

SunOpta Inc.  
Form 424B2  
February 01, 2007

Pursuant to Rule 424(b)(2)  
Registration Statement No. 333-137724

**PROSPECTUS SUPPLEMENT TO  
PROSPECTUS DATED JANUARY 31, 2007**

**4,500,000 Shares**

**SUNOPTA INC.**

**Common Shares**

We are offering 4,500,000 of our common shares in the United States, the United Kingdom, the European Union and certain provinces of Canada. Our common shares are traded on the Nasdaq Stock Market under the symbol **STKL** and are listed and posted for trading on the Toronto Stock Exchange under the symbol **SOY**. On January 31, 2007, the last reported sales price of our common shares was \$10.86 per share on the Nasdaq Stock Market and CDN \$12.82 per share on the Toronto Stock Exchange. Except as otherwise indicated, all dollar amounts in this prospectus supplement are expressed in United States dollars. References to CDN \$ are to Canadian dollars.

**Investing in our common shares involves risks. Before investing in our common shares, you should read this prospectus supplement and the accompanying prospectus carefully, including the discussion of risks in Risk Factors beginning on page 5 of the accompanying prospectus.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

|                  | <b>Price to<br/>the Public</b> | <b>Underwriters<br/>Commission</b> | <b>Net Proceeds to<br/>SunOpta Inc.(1)</b> |
|------------------|--------------------------------|------------------------------------|--------------------------------------------|
| Per Common Share | \$ 10.40                       | \$ 0.45                            | \$ 9.95                                    |
| Total(2)         | \$ 46,800,000                  | \$ 2,025,000                       | \$ 44,775,000                              |

(1) Before deduction of expenses of the offering estimated at \$425,000, which are payable from the proceeds of the offering.

(2) In addition, we have granted the underwriters an option to purchase up to an additional 675,000 common shares from us, at the same offering price under this prospectus supplement, within 30 days after the closing of this offering to cover over-allotments, if any. If the underwriters exercise this over-allotment option in full, the total offering price to the public, the underwriters' commission and the net proceeds to us for these common shares will be \$53,820,000, \$2,328,750 and \$51,491,250, respectively. This prospectus supplement qualifies the common shares issuable upon the exercise of the over-allotment option. See Plan of Distribution on page S-5 of this prospectus supplement.

The common shares will be ready for delivery on or about February 13, 2007.

**Canaccord Adams**

The date of this prospectus supplement is February 1, 2007



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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under the shelf registration process, we may sell any combination of the securities described in the accompanying prospectus up to a total dollar amount of \$100,000,000, of which this offering is a part. In this prospectus supplement, we provide you with specific information about the terms of this offering of our common shares. Both this prospectus supplement and the accompanying prospectus include important information about us, our common shares and other information you should know before investing in our common shares. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the caption *Where You Can Find More Information* below before investing in our common shares.

This offering is being made concurrently in the United States, the United Kingdom, the European Union and certain provinces of Canada. An offer of our common shares under this prospectus supplement will not be made in any jurisdiction where the offer is not permitted.

We refer you to the section of the accompanying prospectus captioned *Documents Incorporated by Reference* for information regarding certain statements made or incorporated by reference in this prospectus supplement or the accompanying prospectus.

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## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational reporting requirements of the United States Securities Exchange Act of 1934, which we refer to as the Exchange Act. Therefore we file reports, proxy statements and other information with the SEC. Since our listing on the Toronto Stock Exchange on November 6, 2001 these types of documents are also filed with the Ontario Securities Commission and the Toronto Stock Exchange. You may read and copy these reports and other information at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. In addition, the SEC maintains a home page at [www.sec.gov](http://www.sec.gov) that contains certain reports, proxy and information statements, and other information filed by us. You may also read and copy any of the reports and any other information that we file with the Ontario Securities Commission and the Toronto Stock Exchange at the Canadian System for Electronic Document Analysis and Retrieval's home page at [www.sedar.com](http://www.sedar.com). Information about us, including our SEC filings, is available on our website at [www.sunopta.com](http://www.sunopta.com). The contents of our website are not incorporated into this prospectus or any accompanying prospectus supplement.

## SUMMARY

*This summary highlights information about our company. It is not complete and does not contain all the information that you should consider before investing in our common stock. You should read all of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference to fully understand our company. Unless otherwise indicated, all numbers of common shares appearing in this prospectus supplement are presented assuming no exercise of any option we have granted to underwriters to purchase additional common shares which we refer to as an over-allotment option.*

We were incorporated under the *Canada Business Corporations Act* on November 13, 1973. Our principal executive offices are located at 2838 Bovaird Drive West, Brampton, Ontario, Canada, L7A 0H2, telephone: (905) 455-1990, fax: (905) 455-2529. Unless otherwise indicated or unless the context otherwise requires, all reference in this prospectus supplement to we or us include SunOpta Inc. and its subsidiaries.

Our web page describing our business, products, technology and news releases, can be visited at [www.sunopta.com](http://www.sunopta.com). Our web site and other websites referenced in this prospectus supplement and documents incorporated by reference herein do not form part of this prospectus supplement.

We operate high-growth ethical businesses, focused on a healthy products portfolio that promotes the health and well-being of our communities and promotes environmental responsibility. We have three operating groups, the largest being the SunOpta Food Group, accounting for approximately 88% of revenues for the nine months ended September 30, 2006. This group is well positioned in the rapidly growing natural, organic, kosher and specialty foods sectors via our operations throughout North America which utilize a number of vertically integrated business models to bring cost effective and quality products to market. In addition to the SunOpta Food Group, we own 70.6% of Opta Minerals Inc. ( Opta Minerals ), formerly the Opta Minerals Group. Opta Minerals produces, imports, distributes, and recycles industrial abrasives, specialty minerals and related products. The SunOpta BioProcess Group provides process solutions for the biomass industry from process development and design through the sale of proprietary biomass processing technology with a current focus on applications in the production of cellulosic ethanol.

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The SunOpta Food Group operates in the natural, organic, kosher and specialty sectors of the food industry, sectors which management believes offers above average growth opportunities compared to other segments of the food industry. The SunOpta Food Group is comprised of four operating groups, the SunOpta Grains and Foods Group, the SunOpta Ingredients Group, the SunOpta Fruit Group and the SunOpta Canadian Food Distribution Group. These groups utilize a combination of specific and vertically integrated seed to table capabilities to serve the fast growing markets of natural, organic and specialty foods. Seed to table refers to the SunOpta Food Group's ability to control the entire supply chain from farm gate to finished product, thus maintaining control of certification, quality and margins. The SunOpta Grains and Foods Group is headquartered at 3824 93rd Street SW Hope, Minnesota 56048-0128, telephone: (507) 451-3316, fax: (507) 451-2910. The SunOpta Ingredients Group is headquartered at 25 Wiggins Avenue, Bedford, Massachusetts 01730, telephone: (781) 276-5100, fax: (781) 276-5101. The SunOpta Fruit Group is headquartered at 6571 Altura Blvd., Suite 200, Buena Park, California 90620, telephone: (714) 521-1002, fax: (741) 522-3694. The SunOpta Canadian Food Distribution Group is headquartered at 2120 Van Dyke Place, Richmond, British Columbia, V6V 1X9, telephone: (604) 276-2441, fax: (604) 214-2942.

Opta Minerals, representing approximately 11% of consolidated sales for the nine months ended September 30, 2006, processes, sells and distributes silica free abrasives and other specialty industrial minerals to the foundry, steel, roofing shingle and marine/bridge cleaning industries; sources specialty sands and garnets for the water filtration industry; and recycles inorganic materials under special permits from government authorities at both its Waterdown, Ontario and Norfolk, Virginia sites. In February 2005, approximately 29% of Opta Minerals (formerly, the Opta Minerals Group) was sold as part of an initial public offering on the TSX, trading under the symbol OPM. We currently own approximately 70.6% of the outstanding shares of Opta Minerals. Opta Minerals can be contacted at 407 Parkside Drive, Waterdown, Ontario, L0R 2H0, telephone: (905) 689-6661, fax: (905) 689-0485, e-mail: info@optaminerals.com.

