Ernst & Young

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Private & Confidential

28 December 2009

Mr. Casey Smit
President & Chief Executive Officer
Big Sky Farms Inc.
P.O. Box 610
Humboldt, SK
S0K 2A0

Dear Mr. Smit:

Re: **Big Sky Farms Inc., Drycast Systems Inc. and Big Sky Management Consulting Corp. (collectively hereafter, "Big Sky")**

In connection with the reorganization proceedings of Big Sky under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"), you have requested that we provide you with an estimate of the projected liquidation value of the Company's assets and the resulting amounts available to unsecured creditors in the event of a bankruptcy. The purpose of this analysis is to provide the creditors voting on the plan of compromise and reorganization (the "**Plan**") of Big Sky under the CCAA with a benchmark against which to evaluate the Plan.

We have prepared the estimated liquidation values and amounts available to unsecured creditors (the "**Liquidation Analysis**") using the most recently available unaudited financial information as at 4 December 2009 and the financial forecast for the period ending 28 February 2010, all of which were prepared by Big Sky and were based on assumptions and financial information prepared and provided by Big Sky's management. We have relied on discussions with management and other internal information and analysis in preparing the Liquidation Analysis. We have not audited, reviewed or otherwise verified the accuracy of the assumptions and financial information supporting this analysis. The Liquidation Analysis is based upon assumptions regarding future events and the validity of legal contracts and priorities. Consequently, the actual results achieved in the event of a bankruptcy of Big Sky will vary from this analysis and the variations may be material.

The Liquidation Analysis has been prepared assuming that a liquidation of the assets of Big Sky occurs by way of the appointment of a trustee in bankruptcy (a "**Trustee**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). The Liquidation Analysis makes certain assumptions regarding the realizable value of the assets of Big Sky and the costs to be incurred to undertake and complete the realization process, including the costs of operations and feed necessary to protect the welfare of the animals. The tenure of the bankruptcy process for purpose of the liquidation analysis is assumed not to exceed a period of six months. The liquidation analysis has been prepared on the basis of net proceeds available to the secured debt holders prior to the occurrence of professional fees associated with the bankruptcy process. The primary assumptions pertaining to the realizable value of the assets are as detailed below.

SUMMARY OF LIQUIDATION ANALYSIS

	Book Value	Est. Liquidation Value	
	Dec 4, 2009	Low	High
Estimated Gross Liquidation Proceeds			
Trade Receivables	1,386,809	918,552	1,110,637
Other Accounts Receivable	295,041	-	166,850
Inventory	41,777,173	13,875,756	19,166,146
Property, Plant & Equipment	87,172,295	20,215,886	33,817,459
Total Gross Estimated Liquidation Proceeds	**130,631,318**	**35,010,194**	**54,261,092**
Less: Realization Costs and Priority Charges			
Asset Realization Costs		(3,501,019)	(3,798,276)
Debtor-in-Possession Financing - Priority Charge		(3,800,000)	(3,800,000)
Employee Wages & Vacation Pay – BIA priority charges		(860,000)	(860,000)
Agricultural Claims		(395,000)	(395,000)
Employee Source Deductions		(175,000)	(175,000)
Total Realization Costs and Priority Charges		**(8,731,019)**	**(9,028,276)**
Total Estimated Net Liquidation Value		26,279,175	45,232,816
Secured Debt:			
Senior Secured Debt		(71,294,000)	(71,294,000)
Subordinated Debt		(10,124,663)	(10,124,663)
Saskatchewan Hog Loan		(4,620,688)	(4,620,688)
Total Secured Debt		(86,039,351)	(86,039,351)
Net Deficiency of Assets Available to Unsecured Creditors, before Environmental Remediation Costs (if any) and professional fees[1]		**(59,760,177)**	**(40,806,535)**

Note:
1 – The Liquidation analysis excludes the assets and obligations associated with capital lease commitments.

The primary potential assets of the Company include the Inventory and Property, Plant & Equipment.

