

SUNOPTA INC.

**Moderator: Steve Bromley
July 30, 2008
8:00 a.m. CT**

Operator: Good day, and welcome to the SunOpta first quarter 2008 earnings conference call. All participants are currently in a listen-only mode.

Toward the end of the call, we will host a question-and-answer session, at which time participants may press star one to ask a question. If you require assistance at any point throughout the call, please press star zero on your touchtone phone.

As a reminder, today's conference is being recorded.

At this time, I would like to turn the conference over to Steve Bromley, President and Chief Executive Officer. Please go ahead, sir.

Steve Bromley: Thank you very much. Good morning, ladies and gentlemen, and welcome to our first quarter 2008 shareholder conference call for SunOpta, Inc.

I'm joined on this call today by Jeremy Kendall, Chairman of the Board of Directors; John Dietrich, Vice President and Chief Financial Officer; and Ben Chhiba, the company's Vice President, General Counsel and Secretary.

Before I begin, I would like to remind listeners that except for the historical information, the matters discussed during this conference call may include forward-looking statements, including statements relating to our operating results that may involve a number of risks and uncertainties that could cause actual results to differ materially. These risk factors are detailed in the Company's filings with the Securities and Exchange Commission.

Please note that our financial results are reported in U.S. dollars, and in accordance with U.S. GAAP. We plan to file our 10-Q for the quarterly period ended March 31, 2008 on July 30, 2008.

For the quarter ended March 31, 2008, the Company achieved its highest ever quarterly revenues, realizing its 42nd consecutive quarter of increased revenue growth versus the same quarter in the previous year. Revenues in the first quarter increased by 25.6% to \$230.4 million as compared to \$183.5 million in the first quarter of 2007. First quarter revenues in the SunOpta Food Group increased 25.6% to \$208.9 million versus \$166.3 million in Q1 2007, including internal revenue growth of 21.9%. Revenues in Opta Minerals, Inc., increased 29.8% to \$21.4 million for the quarter, and revenues in the SunOpta Bioprocess Group declined 81.5% to \$132,000 versus \$715,000 in 2007. Consolidated internal revenue growth for the quarter was 20.9%, reflecting the strong growth opportunities in the markets that we compete.

Based on these results, continued expected internal growth in core operations and the acquisition of Tradin Organics in April 2008, we can confirm our 2008 revenue guidance of annualized revenues in excess of \$1 billion.

Earnings for the quarter were \$1,486,000 or \$0.02 per diluted common share as compared to 2007 first quarter earnings of \$1,055,000 or \$0.02 per diluted common share. First quarter 2008 results include professional fees of \$1,368,000 related to the Company's investigation and related activities into the write-down in the SunOpta Fruit Group Berry Operations and resulting delay in filing Annual Report 10-K for the year ended December 31, 2007. Excluding these professional

fees, adjusted earnings for the quarter would've been \$2,423,000 or approximately \$0.04 per diluted common share, representing an increase in adjusted net earnings of approximately 130% from Q1 2007.

Without the impact of both the one-time professional fees and the segment operating loss in the SunOpta Fruit Group's Berry Operations that we will discuss further in a moment, 2008 adjusted earnings would have been \$4,847,000 versus \$3,041,000 in Q1 2007, an increase of 59%, representing earnings of approximately \$0.08 per diluted common share versus approximately \$0.05 per diluted common share in 2007, adjusted on the same basis.

Operating income for the quarter increased by 41.2% to \$5.4 million as compared to \$3.8 million in Q1 2007. Segment operating income within the SunOpta Food Group increased 64.7% to \$6.2 million, and segment operating income in Opta Minerals, Inc. increased 38.5%. Offsetting these increases were operating losses and the combined SunOpta Bioprocess and Corporate segment, largely driven by an increase in costs in this segment of \$1,428,000, which includes the impact of the incremental professional fees of \$1,368,000, as previously noted. Excluding these professional fees, adjusted operating income would have increased approximately 77%, reflecting strong results in the Company's core operations.

The SunOpta Food Group reported segment operating income of \$6.2 million versus \$3.8 million in Q1 2007, an increase of 64.7%. These results include the impact of \$879,000 in increased corporate cost allocations.

The improved segment operating income was driven by strong results in the SunOpta Grains and Foods Group, which realized an 86.9% increase in segment operating income due to strong sales and margins of non-GMO and organic grains and grain based ingredients and continued growth in packaged soy milk products.

The SunOpta Ingredients Group realized an increase in segment operating income of 45.4%, or \$318,000 when compared to the first quarter of 2007, due in most part to stable revenues and margins offset by reduced administrative costs.

The SunOpta Distribution Group realized an increase in segment operating income of 24.1% in the first quarter of 2008 compared to Q1 of 2007, due primarily to continued strong demand for natural and organic grocery and natural health products as well as the impact of cost rationalization initiatives.

Offsetting these improvements was decreased segment operating income in the SunOpta Fruit Group of \$1,109,000, of which \$718,000 relates to lower results in the Berry Operations as the Group focuses on turnaround efforts resulting from the significant issues in 2007. On a consolidated basis, the SunOpta Fruit Group realized a quarterly segment operating loss of \$3,808,000 versus \$2,699,000 in the first quarter of 2007. We expect that results in the SunOpta Fruit Group's Berry Operations will show continued improvement over the course of the year as 2007 inventories that were written down to net realizable value are sold through and improved pricing and reduced storage costs are realized in hand with the benefits of new management and improved internal processes, all of which will be discussed in a few moments.

Opta Minerals realized segment operating income in the first quarter of \$2,004,000 as compared to \$1,447,000 in Q1 2007, an increase of 38.5%, driven by strong sales of abrasive products in the U.S. combined with increased sales of magnesium desulphurization products and the 2007 acquisition of Newco, the company's industrial minerals operation located in Slovakia.

Segment operating results within the combined SunOpta Bioprocess and Corporate Group for the first quarter reflect continued investment and development spending in SunOpta Bioprocess, as the group works on a number of projects that are expected to utilize its technology in the production of cellulosic ethanol, plus the impact of incremental corporate costs.

On a combined basis, the segment incurred net costs of approximately \$2,834,000 versus \$1,406,000 in the first quarter of 2007, an increase of \$1,428,000. Included in this increase are the professional fees related to the internal investigation of \$1,368,000.

