Q.B. No. 1461 of 2009

CANADA)
PROVINCE OF SASKATCHEWAN)

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF SASKATOON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED (the "*CCAA*")

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGMENT FOR THE CREDITORS OF BIG SKY FARMS INC., DRYCAST SYSTEMS INC. AND BIG SKY MANAGEMENT CONSULTING CORP.

FOURTH REPORT OF THE MONITOR

ERNST & YOUNG INC.

DECEMBER 29, 2009

TABLE OF CONTENTS
TO THE
FOURTH REPORT OF THE MONITOR

LISTING OF APPENDICES

INTRODUCTION

1. On November 10, 2009, Big Sky Farms Inc., Drycast Systems Inc. and Big Sky Management Consulting Corp. (collectively, the "**Applicants**" or "**Big Sky**") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended, (the "**CCAA**") pursuant to an order of this Honourable Court dated November 10, 2009 (the "**Initial Order**").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Applicants during these CCAA proceedings (the "**Monitor**").

3. The Initial Order established a Stay of Proceedings until December 10, 2009 (the "**Stay Period**"). Pursuant to an Order of this Honourable Court dated December 9, 2009, the Stay Period was extended until February 1, 2010.

4. On December 7, 2009, the Monitor issued its first report (the "**First Report**"), the purpose of which was to advise this Honourable Court with respect to, *inter alia*: (a) Background information pertaining to each of the Applicants; (b) Background information and the status of US proceedings commenced under Chapter 15 of the US Bankruptcy Code; (c) The request by the Applicants for an Order approving a claims process whereby Big Sky would, *inter alia*: (i) Call for claims of its creditors through the implementation of the Claims Process; (ii) Establish a Claims Bar Date of 5:00pm (Central Time) on January 15, 2010; and (iii) Establish a dispute resolution process that included the appointment of a Claims Officer; (d) The existence of potential Agricultural Lien Claims of indeterminable priority filed in respect to the pigs located in the State of Iowa, USA; (e) The cash flow of the Applicants between November 10 and November 29, 2009; (f) The activities and of the Applicants and the Monitor since the making of the

Initial Order; (g) The basis and requirement for the Applicants request for an extension of the Stay Period; and (h) The recommendations of the Monitor pertaining to the Claims Process, including the Claims Bar Date, and request for the extension of the Stay Period.

5. On December 16, 2009, the Monitor issued its third report (the "**Third Report**") the purpose of which was to, *inter alia*, advise this Honourable Court with respect to the status of the US proceedings pursuant to Chapter 15 of the US Bankruptcy Code and the Applicant's request for an Order: (a) Approving an Insurance Finance Charge in favour of CAFO in the amount of $589,879.68, secured solely by the unearned or returned premiums and other amounts due to the Applicants in the event that the Applicants' insurance policy is cancelled or collapsed; and (b) Requesting the assistance of the US Bankruptcy Court for a determination of the validity and priority of the Agricultural Lien Claims.

6. On December 28, 2009, the Monitor issued its second report (the "**Second Report**") the purpose of which was to, *inter alia*, provide information to this Honourable Court related to the status of the restructuring efforts and the Applicant's request for an Order: (a) Authorizing and directing the filing of the Plan; (b) Authorizing and establishing the procedure for Big Sky to call, hold and conduct the Creditors' Meeting; (c) Approving the form of materials to be distributed to creditors affected by the Plan; and (d) Setting the conditions for approval of the Plan in order for the Plan to be sanctioned by the Court.

7. The purpose of this fourth report of the Monitor (the "**Fourth Report**") is to provide this Honourable Court with information such to permit the Court to consider the Applicant's request for an Order approving the sale of Big Sky's idle farrow to finish operation in the District of Treherne, Manitoba to the Purchaser (as defined below) and vesting all of the

Applicants' right, title and interest in and to the Purchased Asset (as defined below) into the name of the Purchaser, free and clear of all liens and encumbrances, except permitted encumbrances (the "**Approval and Vesting Order**").

8. Capitalized terms not defined in this Fourth Report are as defined in the Initial Order, the Claims Process Order, the Plan, the First Report, Second Report or the Third Report. All references to dollars are in Canadian currency unless otherwise noted. A copy of all motion records and reports are available for creditors on the Monitor's website at www.ey.com/ca/bigskyfarms .

TERMS OF REFERENCE

9. In preparing this Fourth Report, the Monitor has relied upon unaudited financial information, company records, and discussions with management of the Applicant. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved may vary from this information and the variations may be material.

BACKGROUND INFORMATION

10. Background information pertaining to the Applicants and the CCAA proceedings is contained in the First Report, Second Report and Third Report filed with this Honourable Court.

PROPOSED SALE OF THE TREHERNE FARROW TO FINISH OPERATION

11. Big Sky has exclusive right, title and interest in a farrow to finish hog barn (the "**Treherne Facility**") in the District of Treherne, Manitoba. Built in 1995, the Treherne Facility contains 600 sow spaces. The Applicants depopulated the Treherne Facility as of September 2009. The hog barns at the Treherne Facility currently remain vacant.

12. The Treherne property on which the Treherne Facility resides bares a legal description of: SW ¼ -33-7-9W. RM. South Norfolk, Manitoba (Title # 2109383) Treherne, Manitoba (the "**Land**").

