

Bank of Montreal Building
700 - 2103 11th Avenue
Regina, SK
Canada S4P 4G1

Offices in Regina and Saskatoon

Business: (306) 347-8300
Facsimile: (306) 347-8350
Website: www.balfourmoss.com

August 27, 2009

To Whom It May Concern

Re: Natural Valley Farms Inc.
Our File: 243.00.819

We are the solicitors for Farm Credit Canada, a secured creditor of Natural Valley Farms Inc., and the solicitors for Sullivan and Associates Inc., the Receiver appointed by Interim- Receivership Order in respect of Natural Valley Farms Inc. We enclose a copy of an update letter from the Receiver as well as an application to the Court to amend the Receivership Order to permit the Receiver to sell the assets by auction sale if that is considered to be the most reasonable course by the Receiver. The documents include the following:

1. Notice of Motion;
2. Affidavit of Clark Sullivan;
3. Draft Order with respect to the Neudorf house owned by the company;
4. Draft Amending Order to amend the original Receivership Order.

Please note that the application will take place at the Court of Queen's Bench in Moose Jaw rather than in Regina. This hereby constitutes service upon you.

Yours truly,

BALFOUR MOSS LLP

Direct Line: (306) 347-8316
Direct Fax: (306) 347-8381
Internet Address: rick.vanbeselaere@balfourmoss.com
RMV/mg

cc. Clark Sullivan



Restructuring & Financial Advisors
www.SullivanFinancial.ca
2nd Floor, 1919 Rose Street, Regina, SK
(Meetings by appointment only)

Tel: (306) 525-9200
Fax: (306) 525-9209
Mailing Address
P.O. Box 32079
Regina, SK. S4N 7L2

August 25, 2009

**To: Creditors and Shareholders of Natural Valley Farms Inc.
And Other Interested Parties**

Dear Sirs/Madams:

**Re: Natural Valley Farms Inc. – In Receivership
Status of Receivership Proceedings**

Natural Valley Farms Inc. (“NVF” or the “Company”) was placed into receivership on September 23, 2008 by Order of the Court of Queen’s Bench of Saskatchewan, and our firm, Sullivan and Associates Inc., was appointed as the Court Appointed Interim Receiver and Receiver Manager (the “Receiver”).

The initial objective of the receivership was to pursue a parallel path of considering possible restructuring arrangements or a sale of the assets of the Company, and the Order of the Court gave the Receiver the power to pursue those options. Therefore, shortly after the commencement of the receivership we advertised for and issued invitations to a number of potential investors/purchasers to submit proposals to either (1) refinance and restructure the existing corporate entity of NVF, or (2) to purchase the assets and operations, preferably as a going concern.

The deadline for submission of proposals was December 12, 2008. During this process the Receiver continued to lease the Company’s assets to a third party on a short term arrangement which had been entered into prior to the commencement of the receivership. Effective February 10, 2009, that short term lease expired and was not renewed or extended (and the Company’s slaughter and meat processing plants are not currently operating).

While we did receive a number of expressions of interest/proposals, we were disappointed with the results of that process. For example, there was no interest expressed from any parties to participate in a refinancing and restructuring of NVF as a corporate entity. In addition, the amounts proposed as purchase prices for the assets and operations were, in our view, extremely low and more in the range of break-up liquidation estimates rather than reflecting an amount that was closer to a going concern value.

Over the past several months we have continued to work with one of the parties who submitted a proposal last fall. Unfortunately, this party recently withdrew its offer. Although we have received some ongoing interest from other parties in purchasing the assets and operations to re-commence slaughter and meat processing activities, this interest has been limited and did not progress to a stage where any detailed

To Creditors and Shareholders of Natural Valley Farms Inc.
And Other Interested Parties
August 25, 2009
Page 2

inspections or due diligence on the assets was conducted, nor were any formal proposals received.

Based upon the interest (and the comments) that we have received to date we have concluded that it is unlikely that a sale can be achieved at a price which reflects any significant going concern value for the assets. As a consequence, the Receiver has therefore requested proposals from a number of auctioneers to conduct a breakup auction of the assets later this fall (in early November). We are currently in the process of applying to the Court to seek an amendment to the existing Receivership Order to enable the Receiver to proceed with a liquidation sale by way of an auction process.

In the meantime, we continue to be open to consideration of proposals from interested parties that will see the assets sold on a basis which gives greater recognition to the going concern value of NVF as a functioning and licensed slaughter and meat processing facility. However, if no suitable proposal has been received by 12:00 noon on September 10, 2009, the Receiver intends to proceed with finalizing an auction agreement at that time. If you are interested, or are aware of others who may be interested, in submitting a proposal to purchase NVF's assets and operations on a going concern basis, please contact the writer at (306) 525-9206 or by email at clark@sullivanfinancial.ca for additional information and details on proposal requirements. Please note that once the auction process begins, there will be no opportunity to deal with the assets other than through the auction.