The SunOpta BioProcess Group, representing approximately 1% of consolidated sales for the nine months ended September 30, 2006, operates from facilities located on the corporate property of our company in Brampton, Ontario. The SunOpta BioProcess Group provides equipment and process solutions for the biomass industry from process development and design through the sale of proprietary biomass processing technology and the planned investment in cellulosic ethanol production. The SunOpta BioProcess Group offers extensive scientific and engineering expertise in the design and development of biomass solutions, and holds a number of patents on its proprietary steam explosion technology. This technology has wide solutions potential in pulp, biofuel and food ingredients processing and offers significant licensing and applications potential. The proprietary steam explosion technology uses high temperature and pressure rather than chemicals to process biomass which can then be used to produce various products for further processing. The SunOpta BioProcess Group can be contacted at 2838 Bovaird Drive West, Brampton, Ontario, L7A 0H2, telephone: (905) 455-1990, fax: (905) 455-2529.

## THE OFFERING

Issuer: SunOpta Inc.

**Common shares offered by us: 4,500,000**

**Common shares to be outstanding after this offering: 62,179,253**

The number of common shares outstanding after this offering does not include the 675,000 common shares issuable upon the exercise of the over-allotment option as described under Plan of Distribution

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of this prospectus supplement. This number also does not include up to 1,998,685 common shares issuable upon the exercise of employee stock options as at January 31, 2007.

We estimate that we will receive net proceeds of this offering of approximately \$44,350,000 million, after deducting estimated expenses payable by us. We intend to use the net proceeds of this offering for the repayment of debt. To the extent net proceeds are not applied to reduce outstanding indebtedness, they will be used for general corporate purposes, including future acquisitions, internal expansion projects and working capital requirements. See "Use of Proceeds" in this prospectus supplement for more information regarding our use of proceeds from this offering.

The underwriters, as principals, conditionally offer the common shares subject to prior sale if, as and when issued by us and accepted by the underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" of this prospectus supplement and subject to the approval of certain legal matters on our behalf by Dunnington, Bartholow & Miller LLP, New York, New York, and Wildeboer Dellelce LLP, Toronto, Ontario, and on behalf of the underwriters by Choate, Hall & Stewart LLP, Boston, Massachusetts, and Goodmans LLP, Toronto, Ontario.

It is intended that the closing of this offering will occur on or about February 13, 2007 or such other date as may be agreed upon by us and the underwriters and that certificates evidencing our common shares will be available for delivery at closing.

#### **WAIVER OF PRE-EMPTIVE RIGHTS AND SUBSCRIPTION AGREEMENT**

On September 28, 2001, we entered into a Subscription Agreement, as amended (the "Subscription Agreement"), with Claridge Israel LLC, our largest shareholder. Under the terms of the Subscription Agreement, as long as the Claridge Group (as defined in the Subscription Agreement) beneficially owns 5% or more of our issued and outstanding common shares, the Claridge Group has pre-emptive rights to participate on a pro rata basis in any proposed offering of our common shares or securities convertible into our common shares to any third party for the purposes of obtaining financing for us.

On January 31, 2007, the Claridge Group waived any and all pre-emptive rights provided by the Subscription Agreement with respect to this offering.

#### **EXCHANGE RATE INFORMATION**

The following table sets forth, with respect to the closing exchange rates of the Canadian dollar into U.S. dollar during the twelve month period ended December 31, 2006, (1) the rate of exchange for the Canadian dollar, expressed in U.S. dollars, in effect at the end of the applicable period; (2) the average of exchange rates in effect on the last day of each month during the applicable period; and (3) the high and low exchange rates during the applicable period.

| <b>RATES OF EXCHANGE<br/>(expressed in U.S. \$ for each CDN \$1.00)</b> | <b>December 31, 2006</b> |
|-------------------------------------------------------------------------|--------------------------|
| Last Day (1)                                                            | \$ 0.8580                |
| Average (2)                                                             | \$ 0.8847                |
| High (3)                                                                | \$ 0.9105                |
| Low (3)                                                                 | \$ 0.8479                |

On January 31, 2007, the closing rate payable in U.S. dollars for each CDN \$1.00 as reported by the Bank of Canada was U.S. \$0.8475.

## USE OF PROCEEDS

We estimate that net proceeds we will receive from this offering after deducting both the underwriters' fees and the estimated expenses of the offering, will be approximately U.S.\$44,350,000 (or \$51,066,250 if the over-allotment option is exercised in full). The net proceeds resulting from this offering may be used by us to reduce our outstanding indebtedness pursuant to two lines of credit facilities, one maintained by a Canadian chartered bank and its wholly owned U.S. subsidiary, the other by a U.S. financial institution. The total debt outstanding on these two facilities is approximately \$44,000,000 with a weighted interest rate of 7.6%. These two facilities have expiry dates of October 31, 2007 and October 2, 2008 respectively. Any net proceeds not applied to reduce outstanding indebtedness under our credit facilities will be used for general corporate purposes, including future acquisitions, internal expansion projects and working capital requirements.

Although we evaluate potential acquisition and investment opportunities on an ongoing basis, we have no present agreements with respect to any such transaction other than as previously publicly disclosed. We will retain broad discretion in allocating the net proceeds as set forth above. Our actual use of such net proceeds may vary depending on our operating and capital needs from time to time.

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**PLAN OF DISTRIBUTION**

We have entered into an underwriting agreement with the underwriters named below. The underwriters' obligations are several, which means that each underwriter is required to purchase a specific number of shares, but is not responsible for the commitment of any other underwriter to purchase shares. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase from us the number of shares opposite its name below. Canaccord Adams Inc. is acting as lead manager of the offering in the United States and Canaccord Capital Corporation is acting as lead manager of the offering in Canada. The United States syndicate also includes BMO Capital Markets Corp., NBF Securities (USA) Corp. and Desjardins Securities International Inc. The Canadian syndicate also includes BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc. and Octagon Capital Corporation. Members of the Canadian syndicate that are not members of the United States syndicate will offer shares in Canada only.

| <b>Underwriter</b>           | <b>Number of Shares</b> |
|------------------------------|-------------------------|
| Canaccord Adams Inc.         | 3,150,000               |
| BMO Capital Markets Corp.    | 450,000                 |
| National Bank Financial Inc. | 450,000                 |
| Desjardins Securities Inc.   | 225,000                 |
| Octagon Capital Corporation  | 225,000                 |
| Total                        | 4,500,000               |

The underwriters have advised us that they propose to offer the shares of common stock to the public at the public offering price per share set forth on the cover page of this prospectus supplement.

We have granted an option to the underwriters to purchase up to 675,000 additional shares of common stock at the public offering price per share, less the underwriting discounts and commissions, set forth on the cover page of this prospectus. This option is exercisable during the 30-day period after the date of this prospectus. The underwriters may exercise this option only to cover over-allotments made in connection with this offering. If this option is exercised, each of the underwriters will purchase approximately the same percentage of the additional shares as the number of shares of common stock to be purchased by that underwriter, as shown in the table above, bears to the total shown.

**Discounts and Expenses**

The underwriting discount is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting discount is approximately 4.33% of the public offering price. The following table shows the per share and total underwriting discount to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

|                 | <b>Total Per Share</b> | <b>No Exercise</b> | <b>Full Exercise</b> |
|-----------------|------------------------|--------------------|----------------------|
| Paid by SunOpta | \$ 0.45                | \$ 2,025,000       | \$ 2,328,750         |

We estimate that the total expenses of the offering, excluding the underwriting discount and commissions, will be approximately \$425,000.