At March 31, 2008, the Company's balance sheet reflects a current working capital ratio of 1.89 to 1.00, long term debt to equity ratio of 0.40 to 1.00, and total debt to equity ratio of 0.65 to 1.00. The Company has total assets of \$578,295,000 and a net book value of \$3.98 per outstanding share. The Company has obtained a waiver from its lending syndicate for the quarter ended March 31, 2008, and amendments to certain covenants for the fiscal quarters ended June 30, 2008, September 30, 2008, December 31, 2008 and March 31, 2009.

As you are likely aware, early last week we filed our Annual Report on Form 10K for the year ended December 31, 2007, as well as amended 10Q's for the quarterly periods ended March 31, 2007, June 30, 2007 and September 30, 2007. The amended filings were the result of write downs resulting from overstated inventories in the SunOpta Fruit Group Berry Operations. We have completed an analysis of the factors that led to this write down and in doing so have implemented and continued to implement a number of process and internal control improvements designed to enhance ongoing operations.

In addition, the Board of Directors has adopted a number of recommendations as proposed by the Audit Committee. These recommendations include enhanced corporate oversight, strengthening our legal department function, strengthening the Company's internal audit function, adding more independent directors to the Board of Directors, improved internal controls, enhanced business integration practices, and changes in certain personnel, including the transition of the CEO and CFO. We have commenced the implementation of many of these recommendations as well as numerous internal process improvements and much work continues in this regard.

We have recently announced a number of key personnel appointments to our senior management team, all expected to significantly enhance the Company's operations.

On April 24th, we announced the appointment of Tony Tavares to the position of Vice President and Chief Operating Officer, responsible for the SunOpta Fruit Group and global supply chain initiatives. Tony brings over 20 years of progressive food industry experience to this role and will work closely with each of the Food Group operating units with a goal of improving profitability, strategic positioning and return on assets employed. Tony has made good progress to date since he has joined the Company.

On May 15th, we announced the appoint of Gerry Watts as the new President of the SunOpta Fruit Group Berry Operations. Gerry comes to us with over 25 years of fruit industry experience and extensive management and operating experience with numerous fruit products. In addition, Gerry has extensive business turnaround experience, which we believe will be very beneficial as we continue to reposition the Berry Operations for profitable growth. Gerry has made good progress to date, made a number of changes to his management team and has implemented and plans to continue to implement changes required to restore profitability to the Group. We also plan to continue to implement internal process improvements designed to improve our handling of inventories.

And on July 21, 2008, Brian Metler joined the Company in the new position of Vice President, Risk Management and Internal Audit. Brian brings extensive risk management and internal audit experience to the Company and will lead our enhanced risk management and internal audit processes, focusing on the timely identification and resolution of business risks and the rapidly changing environment within which we operate.

These are excellent additions to the SunOpta Senior Management team, and we plan for each to play a key role as we continue to move forward.

We plan to file Form 10Q for the period ended March 31, 2008 by no later than July 30, 2008, and anticipate filing our 10Q for the second quarter ended June 30, 2008 by no later than August 11, 2008. With the filing of the first quarter 10Q, we will be up-to-date with our regulatory filings.

The Company continues to realize on its strategy of becoming a major participant in the natural, organic and specialty foods and natural health products sectors. This has been accomplished via a combination of continued internal growth and selected acquisitions and joint ventures.

- a) On March 11, 2008, we announced that we had entered into an agreement to establish a joint venture with Colorado Mills, LLC ("Colorado Mills") of Lamar, Colorado, to build and operate an organic and natural vegetable oil refining facility. The venture will operate as Colorado Sun Oil Processing, LLC, and will be owned 50% by SunOpta and 50% by Colorado Mills. The processing facility will be located in Lamar, Colorado, adjacent to Colorado Mills' existing crude oil processing facility, and will be capable of refining approximately 35 million pounds annually of natural and organic sunflower, soybean and canola oils. The refining facility is expected to be operational in the first quarter of 2009 and should add incremental annualized revenues of approximately \$10 million, expanding our organic and non-GMO oils business to approaching \$20 million in revenues.
- b) Further, on April 2, 2008, we announced that we had completed the previously announced acquisition of all of the outstanding shares of Tradin Organics Agriculture ("Tradin") of Amsterdam, a global supplier of a wide variety of globally sourced organic food ingredients, including frozen fruits and vegetables, dried fruits, coffee, cocoa, cereals, rice, soy, beans, pulses, seeds, nuts, oils, dairy products, seasonings, sweeteners and more. Tradin's organic foods sourcing and processing business generates approximately \$120 million in annual revenues and complements our broad natural and organic foods platform, sourcing and

processing from diverse geographies and serving a global customer base. The combination of these capabilities is expected to lead to further integrated sourcing and processing opportunities around the globe. We are currently working diligently to effectively integrate these operations and leverage the many opportunities that have been identified to expand our business.

We believe that control of organic supply is very important, and this has been a key area of strategic focus for SunOpta. Tradin certainly brings a wide range of expertise in this regard, and we are most pleased to welcome the management and staff of Tradin to the SunOpta family.

And Opta Minerals has also continued to focus on expansion and market consolidation opportunities as well.

- a) In April 2008, Opta Minerals announced that it had entered into a three-year exclusive arrangement for the supply and distribution of staurolite, an abrasive used in steel applications, ship building, bridge cleaning and other loose abrasive applications. This new product has been well received in the marketplace, and:
- b) on July 10th, 2008, Opta Minerals announced that it acquired 67% of MCP, Mg-Serbia SAS, referred to as MCP, a magnesium granule producer located in Romans-sur-Isere, France. MCP produces magnesium based products similar to those produced from existing Company operations in Indiana, Ontario and Slovakia and continues the group's expansion into Europe. In addition, Opta Minerals received an option to acquire the 33% minority interest in MCP plus an option to acquire a related company located in Serbia which produces similar products under specific terms and conditions.

And 2008 is off to a good start within our operations.

The SunOpta Grains and Foods group posted an excellent first quarter, realizing \$72.6 million in revenues, a 36.8% increase versus the first quarter of 2007. This increase was driven by a

combination of increased commodity pricing and increased sales of organic and non-GMO grains, grain based ingredients and aseptic and refrigerated soymilk products. Segment operating earnings increased 86.9% to \$5.5 million when compared to Q1 of 2007.