NVF's records indicate that its total secured indebtedness to its primary lenders (Farm Credit Canada and Conexus Credit Union 2006) exceeds \$9 million. In addition to that indebtedness, NVF owes subordinate secured creditors approximately \$8 million for unpaid construction liens and the Company has in excess of \$7 million in unsecured debt that is owed to trade creditors and others. Based on the results of proposals and offers received to date it is clear that an eventual sale of the assets will result in a significant shortfall to the primary secured creditors and there will therefore be no recoveries available to subordinate secured creditors, unsecured creditors or shareholders.

Yours truly,

Sullivan & Associates Inc.

In its capacity as Interim Receiver and Receiver & Manager of

Natural Valley Farms Inc.

and not in its personal capacity.

Per:



Clark Sullivan, CA•CIRP

Email: clark@sullivanfinancial.ca

Direct tel: (306) 525-9206

CANADA)
PROVINCE OF SASKATCHEWAN)

Q.B.G. No. 1234 of 2008

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF REGINA

BETWEEN:

FARM CREDIT CANADA

APPLICANT

- and -

NATURAL VALLEY FARMS INC.

RESPONDENT

- and -

**CONEXUS CREDIT UNION 2006, DOMCO CONSTRUCTION INC., CITICORP VENDOR
FINANCE, LTD., JOHN DEERE LIMITED, CITICAPITAL COMMERCIAL LEASING
CORPORATION, FLYING D CATTLE COMPANY, TOWN OF FOAM LAKE, RURAL
MUNICIPALITY OF FOAM LAKE NO. 276, NATIONAL LEASING GROUP INC.,
CLIFTON ASSOCIATES LTD., SPERLING INDUSTRIES LTD., HORIZON CREDIT
UNION and JOHN CRUIKSHANK**

RESPONDENTS

NOTICE OF MOTION

TAKE NOTICE that an application will be made to the Honourable Mr. Justice M. Herauf in Chambers at the Court House, **64 Ominica Street West, Moose Jaw, Saskatchewan** on Tuesday the 8th day of September, 2009, at the hour of 9 o'clock in the forenoon or so soon thereafter as counsel can be heard on behalf of the Sullivan & Associates Inc., receiver/receiver-manager appointed pursuant to s. 47 of the *Bankruptcy and Insolvency Act*, by Interim Receivership Order granted September 23, 2008, which application is made pursuant to paragraph 25 of the said Interim Receivership Order and this Court's inherent jurisdiction and its jurisdiction under the *Bankruptcy and Insolvency Act* for the following relief:

1. An Order enabling the Receiver to quit claim, transfer and release any interest of Natural Valley Farms Inc. (the “Debtor”) in and to the property described as:

Surface Parcel #120969995
Lot 3
Block 14
Plan No. J1295
Extension 5

to the mortgagee thereof, Horizon Credit Union, with power of the Trustee to execute and deliver a transfer authorization in respect of the that property, such transfer authorization to be accepted for registration by the Saskatchewan Land Registry.

2. An Order amending the Interim Receivership Order granting the Receiver the power to dispose of the assets, property and undertaking of the Debtor by auction process, including the power to :

- (A) enter into an auction agreement with an auctioneer of Receiver’s choice;
- (B) execute and deliver registerable transfer authorizations in respect of the Debtor’s real property sold by auction, with directions that such transfer authorizations shall be registerable for the purposes of conveying title to the said real property;
- (C) confirming that the purchasers of the real and personal property and all other assets and undertaking of the Debtor sold during the auction process will acquire title thereto free and clear of all encumbrances save and except the permitted encumbrances in respect of the real property, as set out in the draft Order filed herewith.

AND FURTHER TAKE NOTICE THAT THERE WILL BE FILED in support of this application the following:

- 1. This Notice of Motion, with proof of service;
- 2. Affidavit of Clark Sullivan;
- 3. Draft Order;
- 4. the previous application and materials therein
- 5. Such further and other material as counsel may advise in this Honorable Court may allow.

DATED at Regina, Saskatchewan, this 26th day of August, 2009.

BALFOUR MOSS

Per: 
Solicitors for the Applicant (Plaintiff)
Farm Credit Canada

This Document was prepared and delivered by Balfour Moss, Barristers and Solicitors, 700 - 2103 - 11th Avenue, Regina, SK, S4P 4G1, Solicitors for the Applicant, Farm Credit Canada, whose address for service is the same.