13. The Applicants recommend the acceptance of the following offer (a copy of which is attached hereto as Appendix "A"), (the "**Offer to Purchase**") with respect to the Treherne Facility:

    a. Purchaser - Porcherie Lac du Onze Ltee., an arm's length purchaser (the "**Purchaser**");

    b. Purchased Assets – the Land, dwelling & farrow to finish hog barn, including all fixtures, mill, bins, scale & sundry assets that form part of the normal operating assets of the barn;

    c. Purchase price - $600,000; deposit of $50,000, payment on or before the date of possession of $550,000;

    d. Commission – 6% of the gross selling price;

    e. Conditions – attached hereto as Appendix "B". All conditions to the purchase agreement have been waived by the Purchaser, with the exception of the following:

i. A report satisfactory to the Purchaser from the Manitoba Conservation Office pertaining to work undertaken on the manure lagoon and the manure line from the barn to the lagoon;

1. The Purchaser expects to waive the condition related to the foregoing prior to January 5, 2010; and

ii. Issuance of the Approval and Vesting Order of this Honourable Court;

f. Finance – the buyer has completed all required financing arrangements, the condition pertaining to financing has been waived; and

g. Closing – closing of the transaction to occur on the earlier of:

i. Three business days following:

1. The issuance of the Approval and Vesting Order by this Honourable Court; and

2. Recognition and registration of said Order in the appropriate jurisdiction in the Province of Manitoba; and

ii. January 15, 2010.

14. It is the desire of the Applicants to close the transaction at the earliest possible date in order to mitigate continued carrying costs and maintenance costs associated with the Treherne Facility.

15. Background information pertaining to the efforts to sell the Purchased Assets by the agent of record is as follows:

a. Effective August 31, 2009, the Applicants listed the Purchased Assets for sale with Mr. Grant Tweed, an agent of Century 21 Westman, of Brandon, Manitoba ("the **Agent**"). The Agent advised the Monitor that he exclusively markets farm, agricultural and commercial real estate properties.

b. The Agent originally listed the Treherne Facility for sale at a price of $990,000 and marketed for sale the Treherne Facility by means of the following industry related publications and websites:

    i. The Manitoba Pork council website and publications;

    ii. www.Farmmarketer.com, a website known to have the most complete selection of agricultural real estate listing; and

    iii. www.Farms.com, an organization dedicated to marketing farm and rural properties across North America and around the World.

c. The Agent approached the Manitoba Pork Counsel and a number of Hutterite Colonies directly and inquired whether or not they, or any of their members, had interest in purchasing the Treherne Facility. Both the Agent and the Applicants believed that industry participants and competitors are acutely aware that Big Sky has been marketing for sale the Treherne Facility.

d. In addition to marketing for sale of the Treherne Facility in industry related publications, the Agent listed the Treherne Facility for sale in the following publications, including certain widely monitored commercial real estate publications:

    i. Treherne local newspapers;

ii. The October, 2009 edition of Western Investor magazine; and

iii. ICX, the commercial real estate listing service operated by the Canadian Real Estate Association.

16. In the three months since first listing the Treherne Facility for sale, the Agent has received multiple inquiries from interested parties and has hosted five site tours at the Treherne Facility. The Agent has received no other offers to purchase.

17. In the Agent's view, the indicated purchase price is reasonable given the condition of the Treherne Facility, the timing of the sale and state of the market. The Agent believes that it has conducted a fair and open sales process.

18. In the Monitor's view, the terms and conditions as outline in the Offer to Purchase, including the purchase price, as related to the sale of the Purchased Assets are fair and reasonable having regard to:

a. Industry conditions and the continued holding and maintenance costs;

b. A purchase price that will be consummated at a value that is higher than the value that could be derived had the sale process been initiated and consummated by a receiver-manager and/or trustee in bankruptcy; such that the proposed transaction is more beneficial to the creditors than a forced sale under bankruptcy or other insolvency proceedings; and

c. A process leading to the proposed sale of the Treherne Facility that was fair, open and reasonable in the circumstances.

19. Based on the foregoing, it is the recommendation of the Monitor that this Honourable Court grant the Approval and Vesting Order pertaining to the Treherne Facility in the manner requested by the Applicants.

20. The Monitor advises this Honourable Court, that the vesting of the Applicant's right, title and interest in and to the Purchased Assets in the Purchaser will be effective upon the delivery, by the Monitor to this Honourable Court, of a certificate confirming that the transaction has been completed to the satisfaction of the Applicants and the Monitor and on terms substantively as approved by this Honourable Court.

MONITOR'S RECOMMENDATIONS

21. Based on the foregoing, the Monitor recommends that this Honourable Court grant an Order:

   a. Approving the Offer to Purchase between the Applicants and the Purchaser in respect of the Purchased Assets; and

   b. Vesting all of the Applicants' right, title and interest in the Purchased Asset in the Purchaser, free and clear of all liens and encumbrances, except permitted encumbrances, subject only to the filing by the Monitor with this Honourable Court a certificate confirming that the transaction has been completed to the satisfaction of the Applicants and the Monitor and on terms substantively as approved by this Honourable Court.

All of which is respectfully submitted this 29th day of December, 2009.

ERNST & YOUNG INC.
In its capacity as Court Appointed Monitor
of Big Sky Farms Inc., Drycast Systems Inc.
and Big Sky Management Consulting Corp.