Demand for organic grains and grain-based ingredients is strong as more and more natural organic products come to market. We feel we are really well positioned in this regard. Demand for organic soymilk and beverages continues to grow, and we have recently completed the expansion of our Alexandria, Minnesota packaging facility, as well as announced our intention to open a soymilk processing and filling facility in Modesto, California by mid-2009. Just recently the Minnesota facility packaged in excess of 240,000 twelve pack cases in one week, or approximately 2.9 million quarts of finished product, a new record for this operation. The California facility will be commissioned in phases, but when complete will approximately double our packaging capacity to between 250 to 300 million quarts and move us into other organic packaged products such as aseptic organic soups. Based on our internal estimates, we believe we are now the largest packer of organic aseptic soymilk in North America and continuing to grow with our planned expansions.

We have also recently completed upgrades to the soy concentrate facility we purchased in 2007 in Heuvelton, New York, and have shifted a number of east coast based customers to production from this facility.

We have had a good early season harvest of sunflower from the Texas growing region, and our traditional mid west sunflower crop appears to be in good condition thus far. The soy and corn crops are two to three weeks behind due to wet weather but the quality to date is good and August will be a key month for these crops and the final yields which will be realized. Many of our growers in the Midwest who were impacted by flooding have benefited from a second seeding, and we are hopeful that they will realize a decent harvest this year.

As in most businesses, continued commodity cost increases pose a challenge for us and we are working with our customers to pass pricing along in a timely manner and according to contractual arrangements.

The SunOpta Ingredients Group contributed \$16.9 million in revenue in the first quarter, essentially flat year over year. Higher sales of fiber products were offset by lower volumes and pricing on dairy blends, and certain non value added contract manufactured products. Quarterly segment operating earnings increased \$318,000 or 45.4% as compared to the first quarter of 2007, due primarily to reductions in administrative costs.

The Ingredients Group is working hard on new applications outside of the normal market segments. They have made progress in expanding new applications into meat and dairy products and have recently launched three new internally produced fiber products offering unique functionality versus current offerings. These new fibers are unique to the food industry and provide specific functional characteristics in cracker applications, whole grain bread applications and snack food applications, such as increasing total dietary fiber while at the same time providing crunchiness, texture or breakage reduction.

The Group is working to address significant increases in costs that are impacting margins – nothing new for food processors these days – and as a result are working on new lower cost processes while at the same time increasing selling prices as quickly as possible.

The recent flooding in Iowa has had an impact on the business as we were forced to temporarily shut down the Cedar Rapids fiber facility as well as our Louisville fiber facility. Fortunately, our operation in Cedar Rapids did not sustain any direct damage and returned to production the week of July 14th after being out of service for 35 days. We have been able to meet customer requirements from safety inventories and were able to get operations back on line before safety inventories were depleted. Our Louisville, Kentucky plant has also been shut down due to tight

raw material supplies as one of the key suppliers from Cedar Rapids was shut down due to the flooding. We expect our facility to return production in early August and expect that we will be able to meet customers' requirements from safety inventories. We are working with our insurance carriers to quantify costs that will be covered by our business interruption policy.

The SunOpta Fruit Group contributed revenues in the quarter of \$49.9 million, an increase of 20.3% over the comparable 2007 period. Internal growth was 8.9% in the quarter, reflecting a change in philosophy in this unit, especially within the Berry Operations where efforts are focused on rationalizing certain customers where margins are not acceptable. Quarterly segment operating income declined \$1.1 million to a loss of \$3.8 million versus \$2.7 million in the first quarter of 2007.

The Group's Berry Operations remain focused on addressing issues arising from the inventory write downs which occurred in 2007. Results of the Berry Operations for the first quarter include an operating loss of approximately \$4.0 million versus a loss of approximately \$3.3 million in the first quarter of 2007, reflecting the impact of selling through higher cost inventory from the 2007 season, higher storage costs plus incremental costs associated with the efforts to improve numerous internal processes and attempting to reposition the group for future profitability.

Specific to the Berry Operations, the Group remains focused on implementing new process and internal controls and has made progress in this regard. The Group is also dedicating significant resources to customer and grower relations with an eye to improving these relationships and developing win-win relationships as the business is positioned for profitability. We believe that we can return the Berry Operations to acceptable profit levels over time but expect 2008 to be a year of transition with improved results expected in the second half of the year.

Within the SunOpta Fruit Group Operations, the Global Sourcing Group is working hard to integrate the recent acquisition of Tradin Organic Agriculture of Amsterdam. Tradin has recently

added a seasoned Vice President of Finance in Amsterdam focused on financial reporting and control. The acquisition of Tradin significantly expands our global organic ingredients sourcing platform and positions SunOpta as a large global player in the provision of organic ingredients. As previously stated we believe that control of supply is strategically very important and Tradin certainly brings a wide range of expertise in this key area. Today, we import from approximately 47 countries around the world and sell to approximately 49 countries, and this list is growing. We have transition teams working together to integrate the businesses and execute on a wide range of synergies, including leveraging supply capabilities, sale of products to new markets, further development of private label offerings in new markets, and more. We are very pleased with the progress to date. As demand for organic ingredients and organic private label products continue to grow, we feel we are well positioned to meet this need.

The Fruit Group's Healthy Fruit Snack Operations continue to make progress as they continue with the installation and commissioning of new innovative fruit snack equipment and technology. We believe this is one of a kind technology in the processing of natural and organic fruit snacks, and has positioned the business to provide unique and innovative products to a number of new customers. Year over year revenues increased over 100% in the first quarter, and returns from operations showed improvement, but are not yet to the levels anticipated in future periods.

The SunOpta Distribution Group posted an excellent quarter, realizing revenues of \$69.5 million versus \$54.9 million in the first quarter of 2007, and increase of 26.7%. Internal growth for the period was 24.9%. The increase in revenue was driven by continued strong demand for natural and organic grocery products combined with an increase in product lines and new customer listings. The natural health products sector also realized strong growth due to new product lines, new customer listings and increased distribution capabilities in Western Canada. Segment operating income increased 24.1% in the quarter to \$3.5 million in 2008 versus \$2.8 million in the first quarter of 2007. Operating earnings as a percentage of revenue, were 5.1% in the quarter, within the Group's target of 5-6% for this business.

