit, the Owner expressly acknowledges and agrees that Big Sky may assign this Agreement to the Senior Lenders as collateral security for its obligations under the Senior Credit Agreement.

ARTICLE 2.0 - PUT AND CALL OPTIONS

2.1 **Grant of Options**

On and subject to the terms and conditions of this Agreement:

(a) Big Sky hereby grants to the Owner the irrevocable options (each a "**Put Option**") to sell each or any of the Barns to Big Sky; and

(b) the Owner hereby grants to Big Sky the irrevocable options (each a "**Call Option**") to purchase each or any of the Barns from the Owner, free and clear of all Encumbrances, save and except Permitted Encumbrances, at and for the Purchase Price.

2.2 Time of Exercise of Options

A Put Option or a Call Option, as applicable, may be exercised at the following times:

(a) if the Owner becomes entitled and elects to terminate its engagement under the Contract Finishing Agreement in accordance with Section 8.2 of the Contract Finishing Agreement, or if Big Sky becomes entitled and elects to terminate the Owner's engagement under the Contract Finishing Agreement in accordance with Section 8.4 of the Contract Finishing Agreement, the Party terminating the engagement (the "**Initiating Party**") may exercise its Option at any time on or prior to the date that the Owner's engagement is to be terminated (the "**Termination Date**"), failing which the other Party (the "**Other Party**") may exercise its Option at any time prior to or within six months following the Termination Date;

(b) the Owner may additionally exercise a Put Option at any time after June 30, 2009 but, subject to subsection 2.2(c), not later than June 30, 2017; and

(c) the Owner may exercise a Put Option, or Big Sky may exercise a Call Option, at any time after June 30, 2017 but not later than May 31, 2018

(each of the periods referred to in subsections (a), (b) and (c) above during which a Call Option or Put Option may be exercised, being herein referred to as an "**Option Period**").

2.3 Manner of Exercise of Options

During any applicable Option Period, the Put Option may be exercised by the Owner delivering notice in writing to Big Sky and/or the Call Option may be exercised by Big Sky delivering notice in writing to the Owner (either of such notices being herein referred to as an "**Option Notice**"), that it is exercising its Put Option or Call Option (as the case may be), which Option Notice shall, in the event of exercise pursuant to either subsection 2.2(a) or (b) hereof, include notice as to the proposed closing date of the resulting sale and purchase of the Barn(s), which proposed closing date shall not, except with the consent of the Other Party:

(a) in the event of exercise pursuant to subsection 2.2(a):

(i) be earlier than the Termination Date; or

(ii) be later than the later of the Termination Date or the 90th day following delivery of the Option Notice; and

(b) in the event of exercise pursuant to subsection 2.2(b), be earlier than one year following the delivery of the Option Notice.

2.4 Effect of Exercise

The delivery, in accordance with Section 2.3, of an Option Notice:

(a) by the Owner shall constitute exercise of a Put Option; or

(b) by Big Sky shall constitute exercise of a Call Option,

and upon such delivery of an Option Notice by either the Owner or Big Sky, the Owner shall, and shall be deemed to, have irrevocably agreed to sell the Barn(s) that are the subject of such Option Notice to Big Sky and Big Sky shall, and shall be deemed to, have irrevocably agreed to purchase such Barn(s) from the Owner, in accordance with the provisions of this Agreement.

2.5 Closing Date

Where either the Put Option or the Call Option is exercised in accordance with the foregoing provisions of this Article 2.0, closing of the sale and purchase of the applicable Barn(s) shall, unless otherwise agreed to by the Parties, occur:

(a) in the event of exercise pursuant to subsections 2.2(a) or (b), on the proposed closing date as set forth in the Option Notice or such other date as is applicable in the circumstances pursuant to Section 2.3; and

(b) in the event of exercise pursuant to subsection 2.2(c), on June 30, 2018

(any of such dates, as applicable, being herein referred to as a "**Closing Date**").