Per:

Kevin Brennan, CA•CIRP, CIRP
Senior Vice-President

APPENDIX "A"

OFFER TO PURCHASE TREHERNE OPERATION

THE MANITOBA REAL ESTATE ASSOCIATION – OFFER TO PURCHASE

(To be used in the purchase of property other than SINGLE FAMILY RESIDENTIAL HOUSES OR UNITS)

LISTING BROKER **Century 21 Westman.com**	SELLING BROKER **Century 21 Westman.com**
LISTING SALESPERSON **Grant Tweed**	SELLING SALESPERSON **Grant Tweed**

CONFIRMATION OF REPRESENTATION

In representing the parties in the negotiation for the purchase and sale of the Property:

The Selling Broker represents (check applicable statement):

- ☐ the Buyer and does not represent the Seller
- ☐ the Seller and does not represent the Buyer
- ☑ both parties with the consent of each

The Listing Broker represents (check applicable statement):

- ☐ the Buyer and does not represent the Seller
- ☐ the Seller and does not represent the Buyer
- ☑ both parties with the consent of each

______ (Buyer's initials) ______ (Selling Salesperson's initials) ______ (Seller's initials) ______ (Listing Salesperson's initials)

To **Big Sky Farms Inc.** (the "Seller")

Seller's address **10333 - 8th. Avenue** **Humboldt, SK.** **S0K 2A0**

I/We **Porcherie Lac du Onze Ltee.** (the "Buyer")

Buyer's address **C.P. 40** **Notre Dame de Lourdes, MB.** **R0G 1M0**

Offer to purchase, through the above named Broker(s), the Property upon the following terms:

SUBJECT MATTERS OF THIS OFFER

1. The Property (the "Property") is the following described land inclusive of the Seller's interest in any mines and minerals appurtenant thereto, if any, and all structures and improvements thereon (insert civic address or legal description):

SW. 1/4 - 33-7-9W. RM. South Norfolk, Manitoba (Title # 2109383) **Treherne, MB.** **R0G 2V0**

Asset purchase of the land, dwelling & farrow to finish hog barn. Includes all fixtures, mill, bins, scale & sundry that form part of the normal operation of the farm.

Clear of all encumbrances, easements, encroachments, and tenancies except (if none, state "none") **None**

(Details of any lease obligations to be assumed must also be set out) **None**

and subject to all structures on the said land complying with all applicable building and zoning restrictions and not encroaching beyond the limits of the said land or on any public utility right-of-way, except for: **None**

(a) There shall be included in or with the Property all fixtures and in particular all such electric light fixtures, heating and plumbing fixtures, T.V. antennae, fitted carpets, curtain rods, drapery tracks, screen and storm windows and doors as are now on the Property, but excluding these fixtures: **None**

(b) All goods and chattels which are not fixtures shall be excluded excepting for the following which are included:

See schedule A

PURCHASE AND SALE PRICE AND PAYMENT

2. (a) The total purchase price to be paid by the Buyer to the Seller is $ **550,000.00** payable as follows:

(i) A deposit of .... $ **50,000.00**

(ii) By a payment in cash on or before the date of possession .... $ **500,000.00**

(iii) The balance as follows:

By cash & mortgage per condition 5

$ ________

TOTAL PURCHASE PRICE .... $ **550,000.00**

(b) **Unless otherwise specified in this agreement, the Buyer will be responsible for any Goods and Services Tax payable with respect to the purchase of the Property (including all included fixtures, goods and chattels).**

(c) If part of the purchase price is to be paid from the proceeds of a new mortgage, payment of that amount may be delayed by the time required for registration of the mortgage to be completed by the Land Titles Office and reported to the mortgagee and, if so, that amount shall bear interest payable to the Seller at the same rate as the new mortgage until paid. The Seller shall have a lien and charge against the Property for the unpaid portion of the purchase price (with interest as aforementioned).

(d) If the deposit is submitted by way of cheque or other payment instrument, it shall be made payable to the Listing Broker. If the deposit is submitted in cash, it shall be deposited by the Broker receiving it. The deposit, howsoever paid, will be held in trust for the Buyer and same shall be returned to the Buyer without deduction, interest or other charge of any kind if this Offer is not accepted in accordance with its terms.

________ Seller's initials ________ Buyer's initials

(e) After this Offer has been accepted by the Seller, the deposit shall be held by the Listing Broker in trust, and the deposit shall, subject to the terms of this Offer, be paid or credited to the Seller as part of the purchase price when the Seller has carried out the Seller's entire obligations under this agreement.

POSSESSION

3. (a) Possession shall be given by **11:00** **a.m.** on the 21 day of December, 2009. (the "Possession Date") and the tax adjustment date (including the current year's local improvement levies if any) and other adjustments shall be the 31 day of December, 2009.
(b) Unless otherwise agreed to, such possession shall mean vacant of any persons occupying the Property and with all fixtures and goods and chattels not included in this transaction removed from the Property;
(c) Unless otherwise specified in this Offer, at the time of possession, the Property and all included items will be in substantially the same condition they were in at the date of this Offer.