Lawyer in Charge of File:
Telephone:
File No.:

Rick M. Van Beselaere
(306) 347-8316
243.00-819 RMV

CANADA)
PROVINCE OF SASKATCHEWAN)

Q.B.G. No. 1234 of 2008.

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF REGINA

B E T W E E N:

FARM CREDIT CANADA

APPLICANT

- and -

NATURAL VALLEY FARMS INC.

RESPONDENT

- and -

**CONEXUS CREDIT UNION 2006, DOMCO CONSTRUCTION INC., CITICORP
VENDOR FINANCE, LTD., JOHN DEERE LIMITED, CITICAPITAL COMMERCIAL
LEASING CORPORATION, FLYING D CATTLE COMPANY, TOWN OF FOAM
LAKE, RURAL MUNICIPALITY OF FOAM LAKE NO. 276, NATIONAL LEASING
GROUP INC., CLIFTON ASSOCIATES LTD., SPERLING INDUSTRIES LTD.,
HORIZON CREDIT UNION and JOHN CRUIKSHANK**

RESPONDENTS

AFFIDAVIT OF CLARK SULLIVAN

I, CLARK SULLIVAN, of Regina, Saskatchewan, Chartered Accountant and president of Sullivan and Associates Inc., MAKE OATH AND SAY THAT:

1. I am the President of Sullivan and Associates Inc. and as such have personal knowledge of the matters and facts herein deposed to, except where stated to be on information and belief and where so stated I do verily believe the same to be true.

2. Sullivan and Associates Inc. was appointed as interim receiver and receiver and manager of Natural Valley Farms Inc. (“NVF”) by an Interim Receivership Order granted September 23, 2008.

3. Pursuant to the terms of the Order, Sullivan and Associates Inc. (the “Receiver”) was appointed as receiver of the assets and undertaking of NVF, and was provided with the power to continue with a lease of the buildings, premises and assets of NVF that had been entered into by NVF with a third party. That lease expired in February 2009 and was not renewed. The premises are currently unoccupied and no business has been conducted from the premises since the leasee terminated in February 2009. The lessee had been using all of the assets of NVF and had employed all of the people that had been employed by NVF (although there were and are proceedings before the Saskatchewan Labour Relations Board respecting claims by the former employees in which the question of whether the employees were employed by the lessee or not was a central issue, which proceeding has been adjourned for some time).

4. Pursuant to the terms of the Interim Receivership Order, the Receiver was empowered and directed to pursue a “parallel process” of trying to determine if there were parties interested in restructuring NVF, while at the same time pursuing the possibility of selling the assets subject to and with approval of this Court.

5. No parties were found or came forward with any desire or expressed intention of wishing to attempt to restructure the business and affairs of NVF. While that option is still available, there have not been any parties in the past year that have expressed or exhibited any serious intention of pursuing any sort of restructuring.

6. The Receiver advertised for and invited proposals for either the purchase of the assets of NVF or the refinancing restructure of its business and operations. The deadline for submissions of proposals was December 12, 2008.

7. The Receiver received a number of expressions of interest from parties that were interested in acquiring the assets of NVF. The result of the process was disappointing. The best offer was an offer which, in the opinion of the Receiver and the principal secured creditors, did not reflect anything more than the break-up value of the assets.

8. The Receiver negotiated with the party that had submitted that proposal and the Receiver felt that it was very close to a final agreement for a reasonable price that also allowed the Receiver to proceed with a "Stalking Horse" sale process (as that term is used in the United States in similar circumstances). However, the party that submitted that proposal did not execute the prepared Purchase and Sale Agreement or the agreements to allow the Stalking Horse sale process to proceed. The Receiver was advised in July, 2009 that this party was withdrawing from the sale process and would not proceed with the anticipated agreement, unless the Receiver was prepared to substantially reduce the price that had been the subject of the negotiations. The Receiver was not prepared to accept the substantially lower price and investigated the alternatives to deal with the NVF assets.

9. While there have been inquiries from some parties and some parties continue to express some interest in the assets, we have not received any additional offers as at this date. The party that had been involved in the negotiations that included the Stalking Horse process (referred to in paragraph 8 above) has recently stated that it wants to put forward an offer that does not involve the Stalking Horse Process and which they think the Receiver will find more acceptable. Last week another party provided the Receiver with a form of expression of interest, but there are a number of conditions and steps that this party needs to deal with before and if a firm offer would be made. If a reasonable and acceptable offer is not received shortly, the best alternative seems to be to sell the assets in an auction sale (and the auction sale may be more attractive if any offer or offers do not have a price which exceeds the opportunity at an auction). In any event, the Receiver feels that it needs to bring matters to a conclusion either by a sale in bulk or by a sale by auction.