### **Lock-Up Agreements**

We have agreed, subject to certain exceptions, not to sell or otherwise dispose of any shares of our common stock or securities exchangeable for or convertible into our common stock for a period of 90 days after the date of this prospectus without the prior consent of Canaccord Adams Inc. This agreement does not apply to the issuance of stock options pursuant to any existing employee benefit plans. Our directors and officers have agreed not to sell or otherwise dispose of any shares of common stock or securities exchangeable for or convertible into shares of common stock for a period of 90 days after the date of this prospectus without the prior written consent of Canaccord Adams Inc. Canaccord Adams Inc. may, in its sole discretion and at any time without public or other notice, release all or any portion of the securities subject to these lock-up agreements.

### **Indemnification**

The underwriting agreement provides that we will indemnify the underwriters against certain liabilities that may be incurred in connection with this offering, including liabilities under the Securities Act, or contribute payments that the underwriters may be required to make in respect thereof.

### **Price Stabilization, Short Positions and Penalty Bids**

In connection with this offering, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the price of our common stock. Specifically, the underwriters may over-allot in connection with this offering by selling more shares than are set forth on the cover page of this prospectus. This creates a short position in our common stock for their own account. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. To close out a short position or to stabilize the price of our common stock, the underwriters may bid for, and purchase, common stock in the open market. The underwriters may also elect to reduce any short position by exercising all or part of the over-allotment option. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter or dealer repays selling concessions allowed to it for distributing our common stock in this offering because the underwriters repurchase that stock in stabilizing or short covering transactions.

### **Certain Relationships**

BMO Capital Markets Corp. is a subsidiary of a Canadian financial institution (the *Bank*) which, together with its wholly-owned United States subsidiary and another United States financial institution, have extended various credit facilities (collectively, the *Credit Facilities*) of up to U.S.\$70,600,000 to us upon which we may draw from time to time. As of January 31, 2007, we were indebted under the Credit Facilities to the Bank in the amount of approximately U.S.\$38,000,000. Consequently, under applicable Canadian securities laws, we may be considered a *connected issuer* of BMO Capital Markets Corp. We

are and have been in compliance with the terms of the Credit Facilities since their execution and have given security over our personal property in favour of the Bank and other lenders to secure the Credit Facilities. We may use a portion of the proceeds of this offering to repay the amount that will be outstanding under the Credit Facilities. See Use of Proceeds .

The decision to issue and sell the shares in this offering and the determination of the terms of the distribution of those shares were made through negotiations among us and the underwriters. The Bank did not have any involvement in such decision or determination. BMO Capital Markets Corp. will not receive any benefit in connection with this offering other than its proportionate share of the underwriters' fee on closing of the offering.

Certain of the underwriters and their affiliates may also provide, from time to time, investment banking and financial advisory services to us in the ordinary course of business, for which they may receive customary fees and commissions.

#### **U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a description of the material United States federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of our common shares. This description addresses only the United States federal income tax considerations of holders that are initial purchasers of our common shares pursuant to the offering and that will hold such common shares as capital assets. This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities or currencies;
- tax-exempt entities;
- persons that received our shares as compensation for the performance of services;
- persons that will hold our shares as part of a hedging or conversion transaction or as a position in a straddle for United States federal income tax purposes;
- persons that have a functional currency other than the United States dollar; or
- holders that own or are deemed to own 10% or more, by voting power or value, of our shares.

Moreover, this description does not address the United States federal estate and gift or alternative minimum tax consequences of the acquisition, ownership and disposition of our common shares.

This description is based on the Internal Revenue Code of 1986, as amended, existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this description, a U.S. Holder is a beneficial owner of our common shares that, for United States federal income tax purposes, is:

- a citizen or resident of the United States;

- a partnership or corporation created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if such trust validly elects to be treated as a United States person for United States federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust.

A Non-U.S. Holder is a beneficial owner of our common shares that is not a U.S. Holder.

If a partnership (or any other entity treated as a partnership for United States federal income tax purposes) holds our common shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner should consult its tax advisor as to its tax consequences.

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## DISTRIBUTIONS

Subject to the discussion below under **Passive Foreign Investment Company Considerations**, if you are a U.S. Holder, for United States federal income tax purposes, the gross amount of any distribution made to you of cash or property, other than certain distributions, if any, of our common shares distributed pro rata to all our shareholders with respect to your common shares, before reduction for any Canadian taxes withheld therefrom, will be includible in your income as dividend income to the extent such distributions are paid out of our current or accumulated earnings and profits as determined under United States federal income tax principles. Subject to the discussion below under **Passive Foreign Investment Company Considerations**, and assuming that certain holding period requirements are satisfied, individuals who are U.S. Holders will be taxed on such distributions at the lower rates applicable to long-term capital gains. This reduced rate is scheduled to expire effective for taxable years beginning after December 31, 2008. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. Subject to the discussion below under **Passive Foreign Investment Company Considerations**, to the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under United States federal income tax principles, it will be treated first as a tax-free return of your adjusted tax basis in your common shares and thereafter as capital gain. We do not maintain calculations of our earnings and profits under United States federal income tax principles.

If you are a U.S. Holder, and we pay a dividend in Canadian dollars, any such dividend will be included in your gross income in an amount equal to the United States dollar value of Canadian dollars on the date of receipt. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

If you are a U.S. Holder, dividends paid to you with respect to your common shares will be treated as foreign source income, which may be relevant in calculating your foreign tax credit limitation. Subject to certain conditions and limitations, Canadian tax withheld on dividends may be deducted from your taxable income or credited against your United States federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that we distribute generally will constitute **passive category income**.

Subject to the discussion below under **Backup Withholding Tax and Information Reporting Requirements**, if you are a Non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on dividends received by you on your common shares, unless you conduct a trade or business in the United States and such income is effectively connected with that trade or business.

## SALE OR EXCHANGE OF COMMON SHARES

Subject to the discussion below under **Passive Foreign Investment Company Considerations**, if you are a U.S. Holder, you generally will recognize gain or loss on the sale or exchange of your common shares equal to the difference between the amount realized on such sale or exchange and your adjusted tax basis in your common shares. Such gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, the maximum marginal United States federal income tax rate applicable to such gain will be lower than the maximum marginal United States federal income tax rate applicable to ordinary income (other than certain dividends) if your holding period for such common shares exceeds one year. Gain or loss, if any, recognized by you generally will be treated as United States source income or loss for United States foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Subject to the discussion below under Backup Withholding Tax and Information Reporting Requirements, if you are a Non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on any gain realized on the sale or exchange of such common shares unless:

- such gain is effectively connected with your conduct of a trade or business in the United States; or
- you are an individual and have been present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

#### **PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS**

A Non-U.S. corporation will be classified as a passive foreign investment company, or a PFIC, for United States federal income tax purposes in any taxable year in which, after applying certain look-through rules, either

- at least 75 percent of its gross income is passive income ; or
- at least 50 percent of the average value of its gross assets is attributable to assets that produce passive income or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions.

We believe that we were not a PFIC for our fiscal year ended December 31, 2002. However, there can be no assurance that we will not be considered a PFIC for the current or any future taxable year. If we are or become a PFIC, a U.S. Holder generally will be subject to imputed interest charges and other disadvantageous tax treatment (including taxation at ordinary income rates) with respect to any gain from the sale or exchange of, and certain distributions with respect to, your common shares. In addition, individuals who are U.S. Holders will not be entitled to the lower tax rate applicable to dividends received on our common shares, as discussed above under Distributions.

Generally, if a corporation is a PFIC, a U.S. Holder may make a variety of elections that may alleviate certain tax consequences referred to above, and one of these elections may be made retroactively. However, it is expected that the conditions necessary for making certain of such elections will not apply in the case of our common shares. You should consult your own tax advisor regarding the tax consequences that would arise if we were treated as a PFIC. We at present do not intend to comply with the accounting and record-keeping requirements necessary for U.S. Holders to make such elections.

The PFIC rules are complex, and U.S. Holders should consult their own tax advisors regarding the PFIC rules and how these rules may affect their U.S. federal income tax situation.