SELLER'S PROMISES AS TO TITLE AND OWNERSHIP

4. The Seller promises that at the time of possession:
(a) The Property will not be subject to any mortgage, encumbrance or other interest which is registered against the title to the Property or which is valid or enforceable against the Property without being so registered ("Claim"), excepting only for the following:
i) any mortgage herein agreed to be assumed as part of the purchase price;
ii) any private or public building or use restriction caveat with which the Property complies;
iii) any easement, the existence of which is apparent on inspection of the Property;
iv) any public utility caveat protecting a right-of-way for a service to which the Property is connected;
v) any Claim which it is the Seller's responsibility hereunder to remove as a condition of closing;
vi) any Claim which may be caused by or is the responsibility of the Buyer; and
vii) (insert any other exceptions, including tenancies): **None**
(b) All included fixtures and goods and chattels will be owned by the Seller free from any security or other interest (including any rental contract) except as follows: **None** @ **None** and the Buyer shall assume responsibility for all such security or other interests from and after the Possession Date.
(c) The Seller will be or be entitled to be rightfully in actual and personal peaceable possession and occupation of the whole of the Property (except for any tenancies agreed to be assumed by the Buyer).

CONDITIONS BENEFITING THE BUYER

5. This agreement is terminated unless the following conditions for the benefit of the Buyer are fulfilled or waived:
(a) That any mortgage shown as to be arranged can be so arranged by the Buyer by **6:00** **p.m.** on the 14 day of December, 2009 ; and
(b) Others (for example, a permit from the Highway Traffic Board) – if no others, state "None"
See Schedule A

(attach schedule if necessary)

CONDITIONS BENEFITING THE SELLER

6. This agreement is terminated unless the following conditions for the benefit of the Seller are fulfilled or waived (if none, state "None"):
See Schedule A

CONDITIONS GENERALLY

7. (a) The party responsible for fulfilment of a condition will exercise reasonable efforts to fulfil the condition.
(b) Upon fulfilment of a condition, the benefited party shall give written notice of fulfilment.
(c) If this agreement is terminated under any of paragraphs 5, 6 or 8 (a) (i), then the Seller will direct the Broker to return the deposit to the Buyer without deduction.
(d) The party benefited by a condition may waive fulfilment of that condition, provided that such party does so in writing before the end of the time within which such condition is to be fulfilled. If the benefited party does not so waive and does not give notice of fulfilment with respect to such condition, then such condition will be deemed to be not fulfilled. Any written waiver or notification with respect to any condition for the benefit of the Buyer may be given to either the Seller or the Listing Broker and any written waiver or notification with respect to any condition for the benefit of the Seller may be given to either the Buyer or the Selling Broker.

MUTUAL PROMISES AND GENERAL PROVISIONS

8. (a) (i) The Property until the time of possession shall remain at the risk and responsibility of the Seller. If the Property suffers substantial damage which is not repaired before the time of possession to substantially the same condition it was in prior to the damage occurring, the Buyer may terminate this agreement.
(ii) The Buyer shall not be bound to assume, nor the Seller to transfer, any policy of insurance on the Property.

______ Seller's initials ______ Buyer's initials

(b) If either party (the "Defaulting Party") is in breach of their obligations hereunder then the other party (the "Aggrieved Party") shall be entitled to exercise whatever remedies the Aggrieved Party may have by virtue of the default. Where the Defaulting Party is the Buyer, the Seller shall be entitled to retain the deposit as the Seller's own property, but whether or not the Seller has then terminated or thereafter terminates the Seller's right and obligation to sell and the Buyer's right and obligation to purchase under this agreement by virtue of the Buyer's default, such retainer of the deposit shall not itself constitute a termination of this agreement and shall not restrict the Seller from exercising any other remedies which the Seller may have by virtue of the Buyer's default, including the right to claim damages from the Buyer which the Seller sustains in excess of the deposit.

(c) (i) Each of the Seller and the Buyer authorize each other, their respective solicitors, the Listing Broker and the Selling Broker to pay and deliver to their respective solicitors, any money or documents due in connection with this transaction and for so doing, this shall be their full and sufficient authority and the receipt of each such solicitor respectively shall be a good discharge therefor.

(ii) In closing this transaction, the Seller's solicitor and the Buyer's solicitor may by agreement impose and undertake trust conditions upon each other.

(d) (i) Time shall in all respects be of the essence hereof.

(ii) This agreement shall be binding upon and shall enure to the benefit of the Seller and the Buyer and each of their respective successors, assigns and personal representatives.

(iii) This agreement contains all of the promises, agreements, representations, warranties and terms between the parties relating to the transaction hereby contemplated, and:

(A) anything not included in writing in this agreement will have no force or effect whatsoever;

(B) any amendment made to this agreement will have no force or effect whatsoever unless it is in writing and signed by each of the parties hereto;

(C) in making this Offer, the Buyer relies entirely on the Buyer's personal inspection of the Property and the Seller's promises contained (and only those contained) in this Offer.

(iv) The Seller's promises contained in this agreement which the Seller and Buyer agree will survive and continue in effect after the closing of this transaction are clauses 3 (c), 4 (b) and 4 (c). Any exception or any additional promises intended to survive closing are as follows (if none, state "none"):

(v) All references to times in this agreement mean Manitoba time.

REPRESENTATIONS BY BROKER

9. The Listing Broker or the authorized representative(s) of the Listing Broker has made the following promises, undertakings or guarantees to the Buyer (if none, state "None")

None

If any such promise, undertaking or guarantee is made and breached, this will not, unless otherwise specified, constitute a breach by the Seller or by the Buyer of their obligations under this Agreement.

USE AND DISCLOSURE OF SALE INFORMATION

10. The Buyer and Seller consent to the collection, use and disclosure of the personal information regarding the Property and this transaction by the Broker(s) for reporting, appraisal and statistical purposes, and if the Property is listed on the Multiple Listing Service® of any real estate board or association of which the Broker is a member, consent is also given to that board or association for the same purposes.

