

IN THE MATTER OF:

The *Securities Act*, R.S.N.S. 1989, c. 418, as amended (the “Act”);

- and -

IN THE MATTER OF:

**Atlantic Beef Producers Co-operative Limited
(the “Co operative”)**

RULING

(Subsection 79(1))

UPON the application of Atlantic Beef Producers Co-operative Limited (the “Co-operative”) to the Nova Scotia Securities Commission (the “Commission”) for a ruling pursuant to subsection 79(1) of the Act that the distribution by the Co-operative of Class G Preferred Shares in the capital of the Co-operative (the “Class G Shares”) will not be subject to the requirements of sections 31 and 58 of the Act;

AND UPON considering the application and the recommendation of staff of the Commission;

AND UPON the Co-operative having represented to the Commission as follows:

1. The Co-operative was incorporated as a co-operative association limited by shares under the Co-operative Associations Act (Prince Edward Island) on December 13, 2002.
2. The registered office of the Co-operative is located at Freetown, Prince Edward Island C0B 1A0 and its business office is located at 992 Freetown, Prince Edward Island C0B 1A0.
3. The Co-operative is not a reporting issuer in Nova Scotia or in any other province or territory of Canada and has no present intention of becoming a reporting issuer in any jurisdiction.
4. The Co-operative carries on a branded cattle business on a co-operative basis in Prince Edward Island, New Brunswick and Nova Scotia (the “Maritimes”). Its marketing mission is to supply value-added branded cattle to its customers by ensuring modern herd management practices and the efficient transfer of information throughout the beef cattle supply chain.
5. The Co-operative is the largest shareholder of a Prince Edward Island company called Atlantic Beef Products Inc. (“ABPI”) which owns and operates a beef processing plant in Borden-Carleton, Prince Edward Island (the “Plant”).
6. The authorized capital of the Co-operative consists of an unlimited number of membership shares (the “Membership Shares”), 26,000 Class A Preferred Shares (the “Class A Shares”) and an unlimited number of Class G Shares (collectively with Class A Shares, the “Preferred Shares”), of which 210 Membership Shares and 22,500 Class A Shares are issued and outstanding. The maximum paid-up capital of the Co-operative is \$20,000,000.

7. The Co-operative has determined that it is necessary to raise additional capital to invest in the Plant and proposes to do so by issuing a maximum of 100,000 Class G Shares at a price of \$20.00 per share to beef cattle producers in the Maritimes who hold Class A Shares (including all trades in furtherance thereof, the "Offering"). Under the Offering, the Co-operative intends to collect the share subscriptions by means of a price "check-off" mechanism (the "Check-off") on each animal sold by the producer member to ABPI. From the purchase price otherwise payable by ABPI to the producer member for the beef cattle, ABPI will remit to the Co-operative \$20.00 per animal, which will be recorded as a subscription for Class G Shares by the producer member. Each producer member will be required to subscribe for three Class G Shares for each Class A Share owned by the producer member, and shall have three years from June 1, 2006 to subscribe for such Class G Shares. The Check-off is mandatory, in that if the producer member sells an animal to ABPI, the Check-off must occur and the funds must be remitted to the Co-operative. The producer member does not have the option of selling an animal to ABPI and avoiding the Check-off. The Check-off has been in place between the Co-operative and ABPI since June 1, 2006 and it is the intention of the Co-operative to issue Class G Shares to the producer members who have completed the Check-off since that time, however, as of the date hereof, no Class G Shares have yet been issued.

8. A Membership Share evidences membership in the Co-operative. Holders of Membership Shares have a right to vote on a "one member - one vote" basis, but have no right to dividends and no preference on liquidation, dissolution or winding-up of the Co-operative. The cost of a Membership Share is \$100 per share. Each holder of Membership Shares is required to purchase a number of beef cattle hooks at the Plant representing its planned yearly shipment of beef cattle. Owning the hooks and the Membership Shares gives the producer member the right and the obligation to ship cattle each year to the Plant.

9. Preferred Shares are only issuable to holders of Membership Shares. They are designated as Class A Shares and Class G Shares and provide no voting rights, but rank in priority to Membership Shares on liquidation, dissolution or winding-up of the Co-operative. Holders of the Preferred Shares have the right to receive patronage dividends as determined by the board of directors of the Co-operative from time to time. The cost of a Preferred Share is \$60 per Class A Share and \$20 per Class G Share. The number of Preferred Shares acquired by producer members is a function of the number of beef cattle hooks which the beef producer is entitled to use at the Plant. A producer member is obliged to ship at least one animal to the Plant for processing annually, for each Class A Share held by the producer member. The minimum subscription of Preferred Shares is 20 shares per producer member.

10. The Preferred Shares may be not be redeemed by the holders thereof. However, the Membership Shares can be redeemed at a holder's option and the holder is entitled to receive only its invested capital upon withdrawing from the Co-operative. The Co-operative has the right to redeem the Preferred Shares if the redemption is approved by the board of directors of the Co-operative.

11. The Class G Shares are only transferable subject to the approval of the board of directors of the Co-operative. The Class G Shares are non-dividend bearing, non-voting, and redeemable solely at the option of the Co-operative. Should a producer member sell the producer member's Membership Shares and Class A Shares, the Class G Shares owned by the producer member must also be sold to the same purchaser.

12. The Co-operative has no plans to list the Shares on a stock exchange or market.

13. The Co-operative has a total of 30 producer members in Nova Scotia holding in aggregate 2,125 Class A Shares, including up to 8 producer members who could subscribe for more than \$1,000 worth of Class G Shares in a 12 month period and up to 5 producer members who could subscribe for more than \$10,000 worth of Membership Shares, Class A Shares and Class G Shares. The Co-operative anticipates that up to 10,000 Class G Shares could be issued to its producer members in Nova Scotia during the term of the Check-off.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

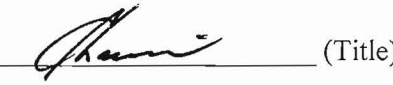
IT IS RULED pursuant to subsection 79(1) of the Act that the distribution of Class G Shares by the Co-operative to a producer member in Nova Scotia (a "Producer") under the Offering shall not be subject to sections 31 and 58 of the Act provided that:

1. For all purposes of the Act and the regulations, the distribution of Class G Shares by the Co-operative to the Producer pursuant to the Offering made in reliance upon this ruling shall be deemed to have been made in reliance upon and shall be subject to compliance with the provisions of the registration and prospectus exemptions contained in clauses 41(1)(ama) and 77(1)(ah) of the Act, respectively, as if the Co-operative is a co-operative as defined in the Act; and

2. There is otherwise compliance with the Act and regulations.

SIGNED at Halifax, Nova Scotia this 11th day of April, 2007.

 (Name)

 (Title)

Nova Scotia Securities Commission

 (Name)
R. Daren Baxter

Vice-Chair (Title)

Nova Scotia Securities Commission