2.6 Closing

On or prior to each respective Closing Date for the purchase and sale of a Barn hereunder:

(a) the Owner shall:

(i) take such actions as are reasonably required to permit the Barn, including the Lands and Buildings comprised therein, to be duly and validly transferred to and registered in the name of Big Sky and/or its nominees free and clear of all Encumbrances other than Permitted Encumbrances;

(ii) deliver to Big Sky all transfers, authorizations, bills of sale, assignments and other documents required to effectively sell, assign and transfer all of the Equipment included with the Barn to Big Sky and/or its nominees free and clear of all Encumbrances other than Permitted Encumbrances;

(iii) deliver to Big Sky an assignment and assumption of any Crop Lease that is subsisting as of the Closing Date;

(iv) deliver to Big Sky and/or its nominees a certificate executed by two senior officers or directors of the Owner to the effect that, except as may be waived by Big Sky in its discretion, each of the Owner's representations and warranties in this Agreement are true and correct in all material respects as of the Closing Date as if made on the Closing Date and that the Owner has complied with each of its covenants in this Agreement;

(v) deliver to Big Sky certified copies of resolutions of the board of directors of the Owner and, if applicable, the shareholders of the Owner authorizing and approving the sale, assignment and transfer of the Barn from the Owner to Big Sky and/or its nominee hereunder; and

(vi) deliver possession of the Barn to Big Sky and/or its nominees which, subject only to Permitted Encumbrances, shall be vacant possession.

(b) Big Sky shall:

(i) deliver to the Owner a certificate executed by two senior officers of Big Sky to the effect that, except as may be waived by the Owner in its discretion, each of Big Sky's representations and warranties in this Agreement are true and correct in all material respects as of the Closing Date as if made on the Closing Date and that Big Sky has complied with each of its covenants in this Agreement;

(ii) deliver to the Owner a statement of adjustments setting forth the manner, as described in Article 3.0, in which the Purchase Price and any adjustments to the Purchase Price was calculated;

(iii) execute and deliver, if applicable, the assignment and assumption of Crop Lease referred to in paragraph 2.6(a)(iii) hereof; and

(iv) pay to the Owner, or to its solicitors in trust for the Owner, the Purchase Price, as adjusted, in accordance with Article 3.0, by certified cheque, solicitor's trust cheque or bank draft;

(c) the Owner shall provide to Big Sky a list of the names of all employees of the Owner who at the Closing Date are or will be employed in the Barn (the "**Assumed Employees**"), specifying their respective length of service, age, title and rate of salary, wages or other compensation together with particulars as to any other benefits applicable to such employees and any other information that is or reasonably may be material to their employment. Unless otherwise agreed by the Owner and Big Sky with respect to such Assumed Employees, the Owner shall terminate their employment with the Owner effective as of the Closing Date and Big Sky shall offer employment to all such employees effective as of the Closing Date on terms and conditions which are substantially the same as the terms and conditions applicable to their employment by the Owner as of the Closing Date. The Owner shall be responsible for all wages and/or salaries and associated payroll costs of Assumed Employees up to the Closing Date and Big Sky shall be responsible for such wages and/or salaries and payroll costs from and after the Closing Date; and

(d) the Owner and/or Big Sky and/or Big Sky's nominee shall additionally execute and deliver to and in favour of the other and/or to and in favour of such third parties as may be necessary in the circumstances, such additional documents, certificates, opinions of counsel, assurances and agreements as may be necessary or reasonably desirable to complete the purchase and sale of the Barn in accordance with the terms and intent of this Agreement.

2.7 **Failure to Exercise**

If either the Owner should fail to exercise the Put Option, or Big Sky should fail to exercise the Call Option, in the manner and within the applicable Option Period described in the foregoing provisions of this Article 2.0, the Put Option or Call Option, as applicable, shall at the expiration of the relevant Option Period immediately lapse and terminate without further notice by or to either party; provided, for greater certainty, the provisions of subsection 2.2(a) shall apply to any and all Events of Default by Big Sky or by the Owner, respectively, under the Contract Finishing Agreement pursuant to which the Owner or Big Sky, as applicable, becomes entitled, in accordance with the provisions of the Contract Finishing Agreement, to terminate the Owner's engagement thereunder, and the failure by either the Owner or Big Sky to give a Notice of Default and/or terminate the Owner's engagement under the Contract Finishing Agreement with respect to any Specific Default (as that term is defined in the Contract Finishing Agreement) or to exercise its Put Option or Call Option in the event that it becomes entitled to, but does not elect to, terminate the Owner's engagement under the Contract Finishing Agreement, shall not prejudice or prevent the Owner or Big Sky, as applicable, from subsequently exercising its Option pursuant to subsection 2.2(a) with respect to the same Specific Default if that Specific Default is a continuing default or with respect to any other Specific Default.

