INDEMNITY AGREEMENT

MADE as of the 16th day of May, 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

RECITALS:

A. The Owner has agreed to purchase certain assets of Big Sky pursuant to an asset purchase agreement dated for reference January 14, 2003 between Big Sky and the Owner (the "Asset Purchase Agreement") and to feed, maintain, care for and finish hogs at the Facilities (as hereafter defined) on behalf of Big Sky pursuant to a contract finishing agreement made between Big Sky and the Owner concurrent with this Agreement (the "Contract Finishing Agreement");

B. It is a condition of the Asset Purchase Agreement that Big Sky provide the indemnities herein contained;

NOW THEREFORE for good and valuable consideration and the payment of $10 by the Owner to Big Sky, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1 - DEFINED TERMS

1.1 INTERPRETATION

The following terms shall have the following respective meanings when used herein:

THIS IS EXHIBIT "D" 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.

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"Environmental Activity" means any activity, condition, event, circumstance or matter in respect of Hazardous Substances (including, without limitation, the presence, storage, holding, collection, accumulation, assessment, generation, processing, treatment, stabilization, disposal, recycling, handling, deposit, discharge, leaking, release or emission of such Hazardous Substances into the environment, including the movement through or in the air, soil, surface water or groundwater) or which is otherwise regulated by Environmental Laws.

"Environmental Laws" means all applicable federal, provincial, municipal and local laws, including without limitation, all statutes, by-laws and regulations and all orders, directives and decisions rendered by, and policies, instructions, guidelines and similar guidance of, any Governmental Authority and any obligations or requirements arising under common law, relating to environmental matters, including the protection of the environment, occupational health and safety matters or the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, packaging, transport, handling, containment, clean-up or other remediation or corrective action of any Hazardous Substances legally enforceable, in each case, against or with respect to a Person or the Lands and Property.

"Facilities" has the meaning given such term in the Contract Finishing Agreement.

"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.

"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.

"Indemnified Persons" has the meaning given such term in Section 2.1.

"Lands and Property" means the Facilities and all property and assets now or hereafter owned, leased or licensed by Big Sky and located on or about the Facilities.

"Losses" means, in respect of any matter, any and all suits, actions, proceedings, claims, orders, damages, losses, liabilities, judgments, interest, costs, penalties, fines and expenses of any kind whatsoever (including, without limitation, reasonable legal and consultant fees and disbursements, including those arising out of any claim, litigation, investigation, proceeding, or orders and upon any appeal therefrom) arising as a consequence of such matter, whether or not there is compliance with Environmental Law.

"**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;

(b) the Contract Finishing Agreement;

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

(d) this indemnity agreement,

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

"**Persons**" means any person, corporation, firm, partnership, governmental body, public authority or other entity, any group of persons, corporations, firms, partnerships or other entities, or any combination thereof.

1.2 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the laws of Canada applicable therein.

1.3 EXTENDED MEANINGS

Words importing the singular include the plural and vice versa. Words importing gender include all genders.

ARTICLE 2 - INDEMNITY

2.1 INDEMNITY

(a) Big Sky hereby covenants to indemnify and save harmless the Owner, its affiliates, successors and assigns, and each of the Owner's shareholders, officers, directors, employees, tenants, licensees, invitees, representatives and agents (all of such Persons being referred to herein as the "Indemnified Persons") from and against any and all Losses suffered or incurred directly or indirectly by any of such Indemnified Persons (whether or not caused by Big Sky) as a result of, or arising from or in connection with, or by virtue of:

(i) the carrying on or performance by Big Sky of any Environmental Activity on, about or in relation to; or

(ii) to the extent considered to be an Environmental Activity the Owner's ownership, use or disposition of; or

(iii) the carrying on or performance by the Owner in accordance with the terms and conditions of the Contract Finishing Agreement of any Environmental Activity on, about or in relation to,

the Lands and Property or any part thereof, except to the extent that, subject to subsection 2.1(b) hereof, such Loss is caused by any Indemnified Person's breach of any provision of a Material Contract.

(b) The exclusion in subsection 2.1(a) hereof with respect to Loss caused by any Indemnified Person's breach of a Material Contract shall not apply, and Big Sky shall indemnify and save harmless the Indemnified Persons for Losses, where the breach in question results from the Owner complying with any Environmental Law notwithstanding that in order to so comply with such Environmental Law it was reasonably necessary for the Indemnified Person to cause the breach in question.

2.2 Insurance

Big Sky shall use reasonable efforts, throughout the Term of the Owner's engagement under the Contract Finishing Agreement to include the Owner, and if reasonably possible all other Indemnified Persons, as named insureds, beneficiaries or loss payables under any environmental insurance policies pertaining to the Lands and Property that are obtained and/or maintained by Big Sky from time to time.

ARTICLE 3 - MISCELLANEOUS

3.1 AMENDMENT AND WAIVERS

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

3.2 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

3.3 SUCCESSORS AND ASSIGNS

This Agreement shall bind and enure to the benefit of Big Sky and the Indemnified Persons, respectively, and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the 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

Per: ______________________
Lorianne Earis, Chief Financial Officer

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

January 15, 2003

Initial Public Offering

Big Sky Finishers (No. 1) Inc.

A Minimum of 90,000 and a Maximum of 270,000 10% Cumulative First Preferred Shares at $10 per share

Tranche #1 - 90,000 shares - $ 900,000
Tranche #2 - 90,000 shares - $ 900,000
Tranche #3 - 90,000 shares - $ 900,000
Total: 270,000 shares - $2,700,000

ALAN CRUICKSHANK CFP, Branch Manager
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This Offering consists of a minimum of 90,000 (the "Minimum Offering") and a maximum of 270,000 (the "Maximum Offering") 10% cumulative first preferred shares (the "Shares" or the "Securities") in the capital stock of, and issued by, Big Sky Finishers (No. 1) Inc. (the "Issuer"), a corporation organized by Big Sky Farms Inc. ("Big Sky" or the "Company"). The Shares are offered at a price of $10 per Share and investors must subscribe for a minimum of 500 Shares - $5,000. The price of the Shares has been arbitrarily determined by the Issuer, in consultation with Union Securities Ltd. (the "Agent"). The Offering is divided into three parts, or tranches (a "Tranche"), with the proceeds of each Tranche, combined with mortgage financing that the Issuer will obtain, to be used by the Issuer to acquire a hog finishing barn and associated lands and facilities near Ogema and/or Rama, Saskatchewan, respectively (the "Project") pursuant to a series of agreements to be entered into between Big Sky and the Issuer. See "The Offering" and see "The Project".

These Securities are speculative and investment may be appropriate only for investors who are prepared to have their money invested for a long period of time and have the capacity to absorb a loss of some or all of their investment. There is no market through which these Securities may be sold and there is no assurance that a market for the Shares will develop or that subscribers will be able to resell their Shares. Accordingly, purchase of these Securities may not be suitable for investors who may have to liquidate the Securities on a timely basis. See "The Offering – Risk Factors".

Distribution Table

	No. of Shares	Price to Public	Fees and Commissions[1]	Proceeds to Issuer[1]
Per Share	1	$10	$0.90	$10
Minimum Subscription	500	$5,000	$450	$5,000
Minimum Offering	90,000	$900,000	$81,000	$900,000
Maximum Offering	270,000	$2,700,000	$243,000	$2,700,000

[1] 100% of the proceeds of the Offering will be received by the Issuer. The Agent's fees and commissions, together with Offering costs, including legal, accounting, printing and regulatory filing fees, which Offering costs are estimated at $120,000, will be paid for by Big Sky and will not affect the net proceeds of the Offering to the Issuer. See "The Offering - Plan of Distribution".

The Securities are conditionally offered for sale to the public in Saskatchewan (the "Province") by the Agent on a "best efforts" basis subject to prior sale, if, as and when issued by the Issuer, in accordance with the conditions contained in the Agency Agreement referred to under "The Offering - Plan of Distribution" and the conditions of closing referred to under "The Offering - Conditions of Closing" and subject to the approval of certain legal matters on behalf of the Issuer by McKercher McKercher & Whitmore, Saskatoon,

THIS IS EXHIBIT "E" REFERRED TO IN THE AFFIDAVIT OF JOHN BECKTON SWORN BEFORE ME AT THE CITY OF SASKATOON, SASKATCHEWAN, THIS 19th DAY OF FEBRUARY, 2010.

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

Saskatchewan and by MacPherson Leslie & Tyerman LLP, Saskatoon, Saskatchewan on behalf of the Agent. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closings of the respective Tranches may occur at different dates (respectively, a "Closing Date") with a final closing to be held not later than 120 days after the Saskatchewan Securities Commission (the "Commission") issues a receipt for the (final) Prospectus, or such later date as the Commission may approve through an amendment to this Prospectus (the "Final Closing Date"). Subject to the foregoing, it is expected that definitive certificates representing the Shares will be available for delivery promptly after the respective Closing Dates.

In the opinion of the Issuer's solicitors, McKercher McKercher & Whitmore, Saskatoon, Saskatchewan, the Shares will be "qualified investments" for RRSPs under the *Income Tax Act*, subject to certain exceptions where eligibility is dependent upon the relationship of the RRSP annuitant to the Issuer. See "The Offering - Income Tax Considerations".

A purchaser of these Securities has certain rights of withdrawal, rescission and damages regarding the purchase of these Securities. See "The Offering - Purchaser's Statutory Rights" for greater detail. Investors should read this Prospectus carefully, and consult their own professional advisors regarding legal and other aspects of an investment in these Securities.

Union Securities Ltd.

1100 CN Tower
Saskatoon, Saskatchewan S7K 1J5
Telephone: (306) 244-2466

TABLE OF CONTENTS

GLOSSARY AND EXPLANATORY NOTES

In this Prospectus the following terms have the meanings set forth below:

"**hog**" and "**pork**" industries - hog producers and meat packers and/or processors are often referred to, generically, or interchangeably, as the "hog industry" or the "pork industry". In this Prospectus the terms "**hog industry**", "**hog production**" or like terms are meant to refer to the farming activity of raising and marketing live hogs. The terms "**pork industry**", "**processing industry**", "**pork processors**" or like terms are used to refer to the meat packing and processing segments of the industry.

Agent - means Union Securities Ltd.

farrow to finish - a hog production operation where hogs are bred and the offspring raised from birth to market weight.

Offering - means the offering of a minimum of 90,000 Shares (the "**Minimum Offering**") and a maximum of 270,000 Shares (the "**Maximum Offering**").

RRSP - means a registered retirement savings plan as defined in the *Income Tax Act* (Canada).

SBCA - means *The Business Corporations Act* (Saskatchewan).

Securities Act - means *The Securities Act, 1988* (Saskatchewan), as amended, together with the rules and regulations thereunder and the orders, published policy statements and notices of the Commission that are in force and effect pursuant to the *Securities Act*.

three-site production - a farrow to finish hog production method where the animals are physically segregated from one another on different sites through the growth stages of their life cycle. In three-site production, operations are divided between: "**breeding**" barns where sows are bred and piglets are farrowed and raised for about 18 days until weaned at an average weight of 5-6 kgs; "**nursery**" barns where weanlings are fed for about 8 weeks to an average weight of 26 kgs; and "**finishing**" barns where feeder hogs are then fed for an average of about 16 weeks to an average market weight of approximately 114 kgs. This term is also sometimes used to distinguish three-site production from "**single site production**" where the farrow to finish operations are all carried out in a single barn or at a single site.

Units - means the production facilities for breeding sows and finishing the hogs produced by those sows to market weight, which in the case of Big Sky's three-site Units includes a breeding barn, nursery barns, finishing barns and associated feedmills. Units are described based on the size of the sow herd for which the breeding barn was initially designed, although the actual number of sows in a given Unit may vary from this original design capacity. Big Sky's "**Existing Facilities**" include three 2,500 sow three-site Units, two 5,000 sow three-site Units, two 600 sow, single-site Units and a 100 boar AI stud barn facility. See "Big Sky Farms Inc. - The Business of Big Sky Farms Inc.".

PROSPECTUS SUMMARY

Please refer to the "Glossary and Explanatory Notes" for an explanation or definition of some of the terms used in this Prospectus. The following information is a summary only and is qualified in its entirety by, and must be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus.

THE OFFERING

Issuer:	Big Sky Finishers (No. 1) Inc.
Agent:	Union Securities Ltd.
Promoter:	Big Sky Farms Inc.
Securities Offered:	10% Cumulative First Preferred Shares of the Issuer (the "Shares"), which carry the right: to vote; to a fixed, cumulative, annual, preferential dividend of $1 per share (the "First Preferential Dividends") in priority to dividends on any other shares and, thereafter to participate, subject to the rights of the holders of second preferred shares, if any, in any additional dividends declared by the board of directors; and, on a winding-up of the Issuer, to have returned the $10 purchase price together with any accrued but unpaid First Preferential Dividends in priority to any distribution on any other shares and, thereafter to participate, subject to the rights of the holders of second preferred shares, if any, in any additional distributions of the net assets of the Issuer. See "The Offering - Description of Securities Offered" and see "The Issuer - Dividend Policy".
Subscription Price:	$10 per Share.
Minimum Subscription:	500 Shares - $5,000.
RRSP Eligibility:	In the opinion of McKercher McKercher & Whitmore, the Shares will be "qualified investments" for RRSPs under the *Income Tax Act*, subject to certain exceptions where eligibility is dependent upon the relationship of the RRSP annuitant to the Issuer. See "The Offering - Income Tax Considerations".
Offering:	Tranche #1 - 90,000 Shares - $ 900,000 (the "Minimum Offering"). Tranche #2 - 90,000 Shares - $ 900,000 Tranche #3 - 90,000 Shares - $ 900,000 270,000 Shares - $2,700,000 (the "Maximum Offering")

THE PROJECT

The proceeds of each of the three Tranches, combined with mortgage financing, will be used by the Issuer to purchase from Big Sky a hog finishing barn and associated lands and facilities (individually a "Barn" and collectively the "Project") at a purchase price of $3,550,000, for a total purchase price if all three Tranches are closed of $10,650,000. The Barns were built in 2000 and 2001. Each Barn has a design capacity to feed 12,000 hogs at a time and finish approximately 35,000 market hogs annually.

The Project will be implemented through the following Material Contracts:

Asset Purchase Agreement:	Pursuant to which the Issuer purchases the Barn(s) from Big Sky.
Contract Finishing Agreement:	Pursuant to which the Issuer agrees to feed and finish hogs in the Barns on behalf of Big Sky for a term expiring June 30, 2018.
Option Agreement:	Pursuant to which, in certain circumstances at the option of either the Issuer or Big Sky, the Barns may be sold back to Big Sky at a predetermined price.
Indemnity:	Pursuant to which Big Sky agrees to indemnify the Issuer against certain losses in respect of environmental matters.

INDUSTRY CONDITIONS

Hog production in Saskatchewan is influenced by a number of factors, including:

- Canada's position as the world's leading exporter of pork;
- the restructuring of the hog and pork industries throughout North America and the shifting focus of these industries in Canada from central to western Canada;
- feed grain and other production costs in Saskatchewan are traditionally amongst the lowest of any hog producing region in North America and well below production costs in other traditional hog producing regions of the world;
- other competitive advantages associated with producing hogs in Saskatchewan, including: traditionally abundant supplies of feed grains; expansive land base and relatively low land costs; climate; high animal health standards; and well established swine research and development institutions and organizations; and
- a regulatory regime supportive of environmentally sustainable hog production.

BIG SKY FARMS INC.

Big Sky took the initiative in organizing the Issuer and, pursuant to the *Securities Act*, is considered to be the "promoter" of the Issuer.

Big Sky was founded in 1995 for the purpose of developing and operating a series of large scale, three site, farrow to finish hog production Units utilizing the most modern design and production methods existing in the industry. Since its founding, Big Sky has successfully grown into one of Canada's leading hog production companies. At present, the Company has a breeding herd of approximately 21,000 sows that is producing hogs at the rate of approximately 470,000 annually. This production is spread between seven Units with a total of 35 barns and associated feedmills at 28 separate sites. An eighth Unit is presently under construction near Porcupine Plain, Saskatchewan which, when completed, will add approximately 5,000 sows to Big Sky's production herd and increase its annual production capacity to approximately 600,000 hogs. All sites are located in Saskatchewan.

RISK FACTORS

Risk factors include: (i) the Securities are speculative; (ii) there is no public market for the Securities; (iii) changes in tax laws and/or their interpretation may adversely affect the eligibility of the Shares

for RRSPs; (iv) operating costs and other expenses outside of the control of the Issuer may adversely effect the Issuer's results of operation and financial condition; (v) dividends may not be paid in a timely manner or at all; (vi) the Issuer's loan and security documentation contains covenants that may restrict the payment of dividends or other distributions of monies to the Issuer's shareholders; and (vii) the continuing ability and financial condition of Big Sky to perform its obligations to the Issuer under the Material Contracts. See "The Offering - Risk Factors".