The Group recently completed the expansion of its warehousing operations in Vancouver, consolidating three existing warehouses into a new 100,000 square foot state of the art warehouse, including new warehouse management systems. In addition, the Group has also completed the expansion of freezer capabilities in Central Canada, key to the Group's continued growth. The Group also continues to add new lines to its product offering, including salba, an ancient grain with exceptional health qualities that has been well accepted by the markets.

Good progress has been made in the integration of Neo Nutritionals, the Group's late 2007 acquisition which expanded their vertically integrated capabilities in the production of natural health products. Neo Nutritionals develops and manufactures a wide range of natural health products in primarily tablet, capsule and powder form and sells these products to both branded natural health products companies and as private label brands for mass market and natural health retailers. These capabilities are very complimentary with existing packaging operations. Since the acquisition we have consolidated production of a number of our own branded products into this operation and this will continue as we work to maximize our return on this investment.

Opta Minerals, Inc., for which we own 66.6%, realized \$21.4 million in revenue in the first quarter of 2008, a 29.8% increase versus the comparable 2007 period, which represents approximately 9% of SunOpta's consolidated revenues. The increase in revenue was driven by the July 2007 acquisition of Newco a.s. of Slovakia, the build out of a new production facility in Laval, Quebec, increased revenues of magnesium based products and a net increase in the sales of mill, foundry and abrasive products.

Quarterly segment operating income increased 38.5% to \$2.0 million versus \$1.4 million in Q1 of 2007, reflecting the increased gross margin on increased sales, offset by increased SG&A and related costs to support business operations.

We are pleased with these results given the tough economic climate in North America. As previously noted, European operations are doing well, and Opta continues to expand in this market. In addition, the Company continues to launch a number of new products in the North American and European markets that are being well received. We believe that the previously announced acquisition of MCP will further add to Opta's growth.

SunOpta Bioprocess continues to focus on the development and implementation of its technology in the production of cellulosic ethanol. The Group is working on a number of equipment supply projects and hopes to bring a number of these to close in this fiscal year. In addition, the Group continues to expand its technological base through the addition of new patents and is also heavily involved in the feasibility base of their joint venture to build a ten million gallon cellulosic ethanol plant with Central Minnesota Ethanol Co-op. This project is currently on schedule and nearing the completion of the first phase of the feasibility schedule.

The new Farm Bill which has now been enacted in the U.S. provides further support for cellulosic ethanol in the form of \$1.01 per gallon producer tax credit plus subsidies of \$45 per ton for growers delivering biomass to biofuel producers versus a reduction in the blenders tax credit for starch to ethanol. This Bill is expected to drive further demand for cellulosic ethanol. In addition, as a cellulosic ethanol producer, we expect to be benefited by the deteriorating economic and social aspects of food corn to ethanol.

Based on the results of the first quarter we are pleased to reconfirm our preliminary earnings guidance for fiscal 2008 of \$0.25 to \$0.30 per share before the impact of one time professional fees and severance costs related to the independent investigation and related recommendations and costs attributable to the defense of the class action lawsuits.

In closing, we want to once again thank you for your patience in regard to the filing of these financial statements and the events that led to this delay. We have worked diligently to address the issues and as you are aware, we have made a number of changes.

We are fully committed to continuing our efforts to build a strong and vibrant company and plan to communicate with you on a regular basis as we work to move beyond the inventory accounting issues of 2007. We are most fortunate to have a strong and vibrant company with exceptional growth opportunities and a strong balance sheet, supported by a wonderful management team and the support of over 2,200 employees. We are eager to move on and continue our development as a leading player in natural and organic foods in the world.

With that, we would like to open the call to questions, but want to remind you that we will not be commenting on the events leading to the restatement or the Audit Committee's investigation. The events surrounding the restatement are the subject matter of litigation before the courts in Canada and the U.S., and therefore it is not appropriate to comment further at this time.

And with that, we'll open the call to questions.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question, press star one on your touchtone phone. To withdraw your question, press the pound sign. If you use a speakerphone, lift your handset before entering your request. Please stand by for your first question.

Your first question comes from George D. Harvey, SunOpta. Please go ahead.

George Harvey: Yes, good morning, Mr. Bromley.

Steve Bromley: Hi, George.

George Harvey: I have two questions. One would be concerning the impact against the 2008 earnings.

You had mentioned that there are costs associated with defending ((inaudible)) suits and so forth.

Do you have a sense of what the percentage of that cost would be against earnings for the year 2008?

Steve Bromley: George, when it comes to class action cost you know we have directors of (DNO)

insurance, and a lot of the costs will be covered there, and we expect you know a large majority.

But we don't know. There may be some costs that we have to absorb internally, and at this stage of the game, we're just starting you know down that road. So I apologize. I don't have a real good answer. But we do have (DNO) insurance that covers you know a what we believe to be the majority. So we don't expect it to be really big from that side.

George Harvey: So you don't see the earnings being impacted at the end of the year, assuming that your earnings come through as you predict by any of these other related costs?

Steve Bromley: Specific to the class action lawsuit, no, we don't think that that's going to be material.

George Harvey: Or any other one-time costs.

Steve Bromley: Well you know we still have the one-time costs that deal with the investigation that was ongoing in the second quarter, and it'll trickle a little bit into the third quarter as things are wrapped up, and you know our expectation is that those will be between four and five million in the second quarter.

George Harvey: Four or five million from the estimated 2008 earnings?

Steve Bromley: Correct.

George Harvey: All right, thank you very much. And the other question is are there any other issues or conditions now known or pending that the company has not yet spoken to that could adversely impact earnings for 2008?

Steve Bromley: Not that we're aware of, no.

George Harvey: OK, sure. And I guess an addendum question would be, given the recent events and the inconsistent issues of the company meeting analyst earning estimates over the years, is there any strategic plan in place now to inspire investor confidence, both retail and institutional, to buy back into the stock so as to move this stock forward with some momentum.

Steve Bromley: No, we're not contemplating buying stock back at this time, and you know I think what's really important is that we get these financial statements filed, and the 10-Q will be out today. That will return us to a current position. We'll have our second quarter earnings out on schedule. Subsequent to that, we'll be back in a current position and enable to get out and meet with our shareholders and talk to them about what's going on in the company you know and demonstrate exceptional strength and growth in our core businesses you know our global positioning you know how we've strategically positioned this company and really start to get out there again and talk to people about what a wonderful company this is as we move beyond the really unfortunate issue that we dealt with in 2007.