10 The conclusion by the Receiver which has been supported by the two main secured creditors, is that the best alternative at this time is to proceed with an auction sale of all of the property and assets of NVF, although if either of the parties referred to above does submit a reasonably acceptable offer in the next short while on acceptable terms or on an unconditional basis, the Receiver may conclude that it would be better to proceed with a sale to such party. However, the process of proceeding with an auction has to get started so if that is how the assets will be sold, it can be completed before December. The Receiver has received proposals from two major auctioneers, and it appears that the best alternative to achieve the best return and value for the NVF assets is to proceed with an auction of the assets, unless one of these other parties referred to above makes an acceptable offer. It is felt that through a sale of the assets by different lots in an auction, the best return or cumulative return will be achieved, unless a sale in bulk can be completed.

11. The existing Interim Receivership Order does not contemplate or enable the listing of the assets for sale by auction and the completion of the sale by auction because:

- (a) the original Order anticipated that the receiver would sell the assets in a larger bulk process;
- (b) under the terms of the original Order, any sale was subject to approval by the court which approval process cannot be accommodated in the event of an auction sale.

12. Unless an acceptable sale to another party of all the assets can quickly be concluded, the Receiver is prepared to accept one of those proposals that it received from the auctioneers that it has obtained auction proposals from and to proceed with an auction sale if this court will approve the completion of the sale by auction, which will necessitate that the sale through the auction process not be subject to subsequent Court approval. Purchasers at the auction need to be able to acquire unencumbered title and as there will likely be numerous different purchasers, it is not practical, it is submitted, to require any sales to be subject to court approval. If the Receiver does receive an acceptable offer from another party for all or substantially all of the assets within a reasonable time period, an application will be made to approve the sale as contemplated by the original Order.

13. There is a great deal of uncertainty as to what the auction value of the assets might be as that is entirely dependant upon how successful the auction process is. However, the auctioneers in these proposals have advised that they estimate that the assets may sell for anywhere from \$2,000,000 to \$4,000,000.

14. The intent of the auction is to advertise the assets for sale very broadly and across several jurisdictions and countries. It is also the intent to have the assets sold on an unreserved basis and to have them sold individually given the large number of assets and the greater perceived demand for the assets on this basis (which is supported by the recommendations of the auctioneers).

15. The intention of the Receiver, if this Court approves of the auction sale process, is to enter into an auction agreement with one of the auctioneers as soon as possible, and to begin immediately with the sale processes and procedures by the auctioneer (unless another acceptable sale is negotiated or unless the auction process preserves the ability to complete a sale to a third party if an acceptable offer should be provided before the auction process has commenced). It is anticipated that the sale proceedings with advertising and promotion of the assets will require approximately 60 days before the auction can be held. It is therefore anticipated that the auction will occur in November. It is important that the auction sale be completed before too long as there will be winterization issues (and costs) that will need to be incurred if the assets are not sold.

16. NVF owns a house in Neudorf, Saskatchewan, which is mortgaged in favour of Horizon Credit Union. Attached hereto as Exhibit "A" to this my Affidavit is a copy of the title print from the Saskatchewan Land Registry respecting this parcel. Attached hereto as Exhibit "B" to this my Affidavit is a copy of correspondence that I received from the Credit Union regarding the property and the amounts owing to the Credit Union and for taxes. It is my conclusion that the property should be quit claimed to the Credit Union with the agreement that if it recovers more than is owing to it, net of costs and taxes, that the surplus will be paid to the Receiver. To allow

this to be done simply and efficiently, the Receiver requests the power from this Court to proceed with a quitclaim and transfer and to execute and deliver a registerable transfer authorization for the property.

17. I make this affidavit in support of an order amending the Interim Receivership Order to allow the Receiver to proceed to sell the assets of NVF by auction unless there is a sale to another party in the next few weeks, in the form of the draft Order filed herewith, and for an Order dealing with the house in Neudorf that Horizon Credit Union has a first charge over.

SWORN BEFORE ME at Regina,)
Saskatchewan, this 25th day of)
August, 2009.)


_____)

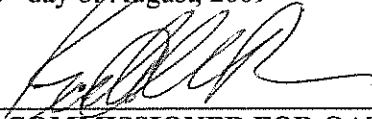
A COMMISSIONER FOR OATHS in and)
for Saskatchewan; *Being a Solicitor*)
My Appointment expires: _____)


CLARK SULLIVAN

This document was delivered by Balfour Moss, Barristers and Solicitors, #700, 2103 - 11th Avenue, Regina, Saskatchewan, S4P 4G1, Solicitors for the Applicant, Farm Credit Canada, whose address for service is the same as above.