Where all Call Options lapse and terminate as aforesaid, all interest of Big Sky in the Barns pursuant to the Call Options shall thereupon cease and be at an end and the Owner shall thereafter enjoy and hold the Barn(s) free and clear of any claim by Big Sky under the Call Options and Big Sky shall thereupon forthwith discharge any interest or other Encumbrance it may have registered against the Barns to protect its Call Option and, if Big Sky fails to do so in a reasonable time, the Owner may apply to have such Encumbrance discharged and seek full indemnification from Big Sky for the costs of doing so.

Where all Put Options lapse and terminate as aforesaid, all right of the Owner to require Big Sky to purchase the Barn(s) pursuant to the Put Rights shall thereupon cease and be at an end and the Owner shall not be entitled, and Big Sky shall not be obliged, to purchase the Barns or any part thereof.

ARTICLE 3.0 - PURCHASE PRICE

3.1 Calculation of Purchase Price

The Purchase Price for each Barn shall be the book value of the Barn as of the applicable Closing Date (the "**Book Value**") which Book Value shall, except as otherwise expressly required or permitted pursuant to this Article 3.0, be determined in accordance with GAAP and which Book Value is the Parties' best estimate, at this time, as to what the fair market value of the respective Barns will be as at the applicable Closing Dates.

3.2 Depreciation

Unless otherwise mutually agreed upon by the Owner and Big Sky, for the purposes of determining the Purchase Price of the respective Barns hereunder, the Barns and all capital items included in such Barns shall be depreciated for accounting purposes in accordance with GAAP using the straight-line method over the useful life of the assets, it being acknowledged that, considering that the cost of each Barn to the Owner pursuant to the Asset Purchase Agreement was $3,550,000, applying such depreciation rates would result in a Book Value for each Barn (including the land component thereof, but without accounting for future additions or dispositions of capital items) as of June 30, 2018 of $900,000.

3.3 Exceptions

Notwithstanding the foregoing provisions of this Article 3.0:

(a) if it is determined that in accordance with GAAP any portion of the $3,550,000 purchase price for the respective Barns under the Asset Purchase Agreement ought to be allocated for accounting purposes in the Owner's financial statements as something other than capital assets, such allocation shall be ignored for the purposes of determining the Purchase Price hereunder and the full $3,550,000 shall be included in the Owner's initial cost of the Barns and thereafter depreciated in accordance with Section 3.2;

(b) if any capital additions are made to the Barns after the respective dates on which the Barns are purchased by the Owner pursuant to the Asset Purchase Agreement, no adjustment shall be made to the Book Value to the extent that such capital additions were paid for by Big Sky, provided that, in such event, no amount shall be deducted from, or charges made against, the Book Value of the Barn in respect of any capital items that may have become redundant or whose value may otherwise have been reduced on the books of the Owner as a result of such addition, except to the extent that the Owner actually receives value for such reductions;

(c) if any capital items are disposed of by the Owner for proceeds in excess of their Book Value at the time of disposition, the Book Value of the Barns shall be reduced by the amount of such excess; and

(d) if as a result of the alteration, repair or addition of any capital items that are funded by the proceeds of insurance the Book Value of a Barn would be increased beyond what its Book Value would have been had the event resulting in such insurance being paid not occurred, the Book Value will, for the purposes of determining the Purchase Price hereunder, be increased only by one-half of the amount of such excess.

3.4 Outstanding Contractual Obligations

There shall be added to or deducted from the Purchase Price otherwise payable as calculated in accordance with the foregoing provisions of this Article 3.0, an amount equal to all Finishing Fees or other amounts due or accruing due as of the Closing Date to the Owner pursuant to the Contract Finishing Agreement, net of all amounts, if any, due or accruing due by the Owner to Big Sky under the Contract Finishing Agreement.

3.5 Other Adjustments

All revenues and expenses relative to the respective Barns, including property taxes, utilities, insurance, wages and/or salaries and associated payroll costs, interest and principal under the Permitted Mortgages and other items that are normally the subject of adjustment in commercial real estate transactions shall be adjusted for as of the Closing Date with the net amount of such adjustments added to or deducted from the Purchase Price for each of the respective Barns.