#### **BACKUP WITHHOLDING TAX AND INFORMATION REPORTING REQUIREMENTS**

United States backup withholding tax and information reporting requirements generally apply to certain payments to certain non-corporate holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, common shares made within the United States to a holder of common shares, other than an exempt recipient. Among others, the following are exempt recipients: corporations, and payees that are not United States persons and who provide an appropriate certification to that effect. A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, common shares within the United States to a holder, other than an exempt recipient, if such holder fails

to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is currently 28%. These rules may also apply to payments outside the United States by a U.S. payor or U.S. middleman (as those terms are defined in applicable Treasury regulations) who is a United States person, the United States government or the government of any state or political subdivision of a state (or any agency or instrumentality of any of these governmental units), a controlled foreign corporation, a foreign partnership that is either engaged in a trade or business within the United States or whose United States partners in the aggregate own more than 50% of the income or capital interests in the partnership, a foreign person who derives at least 50% of its gross income for certain periods from the conduct of a trade or business in the United States, or a United States branch of a foreign bank or insurance company.

In the case of payments by a payor or middleman to a foreign simple trust, a foreign grantor trust or a foreign partnership, other than payments to a holder that qualifies as a withholding foreign trust or a withholding foreign partnership within the meaning of the applicable Treasury regulations and payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that are effectively connected with the conduct of a trade or business in the United States, the beneficiaries of the foreign simple trust, the persons treated as the owners of the foreign grantor trust or the partners of the foreign partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from backup withholding tax and information reporting requirements. Moreover, a payor may rely on a certification provided by a payee that is not a United States person only if such payor does not have actual knowledge or a reason to know that any information or certification stated in such certificate is incorrect.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our common shares. You should consult your own tax advisor concerning the United States federal, state, local and foreign tax consequences of your particular situation.**

#### **CANADIAN FEDERAL INCOME TAX CONSEQUENCES FOR NON-RESIDENTS**

In the opinion of Wildeboer Dellelce LLP, Canadian counsel to SunOpta Inc. and Goodmans LLP, Canadian counsel to the underwriters for this offering, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a U.S. Holder who acquires common shares pursuant to this prospectus supplement. As used in this summary of Canadian federal income tax considerations, the term U.S. Holder means a holder of common shares who at all relevant times:

(A) for the purposes of the Canadian Income Tax Act (or the ITA):

(i) is not, and is not deemed to be, resident in Canada;

(ii) deals at arm's length with us;

(iii) holds our common shares as capital property; and

(iv) does not use or hold and will not be deemed to use or hold our common shares in connection with carrying on a business in Canada or as an adventure or concern in the nature of trade;

and in addition,

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(B) for the purpose of the Canada-United States Income Tax Convention, 1980 (referred to in this prospectus supplement as the Income Tax Convention):

(v) is a resident of the United States and has never been a resident of Canada;

(vi) does not have a permanent establishment or fixed base in Canada; and

(vii) who otherwise qualifies for the full benefit of the Income Tax Convention.

Special rules, which are not addressed in this discussion, may apply to a U.S. Holder that is a trader or dealer, a limited liability company, a tax-exempt entity, an insurer, an authorized foreign bank that carries on an insurance business or a bank business in Canada and elsewhere, or a financial institution (which includes corporations controlled by one or more financial institutions) as defined in subsection 142.2(1) of the ITA for the purposes of the mark-to-market rules.

This summary is based upon the current provisions of the ITA and the regulations thereunder, the Income Tax Convention, all specific proposals to amend the ITA and regulations announced by the Minister of Finance (Canada) prior to the date of this prospectus supplement and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This discussion does not take into account or anticipate any other changes in law, whether by judicial, governmental or legislative decision or action, nor does it take into account the tax legislation or considerations of any province, territory, U.S. or foreign jurisdiction which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that any proposed amendments to the ITA and regulations will be enacted or that they will be enacted in the form announced by the Minister of Finance (Canada).

For the purposes of the ITA, all amounts, including the cost of, dividends received on, and the proceeds from the disposition of, our common shares must be determined in Canadian dollars at applicable exchange rates.

Dividends paid or credited or deemed to be paid or credited on our common shares beneficially owned by a U.S. Holder will be subject to Canadian non-resident withholding tax. Under the Income Tax Convention, the rate of withholding tax generally applicable to dividends paid to U.S. Holders is generally limited on the gross dividend to 15%, reduced to 5% in the case of a U.S. Holder that is a company that beneficially owns at least 10% of our voting shares.

A U.S. Holder will generally not be subject to tax in respect of any capital gain, or entitled to deduct any capital loss, realized on the disposition or deemed disposition of our common shares (including a disposition deemed to occur on the death of a U.S. Holder), unless at the time of such disposition such common shares constitute taxable Canadian property of the U.S. Holder for the purposes of the ITA and the U.S. Holder is not entitled to relief under the Income Tax Convention. If our common shares are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange and Nasdaq) at the time they are disposed of, they will generally not constitute taxable Canadian property of a U.S. Holder at the time of disposition unless, at any time within the sixty month period immediately preceding the disposition, the U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length for the purposes of the ITA, or the U.S. Holder together with such persons, have owned, had an interest in, or an option in respect of, 25% or more of the issued shares of any class or series of our shares. In certain circumstances, our common shares may be deemed to be taxable Canadian property. If our common shares are taxable Canadian property to a U.S. Holder, under the Income Tax Convention any capital gain realized on a disposition or deemed disposition of such shares will nevertheless generally not be

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subject to Canadian federal income tax unless the value of our common shares at the time of the disposition or deemed disposition is derived principally from real property situated in Canada within the meaning set out in the Income Tax Convention. Company management has indicated that it believes that the value of the common shares is not derived principally from real property situated in Canada. If our common shares constitute taxable Canadian property to a U.S. Holder, even if any capital gain arising from the disposition is exempt from Canadian tax because of the Income Tax Convention, the U.S. Holder may nevertheless be required to give notice to the Canada Revenue Agency in respect of the disposition of our common shares and will be required to file a Canadian income tax return for the taxation year in which the disposition occurs.

This summary is not exhaustive of all possible Canadian income tax consequences and is of a general nature only. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular U.S. Holder. The tax consequences to any particular U.S. Holder will vary according to the status of that holder as an individual, trust, corporation or member of a partnership, the jurisdictions in which the holder is subject to taxation and generally that holder's particular circumstances. Accordingly, U.S. Holders should consult with their own tax advisors for advice with respect to their own particular circumstances.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our common shares. You should consult your own tax advisor concerning the tax consequences of your particular situation.**

#### **LEGAL MATTERS**

Wildeboer Dellelce LLP, Toronto, Ontario, our Canadian counsel, have passed upon the validity of the issuance of the securities offered by this prospectus supplement. In addition, certain legal matters relating to the offering of our common shares will be passed upon for us under United States law by Dunnington, Bartholow & Miller LLP, New York, New York, our U.S. counsel and under Canadian law by Wildeboer Dellelce LLP and for the underwriters under United States law by Choate, Hall & Stewart LLP, Boston, Massachusetts, and under Canadian law by Goodmans LLP, Toronto, Ontario. As of the date of this prospectus supplement, the partners and associates of Dunnington Bartholow & Miller LLP, Wildeboer Dellelce LLP, Choate, Hall & Stewart LLP and Goodmans LLP, in the aggregate own beneficially, directly or indirectly, less than one percent of our outstanding common shares.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

Our auditors are PricewaterhouseCoopers LLP, Chartered Accountants, Mississauga, Ontario. The transfer agent and the registrar for the common shares is American Stock Transfer & Trust Co. in the United States, at its principal office in New York, New York, and Equity Transfer Services Inc. in Canada, at its principal office in Toronto, Ontario.

