

# News from

Manitoba Cattle Enhancement Council  
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For Immediate Release

## **MCEC funds purchase of plant for Manitoba beef Increases investment in Natural Prairie Beef Inc.**

**Winnipeg, July 29, 2008 (correction August 12, 2008)** – The Manitoba Cattle Enhancement Council announced today it has increased its investment in Natural Prairie Beef Inc. by \$1.2 million. This has enabled the purchase of a former meat processing plant, which the company plans to upgrade as a new beef processing facility.

The investment by MCEC allowed the company to purchase the former Maple Leaf pork processing plant at 663 Marion St. It follows MCEC's previous investment of \$1.2 million, made in October 2007, bringing the council's total investment in the company to \$2.4 million. After an initial set of plant upgrades are complete this fall, Natural Prairie expects to begin processing premium-branded, naturally-raised Manitoba beef. The company expects to begin marketing its products in Manitoba through retailers and direct to consumers in 2008.

The company is ultimately planning to turn the plant into a modern, mid-sized, federally-inspected beef slaughtering and processing facility capable of marketing Manitoba beef anywhere in the world. The company is currently in the process of finalizing further financing before it proceeds with a complete plant renovation to Canadian Food Inspection Agency standards. MCEC will consider investing additional equity into the operation to help it bring Manitoba beef products to market.

"This is a major step towards the creation of a new federally-inspected processing plant in Manitoba," said Bill Uruski, Chair of MCEC. "Over the short-term, this plant will be developing new markets for Manitoba beef. Over the long-term, the goal is to market our beef to the world and that is vital for the success of our provincial cattle industry."

### **Targeting Niche Markets**

The company plans to target niche markets that have demonstrated growing demand, including sales of Natural (hormone-free) beef and kosher beef in North America. By focusing on niche markets, Natural Prairie will avoid having to compete directly with the industry's major commodity-driven packers. Plans call for the completed plant to have the capacity to process 250 head per day. It would be easily upgraded to handle up to 500 head per day.

"This is excellent news and a solid investment by MCEC," said Kate Butler, MCEC's Executive Director. "Our council will continue to work closely with Natural Prairie to help them turn their vision for this plant into a reality for the benefit of Manitoba producers."

"We're very pleased to have MCEC add to their initial investment as we take this operation to the next level," said Kelly Penner, President and CEO of Natural Prairie Beef. "We're nearly there. Our business plan calls for a conservative, phased-in approach. At the end of the day, we're confident that we'll be able to build a successful global brand for premium Manitoba beef."

“In anticipation of future plant upgrades, we’re currently working closely with the City of Winnipeg and Manitoba Conservation to ensure the new plant meets or exceeds all environmental standards. We’re pleased to note that, when complete, the renovated plant will produce significantly less waste than it used to, and that it recently passed a tough Phase II environmental assessment,” said Penner.

The plant will employ 15-20 people starting in late 2008. The company expects the plant will employ about 80 people by 2010 once it completes renovations and ramps up production.

In addition to processing ‘Natural’ beef, the plant will also accept conventionally-raised cattle. In addition, it will include a sophisticated system to trace the animals from ‘gate-to-plate’ so customers can be assured of their quality.

### **Protection Against Future Border Closures**

Of MCEC’s total \$2.4 million investment, the original \$1.2 million was made up of \$750,000 in short term debt and \$450,000 in equity to help develop new markets. The new \$1.2 million is an investment to enable the purchase the plant, secured by a full mortgage on the property.

MCEC has also negotiated the right to convert the debt to equity and suspend its dividend at its option in exchange for rights to hook space at the facility. This hook option could be of benefit in the event of a border closure or similar crisis because the hook rights are assignable by MCEC to Manitoba producers who have supported the MCEC program.

“When the BSE crisis shut the border in 2003, Manitoba producers were all but shut out of plants in Ontario and Alberta. They had no place to take their animals and it nearly ruined our beef industry. We’re very close to being able to say: never again,” said Uruski. “Our council’s mandate was to create programs that enhance our cattle industry. We’ll continue to seek out opportunities to do so.”

“We have to be as smart as we can in our approach,” said Butler. “Targeting niche markets such as kosher, halal and Natural beef makes sense and this plant was a good opportunity when it came on the market.”

“The plant was desirable for three main reasons,” she said. “First, it will benefit from Winnipeg’s central location and its close proximity to major highways, railways and an international airport. The location can help minimize transportation costs for producers and Natural Prairie. Second, the company will also benefit from the city’s large and stable labour pool. And third, the plant has already passed a critical environmental assessment.”

The MCEC began operations in 2006 with a mandate to support made-in-Manitoba solutions for a long-term, viable beef industry in Manitoba. The council administers an investment pool that is funded by a \$2 per head levy on all cattle sold by Manitoba producers. The province is matching the levy for the first three years so every \$2 becomes \$4. The council’s goal is to invest in initiatives that will lead to increased slaughtering and processing capacity, or that will enhance the market for value-added cattle products. For more information on the council, please visit [www.mancec.com](http://www.mancec.com).

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*Illustrations of the plant available on request.*