DEADLINE FOR ACCEPTANCE BY SELLER

11. This Offer, if not accepted by **5:00** **p.m.** on the 7 day of November, 2009, shall expire.

OTHER TERMS

12. **See Schedule A**

THIS OFFER IF ACCEPTED IS A LEGALLY BINDING CONTRACT: READ IT ALL BEFORE YOU SIGN.

Signed by the Buyer at ______ **a.m./p.m.** on the ______ day of **November**, 20**09** .

Witness ______ Buyer ______

Witness ______ Buyer ______

Name of Buyer's Solicitor **McCulloch Law Office**

ACCEPTANCE:

The Seller hereby accepts the above Offer or accepts the above Offer subject only to the following amendments ("Counter-offer") which must be accepted by the Buyer by **5:00** **p.m.** on the 7 day of December, 2009. (If none, state "None"):

Price to be $600,000.00

______ Seller's initials ______ Buyer's initials

SELLER'S DIRECTIONS TO BROKER AND SELLER'S SOLICITOR REGARDING COMMISSION

By the Seller's signature below, the Seller acknowledges (and agrees) to pay to the Listing Broker above named an agreed commission of 6.00 % ____________ plus applicable Goods and Services Tax (State in terms of percentage of total purchase price or dollars). The Seller directs and authorizes the Listing Broker to retain and apply in payment of the commission which the Seller will owe to the said Broker in connection with the purchase and sale transaction the deposit or so much thereof as is required to pay such commission at the time specified in the listing agreement between the Listing Broker and the Seller or when permitted by applicable law. The Seller further directs and authorizes the Seller's solicitor named below to pay promptly to the Listing broker any unpaid balance of the commission out of the sale proceeds as soon as the same are properly payable to the Seller. The Seller agrees not to revoke the foregoing directions and authorizations unless such revocation is agreed to in writing by the Listing Broker.

Signed by the Seller at ____________ **p.m.** on the 4 ____________ day of December ________, 2009 .

Witness ______________________________ Seller ______________________________

Witness ______________________________ Seller ______________________________

Name of Seller's Solicitor ______________________________

ACCEPTANCE BY BUYER OF COUNTER-OFFER

The Buyer hereby accepts the above Counter-Offer.

Signed by the Buyer at __________ **a.m./p.m.** on the ______________ day of ______________, 20______.

Witness ______________________________ Buyer ______________________________

Witness ______________________________ Buyer ______________________________

NOTE: If the Buyer wishes to accept the Counter-offer (if any) but subject to any additional terms or conditions, this will constitute a counter-counter-offer and the Buyer should submit an entirely new Offer to Purchase.

HOMESTEADS ACT

The parties are advised that if the property is a "homestead" within the meaning of The Homesteads Act, and if the ownership of both spouses or common-law partners is not registered on the title to the property, the spouse or common-law partner whose name is not on title but has homestead rights in the Property must consent to the disposition (below) or provide a Release of Homestead Rights in accordance with that Act.

HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT

I, the spouse or common-law partner of the Seller, consent to the disposition of the homestead effected by this instrument and acknowledge that:

1. ☐ I am the first spouse or common-law partner to acquire homestead rights in the property.
   OR
   ☐ A previous spouse or common-law partner of my current spouse or common-law partner acquired homestead rights in the property but those rights have been released or terminated in accordance with The Homesteads Act.
2. I am aware that The Homesteads Act gives me a life estate in the homestead and that I have a right to prevent this change of the homestead by withholding my consent.
3. I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this change of the homestead.
4. I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.

____________________	____________________	____________________
Name of Spouse or Common-Law Partner	Signature of Spouse or Common-Law Partner	Date
____________________	____________________	____________________
Witness	Signature of Witness	Date

A Notary Public in and for the Province of Manitoba / A Commissioner for Oaths in and for the Province of Manitoba.

My commission expires: ______________________________

Or other person authorized to take affidavits under the Manitoba Evidence Act (specify).

BROKER'S RECEIPT FOR DEPOSIT PAID IN CASH (Not required if deposit paid by cheque)

______________________________ (insert name of Broker) hereby acknowledges receipt of the above cash deposit, (and undertakes to pay it over to the Listing Broker on the next business day following the acceptance of the Offer). (Delete Undertaking if receipt given by Listing Broker.) Said deposit shall be held in trust by the Broker or Brokers receiving it as specified in paragraphs 2(c) and 2(d) of this Offer.

____

(Signature of Broker or Authorized Official or Salesperson)

_______ Seller's initials _______ Buyer's initials

Grant R. Tweed
Century 21 Westman.com.
244 Tenth Street, Brandon, MB. R7A 4E8
Tel. (204) 761-6884
E-mail: *granttweed@mts.net*
Fax. (204) 726-5883
Website: *www.granttweed.com*

Dec.30, 2009

Mike Bell
Ernst & Young
Fax. 604-643-5422

RE: Norfolk Barn -

Three page following deal with Offer & Counter Offer

A) Original Offer @ $ 550,000. with Buyer Signature

B) Counter Offer @ $600,000.