INVESTMENT CONSIDERATIONS

In management's opinion, prospective investors should also consider: (i) the Project has been built, is presently operating at design capacity and will begin generating revenues for the Issuer immediately upon completion of the Offering; (ii) Big Sky is exclusively responsible for all organizational and Offering costs of the Issuer, including the Agent's fees and commissions, such that investors will not experience dilution in the book value of their Shares; (iii) Big Sky owns all of the inventory and takes all of the risks associated with fluctuating hog and feed markets; and (iv) investors are provided with a mechanism to liquidate their investment by causing the Issuer to sell the Project back to Big Sky pursuant to the Option Agreement. See "The Offering - Investment Considerations".

THE OFFERING

DESCRIPTION OF SECURITIES OFFERED

The Securities offered hereunder include a minimum of 90,000 and a maximum of 270,000 10% cumulative first preferred shares in the capital stock of the Issuer (the "Shares" or "First Preferred Shares") offered at a price of $10 per Share, with investors required to subscribe for a minimum of 500 Shares - $5,000 (a "Minimum Subscription"). The rights of the holders of Shares are equal in all respects and include:

- the right, with the holder of the common share, to receive notice of, attend and vote (one vote per Share) at all meetings of shareholders of the Issuer;
- the right to receive, as and when declared by the Issuer's board of directors out of monies properly applicable to the payment of dividends, in preference and priority over the declaration or payment of dividends on any other shares of the Issuer, a fixed, cumulative, annual, preferential dividend of $1 per share (the "First Preferential Dividends") and, additionally, subject to the rights of the holders of second preferred shares, if any, to participate equally, on a per share basis, with the holder of the common share in any additional dividends, if, as and when such additional dividends are declared by the board of directors;
- the right, in the event of the dissolution, liquidation or winding-up of the Issuer or other distribution of property or assets of the Issuer amongst its shareholders for the purpose of winding up its affairs, to receive from the property or assets of the Issuer, in preference and priority to any distributions to the holders of other shares of the Issuer, a return of capital in the amount of $10 per share plus any accrued but unpaid First Preferential Dividends and, additionally, subject to the rights of the holders of second preferred shares, if any, to thereafter participate equally, on a per share basis, with the holder of the common share in any additional distributions of the property or assets of the Issuer.

See also "The Issuer - Description of Share Capital" and "The Issuer - Dividend Policy".

THE PROMOTER

Big Sky took the initiative in organizing the Issuer and, pursuant to the *Securities Act*, is considered to be the "promoter" of the Issuer. All proceeds of this Offering will be used by the Issuer to purchase existing Barns from Big Sky, and Big Sky will use these funds for the completion of Big Sky VI as disclosed under "Big Sky Farms Inc. - The Business of Big Sky Farms Inc.". For information concerning Big Sky see the disclosure in this Prospectus under the heading "Big Sky Farms Inc." and see the Financial Statements of Big Sky included in this Prospectus. Because Big Sky is the promoter of the Issuer, purchasers of the Shares offered by this Prospectus have certain rights of damages against Big Sky, in addition to the rights of withdrawal, rescission and damages that purchasers have against the Issuer, its directors, officers and certain other persons. See "The Offering - Purchasers' Statutory Rights".

INCOME TAX CONSIDERATIONS

McKercher McKercher & Whitmore, barristers and solicitors, have prepared the following summary of material Canadian federal income tax considerations generally applicable to subscribers of the Shares offered by this Prospectus pursuant to the *Income Tax Act* (Canada) and the Regulations thereunder (collectively, the "Tax Act"). This summary does not take into account any provincial or foreign tax considerations, which may differ from the Canadian federal tax considerations. This summary is of a general nature, and is not intended to constitute advice to any particular subscriber. No application has been made or will be made to any taxation authority for an advance tax ruling with respect to subscribers or the Issuer and, therefore, the Canada Customs and Revenue Agency ("CCRA") potentially may or may not have different views of the tax consequences from those described herein. **Prospective subscribers are urged to consult their own professional advisors regarding the tax consequences applicable to them in their personal circumstances.**

This summary is based on the assumption that subscribers are individuals who are resident of Canada for tax purposes, deal with the Issuer "at arm's length" (as that term is defined in the Tax Act) and hold the Shares as capital property (as defined in the Tax Act); and that the Issuer and Big Sky deal with each other "at arm's length" and are not "related" to one another for the purposes of the Tax Act. This summary is based on the current provisions of the Tax Act, the published judicial interpretations of the Tax Act, McKercher McKercher & Whitmore's understanding of the current administrative and assessing practises of CCRA, and all specific proposals to amend the Tax Act announced by the Minister of Finance, as they exist on the date of this Prospectus. Except as expressly noted herein, this summary does not otherwise anticipate or take into account any subsequent changes in the Tax Act, the administrative or assessing policies of CCRA or any subsequent changes in the interpretations of laws by judicial decision. No assurance can be given that any of the foregoing will not be changed in a manner that will materially alter the tax consequences to a subscriber.

RRSP Eligibility

In the opinion of McKercher McKercher & Whitmore, the Shares will be, at the date of issue, a "qualified investment" within the meaning of the Tax Act for self-directed RRSPs, provided that the Issuer has commenced business substantially in the manner described in this Prospectus, and provided, with respect to specific subscribers, the Shares will not be a "qualified investment" for a self-directed RRSP if the annuitant of the RRSP is a "designated shareholder" within the meaning of the Tax Act, or if any dividends paid on the Shares can be reasonably considered, having regard to all circumstances, to be on account of services rendered to the Issuer. Pursuant to the Tax Act, an annuitant will generally be a "designated shareholder" if the annuitant or persons related to the annuitant own more than 10% of the issued shares of any class of the Issuer or of a corporation related to the Issuer or if the annuitant does not deal "at arm's length" with Issuer.

Also, the ability of any subscriber to purchase Shares through, or subsequently contribute Shares to, an RRSP will depend on the annuitant's personal allowable RRSP contribution limit, which will vary from individual to individual based on personal circumstances.

Subscribers who are concerned as to whether or not they are a "designated shareholder" or otherwise concerned as to whether the Shares represent a "qualified investment" for a self-directed RRSP in their personal circumstances are urged to consult their own professional advisors.

Income Tax Consequences of Holding and Disposing of Shares

Generally, a holder of Shares (other than an RRSP) will only realize tax consequences from holding the Shares if he or she borrows money to fund the purchase of the Shares; if and when the Issuer declares and pays dividends on the Shares; and if and when the holder disposes of or is deemed to have disposed of the Shares.

Interest Expense - Reasonable interest expense incurred by a holder on funds borrowed to acquire Shares will generally be deductible in computing the holder's taxable income provided the holder continues to own, throughout the period during which the interest accrues, the Shares acquired with the borrowed funds.

Dividends - Where dividends are paid on the Shares, the holder will be required to include such dividends plus a 25% gross up in the holder's taxable income as taxable dividends received from a taxable Canadian corporation. Individuals will normally be able to claim a federal dividend tax credit equal to 16 2/3% of the actual dividend (or 13 1/3% of the grossed up amount) plus any applicable provincial dividend tax credits.

Dispositions - If a holder sells, gifts, transfers or otherwise disposes of Shares (including a transfer or contribution of Shares to an RRSP), or is deemed to have disposed of Shares, he or she will realize a capital gain (or capital loss) if and to the extent that the proceeds (or deemed proceeds) of disposition, net of any costs of disposition, exceed (or are less than) the holder's adjusted cost base for the Shares. Generally, the proceeds of disposition will be the sale price of the Shares, provided that where Shares are disposed of to a person not at "arm's length" from the seller (including for example a self-directed RRSP) or where the Shares are deemed to be disposed of as a result of death, the proceeds will be deemed to be the fair market value of the Shares at the date of disposition (or, if applicable, immediately prior to the time of death). Generally, the seller's adjusted cost base will be his or her original purchase price for the Shares.

Unless a capital gains exemption is available, one-half of the capital gain will be included in calculating the holder's taxable income in the taxation year in which the disposition occurs. Where the disposition results in a capital loss, one-half of such loss may normally be deducted against taxable capital gains for the year in which the disposition occurred, or in any of the three preceding years or any subsequent year.

Under the Tax Act, up to an aggregate limit of $500,000 of capital gains realized by individuals on dispositions of "qualified small business corporation shares" (as defined in the Tax Act) may qualify for an exemption from tax. However, the definition of "qualified small business corporation shares" in the Tax Act is complex, there are a number of restrictions on the use of this exemption, and the availability or impact of the exemption will depend upon the status of the Issuer and, with respect to any particular holder, on such holder's personal circumstances, at the time the Shares are disposed of. Additionally, there are a number of anti-avoidance provisions that could restrict or deny the exemption in certain circumstances. Further, Shares issued under this Prospectus would have to be held by the seller for at least two years before they could qualify as "qualified small business corporation shares" for the purposes of this capital gains exemption.

The consequences as described above of holding and disposing of Shares are subject to the alternative minimum tax rules in the Tax Act which provide that taxes otherwise payable under Part I of the Tax Act by an individual (other than certain trusts) will not be less than a minimum amount computed by reference to the holder's adjusted taxable income for the year. For this purpose, the minimum amount generally means the amount by which 16% of the adjusted taxable income of the individual in excess of $40,000 for the year exceeds the total of certain tax credits. Provincial tax rates will also apply to minimum tax. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts not otherwise taxable are included in income. These adjustments include, among other items, the addition of the non-taxable portion of net capital gains, regardless of capital gains exemptions that may otherwise be available. Whether and to what extent a particular holder of the Issuer's Shares will be subject to minimum tax will depend upon the amount of the holder's income, sources from which it is derived and the nature and amount of any deductions that the holder claims. Any additional tax payable for a year resulting from the application of the alternative minimum tax rules is deductible to the extent that tax otherwise determined exceeds the minimum amount for any of the following seven taxation years. **The alternative minimum tax provisions of the Tax Act are complex and shareholders are urged to consult their professional advisors regarding alternative minimum tax consequences applicable to them in their personal circumstances.**

Where Shares are held by an RRSP, the general income tax consequences discussed above will not apply to the RRSP. Generally, dividends or the proceeds of disposition or deemed disposition of Shares held by an RRSP will not be subject to income tax while held by the RRSP, but will be subject to tax at the time any such funds are withdrawn from the RRSP.

PLAN OF DISTRIBUTION

Pursuant to an Agency Agreement dated as of January 14, 2003, among the Issuer, Big Sky and Union Securities Ltd. (the "Agent"), the Agent has agreed, on a best efforts basis, to offer for sale the Securities offered hereby to members of the public in the Province of Saskatchewan. The per Share subscription price of $10.00 was arbitrarily determined by the Issuer, in consultation with the Agent. The Agent may retain sub-agents who may lawfully sell securities in Saskatchewan. All fees and commissions of such retained sub-agents are the responsibility of the Agent. Subscriptions for the Securities may be made by the Agent. Subscribers who place an order to purchase Securities will be deemed to have authorized the Agent to execute, on their behalf, the subscription agreement.

The obligations of the Agent under the Agency Agreement may be terminated and the Agent may withdraw subscriptions for Securities on behalf of subscribers upon the occurrence of certain stated events, including any material adverse change in the business or financial condition of the Issuer. The Agent will be paid a commission of $0.90 per Share ($450 per $5,000 Minimum Subscription), being an aggregate of $81,000 if the Minimum Offering is sold and $243,000 if the Maximum Offering is sold. In addition, the Agent will be paid a corporate finance fee and will be reimbursed for certain agent marketing services (including hall rentals, small advertising costs and other out-of-pocket expenses including legal fees) in accordance with the Agency Agreement. All fees and commissions payable to the Agent, including marketing service fees are the responsibility of Big Sky and will not affect the net proceeds of the Offering to be received by the Issuer.

The Securities are offered pursuant to this Prospectus only in the Province of Saskatchewan. However, the Agent is also authorized to offer the Shares, on the same terms on which they are offered to the public in Saskatchewan as described herein, to "accredited investors" or other prospective investors who are residents of other provinces and to whom and in circumstances in which the Shares may lawfully be offered and sold on a private placement basis in reliance on provisions of the securities legislation of such other provinces which exempt such offering and sale from the registration and prospectus requirements of the securities legislation in such other provinces.

Pending compliance with the conditions of closing described below (the "Conditions of Closing"), all subscription funds and subscription documents received under this Offering will be deposited with the Agent until the later of the time at which all applicable Conditions of Closing have been met and the particular subscriptions accepted, or the Final Closing Date. If the Offering does not close, or if a particular subscription is not accepted, all subscription monies received by the Agent on account of such subscription shall be promptly returned without interest or deduction within a reasonable time following the Final Closing Date, as more particularly described below under "Closing and Conditions of Closing".

CLOSING AND CONDITIONS OF CLOSING

The Offering is divided into three separate Tranches as follows:

	No. of Shares	Proceeds
Tranche #1	90,000	$ 900,000
Tranche #2	90,000	$ 900,000
Tranche #3	90,000	$ 900,000
Total	270,000	$2,700,000

The proceeds of each Tranche, when combined with mortgage financing (see "The Project - Sources and Uses of Funds") are sufficient, and will be used by the Issuer, to purchase one Barn in the Project, such that if the Shares in all three Tranches are subscribed for and issued the Issuer will acquire three separate Barns. See "The Project".

Each Tranche has its own Conditions of Closing and, subject to satisfying the Conditions of Closing applicable to a particular Tranche, subscriptions will be accepted and applied to the different Tranches in order. That is, Tranche #1 must be fully subscribed for and all Conditions of Closing relative to Tranche #1 must be satisfied before any subscriptions are applied to Tranche #2; then Tranche #2 must be fully subscribed for and all Conditions of Closing relative to Tranche #2 satisfied before any subscriptions are applied to Tranche #3, etc. However, the Closing of any one Tranche is not subject to the Conditions of Closing relative to any subsequent Tranche.

The following are the Conditions of Closing for each Tranche:

1. The Issuer shall have received acceptable subscriptions for 90,000 Shares (whether under this Offering or under private placements in other Canadian jurisdictions as described above);

2. An offer or offers of credit, acceptable to the Issuer and Big Sky, shall have been received for mortgage financing in the principal amount of $2,650,000 and otherwise on substantially the terms described under "The Project - Sources and Uses of Funds";

3. The Issuer and Big Sky shall have executed and delivered all Material Contracts relative to the Barn corresponding to the particular Tranche that is the subject of that Closing (see "The Project - Material Contracts");

4. All consents and approvals of third parties shall have been received by the Issuer and Big Sky to permit the Issuer and Big Sky to enter into and perform their respective obligations under the Material Contracts applicable to the Barn relating to that Tranche including, as applicable, receipt of consents from the secured creditors of Big Sky and their agreement to discharge the Barn from any mortgage, charge or other security interest held by such secured creditors;

5. Completion of all legal matters relevant to Closing of the Tranche to the satisfaction of legal counsel to the Issuer and the Agent; and

6. Except in the case of Tranche #1, all Conditions of Closing relative to all previous Tranches shall have been satisfied and subscriptions for all Shares comprising such previous Tranches shall have been received and accepted by the Issuer.

Subject to satisfaction of the applicable Conditions of Closing, the Issuer anticipates that up to three Closings (one for each Tranche) will be held from time to time not later than 120 days after the Commission issues a receipt for the (final) Prospectus, or such later date as the Commission may approve through an amendment to the Prospectus (the "Final Closing Date"). Certificates representing the Shares issued at each Closing will be delivered promptly after the Closing at which the particular subscriptions are accepted.

The Issuer may, however, reject any subscription in its discretion and, where any particular Tranche is over-subscribed, may accept a subscription in part and reject, or allot to a subsequent Tranche, the balance of the subscription. The Issuer also reserves the right to close the subscription books and discontinue the Offering at any time. Where as a result of: the failure to satisfy any Conditions of Closing; the rejection or allotment in whole or in part of a subscription; or the discontinuance of the Offering, any investor's subscription is not accepted the subscription monies received by the Agent on account of such subscription shall be returned, without interest or abatement, to the subscriber promptly following the Final Closing Date.

The Agent, as principal, and Big Sky may, but neither is required to, subscribe for Securities under this Offering.

FINANCIAL REPORTING AND CONTINUOUS DISCLOSURE

Following the Closing of this Offering the Issuer will comply with the continuous disclosure and reporting provisions of Parts XIV, XV and XVII of the *Securities Act*, as modified by General Ruling/Order 51-902 of the Commission and with applicable requirements of the *SBCA*. These provisions mean that, amongst other things:

- audited annual financial statements must be filed by the Issuer with the Commission and distributed to its shareholders within 140 days following the end of each fiscal year; and
- six month interim, unaudited financial statements must be filed by the Issuer with the Commission and distributed to its shareholders within 60 days following the end of the second fiscal quarter of each fiscal year.