George Harvey: Then you believe that this would be effective to drive confidence in (airport) to reinvest back into the company?

Steve Bromley: We would hope so.

George Harvey: OK, sir. Well, thank you very much, and I appreciate talking with you.

Steve Bromley: Thanks much. Bye, now.

Operator: Thank you. Your next question comes from Scott Vanwinkle, Canaccord Adams. Please go ahead.

Scott Vanwinkle: Hi, Steve. You know I thought you said that you know another SEC filing and you'll be in compliance. The 10-Q was filed today, so you're good to go on the SEC's side, aren't you?

Steve Bromley: Oh, yes, sorry if I – if I mislead you. Yes, no, we're current as soon as this is filed, and it's on there now. So yes, we're current right now.

Scott Vanwinkle: OK, great. Perfect, thanks. On the distribution business up in Canada, how have you been able to hold up margins so strong given the fuel environment, and is there something seasonal, maybe more supplement sales through that channel or something in the March quarter that there's always a better EBIT margin?

Steve Bromley: Well, first off you know Scott, we you know we amend our pricing on a quarterly basis based on you know the costs that we have from suppliers. So we're able to move those through relatively quickly, and the group have been very proactive in making sure in this changing cost environment up or down that they're you know they're pricing the products effectively. So they've done a very, very good job of managing that. Of course, there's always a little bit of a lag, but there's also been great cost reduction and rationalization initiatives throughout the group, which have also helped to do benefit, and so you know they've done a very nice job there.

The second part of your question's with regard to natural health products?

Scott Vanwinkle: Well, the margins seem seasonably strong in the first quarter in the distribution segment, and I asked if it was relative to the natural health business?

Steve Bromley: Yes, there's been great growth, as I had indicated on the natural and organic food side.

We've also had a very, very strong quarter in the first quarter, and that's continuing on our natural health products side with some of the branded you know SunOpta branded products that we have in the group, new products that were introduced.

Salba is one of the big products that's been moving through that group. At the same time, they've been you know they've opened up a warehouse in Western Canada, which has really, really helped take some costs out because prior to that we were shipping from Central Canada, and you know there were incremental costs. So they've had a very good quarter.

Scott Vanwinkle: Should we assume that the EBIT trends in that business kind of mirror what happened last year, where they were strongest in the first quarter and tapered off throughout the year?

Steve Bromley: I think we'll see a little bit more – there's obviously some role there, but I think we'll see purity or the natural health products side have more strength throughout the balance of the year, which will – which will help us. The other thing that happened, Scott, was you know we're the largest distributors of Kosher products, and Passover, which is a very big period and a big revenue part of that business was in the first quarter of last year, but it was about three or four weeks later this year. So we'll see some benefit of that into the second quarter.

Scott Vanwinkle: Oh, got you, and on ingredients, if I heard it correctly, you talked about lower volumes in dairy applications. Is that the sole reason we saw lower volume year-over-year?

Steve Bromley: Yes, fiber was up, and that was offset by dairy blending. And the other thing that they're doing in the group is you know historically we had a certain component of contract manufacturing which is us just using our facilities to run product for other people, and that's not – we're not

adding much value there, and as our businesses grow we're doing less of that, and so that also offset some of the growth on the fiber side.

Scott Vanwinkle: Great. Thank you very much.

Steve Bromley: Great. Thanks, Scott.

Operator: Thank you. Your next question comes from Chris Krueger, Northland Securities. Please go ahead.

Chris Krueger: Hi. Good morning, guys.

Steve Bromley: Hi, Chris.

Male: Hi, Chris.

Chris Krueger: Hey. Just a couple of questions. It looks like your internally-generated growth rate remains very high for food, and industry demand for organic food seems to have remained strong, even in a you know this tough environment. Can you talk a bit about your ability to obtain supplies and your outlook there and just some moves you're making there to keep up?

Steve Bromley: Sure. Well you know as I think we've all, everybody around this table is on record as saying that we think one of the fundamental issues in natural and organic foods is supply, and we've been working very hard to grow our supply, and you know we continue to do that.

On the grain side of our business, we have programs in place to encourage growers to transition. We've said in the past that with the price of corn, et cetera, there's a little bit of a headwind against that. We've now expanded those programs into South America and other growing

regions, where we believe that there is – there's you know opportunity to continue to grow at the levels that are required to continue to meet the North American marketplace.

Our acquisition of Tradin brings another diverse set of grower relationships from another part of the world where we're not as – we weren't as active and are now, and that opens up numerous opportunities. Clearly, though, to supply in the North American market, we need to not only focus on North America with the transition programs that we have for growers, but also develop those all around the world, and you know we continue to do that, and you know think that we're really well positioned to be one of the leaders in being able to do that and bring continued supply.

Chris Krueger: All right, second question: on the CEO search you know as far as all the filings are up to date, I think that's the only remaining issue that's out there, I think. Can you give some sort of an update on the CEO search or what kind of characteristics you're looking for? Is it just a solid food operator from a big business, is – are there thoughts to exiting the other two business segments, things like that?

Steve Bromley: I'll turn that over to Jeremy.

Chris Krueger: Sure.

Jeremy Kendall: So you have to give questions. The first is on the CEO/CFO search. That process is under way as we speak, and yes, we will be looking for a seasoned executive in the food business, and as I said, that's – we've formed a committee of the board, a search committee of the board to begin that process.

In regard to your second question ...

Steve Bromley: I think it was around the strategic business units. Is that what the ...

Jeremy Kendall: Yes, whether we were going to – what we were going to do with our noncore businesses. Is that your basic question?

Chris Krueger: You know as you've gotten further into the search process, I don't know if it's come up from these food operators, whether they you know have their own opinion whether you belong in those other segments or not you know.

Jeremy Kendall: No, we're not – we're not that far advanced in the search process at this point so that you know we do not have comments from anybody in that respect.

Chris Krueger: And what's – at the time being, what's the board's feeling on the other two segments?

Jeremy Kendall: Well, I think – I think the board's feeling is that, first, on the – on the bioprocess side, that that business is too small at this point in time to realize any kind of significant gain in the future – today. You know the projects that it's working on you know are significant and should start, as Steve said, coming in later this year. You know the facility we're building in Minnesota is the first 10-million-gallon facility in the world for cellulosic ethanol, and so that's a very exciting project. But you know, I think to really see a significant value in this division, you need to be able to demonstrate actual production. So I don't think that we see any changes there.