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PROSPECTUS

## SUNOPTA INC.

**\$100,000,000**

**senior debt securities;  
subordinated debt securities;  
special shares;  
common shares; and  
warrants to purchase common shares.**

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SunOpta Inc. intends to offer at one or more times separately or in combination, senior debt securities, subordinated debt securities, special shares, common shares and warrants to purchase common shares with a total offering price not to exceed \$100,000,000. We will provide the specific prices and other terms of these securities in supplements to this prospectus. You should read this prospectus and the applicable supplement carefully before you invest.

We may sell the securities (or any combination) to or through one or more underwriters, dealers or agents. The names of the underwriters, dealers or agents will be set forth in supplements to this prospectus.

We intend to use the net proceeds of any offering to reduce our outstanding indebtedness and for general corporate purposes. See "Use of Proceeds" in the applicable prospectus supplement for more information regarding our use of proceeds from this offering.

Our common shares are traded on the NASDAQ National Market under the symbol "STKL" and on the Toronto Stock Exchange under the symbol "SOY".

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**INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 5.**

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**THE DATE OF THIS PROSPECTUS IS JANUARY 31, 2007**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (SEC) utilizing a shelf registration, or continuous, process. Under this shelf process, we may, from time to time, sell any combination of the following securities described in this prospectus in one or more offerings with a total offering price not to exceed \$100,000,000:

- senior debt securities;
- subordinated debt securities;
- special shares;
- common shares; and
- warrants to purchase common shares.

The common shares and the special shares are referred to as the equity securities; the senior debt securities and the subordinated debt securities are referred to as the debt securities; the equity securities, the debt securities and the warrants are referred to as the securities.

This prospectus provides you with a general description of the securities we may offer. Each time we sell the securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may include a discussion of risks or other special considerations applicable to the offered securities or to us. A prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you must rely on the information in the prospectus supplement. Please carefully read both this prospectus and the applicable prospectus

supplement together with additional information described under the heading WHERE YOU CAN FIND MORE INFORMATION.

THIS PROSPECTUS INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT SUNOPTA INC. AND ITS SUBSIDIARIES THAT IS NOT INCLUDED IN OR DELIVERED WITH THIS DOCUMENT. THIS INFORMATION IS AVAILABLE WITHOUT CHARGE TO SECURITY HOLDERS UPON WRITTEN OR ORAL REQUEST.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS PROSPECTUS.

#### **CURRENCY PRESENTATION**

All dollar amounts in this Prospectus are expressed in U.S. dollars.

#### **FORWARD-LOOKING STATEMENTS**

This prospectus, including the documents incorporated by reference, contains certain statements that are forward-looking statements that involve risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors, including the risks outlined under the section entitled Risk Factors, which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about future operations, projections of our future results of operations or of our financial condition.

In some cases, you can identify forward-looking statements by terms such as anticipate, believe, could, continue, estimate, expect, intend, might, ongoing, plan, potential, predict, project, should, will, would or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. We discuss many of these risks in this prospectus in greater detail under the heading Risk Factors. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus, and we are under no obligation to update any of these forward-looking statements after the date of this prospectus to conform such statements to actual results, unless required by law. You should read this prospectus completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements by these cautionary statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

#### **BUSINESS OVERVIEW**

SunOpta Inc. ( the Company or SunOpta ) operates high-growth ethical businesses, focused on a healthy products portfolio that promotes the health and well-being of its communities and promotes environmental responsibility. The Company has three operating groups, the largest being the SunOpta Food Group, accounting for approximately 88 % of consolidated revenues for the nine months ended

September 30th, 2006. This group is well positioned in the rapidly growing natural, organic, kosher and specialty foods sectors via its operations throughout North America which utilize a number of vertically integrated business models to bring cost effective and quality products to market. In addition to the SunOpta Food Group, SunOpta owns 70.6% of Opta Minerals Inc., formerly the Opta Minerals Group. This group produces, imports, distributes, and recycles industrial abrasives, specialty minerals and related products. The SunOpta BioProcess Group provides process solutions for the biomass industry from process development and design through the sale of proprietary biomass processing technology with a current focus on applications in the production of cellulosic ethanol.

The Company was incorporated under the laws of Canada on November 13, 1973. The principal executive offices are located at 2838 Bovaird Drive West, Brampton,, Ontario, Canada, L7A 0H2, telephone: (905) 455-1990, fax: (905) 455-2529, e-mail: info@sunopta.com and web site: www.sunopta.com.

The SunOpta Food Group, operates in the natural, organic, kosher and specialty sectors of the food industry, sectors which management believes offers above average growth opportunities compared to other segments of the food industry. The SunOpta Food Group is comprised of four operating groups, the SunOpta Grains and Foods Group, the SunOpta Ingredients Group, the SunOpta Fruit Group and the SunOpta Canadian Food Distribution Group. These groups utilize a combination of specific and vertically integrated seed to table capabilities to serve the fast growing markets of natural, organic and specialty foods. The SunOpta Food Group utilizes a number of vertically integrated business models, using a seed to table strategy. Seed to table refers to the Groups ability to control the entire supply chain from farm gate to finished product, thus maintaining control of certification, quality and margins. The SunOpta Grains and Foods Group is headquartered at 3824 93rd Street SW Hope, Minnesota 56048-0128, telephone: (507) 451-3316, fax: (507) 451-2910. The SunOpta Ingredients Group is headquartered at 25 Wiggins Avenue, Bedford, Massachusetts, 01730, telephone: (781) 276-5100, fax: (781) 276-5101, The SunOpta Fruit Group is headquartered at 6571 Altura Blvd., Suite 200, Buena Park, California, 90620, telephone: (714) 521-1002, fax: (741) 522-3694. The SunOpta Canadian Food Distribution Group is headquartered at 2120 Van Dyke Place, Richmond, British Columbia, V6V 1X9, telephone: (604) 276-2441, fax: (604) 214-2942.

Opta Minerals Inc, representing approximately 11% of consolidated sales for the nine months ended September 30, 2006, processes, sells and distributes silica free abrasives and other specialty industrial minerals to the foundry, steel, roofing shingle and marine/bridge cleaning industries; sources specialty sands and garnets for the water filtration industry; and recycles inorganic materials under special permits from government authorities at both its Waterdown, Ontario and Norfolk, Virginia sites. In February 2005, approximately 29% of the Opta Minerals Group was sold as part of an initial public offering on the Toronto Stock Exchange, trading under the symbol OPM . SunOpta currently owns 70.6% of the outstanding shares of Opta Minerals Inc.. Opta Minerals Inc can be contacted at 407 Parkside Drive, Waterdown, Ontario, L0R 2H0, telephone: (905) 689-6661, fax: (905) 689-0485, e-mail: info@optaminerals.com.

The SunOpta BioProcess Group representing approximately 1% of consolidated sales for the nine months ended September 30, 2006, operates from facilities located on the corporate property of the Company in Brampton, Ontario. The Group provides equipment and process solutions for the biomass industry from process development and design through the sale of proprietary biomass processing technology and planned investment in cellulosic ethanol production. The Group offers extensive scientific and engineering expertise in the design and development of biomass solutions, and holds a number of

patents on its proprietary steam explosion technology. This technology has wide solutions potential in pulp, biofuel and food ingredients processing and offers significant licensing and applications potential. The proprietary steam explosion technology uses high temperature and pressure rather than chemicals to process biomass which can then be used to produce various products for further processing. The SunOpta BioProcess Group can be contacted at 2838 Bovaird Drive West, Brampton, Ontario, L7A 0H2, telephone: (905) 455-1990, fax: (905) 455-2529.

## **RECENT DEVELOPMENTS**

On January 5, 2007, the Company announced the appointment of Steve Bromley as President and Chief Executive Office of SunOpta effective February 1, 2007. Steve Bromley succeeds Jeremy Kendall who has been SunOpta's Chief Executive Officer for the past 23 years. Mr. Kendall remains as Chairman of SunOpta and its subsidiary companies and will be active in strategic planning and business development with senior management on a reduced schedule. SunOpta also announced the appointment of Joseph Riz as Executive Vice President of SunOpta, with responsibility for operation, effective January 11, 2007.