RISK FACTORS

Investment in the Securities offered hereunder involves a significant degree of risk. A prospective subscriber should carefully consider all of the information contained in this Prospectus and, in particular, the following before making an investment decision.

Speculative Investment

These Securities are speculative and investment may be appropriate only for investors who are prepared to have their money invested for a long period of time and have the capacity to absorb a loss of some or all of their investment.

No Public Market

Although the Shares will, generally, be freely tradeable amongst the public, there is presently no market for the Shares and there is no assurance that a market will develop. Therefore, investors may not be able to sell their Shares. Subscribers who purchase the Shares through, or subsequently deposit their Shares in, a self-directed RRSP should not depend on selling the Shares or income from the Shares to fund their retirement.

Tax Laws

Tax laws and their interpretation frequently change. There is no guarantee that the Shares will continue to be a "qualified investment" for self-directed RRSPs.

Operating Costs and Other Expenses

The Issuer is subject to inherent business risks. In particular, although the Material Contracts have been structured to provide the Issuer with a relatively fixed or readily determinable stream of revenue, the Issuer's earnings will also depend on its expenses. Operating costs of the Issuer's business, including utilities, taxes, employee wages and salaries, Barn repair and maintenance, administrative and regulatory expenses, mortgage interest costs and other unanticipated expenses are subject to change based on local, national and international factors wholly or partially beyond the control of the Issuer. The Issuer's results of operation and financial condition will be affected - positively or negatively - by this factor. Additionally, the Issuer's results of operations and financial condition over the term of the Contract Finishing Agreement and the after-tax return realized by the Issuer, and therefore the amount of monies available for distribution to shareholders, after a sale of the Barns back to Big Sky under the Option Agreement, may be adversely affected by changes in tax laws or changes in the interpretation or application of existing tax laws.

Dividends

There is no guarantee that dividends will be paid at the times or in the amounts contemplated by the Issuer's dividend policy, or at all. See "The Issuer - Dividend Policy".

Debt Financing Covenants

It is anticipated that the loan and security agreements to be entered into by the Issuer with the lenders of debt financing for the Project may contain covenants requiring the Issuer to maintain certain financial ratios and restrict the ability of the Issuer to pay dividends or otherwise distribute money to shareholders unless those financial ratios are maintained. See "The Project - Sources and Uses of Funds".

Financial Condition and Contractual Obligations of Big Sky

The success of the Project and of a subscriber's investment in the Securities is, to a significant degree, dependent on the continuing ability and financial condition of Big Sky to perform its obligations to the Issuer under the Material Contracts. This, in turn, is subject to risks including the following:

Fluctuations in Agricultural Commodity Prices and Currency Values - Market prices for agricultural commodities, including market prices for hogs sold by Big Sky and for feed inputs are subject to fluctuations caused by national and international considerations beyond the control of the Issuer or Big Sky. Also, because Big Sky sells a portion of its production into the United States, because market prices for hogs in the United States have a strong influence on Canadian market prices, and because a portion of Big Sky's debt may be denominated in US currency, Big Sky is subject to currency exchange risks. Further, because Big Sky's debt bears interest at varying rates tied to prevailing money market benchmarks, Big Sky is subject to risks associated with changing interest rates. Fluctuations in prices for agricultural commodities sold and purchased by Big Sky, fluctuations in the value of the Canadian dollar relative to the US dollar and fluctuations in interest rates will affect the operating results and financial condition of Big Sky. Big Sky mitigates these risks through hedging in the pork, feed grains and currency future markets, and through interest rate swaps, but material risks may remain or in some cases be exacerbated by such hedging programs.

Export Markets - Currently, approximately 20% of the hogs produced in Canada annually are sold by hog producers into the United States; and over 40% of Canadian pork production is sold in export markets. Although there is presently free trade in hogs and pork between Canada and the United States, there is alway a possibility that tariffs, or non-tariff barriers such as country of origin labelling, could be established in the future. Protectionist trade measures by the United States could materially adversely affect the ability of Canadian hog producers, including Big Sky, to sell hogs into the United States for, potentially, an indefinite period of time. More generally, American trade barriers to the export of live hogs, or a material decline in export markets on a world-wide basis for Canadian pork, could be expected to have a significantly negative impact on hog prices in the Canadian market, thereby materially adversely impacting Big Sky's results of operation and/or financial condition.

Domestic Markets - Hog production and slaughter capacity in Canada - especially western Canada - have both increased significantly in recent years. Western Canadian hog production levels are nearing the present slaughter capacity of existing western Canadian pork processing plants. Although all of the major pork processing plants have the ability, and generally the desire, to significantly expand slaughter capacity by switching their operations from one shift to two shifts (at a relatively modest cost in comparison to the cost of new plant construction) staffing issues, cold storage capacity, hog supply, the ability to profitably market the pork processed and other factors all impact on how rapidly such expansion can be implemented. Over-supply of hogs relative to the pork processing industry's capacity to slaughter those hogs could be expected to have a significantly negative impact on hog prices in the Canadian domestic market, thereby materially adversely impacting Big Sky's results of operation and/or financial condition.

Public Concerns with Large Scale Hog Production - A relatively small percentage of the population of Saskatchewan and elsewhere in Canada has indicated its opposition to large scale hog production due, apparently, to concerns with odour or other perceived environmental problems, or to a philosophical objection to corporate farming. In the opinion of Big Sky, the regulatory regime as it exists under current legislation and Big Sky's project development and environmental management practises ensure that public concerns can be expressed and adequate precautions taken against pollution from intensive hog operations, within an overall framework of encouraging the sustainable development of the hog industry and the economy of rural Saskatchewan. Nonetheless, there is a risk that those opposed to the development and operation of large-scale hog production will continue to voice disapproval and exert pressure to delay the expansion of the Province's hog industry generally, or to take action intended to delay or even prevent construction of future Units by hog producers such as Big Sky. Such delays or the prohibition of planned construction after development costs had already been incurred could adversely affect the results of operation and/or financial condition of Big Sky.

Expansion Risks - Management of Big Sky intends to continue to expand Big Sky's operations by developing additional new production facilities and/or by pursuing opportunities that may arise to acquire existing production facilities from third parties. Factors including: weather conditions or the seasonality of construction; competition for and the availability of competent and experienced construction contractors and tradespersons; delays in obtaining approvals or changes in the existing regulatory regime as it relates to the approval process for intensive hog operations; the possibility that land acquired for Units may prove unsuitable for development due to environmental or other considerations not apparent until after certain pre-development expenses have been incurred; and other unexpected difficulties or matters beyond the control of Big Sky may delay or increase the cost of Big Sky's expansion or acquisition plans and/or the development of new Units. Such delays or cost increases could have an adverse impact on Big Sky's results of operation and/or financial condition.

Environmental Risks - Big Sky has expended resources, both financial and managerial, to comply with environmental protection laws and regulations and permitting requirements and anticipates that it will be required to do so in the future. Big Sky believes its operations are in compliance, in all material respects, with all relevant legislation, permits, licences and regulations involving the environment and that the regulatory regime as it now exists in Saskatchewan contains adequate precautions against pollution by intensive hog operations. However, there can be no assurance that environmental regulations will not be changed in the future. Such changes, if made, could provide more stringent standards requiring the expenditure of additional funds by Big Sky to comply with such standards, thereby adversely affecting Big Sky's results of operation and/or financial condition.

Hog Disease Risk - Hog operations are subject to disease risk, and although barn development and operating protocols can significantly mitigate these risks, disease risk cannot be entirely eliminated. Insurance against disease risk is generally not available on cost-effective terms. While most swine diseases do not result in the complete loss of a herd in a specific barn, diseases can have a debilitating effect on the productivity of the herd in that barn and, in the case of disease in breeding stock, may make it more difficult to sell the offspring of that stock. Three-site production is designed, in part, to contain any disease outbreak that may occur within the barn in which the disease first appears. However, the movement of hogs through the three sites in the production process could spread the risk from site to site within a given operating Unit and the movement of breeding stock between Units could transfer disease from one Unit to another Unit. In serious cases the production in a given barn or entire Unit would have to be shut down and a complete depopulation for two or three months and the resanitation of the facilities would be necessary to eliminate all traces of the disease, thereby resulting in lost production days and lost revenue. The Issuer and its shareholders are insulated from the direct risks of hog disease in that the hogs in the Project remain, at all times, the property of and at the risk of Big Sky. However, significant, widespread disease in Big Sky's herd could materially adversely affect Big Sky's results of operation and/or financial condition.

More generally, significant, widespread disease amongst Canadian hogs could result in export markets for Canadian hogs and processed pork being closed for an indefinite period of time and could result in a material decline in consumer demand for pork in domestic markets. Either of these results could be expected to have a significantly negative impact on hog prices in Canada, thereby materially adversely affecting Big Sky's results of operation and/or financial condition.

Liquidity, Capital Resources and Contractual Obligations - Adverse changes in Big Sky's results of operations and/or financial condition may impair the ability of Big Sky to perform its covenants and obligations under contractual commitments, including its obligations under the Material Contracts. In particular, Big Sky's contractual obligations to its senior lenders and other secured creditors include covenants requiring Big Sky to maintain certain financial ratios. Adverse changes in Big Sky's financial condition could impair its ability to pay other creditors on a timely basis and could result in Big Sky being in default of required financial ratios. Default by Big Sky under its agreements with any of these creditors could materially adversely impact the ability of Big Sky to perform its obligations to the Issuer under the Material Contracts.

INVESTMENT CONSIDERATIONS

In considering the risks of an investment in the Securities offered hereunder, a prospective investor should, in management's opinion, also consider the following.

Existing Facilities and Operations

The Barns comprising the Project have already obtained all material approvals under and are operating in compliance with the existing regulatory requirements of *The Agricultural Operations Act* and other environmental legislation (see "Industry Conditions - Regulatory Considerations"); have been built; and are presently finishing hogs at their design capacity of approximately 35,000 market hogs per Barn annually. Each Barn will be transferred to and begin generating revenues for the Issuer immediately following the applicable Closing, without risk of delay or cost overruns in the regulatory approval or construction process.

Offering Costs and Organizational Expenses

All up-front expenses associated with the organization of the Issuer and the costs of this Offering are the responsibility of Big Sky and not of the Issuer. Accordingly, holders of Shares will not experience any dilution in the book value of their Shares as a result of such costs and expenses.

Inventory Ownership and Risk

All hogs, feed and other inventory in the Barns remain the property of Big Sky and all risk associated with the procurement of such inventory and the sale of market hogs remains exclusively with Big Sky. Accordingly, the Issuer and its shareholders are insulated from the significant direct risks associated with fluctuating agricultural commodity prices and volatile hog markets.

Option Agreement

Pursuant to the Option Agreement, the Issuer is entitled to sell the Barns back to Big Sky when the Contract Finishing Agreement expires - June 30, 2018. Additionally, the Issuer has the right, if directed or permitted by a two-thirds resolution of its shareholders, to sell all or any of the Barns back to Big Sky at any time on or after June 30, 2010 on one year's notice to Big Sky. See "The Project - Material Contracts - Option Agreement". These option rights provide to investors, as a group, a mechanism by which they can liquidate their respective investments by causing the Issuer to, in effect, convert the Barns into cash, which could then be distributed to investors by the Issuer paying additional dividends or repurchasing Shares or, if all three Barns were sold, by the Shareholders causing the Issuer to be wound-up.

PURCHASER'S STATUTORY RIGHTS

Subject to certain time limitations set out below, a subscriber for Securities hereunder has certain statutory rights under the *Securities Act*. Those rights include:

- subsection 79(3) - the right to withdraw from an agreement to purchase the Securities by giving written notice to the seller within two business days after receipt of this Prospectus or any amendment thereto;
- subsection 137(1) - a right of action for rescission or for damages where this Prospectus or any amendment thereto contains a misrepresentation;
- subsection 138.2(1) - a right of action for damages where an individual makes a verbal statement to a prospective purchaser of a Security that contains a misrepresentation relating to the Securities being purchased;
- subsection 141(1) - a right to void the purchase agreement and recover the purchase price if the Securities are sold in contravention of the *Securities Act*, the regulations to the *Securities Act* or a decision of the Commission; and
- subsection 141(2) - a right of action for rescission or damages if the Prospectus is not delivered to the subscriber as required by subsection 79(1) of the *Securities Act*.

A subscriber should refer to the provisions of the *Securities Act* for particulars of these rights or consult with a lawyer.

Statutory rights of action must be exercised within certain time periods. Those time periods are:

- an action for rescission must be started within 180 days of the date of the transaction that gave rise to the action;
- an action for damages must be started by the earlier of:

- one year after the purchaser first had knowledge of the facts giving rise to the action; or

- six years after the date of the transaction that gave rise to the action.

THE PROJECT

PROJECT DESCRIPTION

The Project consists of a minimum of one and a maximum of three hog finishing barns, and associated lands and facilities (individually a "Barn" and collectively the "Project") to be purchased by the Issuer from Big Sky and operated pursuant to a series of contracts that are to be entered into between the Issuer and Big Sky as Conditions of Closing of the Offering.

The Barns comprising the Project are part of Big Sky's 5,000 sow Units located near Ogema ("Big Sky IV" or the "Ogema Unit") and Rama ("Big Sky V" or the "Rama Unit") respectively. Each Barn has approximately 90,000 square feet of finishing space with a designed capacity to feed approximately 12,000 hogs at a time and finish approximately 35,000 feeder hogs to market weight annually. All of the Barns are wood-framed structures with metal cladding, partitioned into 10 rooms with 24 pens in each room housing an average of 50 hogs per pen. Each pen has slatted concrete floors to facilitate waste disposal and the Barns feature an overhead cable system for drawing feed into wet/dry feeders in the pens. Barn temperatures are controlled through forced air, natural gas heating, with outer wall and chimney ventilation actuated through electronic controls. Each Barn has three-phase power. Manure is stored and managed in a manner that complies with or exceeds the standards prescribed by applicable legislation including *The Agricultural Operations Act*. This includes drainage and pumping systems within the Barns that pump liquid manure into a clay-lined earthen manure storage lagoon on each site engineered to hold 400 days of manure. Manure stored in these lagoons is injected as fertilizer into farmland surrounding the Barns, usually within an approximately two mile radius of the respective Barn sites. Each Barn also includes office space, staff rooms and washroom/showering facilities. The title to each Barn includes title to the approximately 160 acre site on which the Barn is located.

All of the Barns, which were built in 2000 and 2001, have been approved under and are operating in compliance with applicable legislation including *The Agricultural Operations Act*.

Table 1.0 summarizes, for each Barn: its legal description; date of approval under *The Agricultural Operations Act*; fill date (i.e. when hogs were first delivered to the Barn); commissioning date (i.e. when hogs were being marketed on a regular basis from the Unit); and the purchase price of the Barn to the Issuer pursuant to the Asset Purchase Agreement.

Barns #1 and #2 are part of the Ogema Unit. The Ogema Unit also includes: a 5,000 sow breeding barn at SW 5-8-23-W2; four separate nursery barns all located at NE 3-8-23-W2; two smaller 9,600 and 7,200 space finishing barns at, respectively, NE 25-8-22-W2 and NE 9-9-22-W2; and a centralized feedmill on a portion of NE 9-8-22-W2. Construction of the Ogema Unit began in May 2000 and the Unit was commissioned in August 2001.

Barn #3 is part of the Rama Unit. Like the Ogema Unit, the Rama Unit includes a 5,000 sow breeding barn at SW 8-32-7-W2; four separate nursery barns all located at NW 1-32-8-W2; three additional, 9,600 space

Table 1.0 - Barn Information			
	Barn #1	**Barn #2**	**Barn #3**
Legal Description	Surface Parcel #108475454 SE 18-8-22-W2	Surface Parcels #108475230 and #108461000 NW 11-8-22-W2	Surface Parcel #143031631 SE 12-33-7-W2
Approval Date	Aug. 19, 1998	Aug. 19, 1998	January 18, 2000
Fill Date	March, 2001	April, 2001	August, 2001
Commissioning Date	August, 2001	August, 2001	January, 2002
Purchase Price	$3,550,000	$3,550,000	$3,550,000
Cumulative Price	$3,550,000	$7,100,000	$10,650,000

finishing barns at SW 26-34-8-W2, SE 23-34-8-W2 and SW 10-34-8-W2, and a centralized feedmill on portions of Legal Subdivisions 13 and 14 of 7-33-7-W2. Construction of the Rama Unit began in October 2000 and the Unit was commissioned in January 2002.