As far as Opta Minerals' concerned, I think there is – that is an option that we have to consider the sale of that division on one – on the one hand. On the other hand you know their recent purchase of MCP in France looks to be just an excellent, excellent acquisition, and it's completely sympathetic with our existing businesses in Serbia and in Indiana and (Waterdown), and with it comes this option to acquire this company in the – in Europe that is in Serbia, and this is – this is just a huge opportunity, and this is one which we're going to be studying and have begun studying in great depth. It could potentially – oh, it could potentially double the size of Opta

Minerals' profit in the next two to three years, and so we have to weigh that opportunity up against you know any potential sale today. So I think that's the situation that we're studying right now. But we are extremely pleased with the way Opta Minerals is operating today.

Chris Krueger: All right. Very good. Thank you.

Steve Bromley: Thanks, Chris.

Operator: Thank you. Your next question comes from Ed Aaron, RBC Capital Markets. Please go ahead.

Ed Aaron: Thanks. Good morning, guys.

Steve Bromley: Hi, Ed.

Male: Hey.

Ed Aaron: So I just want to follow-up a little bit on Scott's question. You were talking you know in response to his question about some more updated recent business trends. In a couple of divisions, I think you mentioned distribution and ingredients, and I know you're not prepared to talk you know in detail about the second quarter, but can you talk about directionally on the demand side within grains and foods and even within the fruits divisions, what you're seeing over the last, call it three or four months?

Steve Bromley: Demand has been very strong. It's interesting, Ed. We haven't seen you know a significant impact in any way with regards to the economy. You know demand remains strong. I think – I think we're seeing pretty solid demand across all of the groups, and I think what's happening is you know people may be eating out less, but they're willing to trade up a bit more at

home to have good, quality food at home. So gosh, at this stage in the game, the trends have been pretty darn strong, and you know we're not seeing a fall off.

Ed Aaron: OK.

Steve Bromley: Like you know we're seeing good trends.

Ed Aaron: That's helpful, thanks. And then, you talked a minute ago about the businesses, that at someday – some point in time you might end up divesting. But what about the opportunity to rationalize just pieces of the existing business that you have or maybe there's you know a good sales opportunity, but profit opportunity might not be materializing. You talked a little bit about that in the recent past, but just thought maybe you could give us somewhat of an update there.

Steve Bromley: Well, you know, Ed, we like the segments that we're in and we like the businesses that we have. All the time, though, we're assessing the fit of each one of the businesses, and that's an ongoing process that we have here, and you know we don't have anything material to say on that. But we're constantly looking on the fit of each one of the units and how it fits in with our strategy and where we think the markets are and where there may be opportunities. You know, we're continually rationalizing and adding smaller product lines and those sort of things. That's part of our ongoing business, but there's also the opportunity of the specific units. But we don't have anything material that we could talk about at this stage.

Ed Aaron: OK, and then, last question for you, Steve. You know I would assume that you've been personally involved in putting together and negotiating some prospective new business opportunities, and I'm just wondering if any of those that might be kind of in the pipeline, if there's any risk of them going through with you (leaving) the company?

Steve Bromley: I don't think so, Ed. I – no. I think the answer to that is no. You know I'm here everyday.

We're all working with our heads down, continuing to move the business forward, and it hasn't impacted at this stage of the game, and I don't think it will because we're going to manage this properly.

Ed Aaron: Fair enough. Thanks for the help.

Steve Bromley: Thank you.

Operator: Thank you. Your next question comes from Sarah Lester, Sidoti & Company. Please go ahead.

Sarah Lester: Good morning.

Steve Bromley: Hi, Sarah.

Sarah Lester: I wanted to talk about the ingredient script a little bit more. You have a long-term operating margin goal in the 10-K. And I was wondering if there's any kind of timeframe associated with that, and I guess maybe get a little bit more specific in how you expect to attain that.

Steve Bromley: Sure. Well you know the margins in the ingredients group aren't where we want them at this stage in the game. A couple of things you know. This group have been really impacted, probably more than any of our other operating groups and just their operating costs, and you know the high level of processing that they do, and they've been really impacted by oil and natural gas and you know natural processing chemicals that they need to use in the process, and you know they've been forced and are continuing to take more pricing.

So that's been a you know that's been a tougher environment for them to operate in, without question, and you know we're in the process of – they're in the process of taking pricing, and it's unfortunate they've taken a lot of costs out of their system very effectively, rationalizing their operations. They've you know really increased their throughput capabilities, et cetera, but they've been really looking at some tough costing environment that they're passing through.

We're probably 18 to 24 months from being back in a position where we could see the 12 to 15 percent goal.

Sarah Lester: OK, and then my next question is the soy milk expansions that you've been doing. Where is the demand coming from?

Steve Bromley: The demand's coming from our existing customers, who continue to grow, which has been wonderful. We also have new customers that we've brought on, both private label and branded, which is also driving a lot of demand, and customers from new segments you know a lot into the food service and other sectors. So it's a combination of factors that are driving it.

Sarah Lester: OK, that's all. Thank you.

Steve Bromley: Thanks, Sarah.

Operator: Thank you. Your next question comes from Keith Howlett, Desjardins Securities. Please go ahead.

Keith Howlett: Yes, I had a question on the berry operation. Sort of inferring that you don't want to speak specifically to the value or the marked down inventory, but I guess I'm trying to figure out are we – what sort of percentage of the way are we through clearing the mark to market inventory from 2007?

Steve Bromley: Good question, Keith. You know obviously, that was one of the major issues as we – as we rolled through the first quarter. To give you a sense, you know, we would expect in the second quarter that operating loss in that group would probably be half of what it was in the – in the first quarter, to give you an indication that we're moving into you know more of current product and less.

We're probably going to be filtering pieces of that through throughout the course of the year, but obviously in the first half is where the majority of it kind of flow through, and then on those areas where it's a little bit longer you know it'll take a little bit more time, but you know our feeling at this stage is that the first half is the major – is the major flow through, and it improves from there, and we'll see it improve, by the way, in the second quarter.

Keith Howlett: And would you anticipate that the – it'd essentially be out of the inventory by yearend?

Steve Bromley: Yes. Yes, there may be a little ((inaudible)), but that is – that is our goals.