On January 26, 2007, SunOpta appointed Steven Bromley to the Board of Directors and Jim Rifenburg to the Audit Committee of the Board of Directors to replace Joseph Riz who resigned from the audit committee.

## **RISK FACTORS**

The Securities offered hereby are speculative in nature and involve a high degree of risk. Accordingly, in analyzing an investment in these securities, prospective investors should carefully consider the following risk factors, together with all of the other information appearing, or incorporated by reference, in this document, in light of his or her particular financial circumstances and/or investment objectives. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

### **We Need Additional Capital to Maintain Current Growth Rates**

Over the last seven years the Company has had a compounded annual revenue growth rate of 63%. Our ability to raise capital, through equity and/or debt financing, is directly related to our ability to continue to grow and improve returns from operations. Additional capital through equity financings may also result in additional dilution to our current shareholders and a decrease in our share price if we are unable to realize returns equal to or above our current rate of return. We will not be able to maintain our growth rate and our strategy as a consolidator within the natural and organic food industries without continued access to capital.

### **Exercise of Stock Options, Participation in our Employee Stock Purchase Plan and Issuance of Additional Securities Could Dilute the Value of Our Common Shares**

As of December 31, 2006, there were approximately 2,005,885 stock options outstanding to purchase Common Shares, with exercise prices ranging from \$1.41 to \$10.00 per Common Share. The exercise of these stock options could result in dilution in the value of our Common Shares and the voting power represented thereby. Furthermore, to the extent the holders of our stock options exercise such securities and then sell the Common Shares they receive upon exercise or upon the sale of common shares received as part of the employee stock purchase plan or the issuance of additional securities, our share price may

decrease due to the additional amount of Common Shares available in the market. The subsequent sales of these shares could encourage short sales by our shareholders and others which could place further downward pressure on our share price. Moreover, the holders of our stock options may hedge their positions in our Common Shares by short selling our Common Shares, which could further adversely affect our stock price.

#### **Consumer Preferences for Natural and Organic Food Products are Difficult to Predict and May Change**

88% of our fiscal 2005 consolidated revenues for the nine months ended September 30, 2006 was derived from the SunOpta Food Group. Our success depends, in part, on our ability to offer products that anticipate the tastes and dietary habits of consumers and appeal to their preferences on a timely and affordable basis. A significant shift in consumer demand away from our products or products that utilize our integrated ingredients, or our failure to maintain our current market position could reduce our sales, which could harm our business. Consumer trends change based on a number of possible factors, including nutritional values, such as a change in preference from fat free to reduced fat to no reduction in fat; and a shift in preference from organic to non-organic and from natural products to non-natural products. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on our business.

#### **We Operate in a Highly Competitive Industry**

We carry on businesses in highly competitive product and geographic markets in the U.S., Canada and various international markets. The SunOpta Grains and Foods Group, the SunOpta Ingredients Group and the SunOpta Fruit Group compete with large companies in the U.S. and various international commercial grain procurement marketers, major chemical companies with food ingredient divisions, other food ingredient companies, stabilizer companies and consumer food companies that also engage in the development and sale of food ingredients. The SunOpta Canadian Food Distribution Group competes against other organic and natural food distributors and conventional food distributors that provide specialty or high end packaged products. Many of these competitors have financial resources and staff larger than ours and may be able to benefit from economies of scale, pricing advantages and greater resources to launch new products that compete with our offerings. We have little control over and cannot otherwise affect these competitive factors. If we are unable to effectively respond to these competitive factors or if the competition in any of our product markets results in price reductions or decreased demand for our products, our business, results of operations and financial condition will be materially impacted.

#### **We Rely on Our Manufacturing Facilities**

We own, manage and operate a number of manufacturing, processing and packaging facilities located throughout the U. S. and Canada. The SunOpta Food Group operates from twenty four processing facilities (fifteen owned, nine leased) in eight U.S. states and two Canadian provinces. The Opta Minerals Group operates from thirteen locations (eight owned, five leased) located throughout the U. S. and Canada. The SunOpta BioProcess Group operates its facilities at our corporate location in Brampton, Ontario.

An interruption in or the loss of operations at one or more of these facilities, or the failure to maintain our labour force at one or more of these facilities, could delay or postpone production of our products, which could have a material adverse effect on our business, results of operations and financial condition until we could secure an alternate source of supply.

**The Loss of Key Management or Our Inability to Attract and Retain Management Talent Could Adversely Affect our Business**

Our future prospects depend to a significant extent upon the continued service of our key executives. Furthermore, our continued growth depends on our ability to identify, recruit and retain key management personnel. The competition for such employees is intense. We are also dependent on our ability to continue to attract, retain and motivate our sourcing, production, distribution, sales, marketing and other personnel.

**We Rely on Our Ability to Manage Our Supply Chain Efficiently**

Our supply chain is complex. We rely on third parties for our raw materials and for the manufacturing, processing and distribution of many of our products. The inability of any of these third parties to deliver or perform for us in a timely or cost-effective manner could cause our operating costs to rise and our margins to fall. Many of our products are perishable and require timely processing and transportation to our customers. Many of our products can only be stored for a limited amount of time before they spoil and cannot be sold. We must continuously monitor our inventory and product mix against forecasted demand, or risk having inadequate supplies to meet consumer demand as well as having too much inventory that may reach its expiration date. If we are unable to manage our supply chain efficiently and ensure that our products are available to meet consumer demand, our operating costs could increase and our margins could fall.

**Volatility in the Prices of Raw Materials, Energy and Freight Logistics Could Increase Our Cost of Sales and Reduce Our Gross Margin**

Raw materials used in the SunOpta Food Group and the Opta Minerals Group represent a significant portion of our cost of sales. Our cost to purchase these materials and services, such as organic grains and fruit, abrasive industrial minerals and natural gas, from our suppliers can fluctuate depending on many factors, including weather patterns, economic and political conditions and pricing volatility. In addition, we must compete with competitors having greater resources than us for limited supplies of these raw materials and services. If the cost of these materials and services increases due to any of the above factors, we may not be able to pass along the increased costs to our customers.

The SunOpta Food Group enters into exchange-traded commodity futures and options contracts to hedge its exposure to price fluctuations on grain transactions to the extent considered practicable for minimizing risk from market price fluctuations. Futures contracts used for hedging purposes are purchased and sold through regulated commodity exchanges. Inventories, however, may not be completely hedged, due in part to our assessment of our exposure from expected price fluctuations. Exchange purchase and sales contracts may expose us to risk in the event that a counter-party to a transaction is unable to fulfill its contractual obligation. We are unable to hedge 100% of the price risk of each transaction due to timing, availability of hedge contracts and third party credit risk. In addition, we have a risk of loss from hedge activity if a grower does not deliver the grain as scheduled. The Company also monitors the prices of natural gas and will from time to time lock in a percentage of its natural gas needs based on current prices and expected trends.

**Technological Innovation by Competitors Could Make Our Products Less Competitive**

Competitors include major chemical companies, other food ingredient companies and consumer food companies that also engage in the development and sale of food and food ingredients. Many of these companies are engaged in the development of texturizers and other food ingredients and food

products and have introduced a number of products into the market. Existing products or products under development by our competitors could prove to be more effective or less costly than any products which have been or are being developed by us.

#### **We Rely on Protection of Our Intellectual Property and Proprietary Rights**

We and particularly the SunOpta Food Group and SunOpta BioProcess Group depend, in part, on our ability to protect intellectual property rights. We rely primarily on patent, copyright, trademark and trade secret laws to protect our proprietary technologies. The failure of any patents or other intellectual property rights to provide protection to our technologies would make it easier for our competitors to offer similar products, which could result in lower sales or gross margins.

The SunOpta Food Group has developed a number of new ingredients and alternatives to accommodate new product adaptations of these and other ingredients into various food items. The nature of a number of the SunOpta Food Group's products and processes requires us to create and maintain a number of patents and trade secrets. The SunOpta Food Group's policy is to protect its technology by, among other things, filing patent applications for technology relating to the development of its business in the U.S. and in selected foreign jurisdictions.