C) Acceptance of Counter Offer with both signatures

Please call if you have any questions

Thanks,

Grant R. Tweed

(b) If either party (the "Defaulting Party") is in breach of their obligations hereunder then the other party (the "Aggrieved Party") shall be entitled to exercise whatever remedies the Aggrieved Party may have by virtue of the default. Where the Defaulting Party is the Buyer, the Seller shall be entitled to retain the deposit as the Seller's own property, but whether or not the Seller has then terminated or thereafter terminates the Seller's right and obligation to sell and the Buyer's right and obligation to purchase under this agreement by virtue of the Buyer's default, such retainer of the deposit shall not itself constitute a termination of this agreement and shall not restrict the Seller from exercising any other remedies which the Seller may have by virtue of the Buyer's default, including the right to claim damages from the Buyer which the Seller sustains in excess of the deposit.

(c) (i) Each of the Seller and the Buyer authorize each other, their respective solicitors, the Listing Broker and the Selling Broker to pay and deliver to their respective solicitors, any money or documents due in connection with this transaction and for so doing, this shall be their full and sufficient authority and the receipt of each such solicitor respectively shall be a good discharge therefor.

(ii) In closing this transaction, the Seller's solicitor and the Buyer's solicitor may by agreement impose and undertake trust conditions upon each other.

(d) (i) Time shall in all respects be of the essence hereof.

(ii) This agreement shall be binding upon and shall enure to the benefit of the Seller and the Buyer and each of their respective successors, assigns and personal representatives.

(iii) This agreement contains all of the promises, agreements, representations, warranties and terms between the parties relating to the transaction hereby contemplated, and:

(A) anything not included in writing in this agreement will have no force or effect whatsoever;

(B) any amendment made to this agreement will have no force or effect whatsoever unless it is in writing and signed by each of the parties hereto;

(C) in making this Offer, the Buyer relies entirely on the Buyer's personal inspection of the Property and the Seller's promises contained (and only those contained) in this Offer.

(iv) The Seller's promises contained in this agreement which the Seller and Buyer agree will survive and continue in effect after the closing of this transaction are clauses 3 (c), 4 (b) and 4 (c). Any exception or any additional promises intended to survive closing are as follows (if none, state "none"):

(v) All references to times in this agreement mean Manitoba time.

REPRESENTATIONS BY BROKER

9. The Listing Broker or the authorized representative(s) of the Listing Broker has made the following promises, undertakings or guarantees to the Buyer (if none, state "None")

None

If any such promise, undertaking or guarantee is made and breached, this will not, unless otherwise specified, constitute a breach by the Seller or by the Buyer of their obligations under this Agreement.

USE AND DISCLOSURE OF SALE INFORMATION

10. The Buyer and Seller consent to the collection, use and disclosure of the personal information regarding the Property and this transaction by the Broker(s) for reporting, appraisal and statistical purposes, and if the Property is listed on the Multiple Listing Service® of any real estate board or association of which the Broker is a member, consent is also given to that board or association for the same purposes.

DEADLINE FOR ACCEPTANCE BY SELLER

11. This Offer, if not accepted by 5:00 p.m. on the 7 day of DECEMBER, 2009, shall expire.

OTHER TERMS

12. See Schedule A

THIS OFFER IF ACCEPTED IS A LEGALLY BINDING CONTRACT: READ IT ALL BEFORE YOU SIGN.

Signed by the Buyer at 9:00 a.m./p.m. on the 4TH day of DECEMBER, 2009.

Witness ______ Buyer ______

Witness ______ Buyer ______

Name of Buyer's Solicitor McCulloch Law Office

ACCEPTANCE:

The Seller hereby accepts the above Offer or accepts the above Offer subject only to the following amendments ("Counter-offer") which must be accepted by the Buyer by ______ a.m./p.m. on the ______ day of ______, 20____ (if none, state "None"):

______ Seller's initials

______ Buyer's initials

(b) If either party (the "Defaulting Party") is in breach of their obligations hereunder then the other party (the "Aggrieved Party") shall be entitled to exercise whatever remedies the Aggrieved Party may have by virtue of the default. Where the Defaulting Party is the Buyer, the Seller shall be entitled to retain the deposit as the Seller's own property, but whether or not the Seller has then terminated or thereafter terminates the Seller's right and obligation to sell and the Buyer's right and obligation to purchase under this agreement by virtue of the Buyer's default, such retainer of the deposit shall not itself constitute a termination of this agreement and shall not restrict the Seller from exercising any other remedies which the Seller may have by virtue of the Buyer's default, including the right to claim damages from the Buyer which the Seller sustains in excess of the deposit.

(c) (i) Each of the Seller and the Buyer authorizes each other, their respective solicitors, the Listing Broker and the Selling Broker to pay and deliver to their respective solicitors, any money or documents due in connection with this transaction and for so doing, this shall be their full and sufficient authority and the receipt of each such solicitor respectively shall be a good discharge therefor.

(d) In closing this transaction, the Seller's solicitor and the Buyer's solicitor may by agreement impose and undertake trust conditions upon each other.

(e) (i) Time shall in all respects be of the essence hereof.

(ii) This agreement shall be binding upon and shall enure to the benefit of the Seller and the Buyer and each of their respective successors, assigns and personal representatives.

(iii) This agreement contains all of the promises, agreements, representations, warranties and terms between the parties relating to the transaction hereby contemplated, and:

(A) anything not included in writing in this agreement will have no force or effect whatsoever;

(B) any amendment made to this agreement will have no force or effect whatsoever unless it is in writing and signed by each of the parties hereto;

(C) in making this Offer, the Buyer relies entirely on the Buyer's personal inspection of the Property and the Seller's promises contained (and only those contained) in this Offer.