Lawyer in charge of file: Rick M. Van Beselaere
Telephone: (306) 347-8316
File No.: 243.00.819 RMV

This and the following 3 pages is Exhibit "A"
referred to in the Affidavit of Clark Sullivan sworn
before me at Regina, Saskatchewan, the
25th day of August, 2009



A COMMISSIONER FOR OATHS in and
for the Province of Saskatchewan.

My Appointment expires:

-OR- Being a Solicitor

Expiry Date: N/A

Holder:

DOMCO CONSTRUCTION INC.
860 Park Street
Regina, Saskatchewan, Canada S4N 4Y3
Client #: 120823815
Int. Register #: 112594361

Interest #:
136735432

Assignment of Rents

Value:
Reg'd: 02 Feb 2007 08:37:17
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:

DOMCO CONSTRUCTION INC.
860 Park Street
Regina, Saskatchewan, Canada S4N 4Y3
Client #: 120823859
Int. Register #: 112594383

Interest #:
143118457

WE Provincial Writ

Value: \$82,924.29 CAD
Reg'd: 03 Jun 2008 13:31:04
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

JUDGMENT DATE: 02-May-2008
DEBTOR NAME: Natural Valley Farms
Inc,

Holder:

Jay's Moving & Storage Ltd
555 Park Street
Regina, Saskatchewan, Canada S4P 3Y3
Client #: 122574731
Int. Register #: 114470164 **Sask. Writ Registry #:** 300311461

Interest #:
144558760

WE Provincial Writ

Value: \$31,841.59 CAD
Reg'd: 18 Sep 2008 08:36:35
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A

Expiry Date: N/A

JUDGMENT DATE: 23-Jul-2008
 DEBTOR NAME: NATURAL VALLEY
 FARMS INC,

Holder:

DELMAR COMMODITIES LTD
 C/O ROBERTSON STROMBERG PEDERSEN LLP 500-2220-12TH AVENUE,
 PO BOX 1037
 REGINA, Saskatchewan, Canada S4P 3B2
 Client #: 122955947

Int. Register #: 114831244 **Sask. Writ Registry #:** 300350644

Addresses for Service:

Name	Address
Owner: NATURAL VALLEY FARMS INC. Client #: 116626451	BOX 276 WYNYARD, SK, Canada S0A 4T0

Title Locks:

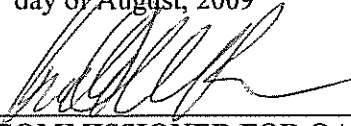
Date	Type	Description
11 May 2002 03:07:25	Registrar's Warning (Transfer Permitted) -- Converted Title Silent as to Minerals	

Notes:

Parcel Class Code: Parcel (Generic)



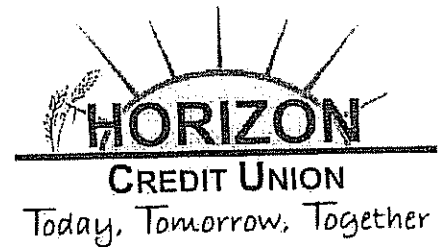
This and the following 2 pages is Exhibit "B"
referred to in the Affidavit of Clark Sullivan sworn
before me at Regina Saskatchewan, the
25th day of August, 2009



A COMMISSIONER FOR OATHS in and
for the Province of Saskatchewan.

My Appointment expires:

-OR- Being a Solicitor



July 7, 2009

RECEIVED JUL 13 2009

Sullivan & Associates Inc.
 #101 - 2445 13th Ave.
 Regina, SK
 S4P 0W1

Attention: Clark A. Sullivan

RE: In the Matter of Natural Valley Farms Inc.

Further to our telephone conversation in mid June, I provide you with the following information regarding the property of Natural Valley Farms Inc., in which we hold a mortgage.

Original Purchase Price	\$35,000.00
Possession Date	July 1, 2006
Chattels Included in Sale:	Garden shed, water softener, window coverings, detached double garage with two garage door openings
Original Mortgage Balance	\$25,500.00
Amortization	10 years
Term	5 years
Rate	6.25%
Repayment Terms	\$290/month
Current Balance Principal	\$21,127.56
Current Balance Interest	\$1,097.48
Taxes	<u>\$2,572.48 (2007, 2008, 2009)</u>
BALANCE	\$24,797.52 As of July 7, 2009
Per Diem	\$3.62
Current Amount Due	\$2,587.20

The purchase price of \$35,000.00 was at a time when property in the Neudorf area had increased interest and demand due to the operations and anticipated success of Natural Valley Farms Inc. In addition, the farm economy was seeing record farm levels which further increased the value of rural farm village properties. It was also at a time when other provinces had started to migrate to Saskatchewan due to relatively low property values compared to where they currently resided.