Our trademarks and brand names are registered in the United States, Canada and other jurisdictions and we intend to keep these filings current and seek protection for new trademarks to the extent consistent with business needs. We rely on trade secrets and proprietary know-how and confidentiality agreements to protect certain of the technologies and processes used by the Food Group.

In addition, the SunOpta BioProcess Group holds a number of patents on its proprietary steam explosion process. We recognize that there exists a threat of others attempting to copy our proprietary steam explosion technology. To mitigate this risk, the normal business practice of this group includes the signing of confidentiality agreements with all parties to which confidential information is supplied including all customers and licensees. We also hold several patents on our equipment and process technologies and alleviate risk by developing new patents.

#### **We are Subject to Substantial Environmental Regulation and Policies**

We are, and expect to continue to be, subject to substantial federal, state, provincial and local environmental regulation. There are specific regulations governing the recycling of solid waste material regulated by the Ontario Ministry of Environment and Energy and the Commonwealth of Virginia, Department of Environment Quality. Some of the key regulations include:

- **Air Quality** regulated by Environmental Protection Agency (EPA) and certain city/state air pollution control groups. Emission reports are filed annually;
- **Waste Treatment/Disposal** solid waste is either disposed of by a third-party or in some cases the Company has a permit to haul and apply the sludge to land. Agreements exist with local city sewer districts to treat waste at specified levels of biochemical oxygen demand (BOD) and total suspended solids (TSS);
- **Sewer** agreements with the local city sewer districts to treat waste as specified limits of BOD and TSS, which requires weekly/monthly reporting as well as annual inspection; and
- **Hazardous Chemicals** various reports are filed with local city/state emergency response agencies to identify potential hazardous toxic chemicals being used, including reports filed with the



Department of Public Safety Emergency Response Commission in Minnesota and the Kentucky Emergency Response Commission.

Permits are required from various state, provincial and local authorities related to air quality, storm water discharge, solid waste, land spreading and hazardous waste.

In the event that our safety procedures for handling and disposing of potentially hazardous materials in certain of our businesses were to fail, we could be held liable for any damages that result and any such liability could exceed our resources. We may be required to incur significant costs to comply with environmental laws and regulations in the future. In addition, changes to environmental regulations may require us to modify our existing plant and processing facilities and could significantly increase the cost of those operations.

The foregoing environmental regulations, as well as others common to the industries in which we participate, can present delays and costs that can adversely affect business development and growth. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, results of operations and financial condition. In addition, any changes to current regulations may impact the development, manufacturing and marketing of our products, and may have a negative impact on our future results.

### **The SunOpta Food Group Is Subject to Significant Food and Health Regulations**

The SunOpta Food Group is affected by state and federal fertilizer, pesticide, food processing, grain buying and warehousing, and wholesale food regulations. Government-sponsored price supports and acreage set aside programs are two examples of policies that may affect the SunOpta Food Group. The SunOpta Food Group is currently in compliance with all state and federal regulations. Because the Food Group is involved in the manufacture, supply, processing and marketing of organic seed and food products, it is voluntarily subject to certain organic quality assurance standards.

Certain food ingredient products are regulated under the 1958 Food Additive Amendments to the United States Federal Food, Drug and Cosmetic Act of 1938 (FDCA), as administered by the United States Food and Drug Administration (FDA). Under the FDCA, pre-marketing approval by the FDA is required for the sale of a food ingredient which is a food additive unless the substance is Generally Recognized As Safe (GRAS) under the conditions of its intended use by qualified experts in food safety. We believe that most products for which the Food Group has retained commercial rights are GRAS. However, such status cannot be determined until actual formulations and uses are finalized. As a result, the Food Group may be adversely impacted if the FDA determines that our food ingredient products do not meet the criteria for GRAS.

In December 2000, the USDA adopted regulations with respect to a national organic labeling and certification program which became fully effective in October 2002. These regulations, among other things, set forth the minimum standards producers must meet in order to have their products labeled as certified organic. We currently manufacture and distribute a number of organic products that are covered by these new regulations. While we believe our products and our supply chain are in compliance with these regulations, changes to food regulations may increase our costs to remain in compliance. We could lose our organic certification if a facility becomes contaminated with non-organic materials or if we do not use raw materials that are certified organic. The loss of our organic certifications could materially harm our business, results of operations and financial condition.

With the acquisitions of Purity and the Quest vitamins brand, the Company is also subject to further regulations under certain federal Canadian legislation, including the Food and Drug Act (Canada), the Pest Control Products Act (Canada) and the Regulations made thereunder and the Environmental Protection Act (Canada). While we believe we are in material compliance with all statutes and regulations governing these businesses, any breach of these statutes and regulations could result in fines, penalties or a loss in the ability to sell certain products which could have an adverse affect on our business.

#### **Product Liability Suits, if Brought, Could Have a Material Adverse Effect on Our Business**

As a manufacturer and marketer of natural and organic food products and environmental mineral products, we are subject to product recalls and the risk of claims for product liability. If a product liability claim exceeding our insurance coverage were to be successfully asserted against us, it could materially harm our business.

#### **Acceptance of SunOpta BioProcess Steam Explosion Technology**

The SunOpta Bioprocess Group's proprietary steam explosion technology has yet to gain widespread acceptance within a number of industries and, consequently, earnings can fluctuate from quarter to quarter. Its patented steam technology, while proven, has yet to develop a broad customer base. The success of the BioProcess Group will depend upon its ability to promote commercial acceptance of its proprietary steam explosion technology and related biomass process solutions.

#### **We Are Subject to Financial Exposure Related to Bonding and Guarantees**

For the SunOpta BioProcess Group to enter international markets, we expect to have to provide substantial performance guarantees in the form of process guarantees and equipment guarantees. These guarantees will need to be backed by bank guarantees and/or surety bonds. We endeavor to reduce the associated risks, however there will always remain a possibility that our guarantees or bonds could be called, rightfully or wrongfully and/or that the equipment supplied fails to meet the guarantees and warranties provided resulting in potential financial losses.

#### **We Are Subject to Dividend Restrictions and Potential Withholding Taxes on Dividends**

We have not paid dividends on our Common Shares since our inception and have used available cash resources to fund growth. Moreover, we are precluded under the terms of various agreements with our creditors from paying dividends without approval from certain creditors. It is our intention to retain future earnings to fund growth. We will consider paying dividends on our Common Shares in the future when circumstances permit, having regard to, among other things, our earnings, cash flow and financial requirements, as well as relevant legal and business considerations. Accordingly, investors should not expect to receive a return on investment in our Common Shares through the payment of dividends in the foreseeable future and may not realize a return on investment even if they sell their shares. Any future payment of dividends to holders of our Common Shares will depend on decisions that will be made by the Board of Directors and will depend on then existing conditions, including our financial condition, contractual restrictions, capital requirements and business prospects. Also, if we pay dividends, the receipt of cash dividends by United States shareholders from a Canadian corporation may be subject to a 5% to 15% Canadian withholding tax.

**Loss of Our Key Customer Could Materially Reduce Revenues and Earnings**

We have no customers that represent over 10% of revenues for the nine months ended September 30, 2006. The loss or cancellation of business with any of our other larger customers could materially and adversely affect our business, financial condition or results of operations.

**Our Operating Results and Share Price are Subject to Significant Volatility**

Our net sales and operating results may vary significantly from period to period due to:

- changes in our operating expenses;
- management's ability to execute our business and growth strategies;
- personnel changes;
- supply shortages;
- general economic conditions;
- changes in customer preferences and demands for natural and organic food products;
- volatility in commodity prices resulting from poor growing conditions, natural disasters or otherwise; and
- future acquisitions, particularly in periods immediately following the consummation of such acquisition transactions while the operations of the acquired businesses are being integrated into our operations.