Keith Howlett: Great. And then just on the cellulosic plant in – with the Central Minnesota Coop, is – can you just update us where we are? I think we were doing a feasibility project. I'm wondering if there's any specific timeline come out of the studies.

Steve Bromley: Sure. So the project is broke down into phases, and the first phase is really focused on making sure that there's a business model that works, that the raw material supply works, that the delivery mechanisms work, that the cost models work, et cetera, et cetera, and we're well along on that path, and then you move into the really detailed you know nuts and bolts and where the equipment goes and how it's laid out and how it's procured, et cetera, and that you know we're kind of transitioning into the phase now.

Jeremy Kendall: And we look, Keith, to complete the project by the end of '09 and be in production in '10
– 2010.

Keith Howlett: Great. Well, I guess the farm bill was well timed then.

Jeremy Kendall: No, it's perfect for us. Absolutely perfect, and I mean we just couldn't be in a better
position.

Keith Howlett: And then just on the – on the ingredients business, do you think the ingredients business
maintains its market share in the oat fiber and soy fiber business, or is there any change in terms
of the competitive position?

Steve Bromley: You know there's always new you know I think on the oat fiber side we're maintaining our
position, but you're always competing with all different types of fibers you know pea fiber and
carrot fiber and different types of fibers, and you know those always provide unique challenges. I
think you know I talked about the fact that we just launched three internally produced fibers with
specific applications you know and I think that that – it's a continually – it's a continually moving
marketplace, and you need to continue to bring new and innovative products to the users of these
products. There's still lots of demand. I don't think we're losing much in the way of share. I don't
think that's really an issue.

So a combination of new products. You know, we've – you'll recall, Keith, a couple of years ago,
we went into organic soy fiber, which was a byproduct of our soy milk production, and it was
being produced out of our Alexandria, Minnesota, facility, and when we initially launched that
product, we took it just to the animal feed market because there was such a demand for that on
the – on the feed side with the goal that you know we need to develop a number of food
applications, and just recently and during the second quarter you know they've now moved very
significantly into organic foods with that material. So you know that takes our revenues per

pound and almost doubles it and certainly improves the margin because it's a value-added application. So you know you need to continually innovate in that category.

Keith Howlett: And then just on the – on the fruit bar, the new production line, how do you feel the timeline is before that is operating just the way you want it to operate, sort of thing?

Steve Bromley: Well, it continues to improve. You know as I indicated you know there's a lot of volume going over that line. It's a very high-speed technical line. It produces a large amount of product. As we move through the summer, we're improving. This will be a continual improvement project. As I said, our results aren't where we want them yet because it's just taking us a little bit longer to become really proficient at operating this type of equipment. It produces a great product. There's great opportunity to innovate and lots of demand, and that's going to continue to improve throughout the year.

Keith Howlett: And just last – one last question, I guess on it, for Jeremy. On the – on the CEO and CFO search, is there any plan to hire the CEO and then have the CEO participate in the CFO search, or are they a simultaneous process?

Jeremy Kendall: At this point in time, we're running those simultaneously. But as I said, it's just at the very early stage.

Keith Howlett: Great. Thanks very much.

Jeremy Kendall: Thanks, Keith.

Steve Bromley: Thanks, Keith.

Operator: Thank you. Your next question comes from William Dittl of Gato Group. Please go ahead.

William Dittl: Hey, gentlemen. Good morning.

Steve Bromley: Good morning, William.

Male: Good morning.

Male: Good morning.

William Dittl: Just going over the distributions group there, can you guys kind of comment on the rationalization initiatives that you guys you know took some calls on just recently in terms of what you guys are looking for in the future, there?

Steve Bromley: Yes, sure. So when we you know we moved into the expanded West Coast facility, and when we did that, that allowed us to close three other operations and consolidate those into one. So you can imagine the efficiencies that you generate by doing that. In hand with that, we implemented a new warehouse management software.

It's voice teching. A person in the warehouse puts a headset on and is basically told where to go in the warehouse and how many to take and where to put them and – as they move through the warehouse, and that's generated a great deal of efficiency. That's now in operation in our Western facility, our Western food facility, and the intention is to move that to our Eastern facility once we've really maximized the efficiencies that we can generate.

At the same time, our natural health products group have added warehousing and automated picking facilities as well in Western Canada to you know reduce the amount of shipping and freighting that needs to be done. Those types of initiatives are ongoing throughout. One of the big challenges, obviously, is the cost of freight in this business. So rationalizing routes,

rationalizing drop shipment sizes, et cetera, have all been part of that, and we're pretty pleased with how it's going so far.

William Dittl: OK, and then, going over the Tradin acquisition again, in terms of the – other than the sourcing capabilities, but you're talking about the processing output. Do you guys kind of feel that's a good you know a good kind of base in terms of meeting some of that EU demand?

Steve Bromley: Yes, exactly. You know right now, William you know they have a – they have a couple of – three processing operations, but you know nowhere near the size and magnitude of the processing operations that we have that SunOpta has had historically. So we see a real opportunity to take our model and expand the processing that Tradin does, and we're looking at a number of interesting opportunities there. We're also looking at their sourcing capabilities and how we can leverage what they have to bring it to North America to add to our lineup of private label and finished products, as well. So there's a great amount of opportunity available for us, and you know certainly their supply capabilities are very, very important.

As I indicated earlier, we have transition teams, probably made up of you know 20 people. There was a summit that was held in North America not too long ago where the – entire all the key players were together to plan and strategize on how best to utilize. Numerous opportunities were identified. I think over the next period of time you know you'll see some of those come to fruition.

William Dittl: OK, and then in terms of the Tradin and then you know synergies with the ingredients group, are you guys going to breaking out some of those – some of those products in terms of you know looking towards revenues and earnings in the ingredients group?

Steve Bromley: Tradin products into the ingredients group?

William Dittl: Yes, I mean ...

Steve Bromley: Yes. No, that's a good question. There are you know Tradin have a supply of a couple of sources of soluble fiber that the ingredient group are looking to work with in combination with some of the insoluble fibers that they have. So there are some opportunities on the ingredients side. There's also some opportunities on the grains side.

You know Tradin have an organic sunflower and soy processing capability. They have access to organic sugars, et cetera, that can be used in the grains and foods group as well through you know aseptic soy milk or various grain supplies. So interestingly enough, while Tradin is really focused as part of our global sourcing operations, which is part of the fruit business at this time, it crosses all of the business units and you know brings a lot of value to each one of them.