MELVILLE
 MAIN BRANCH
 Box 1900
 Melville, SK.
 S0A 2P0
 PH. (306) 728-5425
 Fax (306) 728-4520

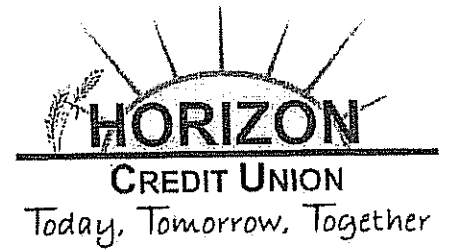
GRAYSON BRANCH
 Box 56
 Grayson, SK.
 S0A 1E0
 PH. (306) 794-2155
 Fax (306) 794-2253

GRENFELL BRANCH
 Box 670
 Grenfell, SK.
 S0G 2B0
 PH. (306) 697-2803
 Fax (306) 697-2911

NEUDORF BRANCH
 Box 160
 Neudorf, SK.
 S0A 2T0
 PH. (306) 748-2255
 Fax (306) 748-2212

WOLSELEY BRANCH
 Box 98
 Wolseley, SK.
 S0G 5H0
 PH. (306) 698-2252
 Fax (306) 698-2750

TELEPHONE BANKING
 Local 728-1880
 Long Distance Users
 1-866-522-1880
 Or visit us at
 www.horizoncu.ca
 info@horizoncu.ca



With the remaining outstanding balance in addition to a 5-7% realtor fee (\$1,500.00) and legal costs approximate of (\$1,500), even a \$30,000 sale price would leave little to no equity for any other creditors even if the sale occurred immediately. In addition, the Credit Union would be in a position to distribute any surplus, should it occur, to the appropriate authority.

In conclusion, I would seek your approval and assistance in having this property marketed or if unable to have a sale by August, to have the property released from the bankruptcy, therefore we can take appropriate steps to reduce our losses.

Yours truly,

Brad A. Schultz
Loans Supervisor
Phone (306) 728-5425 Direct (306) 728-2228 ext 2245
Cell (306) 730-8123
brad.schultz@horizon cu.ca

MELVILLE
MAIN BRANCH
Box 1900
Melville, SK.
SOA 2P0
PH. (306) 728-5425
Fax (306) 728-4520

GRAYSON BRANCH
Box 56
Grayson, SK.
SOA 1E0
PH. (306) 794-2155
Fax (306) 794-2253

GRENFELL BRANCH
Box 670
Grenfell, SK.
SOG 2B0
PH. (306) 697-2803
Fax (306) 697-2911

NEUDORF BRANCH
Box 160
Neudorf, SK.
SOA 2T0
PH. (306) 748-2255
Fax (306) 748-2212

WOLSELEY BRANCH
Box 98
Wolseley, SK.
SOG 5H0
PH. (306) 698-2252
Fax (306) 698-2750

TELEPHONE BANKING
Local 728-1880
Long Distance Users
1-866-522-1880
Or visit us at
www.horizoncu.ca
info@horizoncu.ca

CANADA)
PROVINCE OF SASKATCHEWAN)

Q.B.G. No. 1234 of 2008

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF REGINA

BETWEEN:

FARM CREDIT CANADA

APPLICANT

- and -

NATURAL VALLEY FARMS INC.

RESPONDENT

- and -

**CONEXUS CREDIT UNION 2006, DOMCO CONSTRUCTION INC., CITICORP VENDOR
FINANCE, LTD., JOHN DEERE LIMITED, CITICAPITAL COMMERCIAL LEASING
CORPORATION, FLYING D CATTLE COMPANY, TOWN OF FOAM LAKE, RURAL
MUNICIPALITY OF FOAM LAKE NO. 276, NATIONAL LEASING GROUP INC.,
CLIFTON ASSOCIATES LTD., SPERLING INDUSTRIES LTD., HORIZON CREDIT
UNION and JOHN CRUIKSHANK**

RESPONDENTS

BEFORE THE HONOURABLE)
)
M _____ JUSTICE _____)
)
IN CHAMBERS)

_____ DAY, THE _____
DAY OF _____, 2009.

AMENDING ORDER

Upon the application of Sullivan & Associates Inc., Receiver/Receiver-Manager (the "Receiver") appointed pursuant to the Interim Receivership Order granted September 23, 2008, and upon having read the Notice of Motion herein, the Affidavit of Clark Sullivan and the draft Order, all filed, and upon hearing counsel for the said Receiver, it is hereby ordered and decreed that:

1. Service of the Notice of Motion and supporting documents is hereby confirmed and no further service shall be required unless expressly ordered.