3.6 GST and PST

Big Sky shall at each Closing Date pay to the Owner, if applicable, any and all GST and PST, provided, in this regard, each of the Owner and Big Sky represent and warrant that they are, and will be as of such Closing Dates, a registrant under the *ETA* and each shall complete such tax election and waiver forms as may be necessary or reasonably desirable to permit waiver of collection and payment of GST at the Closing Dates of the respective transactions of purchase and sale hereunder.

3.7 Dispute Resolution

In the event that there is a dispute or disagreement between the Parties as to the calculation of the Purchase Price of any Barn, or as to the appropriate adjustments to be made to such Purchase Price, either Party may refer the matter to arbitration in accordance with Article 9.0 of the Contract Finishing Agreement.

ARTICLE 4.0 - REPRESENTATIONS AND WARRANTIES

Each of the Owner and Big Sky represent and warrant to the other as set forth in Sections 4.1 to 4.5 inclusive hereof, as representations and warranties that are now true and shall be true as of the respective Closing Dates for the purchase and sale of each Barn hereunder, and each acknowledges and confirms that the other is relying on such representations and warranties in connection with its decision to enter into this Agreement and shall be relying on such representations and warranties in connection with the purchase and sale of the Barns hereunder:

4.1 Organization

It is duly incorporated and organized and validly subsisting as a corporation under the laws of the Province of Saskatchewan and it has the power to own or lease its property, to carry on the business now being conducted by it and/or to be conducted by it as contemplated by the Material Contracts, and to enter into this Agreement and perform its obligations hereunder.

4.2 Authorization

This Agreement has been duly authorized, executed and delivered by the Party and is a legal, valid and binding obligation of such Party, enforceable against such Party by the other Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

4.3 No Violation

The execution and delivery of this Agreement by the respective Parties and the closing and completion of the respective purchase and sale transactions hereunder will not result in either:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligations of such Party under:

(i) any Contract to which such Party is a party or by which it or any of its properties are bound;

(ii) any provision of the articles, bylaws or other constating documents of the Party or any resolution of the board of directors or shareholders of such Party;

(iii) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Party or any of the Barns;

(iv) any licence, permit, approval, consent or authorization held by such Party or necessary to the ownership and/or operation of the Barns by either the Owner or Big Sky as contemplated hereunder; or

(v) any Applicable Law; or

(b) the creation or imposition of any Encumbrance on any of the Barns, other than Permitted Encumbrances.

4.4 Consents and Approval

There is no requirement and shall be no requirement for the Party to make any filings with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of any Governmental Authority as a condition to the lawful closing of the respective transactions of purchase and sale of the Barns contemplated by this Agreement and there is and shall be no requirement under any Contract to which such Party is a party or by which it or any of the Barns are bound to give notice to, or to obtain the consent or approval of, any party to such Contract, except for such consents and approvals as shall have been obtained on or prior to the applicable Closing Date.

4.5 Residency

It is and shall be a resident of Canada.

4.6 Survival of Representations, Warranties and Agreements

To the extent that they have not been fully performed at or prior to the applicable Closing Date, the representations, warranties, covenants and agreements of each of the parties hereto contained in this Agreement shall survive closing and continue for a period of two years following the applicable Closing Date.

ARTICLE 5.0 - REMEDIES

5.1 Extension and Clarification of Remedies

Each Party states and acknowledges for the benefit of the other Party that the entering into of this Agreement and the granting of Put Rights by Big Sky to the Owner and the granting of Call Rights by the Owner to Big Sky hereunder, were and are fundamental conditions to and were and are material in inducing the respective Parties to enter into the other Material Contracts. In acknowledgement of the foregoing, each Party (in this Section 5.1 referred to as the "**First Party**") expressly acknowledges, covenants and agrees to and in favour of the other Party (the "**Second Party**"), that if such Second Party should become entitled to exercise and does exercise an Option hereunder and performs, or demonstrates that it is ready, willing and able to perform, all of its obligations pursuant to Section 2.6 hereof in respect of the closing of the sale and purchase of the Barn(s) that are the subject of the Option so exercised, and the First Party, for any reason whatsoever neglects, refuses or is unable to perform any of its obligations under Section 2.6 hereof, the Second Party may nonetheless proceed with the closing of the purchase and/or sale of the Barns and, in such case, without limiting any other rights and remedies that may be available to the Second Party, the Second Party shall have the following rights and remedies:

(a) the First Party shall indemnify and save harmless the Second Party from all losses, damages, liabilities, costs and expenses (including all legal and other professional fees and expenses incurred in enforcing this Agreement and any of its rights or remedies hereunder on a solicitor and client basis) suffered or incurred by the Second Party as a result of, or arising directly or indirectly out of or in connection with, any breach or non-performance by the First Party of, or any inaccuracy in, any covenant, agreement, obligation, representation or warranty contained in this Agreement or in any other agreement, instrument, certificate or other document delivered by or on behalf of the First Party pursuant to this Agreement;

(b) without limiting the generality of subsection 5.1(a) above, if the Owner defaults in removing any Encumbrance (which is not a Permitted Encumbrance) from a Barn Big Sky shall have the right (but not the obligation) at any and all times to remedy or attempt to remedy such default, including, without limitation, discharging or causing to be discharged any such non-Permitted Encumbrances and to pay to any mortgagees and/or other Encumbrancers such amounts as may be due or alleged to be due by or on behalf of the Owner thereunder, and for that purpose the Owner hereby irrevocably makes, constitutes and appoints Big Sky its true and lawful attorney and agent, with full power of substitution, to act on the Owner's behalf with full power and authority, in the Owner's name, place and stead to execute, swear to and record in any public offices any document, agreement or instrument that the Owner may execute and do anything that the Owner acting lawfully may do. All amounts paid and all expenses reasonably incurred by Big Sky in discharging or attempting to discharge such Encumbrances shall be payable by the Owner to Big Sky on demand and the full amount thereof may be set-off against the Purchase Price payable by Big Sky to the Owner hereunder and/or against any other indebtedness or obligations then owing by Big Sky to the Owner;

(c) in the event of default by the Owner under this Agreement Big Sky may nonetheless enter into and take possession of and use and control the Barns, or any parts thereof, as it sees fit, to the exclusion of the Owner; and

(d) acknowledging that a breach by the First Party may not be adequately compensated for by damages, the Second Party shall be entitled to specific performance of this Agreement.

ARTICLE 6.0 - GENERAL AND MISCELLANEOUS

6.1 Waiver of Legislation

The Parties agree that *The Land Contracts (Actions) Act* (Saskatchewan) and *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or to any agreement or instrument renewing or extending or collateral to this Agreement and Big Sky hereby expressly waives any and all benefits and remedies provided by such Acts.

6.2 Further Assurances

Each Party shall promptly execute and deliver all such additional documents, consents and other assurances and do all such other acts and things as the other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or any of the Parties' respective obligations hereunder.

6.3 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile, electronic mail or other form of electronic transmission or sent by first-class mail, charges prepaid, addressed as follows:

(i) if to Big Sky:

905 - 5th Avenue
PO Box 610
Humboldt SK S0K 2A0
Attention: Michael Deutscher
Phone: (306) 682-5168
Fax: (306) 682-2750
E-mail: mdeutscher@bigsky.sk.ca

(ii) if to the Operator:

c/o Beckton Financial Consulting Corp.
400 - 410 - 22nd Street East
Saskatoon SK S7K 5T6
Phone: (306) 934-3020
Fax: (306) 652-6665
E-mail: beckton.ag@sk.sympatico.ca

(b) any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day or is after 4:00 p.m. on a Business Day, on the next following Business Day) or, if mailed, on the fifth Business Day following the date of mailing, provided, however, that if at the time of mailing or within five Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered in person or transmitted by facsimile, electronic mail or other form of electronic transmission as aforesaid;

(c) any Party may at any time change its address for service by giving notice to the other Party in accordance with this Section 6.3.

6.4 Counterparts and Facsimile

This Agreement and/or any amendments thereto may be executed in any number of counterparts and by different Parties in separate counterparts, each of which counterparts when so executed shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Any Party may execute and deliver this Agreement and/or any amendments hereto by facsimile or by electronic mail or other form of electronic transmission and a document delivered by any Party by electronic mail or other form of electronic transmission that bears a notation that it was signed by or on behalf of that Party shall be deemed for all purposes to have been validly executed and delivered by such Party.

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

BIG SKY FARMS INC.

Per: ______________________
Florian Possberg - President

Per: ______________________
Michael Deutscher - Chief Financial Officer

BIG SKY FINISHERS (NO. 1) INC.

Per: ______________________
John Beckton - President

Per: ______________________
Lorianne Earis - Chief Financial Officer