The Issuer is not acquiring any interest in these other barns or facilities in either the Ogema Unit or the Rama Unit.

Each of the Rama and Ogema Units is currently producing market hogs at the rate of approximately 120,000 hogs annually, approximately 35,000 of which are finished in each of Barns #1, #2 and #3. Each Unit is consuming approximately 45,000 tonnes of feed annually, including approximately 30,000 tonnes of feed grain, which feed grain is purchased by Big Sky predominantly from farmers in the areas in which the Units are located.

MATERIAL CONTRACTS

The Project will be implemented through the following contracts (the "Material Contracts") that will be entered into between the Issuer and Big Sky prior to Closing of the Offering and as a Condition of Closing the Offering:

1. Asset Purchase Agreement between Big Sky and the Issuer (the "Asset Purchase Agreement");
2. Contract Finishing Agreement between Big Sky and the Issuer (the "Contract Finishing Agreement");
3. Option Agreement between Big Sky and the Issuer (the "Option Agreement"); and
4. Indemnity between Big Sky and the Issuer (the "Indemnity").

Each of these Material Contracts is summarized below. **These summaries are not intended to be complete, and are qualified by the express terms and conditions of the respective Material Contracts.** Except for the Asset Purchase Agreement referred to above and the Agency Agreement between the Agent, the Issuer and Big Sky described under "The Offering - Plan of Distribution", as at the date of this Prospectus the Issuer is not party to or bound by any material contract. Further, except for the Contract Finishing Agreement, Option Agreement and Indemnity referred to above and the mortgage and related loan and security documents that are described below under "Sources and Uses of Funds", the Issuer will not be party to or bound by any other material contracts as of the Closing of the Offering. Copies of the Asset Purchase Agreement (including, as schedules thereto, copies of the Contract Finishing Agreement, Option Agreement and Indemnity in substantially the form such agreements are expected to be entered into between the Issuer and Big Sky) and the Agency Agreement may be inspected during normal business hours at the head office of the Issuer, 400 - 410 - 22nd Street East, Saskatoon, SK S7K 5T6, or at the offices of the Agent in Saskatoon, SK, at at any time during the period of distribution of the Securities offered hereby and for a period of 30 days thereafter. Additionally, copies of these Material Contracts will be available to the public under the name Big Sky Finishers (No. 1) Inc. at www.sedar.com.

The principal characteristics of these Material Contracts include the following:

- the Issuer purchases one or more Barns from Big Sky, financing such purchases with the proceeds of this Offering and with mortgage financing arranged by Big Sky. See "Sources and Uses of Funds". Big Sky, however, retains ownership of all inventory in the Barns including the hogs and feed, and takes all risks associated with the marketing of the hogs and the purchase of feed;
- Big Sky then contracts to have the Issuer, for a term ending June 30, 2018, finish hogs in the Barns on behalf of Big Sky, in return for which Big Sky pays an annual contract finishing fee to the Issuer. As such, the contract finishing fee represents a relatively fixed, or readily determinable, revenue stream to the Issuer;
- at the end of the term of the Contract Finishing Agreement (or in certain circumstances earlier) the Issuer has the option to sell the Barns back to Big Sky (a "Put Option") and Big Sky has the option to purchase the Barns back from the Issuer (a "Call Option").

Asset Purchase Agreement

Pursuant to the Asset Purchase Agreement, the Issuer agrees to purchase from Big Sky and Big Sky agrees to sell to the Issuer the Barns at a purchase price of $3,550,000 per Barn, for a total purchase price of $10,650,000 if all three Barns are purchased. The purchase price of the Barns has been established by negotiation between Big Sky and the Issuer, in consultation with the Agent, and approximates Big Sky's actual cost of constructing the respective Barns, including its costs of acquiring and servicing the lands on which the Barns are located. Although a single Asset Purchase Agreement will be entered into for all three Barns, the Agreement treats the purchase and sale of each Barn as a separate and distinct transaction.

Closing of the purchase and sale of Barn #1, Barn #2 and Barn #3 respectively, will occur concurrently with, and subject to, the Closing of Tranche #1, Tranche #2 and Tranche #3, respectively, of the Offering. Also, upon the closing of the purchase of Barn #1 the Issuer will offer employment to and, subject to the Contract Finishing Agreement, become responsible for the wages of up to six employees who are then employed in the Barns.

Title to the Barns will be transferred into the name of the Issuer free and clear of all encumbrances and, following such transfer, the titles will be subject only to the mortgages described under "The Offering - Sources and Uses of Funds" and the interests of Big Sky, or persons claiming through Big Sky, pursuant to the other Material Contracts.

At the time of closing the purchase and sale of the respective Barns, the Barns will be operational, housing hogs, feed and other inventory all of which will remain the property of Big Sky and not be transferred to the Issuer.

Additionally pursuant to the Asset Purchase Agreement, Big Sky will be responsible for the following:

- all costs associated with the incorporation and organization of the Issuer, the preparation and execution of the Material Contracts and any associated Barn purchase closing costs such as land title transfer fees;

- all costs of this Offering, including but not limited to, legal and accounting costs relative to the preparation of this Prospectus, printing costs, regulatory filing fees and the fees, commissions and other expenses of the Agent (see "The Offering - Plan of Distribution"); and

- all brokerage, placement, commitment and/or standby fees or like fees charged by the mortgagee or any mortgage broker with respect to the mortgage financing for the Project (see "The Project - Sources and Uses of Funds") as well as all legal fees and disbursements relative to the preparation and registration of such mortgage(s) and any related collateral security.

Contract Finishing Agreement

Pursuant to the Contract Finishing Agreement, the Issuer will finish hogs on behalf of Big Sky in each of the Barns purchased by the Issuer in return for an annual fee (the "Finishing Fee"). This Finishing Fee will initially be set at $620,000 per Barn (payable in equal monthly instalments of $51,667), aggregating $1,860,000 annually ($155,000 per month) if the Issuer purchases all three Barns.

The Agreement provides for adjustment to the Finishing Fee effective July 1, 2006 and every third year thereafter to account for changes in market prices of certain operating inputs that the Issuer is responsible for pursuant to the Agreement; as well as for possible adjustments where catastrophic, *force majeure* events or the implementation by Big Sky of technological improvements materially change the Issuer's costs of operating the Project.

The Contract Finishing Agreement has a term ending June 30, 2018, or earlier with respect to any specific Barn if the Issuer exercises its Put Option to sell the Barn(s) back to Big Sky prior to that time, and subject to earlier termination by either the Issuer or Big Sky in the event of certain material defaults that are not cured within a reasonable notice period, as more particularly described in the Contract Finishing Agreement.

The material obligations and responsibilities of Big Sky under the Contract Finishing Agreement include:

- the responsibility for delivering feeder hogs to the Barns and taking delivery of finished hogs at the Barn;

- supplying all feed, micro-nutrients, medication and veterinary supplies and services required for the care, feeding and finishing of the hogs by the Issuer; and

- paying the Finishing Fee to the Issuer.

The material obligations and responsibilities of the Issuer under the Contract Finishing Agreement include:

- taking delivery of feeder hogs, feed and other inventory supplies delivered by Big Sky to the Barns and assembling finished hogs for delivery at the Barns to Big Sky upon their reaching market weight (or earlier if requested by Big Sky);

- feeding, caring for and finishing to market weight (or earlier if requested by Big Sky) the hogs delivered to the Barn by Big Sky in accordance with the directions, guidelines and protocols as to diet, feed rations, medication, animal health and welfare practises and biosecurity provided by Big Sky and in accordance with good animal husbandry practises and applicable laws;

- storing, managing and, at the expense of Big Sky, disposing of manure produced by the operation of the Barns in accordance with the requirements of *The Agricultural Operations Act* and the waste storage and waste management plans relative to the Barns approved pursuant to that legislation, and in accordance with other applicable environmental legislation;

- maintaining production records in accordance with such systems and programs as Big Sky may from time to time direct;

- supplying competent staff for the operation of the Barns and the performance of its obligations under the Agreement;

- not using the Barns for any purpose other than the feeding, caring for and finishing of hogs supplied by Big Sky, except with the consent of Big Sky, and maintaining the Barns, including routine cleaning, repairs and maintenance to a standard suitable for the continued performance of its obligations under the Agreement, reasonable wear and tear excepted; and

- paying all costs associated with the ownership and operation of the Barns (other than those that are expressly for the account of Big Sky as provided in the Contract Finishing Agreement) including: light, water, gas and other utilities; property taxes; employee wages, salaries and benefits; cleaning, repair and maintenance expenses; insurance; and the cost of any capital improvements that the Issuer may decide to make to the Barns, provided that no such capital improvements will be made without the prior consent of Big Sky, which consent shall not be unreasonably withheld.

In establishing the annual Finishing Fee payable under the Contract Finishing Agreement, the Issuer and Big Sky have assumed that the Issuer will require a total of six full-time barn technicians (two technicians per Barn) to properly operate the Barns and the Issuer has agreed to 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 other hog finishing barns owned by Big Sky. Such wages and benefits are, currently, approximately $24,000 per employee annually. The Contract Finishing Agreement includes provisions for adjustment to the annual Finishing Fee in the event that more than two employees per Barn are required and/or in the event that the Issuer's wage costs otherwise increase as a result of Big Sky requiring the Issuer to increase its wage levels in order to maintain parity with the wage levels that Big Sky from time to time pays to its own employees.

The Contract Finishing Agreement also contains positive and negative covenants on the part of the Issuer which, among other things, require the Issuer to obtain the consent of Big Sky in order to borrow money or grant security, amend its dividend policy, issue securities, encumber or sell its assets, engage in mergers or acquisitions or change its business.

Further, the Contract Finishing Agreement contains a provision where, for each Barn purchased under the Asset Purchase Agreement, the Issuer may in certain circumstances require Big Sky to subscribe for and purchase up to 10,000 second preferred shares of the Issuer (i.e. 30,000 second preferred shares in total if all three Barns are purchased) at a purchase price of $10 per share.

Option Agreement

Pursuant to the Option Agreement, the Issuer will have a Put Option to sell the Barns back to Big Sky and Big Sky will have a Call Option to require the Issuer to sell the Barns to Big Sky in the following circumstances:

- either party may exercise its option effective as of the expiry of the term of the Contract Finishing Agreement - June 30, 2018;
- the Issuer may exercise its Put Option to sell all or any of the Barns to Big Sky on one year's notice at any time after June 30, 2010; and
- if as a result of a default by either party under the Contract Finishing Agreement, the other party becomes entitled to and elects to terminate the Contract Finishing Agreement, either party may, at its option, in the case of the Issuer sell to Big Sky and in the case of Big Sky purchase from the Issuer, the Barns.

Subject to certain adjustments as described in the Option Agreement, the purchase price of the Barns will be equal to their book value as of the effective time of such purchase and sale, calculated in accordance with generally accepted accounting principles consistently applied. In that regard, the Barns and related capital facilities will be depreciated on a straight-line basis in accordance with generally accepted accounting principles such that as of June 30, 2018 it is anticipated that each Barn will have a book value (including the land component) of $900,000, plus the depreciated value of any capital additions to the Barns and less the book value of any capital items that may be disposed of over the period prior to the sale and purchase of the Barns.

Indemnity

Pursuant to the Indemnity, Big Sky agrees to indemnify the Issuer, its directors, officers and certain other related persons, from claims or losses resulting from environmental activity pertaining to the Project, other than claims or losses attributable to the gross negligence or wilful misconduct of the indemnified person.

SOURCES AND USES OF FUNDS

Table 2.0 summarizes the sources and uses of funds for the Project.

Table 2.0 Sources and Uses of Funds

	Barn/ Tranche #1	Barn/ Tranche #2	Barn/ Tranche #3	Total
Sources of Funds:				
Proceeds of Offering[(1)]	$ 900,000	$ 900,000	$ 900,000	$ 2,700,000
Mortgage Financing[(2)]	$2,650,000	$2,650,000	$2,650,000	$ 7,950,000
Total	$3,550,000	$3,550,000	$3,550,000	$10,650,000
Uses of Funds[(1)]**:**				
Purchase of Barns	$3,550,000	$3,550,000	$3,550,000	$10,650,000

[(1)]The Sources and Uses of Funds contains no provision for the Agent's fees or commissions, Offering costs or other organizational costs as pursuant to the Asset Purchase Agreement all such costs are the responsibility of Big Sky. Also, no provision has been made for working capital or contingencies as the Barns are being sold to the Issuer by Big Sky on a guaranteed, fixed price basis and the Issuer will begin receiving monthly payments of finishing fees immediately following closing of the Offering.

[(2)]Pursuant to the Asset Purchase Agreement, Big Sky has agreed to obtain debt financing for the Issuer in the amount of $2,650,000 for each of the three Barns for a total of $7,950,000. It is expected that such debt financing will be secured by a fixed and specific mortgage or mortgages on each of the Barns acquired by the Issuer and by a general security interest in all present and after-acquired personal property of the Issuer. This debt financing is expected to have an initial term of five years, with principal and interest amortized over a period of approximately 15 years. It is also anticipated that the loan and security agreements in respect of this debt financing may contain covenants requiring the Issuer to maintain certain financial ratios and restrict the ability of the Issuer to pay dividends or otherwise distribute money to shareholders unless those financial ratios are maintained.

THE ISSUER

INCORPORATION

Big Sky Finishers (No. 1) Inc. was incorporated pursuant to the *SBCA* on August 27, 2002 under the name 101036324 Saskatchewan Ltd., and amended its Articles November 22 and November 25, 2002 to, amongst other things, change its name to Big Sky Finishers (No. 1) Inc. Its registered office is 200 - 374 - 3rd Avenue South, Saskatoon, Saskatchewan, S7K 1M5 and its head office and mailing address is 400 - 410 - 22nd Street East, Saskatoon, Saskatchewan, S7K 5T6.

BUSINESS OF THE ISSUER

The Issuer is a newly incorporated company organized by Big Sky for the purpose of acquiring the Project from Big Sky and then operating the Project pursuant to the Material Contracts. See "The Project". The Issuer presently has no material assets and has not carried on any business prior to the date hereof other than matters directly related to this Offering and the proposed acquisition and operation of the Project.

DIRECTORS AND OFFICERS

The Issuer's Articles of Incorporation require the Issuer to have a minimum of three and a maximum of five directors. Table 3.0 sets out the name, municipality of residence, position held with the Issuer and principal occupation for the past five years of each of the Issuer's directors and officers.

Table 3.0 - Directors and Officers of Issuer

Name and Municipality	Position with Issuer	Principal Occupation
John Beckton Saskatoon, SK	Director, President and Chief Executive Officer	President, Beckton Financial Consulting Corp.
Brad Wildeman Lanigan, SK	Director	President, Pound-Maker Agventures Ltd.
Florian Possberg Humboldt, SK	Director	President and CEO, Big Sky Farms Inc.
Lorianne Earis Humboldt, SK	Chief Financial Officer	Controller, Big Sky Farms Inc. since October 2000. Controller, Schulte Industries Ltd., January 1999 to October 2000. Office of the Provincial Auditor of Saskatchewan from 1991 to 1998.

Each of the above directors is also a member of the Issuer's Audit Committee.

John Beckton, President and Chief Executive Officer, is the President of Beckton Financial Consulting Corporation, a Saskatoon-based company that has been in business for approximately 21 years providing accounting and financial consulting for farmers and agri-businesses throughout Saskatchewan and Alberta. Mr. Beckton is a graduate of the School of Agriculture and the College of Agriculture, University of Saskatchewan and is a member of the Saskatchewan Institute of Professional Agrologists. Mr. Beckton also owns and operates a 1,500 acre grain farm and a 100 cow beef herd. Mr. Beckton has been a member of several different boards of directors, including Big Sky Farms Inc. until July 2000, Quadra Management Services Ltd. and Inpro West Investment Corporation. Before establishing Beckton Financial Consulting Corporation in 1981, Mr. Beckton was employed by a Canadian chartered bank as a manager of agricultural services.

Brad Wildeman, Director, is the President of Pound-Maker Agventures Ltd., a widely held, community based company that operates a 30,000 head capacity cattle feedlot integrated with a 13 million litre per year ethanol production facility near Lanigan, Saskatchewan. Pound-Maker Agventures is the largest cattle operation in Saskatchewan and operates the only ethanol production facility in the Province. In addition to his role as President of Pound-Maker Agventures, Mr. Wildeman has served on a number of boards and committees active in Saskatchewan's agricultural and value-added agricultural industries, including serving as a director and Vice-Chair of the board of directors of National Pig Development Corporation from 1986 to 1993 and Chair of the Agri-value Committee of the Action Committee on the Rural Economy in 2000-2001. Mr. Wildeman is currently serving as Chair of the Veterinary Infectious Disease Organization, the Canadian Cattle Identification Agency, the Saskatchewan Cattle Feeders Association and the Foreign Trade Committee of the Canadian Cattlemen's Association.