William Dittl: OK, thanks. That's all the questions I have.

Steve Bromley: Thank you.

Operator: Thank you. Your next question comes from Paul Lafleche, Fm Global. Please go ahead.

Paul Lafleche: Yes, thanks.

Steve Bromley: Hi, Paul.

Paul Lafleche: I guess maybe a bigger picture view on profitability objectives and your organic food business as a whole. Specifically, 25 to 30 cents this year would be rather low in terms of margins or return on capital. Is there a margin business model you can talk to? Will there be margin leverage in 2009? Can you address that?

Steve Bromley: Yes, sure. So we've you know we have a number of activities that are ongoing. Clearly, I don't mind telling you that you know the events of 2007 have put us behind in our margin objectives, but we're working hard to overcome what happened. You know, we have – just first off, by business unit, we have margin objectives – operating margin objectives for each one, and at this stage of the game, our grains group and our distribution group are pretty much where we would expect, as is Opta Minerals.

I think there's still room for improvement there. You know obviously the fruit business has a – has a long way to go, and you know that'll – this will be a year of transition for us in that regard, and we talked earlier about ingredients and the fact that you know some of the cost issues that they've had to deal with are impacting their margins on a – on a sort of a short-term basis here.

Longer-term, we're working across each one of the groups to leverage capabilities across the operating units, and that's something that Tony Tavares has been working very hard with each one of our operating groups on and will continue. You know, we had always said that we'd like to achieve eight-percent operating margins you know and we're a long ways from that right now, and that still remains our goal. I'd say that you know we had wanted to hit eight-percent operating margins by the last day of 2008. We're probably at least a year off of that. But you know that still remains our focus and our goal.

Paul Lafleche: Thank you.

Steve Bromley: Great. Thank you.

Operator: Thank you. Ladies and gentlemen, if there are any additional questions, please press star one at this time. Your next question comes from Ron Pollack, private investor. Please go ahead.

Ron Pollack: Good morning.

Steve Bromley: Hey, Ron.

Ron Pollack: Have there been any settlement discussions with (Evan Joah)? Do you think there is still a possibility of a settlement, or is litigation the only avenue in your mind, at this point?

Steve Bromley: Well, we would certainly love to sit down and discuss it. We haven't been able to have those discussions happen, at this stage, so we're following the contractual process, which takes us to arbitration.

Ron Pollack: I'm told that SunOpta's relationship with Royal Nedalco was ongoing and that they're carrying out fermentations on SunOpta's pre-treated materials with very positive results. Can you provide your vision on where you hope this relationship with Royal Nedalco could eventually lead beyond what is happening now?

Jeremy Kendall: Sure. It's Jeremy here. Those experiments and work is ongoing with Royal Nedalco, and the results are encouraging, and we are talking about everything from you know supplying them with pilot plants and formalizing a longer-term relationship with them.

Ron Pollack: It's my understanding that Gerry Watts' background in pineapples is being taken advantage of to broaden the product line. Can you describe how that product line is being broadened and also talk about the amount of business SunOpta does in that sector and where you think you can go?

Jeremy Kendall: Yes, well, first off you know Gerry's experience is much wider than just pineapples. You know and he's been involved with strawberries, he's been involved with avocados and other fruits. Interestingly enough, though, Ron, we, in our (Ero Quatro) Mexico operations, which was acquired in 2007, which is a, you know, which moved us into more than strawberries and moved

us into mango and peach. One of the products that they handle a lot of is pineapple, and so we're really fortunate in that Gerry can lend some immediate thoughts on how to position, and we're doing it now on how we position our pineapple offering, how we grow that offering and how we get more efficient in the handling of pineapples.

So you know that's certainly beneficial. But he brings much more than just pineapple expertise. He brings an understanding of the supply side, of the customer side and of the processing in the middle. So that knowledge is being leveraged across not just pineapple but our blended-through products and our strawberries.

Ron Pollack: SunOpta was scheduled to visit China resources in July with a contract hope to be signed at the end of August. Do you have anything more that can be added to that?

Jeremy Kendall: Yes, (Art McKevelly) has actually just returned from there, and we are working on, in fact, two projects there that both of which are moving towards completion. We anticipate now signing of contracts probably in the September timeframe.

Steve Bromley: Nothing's going to happen in China in August ...

Jeremy Kendall: Olympics.

Male: ... OK, except everything.

Ron Pollack: In the – in the opening statements, it was said that Gerry Watts made changes to his management team. Can you specify what those changes were?

Steve Bromley: Yes, he's brought in a new vice president of sales and marketing, I believe is the title, or sales and business development. He's made a number of changes at the operating level with senior operating resources and plant resources.

He's made some changes in the financial group. You know he's really stood back and evaluated the team that was in place and assessed that versus what he believes needs to – the resources that need to be in place going forward. So there's been a number of changes in that – in that group, and I guess I could say there's a new operating philosophy in place there today, and you know a number of people have left the organization. Some have been promoted, and some new talent has also been added, which we think is very positive.

Ron Pollack: You say there's a new operating philosophy. What is that new philosophy?

Steve Bromley: Well you know the philosophy prior was very much focused on growth, and the philosophy now is focused on growth, yet at the same time, the bottom line and the return on our assets, and so there's just more of an ongoing day-to-day focus on making sure that the business that we are doing is profitable and it's good quality and long-term sustainability.

Ron Pollack: One last question. On (CMAC) earlier, you gave dates of 2009 and 2010 for some different milestones. Am I correct, though, that the feasibility study is hoped to be completed by the end of 2008?

Steve Bromley: I believe that's – Jeremy, that was ...

Jeremy Kendall: I think that was correct too.

Steve Bromley: That sounds about right.

Ron Pollack: Thank you.

Steve Bromley: Thank you.

Jeremy Kendall: Thank you, Ron.

Operator: Thank you. Ladies and gentlemen, if there are any additional questions, please press star one at this time.

There are no further questions at this time. I'll turn the call back to Mr. Bromley.

Steve Bromley: Great. Well, thanks very much, and once again, we want to thank everyone for joining the call today, and you know certainly, once again, thank you for your patience in regard to the filing of these statements. We're thrilled, in an odd way, to be current again, and look forward to chatting in a couple of weeks on our second quarter results, and as always, please feel free to call with any questions that you may have.

Thank you.

END