(iv) The Seller's promises contained in this agreement which the Seller and Buyer agree will survive and continue in effect after the closing of this transaction are clauses 3 (c), 4 (b) and 4 (c). Any exception or any additional promises intended to survive closing are as follows (if none, state "none"):

(v) All references to time in this agreement means Brunswick time.

REPRESENTATIONS BY BROKER

9. The Listing Broker or the authorized representative(s) of the Listing Broker has made the following promises, undertakings or guarantees to the Buyer (if none, state "None")

None

If any such promise, undertaking or guarantee is made and breached, this will not, unless otherwise specified, constitute a breach by the Seller or by the Buyer of their obligations under this Agreement.

USE AND DISCLOSURE OF SALE INFORMATION

10. The Buyer and Seller consent to the collection, use and disclosure of the personal information regarding the Property and this transaction by the Broker(s) for reporting, appraisal and statistical purposes, and if the Property is listed on the Multiple Listing Service® of any real estate board or association of which the Broker is a member, consent is also given to that board or association for the same purpose.

DEADLINE FOR ACCEPTANCE BY SELLER

11. This Offer, if not accepted by [illegible] p.m. on the 7 day of ~~November~~ DECEMBER, 20 09, shall expire.

OTHER TERMS

12. See Schedule A

THIS OFFER IF ACCEPTED IS A LEGALLY BINDING CONTRACT: READ IT ALL BEFORE YOU SIGN.

Signed by the Buyer at ____________ a.m./p.m. on the ____________ day of November, 20 09.

Witness ____________ Buyer ____________

Witness ____________ Buyer ____________

Name of Buyer's Solicitor McCulloch Law Office

ACCEPTANCE:

The Seller hereby accepts the above Offer or accepts the above Offer subject only to the following amendments ("Counter-offer") which must be accepted by the Buyer by [illegible] p.m. on the 7 day of December, 20 09. (If none, state "None"):

Price to be $[illegible]

____ Seller's initials

____ Buyer's initials

SELLER'S DIRECTIONS TO BROKER AND SELLER'S SOLICITOR REGARDING COMMISSION

By the Seller's signature below, the Seller acknowledges (and agrees) to pay to the Listing Broker above named an agreed commission of 5.00 % plus applicable Goods and Services Tax (State in terms of percentage of total purchase price or dollars). The Seller directs and authorizes the Listing Broker to retain and apply in payment of the commission which the Seller will owe to the said Broker in connection with the purchase and sale transaction the deposit or so much thereof as is required to pay such commission at the time specified in the Listing agreement between the Listing Broker and the Seller or when permitted by applicable law. The Seller further directs and authorizes the Seller's solicitor named below to pay promptly to the Listing Broker any unpaid balance of the commission out of the sale proceeds as soon as the same are properly payable to the Seller. The Seller agrees not to revoke the foregoing directions and authorizations unless such revocation is agreed to in writing by the Listing Broker.

Signed by the Seller at ______ on the 4 day of December, 2009

Witness ______________________ Seller ______________________

Witness ______________________ Seller ______________________

Name of Seller's Solicitor ______________________

ACCEPTANCE BY BUYER OF COUNTER-OFFER

The Buyer hereby accepts the above Counter-Offer.

Signed by the Buyer at 12:21 a.m./p.m. on the 7 day of Dec, 2009

Witness ______________________ Buyer ______________________

Witness ______________________ Buyer ______________________

NOTE: If the Buyer wishes to accept the Counter-offer (if any) but subject to any additional terms or conditions, this will constitute a counter-counter-offer and the Buyer should submit an entirely new Offer to Purchase.

HOMESTEADS ACT

The parties are advised that if the property is a "homestead" within the meaning of The Homesteads Act, and if the ownership of both spouses or common-law partners is not registered on the title to the property, the spouse or common-law partner whose name is not on title but has homestead rights in the Property must consent to the disposition (below) or provide a Release of Homestead Rights in accordance with that Act.

HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT

I, the spouse or common-law partner of the Seller, consent to the disposition of the homestead effected by this instrument and acknowledge that:

1. ☐ I am the first spouse or common-law partner to acquire homestead rights in the property.

   OR

   ☐ A previous spouse or common-law partner of my current spouse or common-law partner acquired homestead rights in the property but those rights have been released or terminated in accordance with The Homesteads Act.
2. I am aware that The Homesteads Act gives me a life estate in the homestead and that I have a right to prevent this change of the homestead by withholding my consent.
3. I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this change of the homestead.
4. I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.

Name of Spouse or Common-Law Partner	Signature of Spouse or Common-Law Partner	Date
Witness	Signature of Witness	Date

A Notary Public in and for the Province of Manitoba / A Commissioner for Oaths in and for the Province of Manitoba.

My commission expires ______________________

Or other person authorized to take affidavits under the Manitoba Evidence Act (specify).

BROKER'S RECEIPT FOR DEPOSIT PAID IN CASH (Not required if deposit paid by cheque)

______________________ (Insert name of Broker) hereby acknowledges receipt of the above cash deposit, (and undertakes to pay it over to the Listing Broker on the next business day following the acceptance of the Offer). (Delete Undertaking if receipt given by Listing Broker.) Said deposit shall be held in trust by the Broker or Brokers receiving it as specified in paragraphs 2(a) and 2(d) of this Offer.