Florian Possberg, Director, has been the President and CEO of Big Sky since its founding in 1995. Mr. Possberg was raised on a family farm in the Humboldt district of Saskatchewan. He graduated from the

University of Saskatchewan with a Bachelor of Science in Agriculture in 1975. Following graduation he returned to the Humboldt district to establish a grain and hog farm. Starting with 20 acres of land and 60 sows, Mr. Possberg, in partnership with family members, built his family farm over the next 20 years into a multi-million dollar business which, incorporated under the name Possberg Pork Farms Ltd., by 1995 farmed 6,000 acres of grain land and had two 600 sow farrow-to-finish hog operations. Mr. Possberg is a leader in the Saskatchewan farming community, particularly in the hog farming sector. He is a director of Saskatchewan Agriculture & Food's Pork Central Committee, a director of Saskatchewan Agrivision Corporation Inc. and a member of the Saskatchewan Action Committee on the Rural Economy and of the Good Spirit Lake Monitoring Committee, as well as being a former principal shareholder and managing director of Genex Swine Group Inc., a former director of SPI Marketing Group and the Chairman of the Saskatchewan Swine Industry Expansion Committee. Mr. Possberg's industry-related achievements include receiving the 1984 "Outstanding Young Farmer Award for the Prairie Region", the 1996 "Most Pigs Sold per Sow Award" for Genex, and SPI's "Top Indexing Award" in twelve separate years between 1984 and 1997 (following which SPI discontinued the award).

Lorianne Earis, Chief Financial Officer, has been employed by Big Sky since October 2000 and is currently the Controller of Big Sky. Ms. Earis is a 1991 graduate of the College of Commerce (Accounting), University of Saskatchewan, and obtained her Chartered Accountant designation in 1994. From 1991 to 1998 she was employed by the Provincial Auditor of Saskatchewan and from January 1999 to October 2000 was the Controller of Schulte Industries Ltd., a farm equipment manufacturer in Englefeld, Saskatchewan.

EXECUTIVE COMPENSATION

The Issuer has agreed to pay to the directors named above, other than Mr. Possberg, honorariums totalling $3,000, together with $300 per day for attending directors meetings during the period up to the completion of this Offering and to reimburse these directors for reasonable expenses incurred in performing their duties for the Issuer. Big Sky has agreed to reimburse the Issuer for these directors' fees and expenses until completion of the Offering as part of the start-up and organizational expenses for which Big Sky is responsible pursuant to the Asset Purchase Agreement. See "The Project - Material Contracts - Asset Purchase Agreement". Additionally, the Issuer and Big Sky have agreed to indemnify these directors and officers, to the maximum extent permissible pursuant to the *SBCA*, for any losses or damages they might be personally liable for by reason of being directors and/or officers of the Issuer, except where such liability relates to their failure to act honestly and in good faith with a view to the best interests of the Issuer.

Except as described above, none of these directors and officers of the Issuer receive any salary or other compensation for acting as directors and officers of the Issuer. It is expected that, following the first annual meeting of the shareholders of the Issuer after the Final Closing Date of this Offering, the board of directors will review this compensation policy and determine what, if any, compensation the Issuer will thereafter pay its directors and officers.

The Issuer's directors and officers are responsible for directing the management of the business and affairs of the Issuer. As such, these directors and officers will oversee the day-to-day administration and management of the Issuer and will be responsible for ensuring that the Issuer discharges its obligations under the Material Contracts and, more generally, conducts its business and affairs in accordance with applicable laws. In the circumstances, these administrative and managerial functions are expected to include, amongst other things: supervision of Barn employees; payroll administration; arranging for the provision of and payment for utilities, insurance and routine Barn repair and maintenance in accordance with the Issuer's obligations under the Contract Finishing Agreement; preparing and maintaining proper books and records; arranging for the preparation and, where applicable, the filing and/or distribution of annual and interim financial statements and other continuous disclosure material, as well as tax returns and other applicable government filings; arranging for the holding of annual shareholder meetings and the preparation of related shareholder meeting materials; and determining the compensation, if any, to be paid to the directors and officers of the Corporation. Although the Issuer's officers and directors will oversee all of these administrative and managerial matters, none of the above-named directors or officers will be performing their functions for the Issuer on a full-time basis. Instead, it is expected that day-to-day administrative and managerial services will be performed by consultants retained by the board of directors for that purpose. Certain of these services may be performed by Big Sky subject to and on terms approved by the Issuer's board of directors and provided that any compensation payable to Big Sky for the provision of such services will be commensurate with the costs at which such services could be provided by an independent third party. The Issuer estimates that the current cost for these ongoing administrative and management services will be approximately $90,000 annually, assuming that all three Barns in the Project are acquired by the Issuer. In that regard, pursuant to the Contract Finishing Agreement, Big Sky has agreed that if only Tranche #1 and/or Tranche #2 of this Offering close, such that only one or two of the Barns are acquired by the Issuer, Big Sky will either provide itself, or reimburse the Issuer for these administrative expenses if and to the extent they exceed $30,000 annually if only Barn #1 is acquired or $60,000 annually if both Barns #1 and #2 (but not Barn #3) are acquired.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Florian Possberg is a director and officer of Big Sky, the promoter of the Issuer. Big Sky has a material interest in the Issuer and the Project pursuant to the Material Contracts. See "The Project - Material Contracts". Except for this interest of Big Sky, no director, officer, promoter, shareholder or any associate or affiliates of such persons has had or now has a material interest, direct or indirect, in any material transaction or proposed transaction of the Issuer. Neither Big Sky nor any of the Issuer's directors or officers, nor any associates or affiliates of such persons are now or at any time have been indebted to the Issuer.

CONFLICTS OF INTEREST

The success of the Issuer and the Project is dependent, to a significant degree, on the continued compliance by both the Issuer and Big Sky with their respective obligations under the Material Contracts (see "The Offering - Risk Factors") and on their ability to negotiate mutually satisfactory adjustments to the Finishing Fees payable under the Contract Finishing Agreement (see "The Project - Material Contracts - Contract Finishing Agreement"). Actual or perceived conflicts of interest may exist or arise between the Issuer and Big Sky in enforcing and/or negotiating amendments to these Material Contracts. In organizing the Issuer and structuring the Material Contracts steps have been taken which, in combination with general principles of applicable law, are designed to eliminate or mitigate such conflicts of interest. Mitigating factors include the fact that a majority of the members of the Issuer's initial board of directors are independent of Big Sky and future directors of the Issuer will be elected by the Issuer's shareholders. Moreover, regardless of the relationship that an individual director or officer of the Issuer may have with Big Sky, in exercising their powers and discharging their duties as directors or officers of the Issuer, such individuals have a fiduciary duty to act honestly, in good faith and with a view to the best interests of the Issuer. More specifically, when considering and/or approving actions by the Issuer on matters relating to the enforcement and/or amendment of material contracts with Big Sky, directors of the Issuer who are also directors or officers of Big Sky or who are otherwise materially interested in such contracts are required to disclose such interest to the board and refrain from voting on resolutions by the board in respect of such matters. Additionally, corporate and securities legislation generally requires that material transactions between the Issuer and its directors and/or officers be disclosed to and, in certain cases, approved by the Issuer's shareholders. The potential for conflicts of interest between Big Sky and the Issuer is also mitigated by provisions of the Contract Finishing Agreement which require or permit disputes between the parties to be resolved through independent arbitration proceedings.

CAPITALIZATION

Table 4.0 sets forth the capitalization of the Issuer at November 26, 2002 and as adjusted to give effect to this Offering.

Table 4.0 - Capitalization of Issuer

	As at November 26/02	After the Offering		
		Tranche #1	Tranche #1 & #2	Tranche #1, #2 & #3
Long Term Debt	-	2,650,000	5,300,000	7,950,000
Common Shares (1 authorized)	$1 (1 Share)	$1 (1 Share)	$1 (1 Share)	$1 (1 Share)
First Preferred Shares (unlimited)	-	$900,000 (90,000 Shares)	$1,800,000 (180,000 Shares)	$2,700,000 (270,000 Shares)
Second Preferred Shares (unlimited)	-	-	-	-
Total Capitalization	$1	$3,550,001	$7,100,001	$10,650,001

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Issuer consists of a single common share (the "Common Share"), an unlimited number of shares designated first preferred shares (the "Shares" or "First Preferred Shares") and an unlimited number of shares designated second preferred shares (the "Second Preferred Shares").

The holder of the Common Share is entitled, with the holders of the First Preferred Shares, to receive notice of, attend and vote (one vote per share) at all meetings of shareholders of the Issuer. Additionally, the holder of the Common Share is entitled, subject to the preferential rights of the holders of First Preferred Shares and Second Preferred Shares (if any), to participate with the holders of First Preferred Shares in any additional dividends declared by the Issuer, if, as and when declared by the board of directors; and, subject to the preferential rights of the holders of First Preferred Shares and Second Preferred Shares (if any), to participate with the holders of First Preferred Shares in any additional distribution of property or assets of the Issuer amongst its shareholders for the purpose of winding up its affairs.

The rights and characteristics attaching to First Preferred Shares are described in this Prospectus under the heading "The Offering - Description of Securities Offered".

The holders of Second Preferred Shares, if any, are not entitled to vote but are entitled: provided that all accrued First Preferential Dividends have been declared and paid to the holders of First Preferred Shares, to receive, in preference and priority over the payment of any other dividends, a fixed, annual, cumulative, preferential dividend equal to 10% of the price at which such Second Preferred Shares are issued (if ever) as and when declared by the board of directors, but not to otherwise participate in dividends; and upon the winding up of the Issuer, provided that the holders of First Preferred Shares have received a full return of capital in the amount of $10 per share plus any accrued First Preferential Dividends, to receive in preference and priority over distributions to the holders of any other class of shares, a return of capital plus accrued but unpaid Second Preferential Dividends, but not to otherwise participate in any additional distribution of property or assets of the Issuer amongst its shareholders for the purpose of winding up its affairs.

PRINCIPAL SHAREHOLDERS AND PRIOR SALES

As at the date of this Prospectus a single Common Share is outstanding, which was originally issued in November, 2002 at $1, and is held by Mr. John Beckton, the President of the Issuer.

DIVIDEND POLICY

The Issuer has not previously paid any dividends.

The First Preferred Shares entitle their holders to receive a fixed, cumulative, annual, preferential dividend (the "First Preferential Dividend") of $1 per share. The Issuer's articles of incorporation expressly stipulate that all funds available for and properly applicable to the payment of dividends in each fiscal year of the Issuer shall be paid within 180 days of the end of such fiscal year on account of these First Preferential Dividends, subject only to applicable "solvency tests" under the *SBCA*; contractual commitments of the Issuer including covenants in the Issuer's loan and security agreements relative to its mortgage financing that may restrict the payment of dividends or other distributions to shareholders unless certain debt to equity and other financial ratios are maintained; and subject to the board of directors causing the Issuer to retain such earnings as are prudent in the circumstances having regard to the ongoing operations and financial commitments of the Issuer.

To the extent that the cash resources of the Issuer exceed the amounts necessary to pay these cumulative First Preferential Dividends, such excess will be applied to the payment of accrued preferential dividends on the Second Preferred Shares that are then outstanding (if any) with the Issuer then applying any remaining excess, in the discretion of its board of directors, to the accelerated repayment of the Issuer's long-term debt, the payment of additional dividends on First Preferred Shares and the single Common Share, or to such other purposes related to the operation of the Project as the board of directors considers prudent in the circumstances.

Notwithstanding the foregoing, there is no assurance that First Preferential Dividends, or other dividends, will be paid on the Shares in the amounts or at the times described above. See "The Offering - Risk Factors".

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Issuer are Deloitte & Touche LLP, Chartered Accountants, 400 - 122 - 1st Avenue South, Saskatoon, Saskatchewan, S7K 7E5. The Issuer will not be appointing a registrar or transfer agent. The Shareholder Registry, including particulars as to the issue or transfer of any Shares, will be maintained by the Issuer itself.

INDUSTRY CONDITIONS

Hog production in Saskatchewan is influenced by a number of factors, including:

- Canada's position as the world's leading exporter of pork;
- the restructuring of the hog and pork industries throughout North America and the shifting focus of these industries in Canada from central to western Canada;
- feed grain and other production costs in Saskatchewan are traditionally amongst the lowest of any hog producing region in North America and well below production costs in other traditional hog producing regions of the world;
- other competitive advantages associated with producing hogs in Saskatchewan, including: traditionally abundant supplies of feed grains; expansive land base and relatively low land costs; climate; high animal health standards; and well-established swine research and development institutions and organizations; and
- a regulatory regime supportive of environmentally sustainable hog production.

Additional information on each of these factors is provided below.

WORLD EXPORT MARKETS

Pork is the world's largest source of human consumed meat protein, representing an estimated 45% of the world's total meat consumption. According to the United States Department of Agriculture ("USDA"), approximately 85.2 million tonnes of pork will be consumed in 2002. Global pork consumption has increased at an average annual rate of approximately 2.0% over the past five years, due primarily to world population growth, but also due to changing economic factors including generally rising incomes in developing countries where pork is often the meat of choice over alternatives such as beef and poultry.

Steady but relatively modest increases in world wide pork consumption and production have been significantly out-paced by sharp increases in world pork exports. According to the USDA, world pork exports will exceed 3.8 million tonnes in 2002. This represents a 37% increase in world exports since 1998, compared with increased overall pork production of just 8%. Generally more liberalized international trade laws, constraints on hog production as a result of environmental or animal health and welfare issues in some of the world's traditionally leading producing nations, and improved packaging and shipping methods which better sustain the shelf life of fresh pork during transportation have all contributed to this increase in pork exports.

Moreover, North America - and in particular Canada - has accounted for an ever-increasing share of the world's pork export markets. The United States and Canada produced approximately 8.7 million and 1.7 million tonnes of pork respectively in 2001, representing approximately 10% and 2%, respectively, of world pork production. However, these two countries accounted for about 40% of the world's pork export trade in 2001. Canada has been the world's leading pork exporting nation since 2000 and its approximately 727 thousand tonnes of exported pork products in 2001 represented over 20% of the world's export total. The United States, at approximately 708 thousand tonnes in 2001 - slightly less than 20% - ranked second. North America's disproportionate share of growing world pork export markets is attributable, to a significant degree, to the economic efficiencies of scale achieved by large-scale hog producers and pork processors and the relatively sophisticated production methods used in the North American hog and pork industries.

Table 5.0 - Industry Overview (1,000 tonnes)

5.1 - World Meat Consumption

	1998	1999	2000	2001	2002
Pork	**78,616**	**81,296**	**81,017**	**82,778**	**85,182**
Beef	48,223	49,388	49,488	47,770	49,327
Poultry	44,100	47,607	49,587	51,096	52,902

5.2 - World Pork Production

	1998	1999	2000	2001	2002
China	38,837	40,056	40,314	41,854	43,000
European Union	17,392	18,059	17,585	17,419	17,800
United States	8,623	8,758	8,597	8,691	8,973
Brazil	1,690	1,835	2,010	2,230	2,356
Canada	**1,337**	**1,550**	**1,638**	**1,729**	**1,830**
Russian Federation	1,510	1,490	1,500	1,560	1,600
Poland	1,650	1,675	1,620	1,547	1,585
Japan	1,285	1,277	1,269	1,245	1,200
Republic of Korea	992	950	1,004	1,077	1,161
Mexico	950	994	1,035	1,065	1,085
Other	4,129	4,128	3,806	3,683	3,780
Total	79,328	81,745	81,386	83,155	85,465

5.3 - World Pork Exports

	1998	1999	2000	2001	2002
European Union	1,004	1,390	1,470	1,235	1,300
Canada	**432**	**554**	**658**	**727**	**800**
United States	558	580	584	708	709
Brazil	105	109	163	337	400
China	143	75	73	139	225
Poland	220	235	160	100	80
Hungary	109	131	143	118	120
Other	229	236	160	188	191
Total	2,800	3,310	3,411	3,552	3,825

Source: USDA Foreign Agriculture Service- Livestock and Poultry: World Markets and Trade Report, October 17, 2002. Based on selected countries. 2002 statistics are preliminary.

Additionally, Canada's well-developed, relatively rigorous meat inspection system, the fact that the country has been relatively free from serious hog disease outbreak, and industry-wide and governmental quality assurance and marketing programs have all contributed to Canada's increasing share of the world's pork export markets.

Canadian hog producers sell their hogs to pork processors in both Canada and the United States. North America's growing share of the world's pork export markets has provided strong underlying demand for hogs produced in Saskatchewan and elsewhere in Canada.