2. The Receiver is hereby empowered and authorized, and the Interim Order granted September 23, 2008 is hereby amended to enable the Receiver, to proceed to market the Property (as defined in the said Interim Order) by auction with an auctioneer chosen by the Receiver.

3. The following provisions apply in respect of any auction conducted by or on behalf of or for the Receiver pursuant to the terms of this Order.

(A) subsequent approval of the sale of any Property sold through the auction sale shall not be required from this Court;

(B) Any purchaser of personal property sold through the auction shall acquire title to the personal property free and clear of all encumbrances of every nature and kind (including for greater certainty security interest, liens, encumbrances, rights, titles and interests in the personal property) arising from or through or in respect of the Debtor and any party claiming against it, through it or in respect of the personal property;

(C) The Registrar of Titles of the Saskatchewan Land Registry shall accept this transfer authorization whether Natural Valley Farms Inc. is duly registered as a corporation and in good standing at the Saskatchewan Corporations Branch

(D) The Receiver is hereby authorized and empowered to execute and deliver any required transfer authorization(s) in respect of any sale of real property, and the Registrar of Titles of the Saskatchewan Land Registry is hereby directed to accept each transfer authorization for the property referred to below executed by or on behalf of the Receiver, free and clear of all encumbrances save and except taxes and arrears of taxes and the encumbrances in respect of each parcel of land referred to below. The lands affected by this Order are the following lands:

1. Surface Parcel #108680890

Blk/Par P
Plan No. 85R66910
Extension 0
As described on Certificate of Title #90R48971

Encumbrances:

- CNV Easement in favour of Saskatchewan Power Corporation registered as Interest Register #100026155
- Tax Lien by Town of Wolseley registered as Interest Register #114285146

2. Surface Parcel #108680889

Blk/Par N
Plan No. 83R18604
Extension 0
As described on Certificate of Title #90R48970

Encumbrances:

- Public Utility Easement in favour of Saskatchewan Telecommunications registered as Interest Register #100882346
- Tax Lien in favour of Town of Wolseley registered as Interest Register #114285146

3. Surface Parcel #108680878

Blk/Par M
Plan No. 83R18604
Extension 0
As described on Certificate of Title #90R48970

Encumbrances:

- Public Utility Easement in favour of Saskatchewan Telecommunications registered as Interest Register #100882346
- Tax Lien in favour of Town of Wolseley registered as Interest Register #114285146

4. Surface Parcel #109049575

SW – 09 – 19A – 08 – W2 Extension 0
As described on Certificate of Title #90R50456A

Encumbrances: Nil

5. Surface Parcel #109053031

NW – 04 – 19A – 08 – W2
As described on Certificate of Title #97R50456D

Encumbrances: Nil

6. Surface Parcel #109053042
NE – 04 – 19A – 08 – W2
As described on Certificate of Title #97R50456E

Encumbrances:

- Saskatchewan Watershed Authority Act, 2005 Notice (s.64) in favour of Saskatchewan Watershed Authority registered as Interest Register #108793389

7. Surface Parcel #109053020
SW – 04 – 19A – 08 – W2 Extension 2
As described on Certificate of Title #97R50456C

Encumbrances: Nil

8. Surface Parcel #109081560
SW – 04 – 19A – 08 – W2 Extension 1
As described on Certificate of Title #97R50456C

Encumbrances:

- Saskatchewan Watershed Authority Act, 2005 – Notice (s.64) in favour of Saskatchewan Watershed Authority registered as Interest Register #108793389
- Taxes and arrears of taxes

9. Surface Parcel #153112654
Blk/Par B
Plan No 101231345 Extension 5
As described on Certificate of Title #97R50456B

Encumbrances:

- Saskatchewan Watershed Authority Act, 2005 – Notice (s.64) in favour of Saskatchewan Watershed Authority registered as Interest Register #108793389

10. Surface Parcel #153112665
Blk/Par C
Plan No 101231345
Extension 6
As described on Certificate of Title #97R50456B

Encumbrances: Nil

11. Surface Parcel #114384865

Blk/Par A

Plan No 101146160

Extension 1

As described on Certificate of Title #97R50456G

Encumbrances:

- Saskatchewan Watershed Authority Act, 2005 – Notice (s.64) in favour of Saskatchewan Watershed Authority registered as Interest Register #108793389

