Big Sky Farms Inc.
10333 8th Ave.
P.O. Box 610
Humboldt, SK S0K 2A0
Phone: (306) 682-5041
Fax: (306) 682-5042

December 29, 2009

Dear Creditors:

On behalf of the management and Board of Directors of Big Sky Farms Inc. (**"Big Sky"**), we would like to acknowledge your patience as we progress through the *Companies' Creditors Arrangement Act* (Canada) (the **"CCAA"**) process (as recognized by the United States Bankruptcy Court for the Northern District of Iowa (the **"US Bankruptcy Court"**) pursuant to Chapter 15 of the US Bankruptcy Code). You will find enclosed with this letter a Plan of Arrangement and Compromise (the **"Plan"**) for your consideration. The Plan has been carefully thought out with the interests of all stakeholders in mind. While it is regrettable that all creditors will not be paid in full, the Board of Directors and management worked with their advisors and the Monitor appointed pursuant to the provisions of the CCAA to develop a Plan that was fair and reasonable under the circumstances, and would achieve a substantially better recovery to Big Sky's Unsecured Creditors than they would receive in the event that liquidation was the only other possible outcome. Big Sky has developed this Plan with the support of the Senior Secured Lenders and other significant debt holders.

The unprecedented 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") that were outside the control of management resulted in serious liquidity challenges for the company. Working capital and equity was depleted through this extended time and there was no other alternative but to file for CCAA protection.

As part of the CCAA filing in Canada, Big Sky was able to secure debtor in possession (**"DIP"**) financing from our Senior Secured Lenders to allow Big Sky to continue and fund operations through to the exit from the CCAA proceedings. In addition, we have restructured our debt and extended the amortization period thereby improving cash flows in the future. These were negotiated based on Big Sky's strength of continuing to demonstrate that it is a low cost producer based on benchmarking within the industry and confidence in the management team to move the company forward.

The successful exit from CCAA and Chapter 15 and the ability of Big Sky to continue to operate and support the economies of the many smaller rural centers in which we operate is predicated on achieving a vote of approval by creditors on the proposed plan. The plan must be approved by: (i) a 50% majority of creditors with a substantiated claim (**"Proven Claim"**); and (ii) 2/3 of the value of the Proven Claims;

each measure determined based on creditors eligible to vote based on a Proven Claim and voting on the Plan. We believe that approval of the Plan is the best option of any recovery for the affected unsecured creditors.

If the Plan is approved by the required majority of creditors, we will seek an Order of the Court of Queen's Bench, Judicial Centre of Saskatoon (the "**Canadian Court**") sanctioning the Plan and, *if necessary*, recognition of said Order by the US Bankruptcy Court as soon as possible following the vote. If these Orders are granted by the Canadian Court and, potentially, the US Bankruptcy Court, we would implement the Plan and process payments to affected creditors at our earliest opportunity, and return to normal operations outside of CCAA immediately thereafter. We believe this result is in the best interests of all stakeholders, and urge you to consider carefully the consequences of the Plan not being approved.

We have been involved in many rural communities for many years and have contributed positively to their local economies. With a successful exit from CCAA we look forward to emerging as a stronger and viable company enabling us to support those local suppliers that have supported us over the years and assisted us through this restructuring process with the approval of the Plan.

Thank you for your support.

Yours truly,

Casey Smit
President and CEO
Big Sky Farms Inc.