RESTRUCTURING OF THE NORTH AMERICAN HOG AND PORK INDUSTRIES

The 82.8 million tonnes of pork consumed in the world in 2001 is equivalent to slightly over one billion hogs. China is by far the world's largest producer and consumer of hogs, accounting for over half of the world's total. According to the Canadian Pork Council, Canada produced approximately 26.2 million hogs in 2001, an increase of 70% over what was produced in Canada a decade earlier. Approximately 20.9 million of these hogs were marketed in Canada with almost all of the remaining 5.3 million hogs sold into the United States. Canada imports an insignificant number of hogs.

The increase in Canadian hog production is attributable, to a significant degree, to Canada's and United States' growing share of the world's growing export trade in pork. As well, the repeal of *The Western Grain Transportation Act* (the "Crow") in 1995 has resulted in, generally, a significant feed grain cost advantage in western Canada which, together with other competitive advantages discussed below, have driven a 100% increase in the number of hogs produced in the three prairie provinces over the period 1991 to 2001.

At the same time that hog production has been increasing, the hog and pork processing industries across North America have been undergoing a significant restructuring. Traditionally, hog producers in North America were farmers who raised hogs as part of their mixed farming operations and hog production tended to be one of the least specialized of the major farm industries. However, throughout North America there is a strong trend towards larger hog production units driven by economies of scale and marked gains in productivity through innovations such as three-site production, professional management and sophisticated breeding, feeding and biosecurity programs.

There are now reported to be 36 large scale hog producers in the United States with at least 18,000 sows in production, representing well over one-half of total American hog production. In Canada, the trend towards large scale operations has somewhat lagged that in the United States. However, there are now reported to be eight major Canadian producers (or producing groups) with breeding herds equalling or exceeding 18,000 sows.[1] These 8 largest producers are estimated to now account for about one-quarter of Canada's total hog production.

The North American trend towards high efficiency, large scale hog production has been parallelled by the development of highly efficient, large scale pork slaughter and processing plants and by the consolidation of the pork processing industry amongst fewer companies. At the same time, supply and demand dynamics between the hog production and pork processing industries tend to cause pork processors to locate new or expand existing plants in areas of high hog supply; with the increased demand for hogs that is caused by new or expanded plants tending to result in further increases in the number of hogs produced in the regions in which these plants are located. All of the major Canadian pork processors have established new, or significantly expanded existing, large scale pork processing facilities in the prairie provinces, including: Maple Leaf Foods (Canada's largest hog producer and pork processor) with plants in Brandon and Winnipeg,

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[1] Source: Successful Farming magazine: Pork Powerhouses® 2002 - www.agriculture.com/sfonline/sf/2002/october/porkpowerhouse

Manitoba; Mitchell's Gourmet Foods Inc. ("Mitchell's") (controlled by Smithfield Foods, the world's largest hog producer and pork processor) with a plant in Saskatoon, Saskatchewan; and Olymel (a Quebec based co-operative controlled by Quebec's hog producers) with a plant in Red Deer, Alberta. These major processors, together with smaller processors, currently slaughter approximately 8.7 million hogs annually, an increase of more than 70% over the numbers slaughtered in the prairie provinces five years ago. These Canadian plants, together with plants in the United States within marketing distance for hog producers in Canada's three prairie provinces, represent a total market for an estimated 20 million hogs annually.

The growth in the number of hogs produced in western Canada is now approaching the current capacity of pork processing plants within marketing distance of these hog producers to slaughter all of the hogs that are produced. However, existing pork processors in western Canada presently operate their plants on a single-shift basis. Each of Maple Leaf, Mitchell's and Olymel have publicly announced their desire and objective to move their respective plants towards two-shift operations. Although staffing, cold storage, hog supply, pork markets and other issues all influence the decision as to if and how quickly any given plant can move to two-shift production, two-shift production could potentially almost double slaughter capacity in western Canada, at a relatively modest cost compared to the cost of having to actually build new plants.

These relatively new or expanded pork processing plants have, to date, resulted in generally strong market demand for the increasing number of hogs produced in western Canada; and the ability of these pork processors to expand slaughter capacity is expected to continue to provide market demand for future increases in hog production.

FEED GRAIN AND PRODUCTION COSTS

Feed costs are the greatest single cost of hog production. In March 1999 the George Morris Centre at the University of Guelph, Ontario published the results of a study where, using standard budgets for three and single-site hog production facilities, production costs were compared for five regions in Canada (including the Maritimes, Quebec, Ontario, and Western Canada which was further subdivided into the Eastern Prairies and Western Prairies), four in the United States (including the Eastern and Western Corn Belts and the Mountain and South East Regions) and Argentina, Chile, The Netherlands and Demark.[1] The study reviewed labour costs, feed costs, depreciation and interest costs. All five Canadian regions compared favourably in the cost estimates, but Western Canada showed the lowest overall cost, with the Eastern Prairies (i.e. western Manitoba and eastern Saskatchewan) being somewhat lower than the Western Prairies (i.e. western Saskatchewan and Alberta). The most significant advantage was in feed grains, where the Eastern Prairies showed, at that time, an approximately 22% feed grain cost advantage over Ontario, 24% over the Western US Corn Belt, 28% over Quebec, and a 43-45% advantage over such traditionally leading European producing nations as The Netherlands and Denmark.

Feed grain and other production costs are influenced by a variety of local, national and international factors. Accordingly, the relative cost advantages or disadvantages to hog producers in different regions of the world will vary over time. A combination of drought, grasshopper infestation and other factors in Saskatchewan in 2002 have resulted in relatively low supplies of good quality feed grain in Saskatchewan and relatively high grain prices. However, in general, western Canada over the longer term has experienced feed grain prices and other production costs that make Saskatchewan hog producers as competitive, or more competitive, than hog producers in central Canada, other parts of North America and in other hog producing regions outside of North America.

[1] "Prospects for Hog Production and Processing in Canada", prepared by Dr. Larry Martin, Zana Kruja and John Alexiou, George Morris Centre, March 1999.

OTHER COMPETITIVE ADVANTAGES

Feed Grain Supply

Over the 10 years 1991-2000, Saskatchewan produced, on average, approximately 20 million tonnes of cereal grain annually, representing almost half of the total Canadian cereal grain production. Although Saskatchewan's grain production in 2002 was significantly below these historic levels, the Province's traditional position as the "bread basket" of Canada normally ensures its hog producers of relatively abundant supplies of feed grains.

Expansive Land Base

According to the Saskatchewan Department of Agriculture & Food ("Sask Ag & Food"), Saskatchewan has one of the lowest hog densities of any significant hog producing region in the world. Table 6.0 compares Saskatchewan's approximate hog density levels with estimated levels in other leading hog producing regions of the world.

Table 6.0 - Hog Densities in Selected Jurisdictions, 2001

	Hog Inventory (thousand head)	Farm Land Base (km^2)	Hog Density (hogs per km^2)
Saskatchewan	1,054	188,000	5.6
Denmark	12,125	23,000	529
The Netherlands	13,138	9,000	1,437
North Carolina	9,300	21,000	451
Iowa	14,400	108,000	133
Quebec	3,808	17,000	218
Ontario	3,102	36,000	87
Manitoba	1,993	50,000	40
Alberta	1,841	109,000	17

Source: Sask Ag & Food.

High hog density has created disease risks and environmental concerns related to the disposal of manure in some of the world's traditionally leading hog producing regions. Saskatchewan's expansive land base allows producers to provide significant separations between their operations, thereby helping maintain high animal health standards by reducing the risk of disease spreading between operations. This expansive land base also provides ample room to dispose of manure.

Low Land Costs

According to Farm Credit Corporation, farm land prices in Saskatchewan are the lowest in Canada and significantly lower than the farm land values as published by the USDA in such leading hog producing states as Iowa and North Carolina.

Climate

Saskatchewan's cold, low humidity climate reduces heat stress in sows, is conducive to maintaining high feed conversion ratios and mitigates against disease transfer via air borne, wildlife or mechanical roots.

Animal Health

According to Sask Ag & Food, the Saskatchewan hog industry has one of the highest animal health standards in the world, which is maintained by specialized swine animal health veterinarians. Overall, Saskatchewan and Canadian hogs enjoy an excellent health status. Canada, as a country, is free of psuedorabies and free of major epidemic diseases such as foot and mouth disease and African swine fever. As well, Saskatchewan hog farms have a very low incidence of parasitic diseases.

Saskatchewan Research Community

Saskatchewan is a leading centre for agricultural research and is recognized as having world-class capabilities in the fields of swine research. Organizations involved in swine related research include the Prairie Swine Centre, the Veterinary Infectious Disease Organization, Western College of Veterinary Medicine, the College of Agriculture, the College of Engineering, the Prairie Agricultural Machinery Institute and the Prairie Feed Resource Centre. Saskatoon is a global centre of excellence for agricultural and veterinary biotechnology. Areas of research include animal health and productivity, genetics, animal management, swine nutrition, swine behaviour, meat quality, and the impact of swine production on human health. Saskatchewan hog producers benefit from their proximity to these world-class institutions which provide a critical mass of expertise capable of supporting the operations of large-scale hog producers and a talent pool from which such producers may recruit management level and professional personnel.

REGULATORY CONSIDERATIONS

Large scale hog operations in Saskatchewan are regulated by *The Agricultural Operations Act* (the "Act") and *The Agricultural Operations Regulations* (the "Regulations"). The Act and Regulations are administered by Sask Ag & Food. The Regulations and related guidelines published by Sask Ag & Food establish rules or guidelines for matters such as: separation distances between hog operations and neighbouring residences or urban centres; recommended practises for disposing of manure on adjacent farmlands; specifications for waste storage lagoons; and procedures for public input into the approval process. Pursuant to the Act and Regulations, hog operations are not permitted except in accordance with a waste storage plan and waste management plan prepared by the proponents of the operations and approved by Sask Ag & Food. Before approving a plan, Sask Ag & Food must be satisfied that all requirements under the Act and Regulations have been met, pollution of either ground or surface water will not occur, and adequate provision has been made for the management of waste.

Additionally, the Rural Municipalities in which large scale hog operations are located may have additional requirements relating specifically to hog operations and, more generally, may have building bylaws and/or zoning bylaws that must be complied with in the development and operation of intensive livestock operations.

Big Sky has received approval under the Act and Regulations for all of its Existing Facilities including the Ogema and Rama Units and all such Facilities are currently operating in accordance with the Act and Regulations and in compliance with applicable municipal bylaws.

The Agricultural Operations Act also provides an effective mechanism for resolving nuisance disputes arising from farm operations. A person with a complaint regarding an agricultural operation must apply to the Agricultural Operations Review Board before commencing a tort action in nuisance or applying for an

These hog marketings generated gross revenues for Big Sky in its fiscal year ended June 30, 2002 of $59.8 million, earnings before interest, taxes, depreciation and amortization ("EBITDA") of $16.1million and net income (before income taxes) of $4.9 million. As a result of the commissioning of 5,000 sow Units at Ogema (Big Sky IV) in August 2001 and at Rama (Big Sky V) in January 2002, Big Sky now has a breeding herd of approximately 21,000 sows producing hogs at the rate of approximately 470,000 annually.

Table 7.0 summarizes Big Sky's growth over the fiscal years ended June 30, 1998 through 2002 inclusive.

Table 7.0 - Financial and Production Highlights

($'000s except production information)

	June 30				
	2002	**2001**	**2000**	**1999**	**1998**
Operating Data					
Revenue	$59,745	$31,962	$23,593	$9,396	$6,876
EBITDA	16,097	9,323	5,873	(81)	1,169
Net Income (before income tax)	4,902	3,713	1,290	(2,205)	37
Balance Sheet Data					
Total Assets	$114,001	$96,113	$49,708	$41,474	$23,547
Total Liabilities	98,001(1)	82,406(1)	41,701	34,350	16,424
Shareholders Equity	16,000	13,707	8,007	7,124	7,123
Production Information					
Hogs Marketed	367,952(2)	197,474	159,364	81,467	47,391
Breeding Herd	18,078(2)	9,910	8,826	4,984	2,717

(1) Includes $20.8million in preferred share capital that is included amongst liabilities for financial reporting purposes. See Notes 9 and 11 of Big Sky's Financial Statements.
(2) As of June 30, 2002 Big Sky had a breeding herd of approximately 21,000 sows and was producing hogs at the rate of approximately 470,000 annually. The size of the breeding herd as presented in the Table is the average number of sows in production during the year; reflecting the fact that Big Sky IV and V were not commissioned until August 2001 and January 2002, respectively.

Big Sky was the first producer in western Canada to design and build 2,500 sow, three-site, farrow to finish production Units and the first to design and build three-site 5,000 sow Units. Big Sky has managed and acted as its own general contractor in the development of all of its existing Units. In so doing, the Company has created a development model and assembled a development team with the proven ability to manage and build projects on time and on budget.

Big Sky's production facilities are spread between seven different Units with a total of 35 barns and related feedmills located at 28 separate sites throughout Saskatchewan. Additionally, Big Sky owns and operates a total of 12 feedmills, 10 of which are attached to its existing, smaller production Units, with larger mills centrally located in proximity to the barns in Big Sky IV and Big Sky V respectively. Collectively, Big Sky's feedmills have the capacity to process approximately 300,000 tonnes of feed annually with the Company's existing production Units consuming, in aggregate, approximately 150,000 tonnes of feed annually.

All of Big Sky's properties are located in the Province of Saskatchewan.

In addition to the properties described above, construction is currently in progress on another 5,000 sow Unit - Big Sky VI - in the area of Porcupine Plain, Saskatchewan. As indicated in Table 8.0, the budgeted cost for building and commissioning Big Sky VI is $31 million.

Table 8.0 - Big Sky VI	
5,000 sow Breeding Barn	$ 6,600,000
19,200 hog space Nursery Barn	3,800,000
14,400 space Finishing Barns (3 Barns at $4.2 million per Barn)	12,600,000
100,000 tonne Feedmill	2,400,000
Initial Breeding Herd	1,000,000
Commissioning Costs	4,600,000
	$31,000,000

Construction of the breeding and nursery barns commenced in May and August, 2002, respectively, and these barns are scheduled to be commissioned in January and March, 2003, respectively. Construction of one finishing barn began in October 2002 which is expected to be commissioned in June, 2003. Construction of two additional finishing barns and the 100,000 tonne per annum feedmill has been tentatively scheduled to begin in May 2003, with it expected to take approximately four months from commencement of construction to commissioning of these facilities.

Financing for approximately $18 million of these budgeted costs is presently in place, including $5.4 million in credit facilities from Big Sky's senior lenders; $8.0 million in cash reserves generated from a sales and leaseback transaction of Big Sky's nursery barns in Big Sky IV and Big Sky V which was completed effective August 30, 2002; and $4.6 million that has already been spent on these construction costs from operating cashflows.

The sales of the finishing Barns at Big Sky IV and Big Sky V that are included in the Project are expected to generate net proceeds to Big Sky of $3,349,000 if the Minimum Offering is achieved, $6,818,000 if Tranche #2 is achieved and $10,287,000 if the Maximum Offering is achieved, after accounting for those expenses which are the responsibility of Big Sky, including the Agent's fees and other expenses of this Offering. Assuming that the Maximum Offering is achieved, such net proceeds, together with approximately $2.7 million that is expected to be generated from Big Sky's cashflows from operations, will be used to fund the balance of the development costs for Big Sky VI. To the extent that the Maximum Offering is not achieved or funds from operational cashflows are not otherwise sufficient to complete the construction of Big Sky VI within the scheduled timeframe described above, Big Sky expects that construction of one or two of the finishing barns will be deferred until a later date.

DIRECTORS AND OFFICERS

Table 9.0 sets out the name, municipal address, position held with Big Sky and principal occupation of each of Big Sky's directors and senior officers.

Table 9.0 - Directors and Senior Officers of Big Sky Farms Inc.

Name and Municipal Address	Position with Company	Principal Occupation
Brian Johnson[1] Regina, SK	Chairman of the Board	President, Crown Life Insurance Company
Heather Forbes Regina, SK	Director	Director of Investments, CIC Industrial Interests Inc. ("CIC")
John Hicke[(1)] Regina, SK	Director	Executive Director, Investments, CIC.
B. Cameron Johnson[(1)] Regina, SK	Director	Partner, Crown Capital Partners.
Joe Langen[1] Saskatoon, SK	Director	Manager of Business Analysis, Fresh Pork, Mitchell's
Paul Martin Regina, SK	Director	President, Paul Martin Communications Co. Ltd.
Florian Possberg Humboldt, SK	Director, President and CEO	President and CEO of Big Sky.
Chris Selness Regina, SK	Director	Partner, Crown Capital Partners.
Michael Deutscher Humboldt, SK	Chief Financial Officer	CFO of Big Sky.
Casey Smit Humboldt, SK	Vice-President Logistics and Feed Manager	VP of Big Sky.