In respect of the inventory, it is expected that a liquidation of Big Sky's inventory would depress short term pricing for sows, feeder and nursery hogs. Pricing for market hogs is influenced by a number of factors, including supply and demand, and the availability and willingness of meat packing companies to purchase hogs for slaughter from the producer. The amount a Trustee is able to realize on Big Sky's inventory varies based on cash commodity prices at liquidation, the duration of the liquidation period and feed and other operating costs incurred during the liquidation process. The variant between the high end and low end range of our analysis assumes different quantifiable pricing and cost factors with regards to each of these variables.

In respect of the property, plant and equipment:

- In the high end of our analysis, we have assumed that a Trustee could sell, as a going concern, the Company's interest in its more productive operating pyramids. The values assigned to such sales are based on historical market value indicators and benchmarks, including a value per sow space equivalent, net of continuing holding and other costs. There is no certainty that a Trustee could complete the sale of some or all of these pyramids as going concerns; and

- In the low end, we have assumed a forced liquidation of the property, plant and equipment. The amount a Trustee is able to realize on a liquidation basis of Big Sky's property, plant and equipment depends on the level of interest from prospective buyers, which is unknown. There are several hog barns currently for sale in Saskatchewan and Manitoba, and the industry remains in a depressed state. While it is assumed that a sale of the barns would result within a reasonable period of time (3 to 4 months), this assumption may prove unreasonable, in which circumstance the holding and other costs associated with the barns would increase, and the realizable value of the property plant and equipment would decrease.

With regard to asset realization costs, we have assumed costs of 7% to 10% of gross realization value, which costs account for broker and selling agent commissions, maintenance and repair costs, certain remediation costs, continuing head office operating expenses and such other costs to be incurred to prepare the inventory and property, plant and equipment for sale.

The Liquidation Analysis estimates the net liquidation proceeds to range from approximately \$26.3 million to \$45.2 million. This is approximately \$40.8 million to \$59.8 million less than the debt currently owing to the secured debt holders. It is unlikely that any proceeds would be available for unsecured creditors in the event of a bankruptcy.

Concurrently with the preparation of this liquidation analysis, the Monitor has received an opinion from the Monitor's legal counsel with respect to the security held by the senior secured lenders, totalling approximately \$71.3 million, and is satisfied based on such opinion that the senior secured debt holders' security is sufficiently documented and registered so as to be enforceable as against a subsequently appointed Trustee in respect of all assets of Big Sky located in Saskatchewan and Manitoba, Canada. Legal counsel to the Monitor has not opined on the security of the senior secured creditors in respect of the assets of Big Sky located in the State of Iowa, USA.

Under the terms of the Plan, unsecured creditors with a proven claim of less than $4,000 would receive cash in an amount equal to 99% of the full amount of the proven claim. Each unsecured creditor with a proven claim greater than $4,000 can elect to receive either cash in an amount equal to $3,960 or 10% of the value of its proven claim. We estimate that under the terms of the plan, unsecured creditors would receive approximately $4,763,000. Management has advised that the total claims of unsecured creditors is approximately $32.5 million; therefore the estimated recovery on the these claims associated with the Plan, assuming all affected creditors prove a claim and optimize their recovery through the distribution election option, would approximate 14.7%.

It is likely that the claims against the Company, in the event of a bankruptcy, may be significantly more than the amount filed in the CCAA proceeding. For example, in the event of a bankruptcy, additional claims may result from, among other things, the inclusion of obligations which are currently unaffected under the Plan, termination of contracts and termination of employees. It is not practical to estimate the amount of these additional claims. The addition of these claims in a bankruptcy proceeding would further serve to dilute the recovery to unsecured creditors in the event net realizations from the assets of Big Sky were able to satisfy the claims of the secured debt holders and were available for unsecured creditors.

In our view, unsecured creditors would be significantly better off if they voted to accept the Plan.

Yours very truly,

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