12. Surface Parcel #112539191

Blk/Par B

Plan No 101146227

Extension 11

As described on Certificate of Title #97R50456F

Encumbrances:

- Saskatchewan Watershed Authority Act, 2005 – Notice (s.64) in favour of Saskatchewan Watershed Authority registered as Interest Register #108793389

13. Surface Parcel #112539203

Blk/Par C

Plan No 101146227

Extension 12

As described on Certificate of Title #97R50456F

Encumbrances: Nil

14. Surface Parcel #109049542

NE – 05 – 19A – 08 – W2

Extension 0

As described on Certificate of Title #95R44470

Encumbrances: Nil

(the “Lands”)

4. Any party affected by this Order, including the Receiver, may apply for further directions upon 3 clear days notice served upon any party directly affected by the matter for

which further directions are requested, and for greater certainty, only parties with a direct interest in the matter are required to be served.

5. The Interim Receivership Order granted September 23, 2008 is hereby amended by this Order to the extent provided herein.

ISSUED at Regina, Saskatchewan this ____ day of _____, 2009.

LOCAL REGISTRAR

This Document was prepared and delivered by Balfour Moss, Barristers and Solicitors, 700 - 2103 - 11th Avenue, Regina, SK, S4P 4G1, Solicitors for the Applicant, Farm Credit Canada, whose address for service is the same.

Lawyer in Charge of File:
Telephone:
File No.:

Rick M. Van Beselaere
(306) 347-8316
243.00-819 RMV

CANADA)
PROVINCE OF SASKATCHEWAN)

Q.B.G. No. 1234 of 2008

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF REGINA

BETWEEN:

FARM CREDIT CANADA

APPLICANT

- and -

NATURAL VALLEY FARMS INC.

RESPONDENT

- and -

**CONEXUS CREDIT UNION 2006, DOMCO CONSTRUCTION INC., CITICORP VENDOR
FINANCE, LTD., JOHN DEERE LIMITED, CITICAPITAL COMMERCIAL LEASING
CORPORATION, FLYING D CATTLE COMPANY, TOWN OF FOAM LAKE, RURAL
MUNICIPALITY OF FOAM LAKE NO. 276, NATIONAL LEASING GROUP INC.,
CLIFTON ASSOCIATES LTD., SPERLING INDUSTRIES LTD., HORIZON CREDIT
UNION and JOHN CRUIKSHANK**

RESPONDENTS

BEFORE THE HONOURABLE)
)
M_____ JUSTICE _____)
)
IN CHAMBERS)

_____ DAY, THE _____
DAY OF _____, 2009.

ORDER

Upon the application of Sullivan & Associates Inc., Receiver/Receiver-Manager (the "Receiver") appointed pursuant to the Interim Receivership Order granted September 23, 2008, and upon having read the Notice of Motion herein, the Affidavit of Clark Sullivan and the draft Order, all filed, and upon hearing counsel for the said Receiver, it is hereby ordered and declared:

1. Service of the Notice of Motion and supporting documents is hereby confirmed and no further service shall be required unless expressly ordered.

2. The Receiver is hereby empowered and authorized to proceed with a transfer and quit claim of the real property described as:

Surface Parcel #120969995
Lot 3
Block 14
Plan No. J1295
Extension 5

to Horizon Credit Union on such terms and conditions as the Receiver may consider appropriate.

2. The Receiver is hereby authorized and empowered to execute and deliver a valid and registerable transfer authorization in respect of the lands referred to in paragraph 1 hereof and the Registrar of Titles of the Saskatchewan Land Registry is hereby directed to accept a transfer authorization executed by the Receiver as if the transfer authorization had been executed by Natural Valley Farms Inc., such title to issue in the name of Horizon Credit Union free and clear of all encumbrances save and except the mortgage in favour of Horizon Credit Union registered as Interest Register #110735085,. The Registrar of Titles of the Saskatchewan Land Registry is directed to accept such transfer registration notwithstanding that Natural Valley Farms Inc. may not be registered or in good standing with the Corporations Branch of Saskatchewan.

3. Any party affected by this Order, including the Receiver, may apply for further directions upon 3 clear days notice served upon any party directly affected by the matter for which further directions are requested.

ISSUED at Regina, Saskatchewan this _____ day of _____, 2009.

LOCAL REGISTRAR

This Document was prepared and delivered by Balfour Moss, Barristers and Solicitors, 700 - 2103 - 11th Avenue, Regina, SK, S4P 4G1, Solicitors for the Applicant, Farm Credit Canada, whose address for service is the same.

Lawyer in Charge of File:
Telephone:
File No.:

Rick M. Van Beselaere
(306) 347-8316
243.00-819 RMV