[1]Member of Audit Committee.

SHARES AND SHAREHOLDERS

The authorized capital of Big Sky consists of an unlimited number of common shares, an unlimited number of first preferred shares issuable in series, of which two series have been authorized designated first preferred shares, series I (the "Series I Shares") and first preferred shares, series II (the "Series II Shares") and an unlimited number of second preferred shares, issuable in series, of which no series has been authorized to date. The rights attaching to these shares are described in Note 9 of Big Sky's Financial Statements.

As outlined in Table 10.0, at the date of this Prospectus, a total of 9,465,197 shares of Big Sky are outstanding, including 3,715,197 common shares, 3,750,000 Series I Shares and 2,000,000 Series II Shares. An additional 1,311,900 shares are reserved for issue pursuant to outstanding share purchase warrants and stock options. Additionally, as of June 30, 2002 debentures were outstanding that were convertible, at that date, into 846,866 common shares, which are not included in Table 10.0 because at current conversion prices any such conversion would be anti-dilutive.

Table 10.0 - Outstanding Shares

Holder	First Preferred Shares	Common Shares	Common Shares, Fully Diluted	% of Common Shares, Fully Diluted
CIC	3,750,000 Series I	150,000	4,275,000(1)	39.7%
Crown Life Insurance Co	2,000,000 Series II	Nil	2,200,000(2)	20.4%
Saskatchewan Government ... Growth Fund	Nil	1,776,720	1,776,720(3)	16.5%
Florian Possberg	Nil	672,729	989,629(4)	9.2%
Other Management .... & Employees	Nil	445,101	865,101(4)	8.0%
Others	Nil	670,647	670,647	6.2%
Total	5,750,000	3,715,197	10,777,097	

[1]Includes 150,000 common shares held by Saskatchewan Opportunities Corporation. Fully diluted shareholdings include an additional 375,000 shares issuable pursuant to warrants held by CIC exercisable at a price of $4 per share and expiring July 6, 2005, and assumes all Series I shares will be converted into common shares.

[2]Includes, on a fully-diluted basis, an additional 200,000 shares issuable pursuant to warrants exercisable at a price of $4 per share and expiring July 6, 2005, and assumes all Series II shares will be converted into common shares.

[3] Includes 513,360 common shares held by Saskatchewan Government Growth Fund II Ltd. ("SGGF II") and 1,263,360 common shares held by Saskatchewan Government Growth Fund III Ltd. Pursuant to an agreement dated July 6, 2000, SGGF II had the option, exercisable on or prior to July 31, 2001 to require Big Sky, subject to certain conditions, to purchase some or all of the 513,360 common shares held by SGGF II at a purchase price of $4 per share. Prior to July 31, 2001 SGGF exercised that option with respect to all 513,360 of its common shares. Such shares, however, may not be repurchased without the consent of Big Sky's senior lenders. Big Sky is presently in discussion with SGGF II and its senior lenders as to if, when and on what terms these shares may be repurchased.

[4]Includes 736,900 common shares reserved for issue pursuant to options granted to officers and senior employees of Big Sky, including 316,900 options held by Mr. Possberg.

FINANCIAL STATEMENTS OF BIG SKY FINISHERS (NO. 1) INC.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
BIG SKY FINISHERS (NO. 1) INC.

We have audited the balance sheet of Big Sky Finishers (No. 1) Inc. as at November 26, 2002 and the statement of cash flows for the period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at November 26, 2002 and the results of its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

"Deloitte & Touche LLP"
Chartered Accountants

November 26, 2002 (except for the matters discussed in Note 4, which is as of January 14, 2003)

BIG SKY FINISHERS (NO. 1) INC.
BALANCE SHEET
as at November 26, 2002

CURRENT ASSETS

Cash	$ 1

SHAREHOLDER'S EQUITY

Share capital (Note 3)
Authorized:
1 common share
unlimited number of first preferred shares
unlimited number of second preferred shares
Issued:

1 common share	$ 1

APPROVED BY THE BOARD:

(signed) John Beckton

(signed) Brad Wildeman

BIG SKY FINISHERS (NO. 1) INC.
STATEMENT OF CASH FLOWS
for the period ended November 26, 2002

CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of share capital - 1 common share	$ 1
NET INCREASE IN CASH	1
CASH POSITION, BEGINNING OF PERIOD	-
CASH POSITION, END OF PERIOD	$ 1

BIG SKY FINISHERS (NO. 1) INC.
NOTES TO THE FINANCIAL STATEMENTS
for the period ended November 26, 2002

1. OPERATIONS DURING THE PERIOD

The company was incorporated August 27, 2002 pursuant to *The Business Corporations Act* (Saskatchewan) and during the period had no operations. As a result, the audited financial statements have been prepared without a statement of earnings and retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

Measurement Uncertainty

The preparation of these financial statements requires that, in certain circumstances, management apply judgment in determining best estimates. Actual results could differ from those estimates.

3. SHARE CAPITAL

The company's authorized share capital consists of:

- a single common share;
- an unlimited number of shares designated first preferred shares, which carry the right to vote; to receive a fixed, cumulative, annual, preferential dividend of $1 per share (the "First Preferential Dividends") in priority to dividends on any other class of shares and, thereafter, subject to the rights of the holders of second preferred shares, to participate in any additional dividends declared by the board of directors; and upon winding up of the company to receive, in preference and priority over any distributions to the holders of any other class of shares, a return of capital of $10 per share plus any accrued but unpaid First Preferential Dividends and, thereafter, subject to the rights of the holders of second preferred shares, to share equally in any further distributions of the net assets of the company;
- an unlimited number of shares designated second preferred shares, which are non-voting and which carry the right to receive, a fixed, cumulative, annual, preferential dividend of 10% of the issue price of such second preferred shares (the "Second Preferential Dividends") provided that all First Preferential Dividends have been paid, but not to otherwise participate in any dividends; and upon the winding up of the company, subject to the preferential rights attaching to the First Preferred Shares, to receive a return of capital plus any accrued but unpaid Second Preferential Dividends, but not to otherwise participate in any distributions upon winding up of the company.

At November 26, 2002 there was a single common share outstanding which was issued during the period for $1.

BIG SKY FINISHERS (NO. 1) INC.
NOTES TO THE FINANCIAL STATEMENTS
for the period ended November 26, 2002

4. SUBSEQUENT EVENTS

Subsequent to the reporting period, the following transactions occurred:

- the first preferred shares of the company referred to above are to be included in a public offering document to be filed with the Saskatchewan Securities Commission in preliminary form in November 2002 and in final form in January 2003. The company hopes to raise $2,700,000 from the issuance of 270,000 first preferred shares at $10 per share (the "Offering") in three separate Tranches of $900,000 each;

- the proceeds of each Tranche of $900,000, combined with mortgage financing with each Tranche of $2,650,000, will be used by the company to purchase a hog finishing barn and associated lands from Big Sky Farms Inc. and facilities for a total purchase price of $3,550,000 per barn;

- if all three Tranches are closed, the total capital raised (including mortgage financing) will be $10,650,000 allowing the company to purchase three hog finishing barns from Big Sky Farms Inc.

CONSOLIDATED FINANCIAL STATEMENTS OF BIG SKY FARMS INC.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
BIG SKY FARMS INC.

We have audited the consolidated balance sheets of Big Sky Farms Inc. as at June 30, 2002, 2001, 2000, 1999 and 1998 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2002, 2001, 2000, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Deloitte & Touche LLP"
Chartered Accountants

August 16, 2002 (except for the matters discussed in Note 17(b), which is as of January 14, 2003)

BIG SKY FARMS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

	2002	2001	2000	1999	1998
REVENUE					
Hog sales	$59,529	$31,699	$23,510	$ 9,121	$ 6,805
Other income	216	263	83	275	71
	59,745	31,962	23,593	9,396	6,876
EXPENSES					
Administration	1,541	894	982	453	395
Capital taxes	839	289	276	192	70
Depreciation and amortization	5,082	2,378	1,938	823	320
Facilities operations	4,065	2,083	1,663	892	495
Feed	25,425	12,438	9,905	5,132	3,220
Interest and equivalent	6,113	3,232	2,645	1,158	539
Stock and veterinary	2,551	1,533	829	678	399
Trucking	2,258	1,123	865	695	358
Wages and benefits	6,594	4,279	3,200	1,435	770
Acquisition costs (Note 16)	375	-	-	-	-
	54,843	28,249	22,303	11,458	6,566
EARNINGS (LOSS) FROM OPERATIONS	4,902	3,713	1,290	(2,062)	310
SHARE OF INCOME IN BIG SKY PORK LP	-	-	-	-	370
PUBLIC OFFERING COSTS	-	-	-	(143)	(643)
INCOME TAXES					
Future (Note 12)	2,975	1,708	616	(1,079)	292
NET EARNINGS (LOSS)	1,927	2,005	674	(1,126)	(255)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	1,380	(625)	(1,299)	189	444
IMPACT OF BUSINESS COMBINATION	-	-	-	(362)	-
RETAINED EARNINGS (DEFICIT), END OF YEAR	$3,307	$1,380	$(625)	$(1,299)	$189
EARNINGS (LOSS) PER SHARE - BASIC (Note 15)	$0.53	$0.56	$0.19	$(0.34)	$(0.09)
EARNINGS (LOSS) PER SHARE - DILUTED (Note 15)	$0.35	$0.24	$0.19	$(0.34)	$(0.09)

BIG SKY FARMS INC.
CONSOLIDATED BALANCE SHEETS
as at June 30, 1998-2002
($000's)

	2002	2001	2000	1999	1998
CURRENT ASSETS					
Cash	$ -	$ -	$ 527	$ 1,031	$ 79
Accounts receivable	2,346	3,152	2,190	739	782
Inventory	18,436	11,845	7,735	5,632	2,655
Prepaid expenses and refundable deposits	326	151	65	57	53
	21,108	15,148	10,517	7,459	3,569
CAPITAL ASSETS (Note 3)	85,541	72,512	34,993	30,140	17,680
BREEDING STOCK (Note 4)	4,882	5,392	2,581	2,193	1,250
LONG-TERM INVESTMENTS (Note 5)	17	13	13	199	-
DEFERRED CHARGES (Note 6)	2,453	3,048	1,604	1,483	1,048
	$114,001	$96,113	$49,708	$41,474	$23,547
CURRENT LIABILITIES					
Bank indebtedness (Note 7)	$ 10,992	$ 10,019	$ 8,124	$ 5,664	$ 1,871
Accounts payable and accrued liabilities	6,196	7,557	2,659	2,594	2,093
Capital taxes payable	601	53	255	140	-
Income taxes payable	21	44	-	-	-
Current portion of long-term debt (Note 8)	5,018	4,689	4,484	2,318	1,168
	22,828	22,362	15,522	10,716	5,132
LONG-TERM DEBT (Note 8)	48,903	37,449	25,398	23,469	10,868
PREFERRED SHARES (Note 8)	20,807	20,107	-	-	-
FUTURE INCOME TAXES	5,463	2,488	781	165	424
	98,001	82,406	41,701	34,350	16,424
SHAREHOLDERS' EQUITY					
Share capital (Note 9)	7,571	7,205	7,010	6,801	6,934
Preferred shares (Note 8)	3,500	3,500	-	-	-
Convertible debenture (Note 11)	1,471	1,471	1,471	1,471	-
Contributed surplus	151	151	151	151	-
Retained earnings (deficit)	3,307	1,380	(625)	(1,299)	189
	16,000	13,707	8,007	7,124	7,123
	$114,001	$96,113	$49,708	$41,474	$23,547

APPROVED BY THE BOARD

(signed) Zach Douglas

(signed) Florian Possberg

BIG SKY FARMS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 1998-2002
($000's)

	2002	2001	2000	1999	1998
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Net earnings (loss)	$ 1,927	$ 2,005	$ 674	$ (1,126)	$ (255)
Adjustments for					
Depreciation and amortization	5,082	2,378	1,937	823	320
Debt accretion	872	270	-	-	-
Loss on disposal of capital assets	24	-	-	-	-
Share of income in Big Sky Pork LP	-	-	-	-	(370)
Future income taxes	2,975	1,708	616	(1,079)	292
	10,880	6,361	3,227	(1,382)	(13)
Changes in non-cash working capital					
Prepaid expenses and refundable deposits	(175)	(86)	(8)	2	(46)
Accounts receivable	806	(962)	(1,451)	414	(109)
Accounts payable and accrued liabilities	(1,361)	4,898	65	384	1,192
Inventory	(6,591)	(4,111)	(2,103)	(2,129)	(30)
Income taxes payable	(23)	44	-	-	-
Capital taxes payable	548	(203)	115	140	(109)
	4,084	5,941	$ (155)	(2,571)	885
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Net additions to capital assets	(17,145)	(39,608)	(6,560)	(10,603)	(11,346)
Proceeds on disposal of capital assets	193	-	-	-	-
Additions (reductions) to breeding stock	511	(2,812)	(388)	(602)	(536)
Long-term investments	(5)	-	186	-	-
Additions to deferred charges	(413)	(1,126)	(351)	(272)	(1,048)
	(16,859)	(43,546)	(7,113)	(11,477)	(12,930)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Issuance of share capital - common	384	197	209	-	6,657
Redemption of share capital - common	(18)	(2)	-	-	-
Issuance of share capital - preferred	-	23,000	-	-	-
Proceeds from long-term debt	15,300	35,843	6,091	12,783	4,004
Repayment of long-term debt	(3,864)	(23,858)	(1,996)	(1,576)	(499)
	11,802	35,180	4,304	11,207	10,162
NET DECREASE IN CASH	(973)	(2,425)	(2,964)	(2,841)	(1,883)
CASH POSITION (BANK INDEBTEDNESS), BEGINNING OF YEAR	(10,019)	(7,594)	(4,633)	(1,792)	91
BANK INDEBTEDNESS, END OF YEAR	$(10,992)	$(10,019)	$(7,597)	$(4,633)	$(1,792)
REPRESENTED BY:					
Cash	$ -	$ -	$ 527	$ 1,031	$ 79
Bank indebtedness	(10,992)	(10,019)	(8,124)	(5,664)	(1,871)
	$(10,992)	$(10,019)	$(7,597)	$(4,633)	$(1,792)
INTEREST PAID	$4,681	$3,372	$2,362	$993	$494
INCOME TAXES PAID	$51	$-	$-	$-	$138

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

Measurement Uncertainty

The preparation of these financial statements requires that, in certain circumstances, management apply judgment in determining best estimates. Actual results could differ from those estimates.

Financial Instruments

For certain of the company's financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, the carrying values approximate fair value due to the immediate or short-term maturity of these items.

The fair value of long-term debt is determined by discounting the future contractual cash flows under current financing arrangements at discount rates which represent borrowing rates presently available to the company from loans with similar terms and maturity. In all instances, carrying values approximate fair values.

The company uses derivative and commodity futures contracts to manage its exposure to interest rates, commodity price and foreign exchange rate fluctuations. The net receipts or payments from these financial instruments are recognized during the period of maturity in the same financial statement category as the corresponding hedged positions (Note 11).

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital Assets

Property, buildings and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the useful life of the assets using the following guidelines:

Lagoons and wells	30 years
Buildings	10 - 30 years
Equipment	3 - 15 years

No depreciation is claimed on assets under construction at the balance sheet date.

Breeding Stock

Breeding stock is recorded at cost. Amortization is calculated using the straight-line method over the estimated productive life of the animals using the following guidelines:

Sows	6 farrowings
Boars	30 months

Amortization and the cost of breeding stock replacements are charged to production and operating costs as incurred.

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Charges

Deferred charges are comprised of site development costs and pre-commissioning costs.

Site development costs are capitalized until full production of the related facilities is attained at which time they are transferred to property, buildings and equipment and depreciated using the straight-line method over the useful life of the assets.

Pre-commissioning costs are operating expenses, net of incidental revenues and inventory adjustments, as well as interest on long-term debt, incurred and capitalized until full production of the related facilities is attained at which time they are amortized over a five year period.

Long-Term Investments

Long-term investments are recorded at cost.

Foreign Currency Translation

The company's transactions and balances denominated in foreign currencies are translated into Canadian dollars using the year-end rate of exchange for monetary assets and liabilities. Other assets and liabilities are translated at applicable historical rates. Revenues and expenses have been translated at rates approximating those prevailing on the dates of the related transactions. Unrealized exchange gains and losses which relate to the translation of current monetary assets and liabilities are included in the determination of net earnings for the year.

Stock Option Plans

The company has adopted a stock option plan for certain of its directors, officers and employees. No compensation is recognized for these plans when the stock options are issued.

