December 22, 1998

DEVELOPED BY FAX

Blake, Cassels & Graydon
Barristers & Solicitors
Suite 2600, Three Bentall Centre
595 Burrard Street
P.O. Box 49314
Vancouver, BC V7X 1L3
Attention: Ms. Maria Morellato

Macaulay McColl
Barristers
Suite 600
840 Howe Street
Vancouver, BC V6Z 2L2
Attention: Mr. Robert P. Hrabinsky

Mr. John Irving
Vice President & General Counsel
Dairyworld Foods
Suite #300
3920 Norland Avenue
Burnaby, BC V5G 1K7

Dear Sirs/Mesdames:

RE: AN APPEAL BY BULKLEY VALLEY MILK LTD. FROM DECISIONS, DATED NOVEMBER 23, DECEMBER 3 AND DECEMBER 8, 1998, OF THE BRITISH COLUMBIA MILK MARKETING BOARD

On Monday, December 21, 1998, the Manager, Dispute Resolution Services for the British Columbia Marketing Board (BCMB) conducted a series of telephone discussions with various parties:

Representing the Appellant: Ms. Maria Morellato, Counsel
Mr. Matthias Heer
Mr. David Brame

Representing the Respondent: Mr. Rob Hrabinsky, Counsel
Mr. Tom Demma, General Manager

Representing Dairyworld Foods: Mr. Anton Donker, General Manager.

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The following order and associated comments are issued on a without prejudice basis with respect to the parties and the hearing of the merits of the appeal.

Upon application by Bulkley Valley Milk Ltd. (BVML), with the concurrence of Dairyworld Foods and with the British Columbia Milk Marketing Board (Milk Board) taking no position, the British Columbia Marketing Board (BCMB) makes the following order. This order will remain in effect until the subject appeal, unless otherwise resolved, is heard and decided by the BCMB.

The BCMB directs that milk production originating in the Bulkley Valley and presently being shipped to Bulkley Valley Milk Ltd., continue to be shipped to Bulkley Valley Milk Ltd.

Nothing in this order prevents BVML from seeking additional production in accordance with the Milk Board’s Consolidated Order and subject to the Appellant’s responsibilities to pay freight charges.

Should BVML require additional production during the period covered by this order, Dairyworld Foods agrees to discuss, with BVML and subject to its own requirements, the possibility of supplying that production directly from Vanderhoof shippers, without recourse to the pool.

The stay application hearing scheduled for December 22, 1998 and the hearing of the merits tentatively scheduled for December 31, 1998 are adjourned pending the outcome of a pre-hearing conference to be scheduled in early January 1999.

Dated at Victoria, British Columbia this 22nd day of December, 1998.

BRITISH COLUMBIA MARKETING BOARD

(Original signed by):

Ross Hudson, Chair

cc: Mr. Tom Demma, General Manager
    British Columbia Milk Marketing Board

    Mr. Matthias Heer
    Bulkley Valley Milk Ltd.