____

(Signature of Broker or Authorized Official or Salesperson)

______ Seller's initials

______ Buyer's initials

April 2009
WEBForms™ Apr/2009

APPENDIX "B"

CONDITIONS TO OFFER TO PURCHASE TREHERNE OPERATION

GENERAL PURPOSE OFFER TO PURCHASE SCHEDULE

SCHEDULE A

This schedule is attached to and forms part of an Offer to Purchase made by Porcherie Lac du Onze Ltee.

as Buyer, to Big Sky Farms Inc. as Seller, regarding the Property

commonly known as SW.1/4 - 33-7-9W. RM. South Norfolk

dated the 4 day of December, 2009.

This Offer to Purchase is subject to the following conditions:

1) RE: Ernst & Young "Monitor" - Court approvals to be provided & the appropriate Court to issue a Court Order that guarantees the title shall transfer to the Buyer free & clear of all encumbrances save & except for any easements or utility caveats.

2) Allocation of Funds, between assets being purchased shall be calculated proportional to municipal assessment.

3) GST: Buyer as a GST. registrant will choose to self assess.

4) Buyer to obtain a satisfactory report from a File Search Request from MB. Conservation.

5) Seller will maintain adequate power & heat in the buildings until possession. Seller will be responsible for any damage by freezing or vandalism that may occur prior to possession.

6) When all conditions are satisfied & when mortgage registration is in progress, possession may be moved ahead if both lawyers agree.

7) Seller to provide satisfactory copies of final engineer certification from MB. Conservation for work completed on the manure lagoon & the manure line from the barn to the lagoon.

8) All buildings, bins, shelters, dead stock shed & other, whether fixed or portable are to remain on the premises.

9) Buyer is aware the propane tanks on site are not part of this transaction.

10) Water Supply: Seller to transfer ownership & access caveats that are part of the well agreement as located on SW.1/4 - 2-8-9W. Buyer to be able to negotiate a suitable license for water use as required under the Water Rights Act of MB.

11) Arbitration: In the event of any disagreements on possession of matters of monetary value then the Buyer & Seller agree to have said matters settled by arbitration within the guidelines of Arbitration Act of MB. Buyer's Lawyer & Seller's Lawyer will jointly choose a single arbitrator. If unable to agree on a single arbitrator then each Lawyer shall select one arbitrator & the two selected shall appoint a third arbitrator. The final decision of such arbitration will be binding on all parties.

12) This Offer is subject to the Buyer's shareholders final approval, not later than Dec. 15 , 2009.

Signed by the Buyer this 4 day of December, 2009.

Witness ______________ Signature of Buyer ______________

Witness ______________ Signature of Buyer ______________

Signed by the Seller this 4 day of December, 2009.

Witness ______________ Signature of Seller ______________

Witness ______________ Signature of Seller ______________

Grant R. Tweed
Century 21 Westman.com.
244 Tenth Street, Brandon, MB. R7A 4E8
Tel. (204) 761-6884 **Fax.** (204) 726-5883
E-mail: *granttweed@mts.net* **Website:** *www.granttweed.com*

Dec. 24, 2009

Mike Bell
Ernst & Young
Fax. 604-643-5422

RE: Big Sky Farms Inc. / Norfolk Barn - Offer to Purchase

The Buyer has completed mortgage arrangements & the page following documents the removal of that condition.

Conditions 4 & 7, both of which refer to issues with MB. Conservation are still pending. We have verbal assurances in both cases & are now waiting for written confirmation.

I would assume you are now able to seek a court date, please advise if you require additional information.

All the best of the season.

G R Tweed
Grant R. Tweed

Dec 28/09

Mike. per your message
Latest Amendments / Conditions Satisfied
pages follow - 3-page Total

NOTICE OF CONDITIONS SATISFIED

TO: Big Sky Farms Inc.
Seller(s)

Re: Offer to Purchase Seller's property SW. 1/4-33-7-9W - RM S. Norfolk
Address of Subject Property

dated Dec. 4/09 by Porcherie Lac du Onze Ltee.
Buyer(s)

In accordance with the terms of our Offer to Purchase noted above, and effective this date, the following conditions set out in our Offer have been satisfied:

Condition 5(a) Mortgage

All other terms and conditions of the Offer to Purchase remain the same.

Date Dec. 23/09

Witness

Signature of Buyer

Witness

Signature of Buyer

WEBForms™ Mar/2006

GENERAL PURPOSE OFFER TO PURCHASE SCHEDULE

SCHEDULE B

This schedule is attached to and forms part of an Offer to Purchase made by Porcherie Lac du Onze Ltee.,

as Buyer, to Big Sky Farms Inc. as Seller, regarding the Property

commonly known as SW.1/4 - 33-7-9W. RM, South Norfolk

dated the 4 day of December, 2009.

This Schedule B is to amend certain portions of the Offer to Purchase & Schedule A.

RE: Item 2(a). Possession Date will be changed to: Dec. 30, 2009. If unable to obtain court approval prior to Dec. 30/ 09 then closing will be set for three days beyond receipt of court approval & not later than Jan. 15, 2010

RE: Item 8(A). Mortgage: Date by which mortgage arrangements to be fulfilled will be changed to: Dec. 23, 2009

RE, Schedule A. Item 12). Buyer Shareholder approval. This condition has been waived by the Buyer.

All other terms & conditions of the Offer to Purchase shall remain in effect.

Signed by the Buyer this 18th day of December 2009

[signature] Witness [signature] Signature of Buyer

Witness Signature of Buyer

Signed by the Seller this 17th day of December 2009

[signature] Witness [signature] Signature of Seller

Witness Signature of Seller

STATUTORY FORM 4