Income Taxes

The company recognizes future income taxes for the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income tax assets are amounts of income tax benefits arising in respect of deductible temporary differences and carry forward of unused tax losses. Future income tax liabilities are the amounts of income taxes arising from taxable temporary differences.

The company computes future income taxes using the enacted corporate income tax rates for the years in which the differences will reverse.

Pension Plan

The cost of pension benefits for the defined contribution plan is charged to earnings as contributions are earned.

2. CHANGE IN ACCOUNTING POLICY

Earnings Per Share

The company has adopted the provisions of Section 3500 of the Canadian Institute of Chartered Accountants Handbook, "Earnings Per Share". This pronouncement requires that diluted earnings per share be calculated using the treasury stock method rather than the imputed earnings method. The effect of this change on the diluted earnings per share for 2002 is an increase of $0.02 per share (2001- decrease of $0.04 per share).

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

3. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value 2002	2001	2000	1999	1998
Land	$ 1,655	$ -	$ 1,655	$ 807	$ 1,125	$ 808	$ 497
Lagoons and wells	8,986	504	8,482	2,801	2,866	1,176	635
Buildings	50,922	4,622	46,300	17,873	18,996	12,463	5,222
Equipment	32,675	5,928	26,747	11,765	12,006	8,056	2,632
Assets under construction	2,357	-	2,357	39,266	-	7,637	8,694
	$96,595	$11,054	$85,541	$72,512	$34,993	$30,140	$17,680

Assets under construction include new production units not fully operational as of year end.

4. BREEDING STOCK

	Cost	Accumulated Amortization	Net Book Value 2002	2001	2000	1999	1998
Sows	$ 5,991	$ 1,243	$ 4,748	$ 5,313	$ 2,497	$ 2,115	$ 1,214
Boars	168	34	134	79	84	78	36
	$6,159	$1,277	$4,882	$5,392	$2,581	$2,193	$1,250

5. LONG-TERM INVESTMENTS

	2002	2001	2000	1999	1998
Genex Inc.	$ 12	$ 12	$ 12	$ 12	$-
Other Shares	5	1	1	1	-
NISA Account	-	-	-	186	-
	$17	$13	$13	$199	$-

6. DEFERRED CHARGES

	2002	2001	2000	1999	1998
Site development costs	$328	$24	$559	$32	$158
Pre-commissioning costs:					
Cost	3,270	3,628	1,348	1,536	890
Less: Accumulated amortization	(1,145)	(604)	(303)	(85)	-
	2,125	3,024	1,045	1,451	890
	$2,453	$3,048	$1,604	$1,483	$1,048

Gross pre-commissioning costs includes interest on long-term debt of $1,182 (2001 - $855; 2000 - $424; 1999 - $683; 1998 - nil) and dividends on preferred shares of $2,028 (2001 – $1,549; 2000 - nil; 1999 - nil; 1998 - nil) capitalized in accordance with the accounting policy described in Note 1.

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

7. BANK INDEBTEDNESS

	2002	2001	2000	1999	1998
Overdraft loan	$1,742	$3,769	$583	$476	$91
Operating loan	9,250	6,250	7,541	5,188	1,780
	$10,992	$10,019	$8.124	$5,664	$1,871

Credit facilities are secured by all assets of the company and an assignment of insurance. The company had unused short-term credit facilities of $3,508 as at June 30, 2002.

8. LONG-TERM DEBT

	2002	2001	2000	1999	1998
Bank term loans bearing interest based on a senior debt ratio, currently prime plus 1.75% (prime rate loans) and 2.75% (bankers acceptance advances), decreasing to prime plus .75% (bankers acceptance 1.75%), repayable in monthly installments of $300 plus interest. In addition, an annual payment is required based on a percentage of excess cash flow. Loans are secured by all assets of the company and assignment of life insurance. The loans are amortized over fifteen years and mature on June 30, 2005	$ 47,886	$ 34,843	$ 20,736	$ 16,369	$ 10,148
Subordinated debentures bearing interest at a weighted average rate of 12.1%, repayable monthly at $63 plus interest and a lump sum payment of $5,000 on November 10, 2008. Security is all assets of the company *pari passu*. At the option of the debenture holders, $5,830 of the outstanding balance is convertible into common shares of the company.	5,963	7,034	7,850	7,580	1,888
Short-term hog loan bearing interest at 2.48%, repayable in monthly instalments of $9, secured by all assets of the company	48	192	1,172	1,644	-
Capital leases with installments of $2 blended principal and interest, bearing interest at 10.5%. These debts are secured by specific equipment of the company	24	69	124	194	-
	53,921	42,138	29,882	25,787	12,036
Less amounts due within one year	5,018	4,689	4,484	2,318	1,168
	$48.903	$37,449	$25,398	$23,469	$10,868

On November 10, 1998, the company issued a $5 million convertible subordinated debenture bearing interest at prime plus 4.5% per annum, less 7% until the fourth anniversary, at which time the rate becomes prime plus 4.5%, payable monthly. The debenture matures on November 10, 2008, is secured by a general assignment on all assets and is convertible at the option of the holder into fully paid common shares at predetermined prices at any time until November 10, 2008.

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

8. LONG-TERM DEBT (continued)

At June 30, 2002, the carrying amounts of long-term debt approximate fair values as determined by reference to current market conditions, except for the equity component of the $5,000 convertible debenture which has a fair value of $1,471 and the equity component of the $23,000 convertible preferred shares which has a fair value of $3,500.

Principal amounts due in each of the next five years are as follows:

2003	$5,018
2004	3,637
2005	3,600
2006	3,600
2007	3,600

The company has a syndicated credit facility with the Bank of Nova Scotia, National Bank, Farm Credit Corporation and Bank of Montreal, with the Bank of Nova Scotia acting as administrative agent. As at June 30, 2002, $6 million is undrawn.

Debt covenants on certain of the above noted debt had been breached as at June 30, 2001. The creditors impacted by this breach are aware of the circumstances surrounding the company's inability to satisfy these covenants and have indicated that they do not intend to take any action at this time as a result of default.

9. SHARE CAPITAL

The company's authorized share capital consists of an unlimited number of common shares and an unlimited number of voting, first preferred shares, Series 1 and non-voting first preferred shares, Series 2, convertible to common shares, at the option of the holder, on a one to one basis at any time within five years from the date of issue. The preferred shares carry the right to receive a 5% cumulative dividend during the first five years from the date of issue, and a 10% cumulative dividend thereafter. In addition, the preferred shares carry rights of retraction and redemption at a share price equal to the issue price plus accrued dividends, if any, at any time after seven years from the date of issue.

There are 3,715,197 common shares issued and outstanding at June 30, 2002 (2001 - 3,630,025). During the year, 89,672 common shares were issued for $384 and 4,500 common shares redeemed for $18.

There are 3,750,000 first preferred shares, Series 1 (2001 - 3,750,000) and 2,000,000 first preferred shares, Series 2 (2001 - 2,000,000) issued and outstanding at June 30, 2002. Due to the conditions attached to these shares, $20,807 has been classified as long-term debt for financial statement presentation.

10. STOCK OPTION PLANS

The company has 736,919 stock options, including 706,919 at an exercise price of $4.00 per share expiring June 30, 2010 and 30,000 at an exercise price of $4.21 per share expiring on June 30, 2011. The options vest as to 235,639 on June 30, 2003, 245,640 on June 30 of each 2004 and 2005, and 10,000 on June 30, 2006. In addition the company has 575,000 stock options at an exercise price of $4.00 per share. Of these, 325,000 expire on July 6, 2005 and 250,000 expire on November 21, 2005. No options were exercised or cancelled during the year.

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

11. FINANCIAL INSTRUMENTS

Risk Management

The company is exposed to fluctuations in commodity prices and exchange rates. Declines in market prices subsequent to year-end may have a significant impact on the value of inventory and breeding stock. The company has entered into contracts to partially hedge or manage its exposures. The company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counter parties.

i) ***Commodity Prices***

The company is exposed to price risk on future hog sales and feed purchases. To reduce this risk, the company held forward instruments selling 4,936 tonnes of lean pork at an average price of $1,838.54/tonne ($1.84/kg) at June 30, 2002. In addition, the company held the following forward instruments purchasing feed at June 30, 2002:

	Average Price	
18,620 tonnes of Winnipeg wheat	136.25	CDN$/tonne
16,040 tonnes of Alberta barley	139.99	CDN$/tonne
9,600 tons of soybean meal	155.58	US$/ton
517 tons of soybean oil	177.22	US$/ton

ii) ***Exchange Rates***

As a large portion of the company's sales are settled in U.S. dollars, the company sells U.S. dollars forward to reduce its foreign exchange risk. At June 30, 2002, the company had entered into the following U.S. dollar forward purchase contracts all maturing in less than six months:

	Year	Amounts (Cdn)	Rate Range	Rate
US$	2002	$ 10,500	$ 1.60 - 1.538	$ 1.5684

iii) ***Interest Rates***

Under the terms of a new credit agreement with Scotiabank which requires the interest rate on 50% of bank debt to be fixed, the company entered into interest rate swap agreements with Scotiabank:

Principal	Fixed Rate	Term	Maturity
$17,500	7.14%	2 years	October 2, 2002
$ 5,000	4.58%	2 years	September 7, 2003

In addition to the fixed rate, a banker's acceptance fee projected at 2.5% is charged.

Credit Risk

The company has a small number of customers which increases the concentration of credit risk.

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

11. FINANCIAL INSTRUMENTS (continued)

Classification of Liability and Equity Component of Convertible Debenture and Preferred Shares

As described in Note 8, the company has issued a $5 million convertible subordinated debenture bearing interest at prime plus 4.5% per annum less 7% until the fourth anniversary. The company determined that the discount rate applicable to a debt-only instrument of comparable term and risk at the effective date of issue should have been approximately 12%. As described in Note 8, the company has also issued $23 million in convertible preferred shares. The company has assigned carrying amounts to the liability and equity components of the financial instrument in accordance with the substance of the contractual arrangements.

12. INCOME TAXES

The company's statutory rate approximates 45% of income before non-deductible interest costs on compound financial instruments. The company has farm losses carryforward of $6.7 million. These losses expire in 2008 to 2010.

13. RELATED PARTY TRANSACTIONS

During the period, the following transactions were conducted in the normal course of operations with related parties and are measured at the exchange amount:

	2002	2001	2000	1999	1998
Animal Management Services Ltd.					
Veterinary services & supplies	$1,303	$ 882	$ 593	$ 386	$ 180
Harding Swine Veterinary Services Inc.					
Veterinary services	101	88	79	70	46
Saskatchewan Opportunities Corporation					
Interest	100	200	205	112	46
Saskatchewan Government Growth Fund					
Interest	224	311	347	297	147
Mitchell's Gourmet Foods Inc.					
Interest	103	270	241	125	-
Market hog sales	45,921	26,077	20,100	5,696	-
Crown Investments Corporation					
Dividends	750	614	-	-	-
Crown Life Insurance Company					
Dividends	400	328	-	-	-
In addition outstanding related party balances at year end include					
1) Accounts payable to:					
Animal Management Services Ltd.	114	90	54	34	65
Harding Swine Veterinary Services	8	6	8	6	15
Saskatchewan Government Growth Fund	186	497	457	456	144
Saskatchewan Opportunities Corporation	22	389	175	174	46
Crown Investments Corporation	1,364	614	-	-	-
Crown Life Insurance Company	728	328	-	-	-
Mitchell's Gourmet Foods Inc.	7	-	-	-	-
2) Accounts Receivable					
Mitchell's Gourmet Foods Inc.	1,776	665	345	143	-

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

14. COMMITMENTS

The company is committed to the construction and operation of a new 5,000 sow project. As part of its commitment, the company has entered into numerous contracts with suppliers, shareholders and creditors. Management's estimate of the total cost of the project is approximately $6.6 million. At June 30, 2002 $2.4 million had been expended. Adequate financing has been arranged to complete the projects.

The company has entered into a ten year hog supply agreement with Mitchell's Gourmet Foods Inc. (Mitchell's) whereby Mitchell's will purchase up to 85% of the company's hog production. The agreement covers hogs produced in existing facilities plus future expansion to a total of 355,000 hogs per year. In addition, Mitchell's will have the first right of refusal on an additional 145,000 hogs to a total of 500,000 market hogs. The price to be paid by Mitchell's will be determined based on the sale of the remaining 15% of the company's hogs on a bona fide, arm's length, commercial basis. The contract expires in November 2010.

The company has granted exclusive rights to Genex Inc. to select breeding stock from their herd.

The company granted a put right to the Saskatchewan Government Growth Fund for 513,360 shares at $4.00. The right has been exercised and the company is in the process of finalizing an agreement for the redemption of the shares.

15. EARNINGS (LOSS) PER SHARE

	2002	2001	2000	1999	1998
Numerator of basic earnings per share:					
Net Income	$ 1,927	$ 2,005	$ 674	$ (1,126)	$ (255)
Weighted average shares outstanding (000's)	3,661	3,595	3,546	3,279	2,831
Basic earnings (loss) per share	$ 0.53	$ 0.56	$ 0.19	$ (0.34)	$ (0.09)
Numerator for diluted earnings per share:					
Net Income	$ 1,927	$ 2,005	$ 674	$ (1,126)	$ (255)
Dividends on preferred shares	1,371	-	-	-	-
	$ 3,298	$ 2,005	$ 674	$(1,126)	$ (255)
Denominator for diluted earnings per share:					
Weighted average number of shares	3,661	3,595	3,546	3,279	2,831
Convertible preferred shares	5,750	4,710	-	-	-
Stock options	86	-	-	-	-
Total shares used in calculating earnings per share	9,496	8,305	3,546	3,279	2,831
Diluted earnings (loss) per share	$ 0.35	$ 0.24	$ 0.19	$ (0.34)	$ (0.09)

The average market price of common shares used for the year was $4.28 per share (2001 - $3.60).

Debentures convertible to 886,183 common shares (2001 – 1,026,660) were outstanding during the year but were not included in the computation of diluted earnings per share because the effect of the conversion was anti-dilutive. Options to purchase 1,281,900 common shares at $4.00 per share and 30,000 shares at $4.21 were outstanding during the year but were not included in the computation of diluted earnings per share in 2001 because the options' exercise price was greater than the average market price of the common shares. These options were still outstanding at the end of the year and expire in 2005 and 2006.

BIG SKY FARMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 1998-2002
($000's except for per share amounts)

16. ACQUISITION COSTS

The company incurred legal, consulting and commitment costs in an effort to acquire the assets of an existing hog operation. Due to economic conditions, the acquisition was not completed.

17. SUBSEQUENT EVENTS

a) Subsequent to year-end, the company sold two of its nursery units under a leaseback arrangement. The sale proceeds of $8,000 will be used to construct additional capacity at Porcupine Plain. Lease arrangements are for payments of $1,075 per year for a term of ten years with an option to extend the lease for an additional one to five years. The company has the option to repurchase the units at the end of the term for $3,000.

b) Since year end, the company has been in negotiations with Big Sky Finishers (No. 1) Inc. ("Finishers") regarding the potential sale by the company to Finishers of three of its hog finishing barns and associated lands. Finishers is in the process of filing a prospectus with the Saskatchewan Securities Commission whereby it hopes to issue preferred shares in three tranches of 90,000 shares per tranche at a price of $10/share for total proceeds of $900 ($2,700 if all three tranches are sold out). The proceeds of each tranche combined with mortgage proceeds will be used to purchase the hog finishing barns from the company. Assuming the barns are sold, the company will also then become party to a contract finishing agreement whereby Finishers will agree to finish the hogs for a fee and an option agreement whereby, in certain circumstances, at the option of the company or Finishers, the barns may be sold back to the company at a predetermined price.

18. COMPARATIVE FIGURES

Certain of the prior years' figures have been reclassified to conform to the current year's presentation.

CERTIFICATES

Certificate of the Issuer - Big Sky Finishers (No. 1) Inc.

Dated: January 15, 2003

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XI of *The Securities Act, 1988* and the Regulations thereunder.

(signed) John Beckton
President and Chief Executive Officer

(signed) Lorianne Earis
Chief Financial Officer

On behalf of the Board of Directors of Big Sky Finishing (No. 1) Inc.

(signed) Florian Possberg
Director

(signed) Brad Wildeman
Director

Certificate of the Promoter - Big Sky Farms Inc.

Dated: January 15, 2003

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XI of *The Securities Act, 1988* and the Regulations thereunder.

(signed) Florian Possberg,
President and Chief Executive Officer

(signed) Michael Deutscher,
Chief Financial Officer

Certificate of the Agent

Dated: January 15, 2003

To the best of our knowledge, information and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XI of *The Securities Act, 1988* and the Regulations thereunder.

Union Securities Ltd.

By: (signed) John P. Thompson,
Chief Executive Officer