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For Immediate Release

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Big Sky Farms receives court approval to present Plan of Compromise and Arrangement to affected creditors

Big Sky Farms applied for and was granted an order under the *Companies' Creditors Arrangement Act* (Canada) or CCAA on November 10, 2009 causing a stay of proceedings against all of its creditors.

A requirement of the CCAA is that Big Sky Farms present for the consideration of its affected creditors a "plan of arrangement or compromise" ("**PLAN**") to, amongst other matters, settle the claims of such affected creditors and position the company for viability for the future.

Today the Court of Queen's Bench, Judicial Centre of Saskatoon, (the "**Canadian Court**") granted the company permission to present a Plan to its creditors for their consideration at a meeting to be conducted on February 8, 2010.

The Plan seeks to achieve a balance of the equities of the stakeholders of Big Sky by: (i) providing an immediate return on the claims of the affected creditors that is superior to that available to these same creditors under any alternative insolvency proceedings (whether a bankruptcy or receivership); (ii) effecting a restructuring transaction in order to modify the corporate structure and equity holdings and rights in respect of Big Sky with a view to creating an efficient, viable and stable business and structure for Big Sky into the future; and (iii) enabling the business of Big Sky to continue, in the expectation that a greater benefit will be derived from the continued operation of the business on Big Sky for the holders of affected claims and for the rural communities in the Provinces of Saskatchewan and Manitoba and the State of Iowa, USA, in which Big Sky operates.

"Given the debts owed by Big Sky to its secured creditors and the current financial position of the company, there is no value for any of our other valued stakeholders" said Smit, CEO of Big Sky, adding, "While the Plan provides for a modest return (averaging approximately 15%) to the affected creditors, it is far better than the outcome available in any other liquidation scenario. We must and are focusing on protecting the interests of our stakeholders by modifying our business model for the future and focusing on growing the relationships with our most valued suppliers, including many of those that have supported Big Sky through this difficult period".

The unprecedented and extended downturn in hog markets, together with a series of unforeseen events (record high feed grain costs, strong Canadian dollar, worldwide economic collapse, and, most recently, reduced demand due to H1N1 being termed "swine flu") resulted in serious liquidity challenges for the company and ultimately left no alternative but to seek protection

A successful exit from CCAA and the ability of Big Sky to continue to operate and support the economies of the many smaller rural centers in which it operates is predicated on receiving the approval of creditors who will vote on the Plan. The CCAA sets out requisite vote requirements to achieve approval of the Plan, having regard to the number of votes cast and aggregate value (based on amounts owed each affected creditor) of such votes cast.

If the Plan is approved by the required majority of creditors, Big Sky will seek an Order of the Canadian Court sanctioning the Plan; following which Big Sky will seek recognition of that Order in the United States Bankruptcy Court for the Northern District of Iowa (the “**US Bankruptcy Court**”). If the Orders are granted by the Canadian Court and the US Bankruptcy Court, the company would seek to implement the Plan at the earliest possible date following satisfaction of the remaining conditions to implementation outlined within the Plan and seek to encourage the Monitor to process payments to affected creditors as soon as possible. Following implementation of the Plan, Big Sky will return to normal operations outside of CCAA. The company believes a positive result in the voting procedure is in the best interests of all stakeholders, and urges all creditors to consider carefully the consequences of the Plan not being approved.

“Big Sky Farms has played a vital role in the rural communities of Saskatchewan and Manitoba for many years and has been a significant contributor to these local economies in the past”, said Smit, adding “With a successful exit from CCAA the company looks forward to once again being a contributing member to its host communities and the region as a whole. With the support of its major stakeholders Big Sky will emerge from the process as a viable entity, with a right-sized debt structure, improved operational efficiencies and will be well positioned to weather commodity price variances in the future.”

Smit said, “Big Sky looks forward to supporting those local suppliers who have supported the company over the years and, particularly, assisted the company through this restructuring and with the approval of the Plan. We are very thankful for all of our stakeholders continued support while remaining cognizant of the financial hardship these CCAA proceedings have had.”

For more information
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