



October 6, 2008

**To: Creditors and Shareholders of
Natural Valley Farms Inc.**

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 objective of the receivership is to pursue a parallel path of considering possible restructuring arrangements or a sale of the assets of the Company.

Currently, the Company’s assets are leased to a third party on a short term arrangement. The Receiver will continue that lease arrangement while it is considered appropriate to do so. As Receiver, we are in the process of preparing documentation and developing a process to seek proposals from shareholders, creditors and/or investors 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. We anticipate that this process will take at least 2 to 3 months to complete, and once (or if) a suitable proposal is received we will then apply to Court for approval to proceed with the proposal and to thereafter implement the proposal. The timeline for approval and implementation of a successful proposal will depend on the nature of the proposal itself and whether it is a restructuring or purchase transaction, but such a timeline could easily be a further 2 to 3 months or more.

Currently, NVF’s records indicate that its total secured indebtedness exceeds \$16 million (i.e. for amounts owed to secured financial institutions and unpaid construction liens), and its unsecured indebtedness is approximately \$7 million (i.e. amounts owed to trade creditors and others). Until such time as we have received, reviewed and decided to proceed with a proposal, it is not possible to predict with certainty the outcome of that process nor the estimated overall potential recoveries to creditors and shareholders. However, based on information currently available, we anticipate that a sale of the assets would not provide any recoveries to unsecured creditors or shareholders. Further, while a suitable restructuring proposal that may be presented for consideration may provide some potential recovery to unsecured creditors and shareholders, it is quite likely that any such restructuring will be such that major concessions and write-downs will be required from both secured and unsecured creditors and from the existing shareholders, in each case depending very much on what the proposal might ultimately be.

To Creditors and Shareholders of
Natural Valley Farms Inc.
October 6, 2008
Page 2

We can provide an update on potential recoveries once we have received, reviewed and decided to move forward with a suitable proposal. In the meantime, if you are interested, or are aware of others who may be interested, in submitting a proposal to refinance/restructure or purchase NVF, let us know and we will send you an Invitation for Proposals once it has been developed.

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@sullivanfinacial.ca

Direct tel: (306) 525-9206