In addition, our share price is more volatile than other larger public companies. Announcements regarding:

- fluctuations in financial performance from period to period;
- mergers and acquisitions;
- strategic partnerships or arrangements;
- litigation and governmental inquiries;
- changes in governmental regulation and policy;
- patents or proprietary rights;
- changes in consumer preferences and demand;
- new financings; and
- general market conditions

may have a significant impact on our share price. Higher volatility increases the chance of larger than normal price swings which reduces predictability in the share value of our stock and could impair investment decisions. In addition, price and volume trading volatility in the U.S. stock markets can have a substantial effect on our share price, frequently for reasons other than our operating performance. These broad market fluctuations could adversely affect the market price of our Common Shares.



**Fluctuations in Exchange Rates, Interest Rates and Certain Commodities Could Adversely Affect Our Results of Operations, Financial Condition and Liquidity**

We are exposed to foreign exchange rate fluctuations as the financial results of our Canadian Corporate office and our Canadian subsidiaries are translated into U.S. dollars on consolidation and to interest rate risk as a percentage of our debt is at variable rates.

**Our Business may be materially and adversely affected by our ability to comply with restrictive covenants in our credit agreements**

The credit facility that the Company has with a syndicate of banks and life insurance companies contain restrictive covenants that limit the discretion of the Company's management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to incur additional indebtedness, to create other security interests, to complete a liquidation, dissolution, merger, amalgamation or reorganization, to make certain distributions or make certain payments, investments, loans and guarantees and to sell or otherwise dispose of certain assets.

The credit facility also includes covenants requiring the Company to satisfy certain financial ratios and tests. A failure of the Company to comply with these obligations could result in an event of default which, if not cured or waived, could permit the acceleration of the relevant indebtedness. There can be no assurance that, if any indebtedness under the credit facility were to be accelerated, the Company's assets would be sufficient to repay in full that indebtedness. Furthermore, prior to the expiry of the credit facility, the Company may be required to refinance its short-term debt. If the Company is required to replace the credit facility with new debt on less favourable terms, or if the Company cannot refinance its short-term debt, the Company may be adversely impacted.

**We May Not Be Able to Effectively Manage Our Growth and Integrate Acquired Companies**

Our growth strategy inherently assumes that we will be able to identify suitable acquisition candidates on terms acceptable to us and that these acquisitions, if pursued and completed, will be integrated successfully. Our ability to effectively integrate current and future acquisitions, including our ability to realize potentially available marketing opportunities and cost savings in a timely and efficient manner will have a direct impact on our future results. We may encounter problems in connection with the integration of any new businesses, such as:

- integration of an acquired company's products into our product mix;
- amount of cost savings that may be realized as the result of our integration of an acquired product or business;
- unanticipated quality and production issues with acquired products;
- adverse effects on business relationships with our suppliers and customers;
- diversion of management attention;
- difficulty with personnel and loss of key employees;
- implementation of an integrated enterprise wide accounting and information system;
- compatibility of financial control and information systems;
- exchange rate risk with respect to our acquisitions in Canada.

**We are a Canada Corporation and it May Be Difficult to Enforce Civil Liability Provisions of the United States Federal Securities Laws**

We are a Canada corporation and a majority of our officers and directors, as well as certain of the experts named herein are residents of Canada and a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Company or such persons, or to enforce in United States Courts judgments against them obtained in such courts predicated upon the civil liability provisions of the United States Federal security laws. (See ENFORCABILITY OF CIVIL LIABILITIES , page 20).

**USE OF PROCEEDS**

The applicable prospectus supplement will set forth the proposed use of the proceeds.

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table shows our consolidated ratio of earnings to fixed charges for the periods indicated:

|                                        | Nine months ended |      |      |      |      |      |
|----------------------------------------|-------------------|------|------|------|------|------|
|                                        | September 30,     |      |      |      |      |      |
|                                        | 2006              | 2005 | 2004 | 2003 | 2002 | 2001 |
| Ratio of Earnings to Fixed Charges (1) | 3.30              | 4.93 | 7.93 | 5.56 | 3.75 | 0.99 |

(1) The ratio of earnings to fixed charges is determined by dividing fixed charges into income before fixed charges and income taxes, and eliminating undistributed income of less than 50% owned persons. Fixed charges consist of interest expenses and that portion of rental payments which is considered as being representative of the interest factor implicit in our operating leases. The ratios shown above are based on SunOpta's unaudited interim consolidated financial statements as well as audited consolidated financial statements, which were prepared in accordance with U.S. generally accepted accounting principles.

**DESCRIPTION OF EQUITY SECURITIES**

We have an authorized share capital consisting of an unlimited number of common shares and an unlimited number of special shares, issuable in series. As of December 31, 2006, there were 57,672,053 common shares issued and outstanding as fully paid and non-assessable shares and no special shares issued and outstanding.

**Common Shares**

Holders of our common shares are entitled to receive notice of any of our meetings of shareholders, to attend such meetings and to cast one vote per common share at all such meetings. Holders of our common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of our common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of our common shares are entitled to receive rateably such dividends, if any, as and when declared by the board of directors at its discretion from funds legally available for such dividends and upon our liquidation, dissolution or winding up are entitled to receive rateably our net assets after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or rateably with the holders of our common shares with respect to dividends or liquidation. See

**Dividend Policy** . Our common shares do not by their terms carry any pre-emptive, subscription, redemption or conversion rights. Our outstanding common shares are, and the common shares offered by this prospectus, when issued and paid for, will be, fully paid and non-assessable.

In accordance with the provisions of the *Canada Business Corporations Act (the CBCA)* , the amendment of certain rights of holders of a class of shares, including our common shares, requires the approval of not less than two-thirds of the votes cast by the holders of such shares voting at a special meeting of such holders. Pursuant to our by-laws, a quorum for a meeting of the holders of our common shares is two persons, present in person or by proxy. Therefore, it is possible for the rights of the holders of our common shares to be modified otherwise than by the affirmative vote of the holders of a majority of the then issued and outstanding common shares. In circumstances where the rights of our common shares may be amended, however, holders of our common shares have the right under the CBCA to dissent from such amendment and require us to pay them the then fair value of their common shares.

### **Special Shares**

Our special shares may, from time to time, be issued in one or more series. Our Board of Directors is authorized to create and attach special rights and restrictions to a series of shares. Except with respect to matters as to which the holders of our special shares are entitled to vote as a class, the holders of our special shares will not be entitled to vote at our meetings of shareholders. In the event that we are liquidated, dissolved or wound up, or in the event of any distribution of our assets for the purpose of the winding-up of our affairs, holders of our special shares are entitled, unless otherwise provided in the special rights and restrictions attached to the shares, after the payment of unpaid dividends, to be paid the amount of capital paid up per share from our assets before the holders of our common shares receive any assets. No series of special shares have been designated or issued.

### **DESCRIPTION OF DEBT SECURITIES**

This section describes the general terms that will apply to any of the debt securities that we may offer pursuant to this prospectus. The specific terms of the offered debt securities, and the extent to which the general terms described in this section apply to debt securities, will be described in the related prospectus supplement at the time of the offer.

#### **General**

As used in this prospectus, any reference to **debt securities** refers to the senior and subordinated debentures, notes, bonds, and other evidences of indebtedness that we may issue and the relevant trustee authenticates and delivers under the indenture. We may issue debt securities under an indenture between us and a qualified trustee. This indenture is referred to in this prospectus as the **indenture** . The trustee under the indenture is referred to in this prospectus as the **trustee** .

Under applicable Canadian law, a Canadian licensed trust company may be required to be appointed as co-trustee under the indenture in certain circumstances. It is anticipated that applications will be made to the appropriate Canadian regulatory authorities for exemptive relief from this and other requirements of Canadian law applicable to the indenture. If such relief is not obtained, the applicable legislative requirements will be complied with at the time of the applicable offering.

#### **The Indenture**

The material provisions of the indenture are summarized in the following pages. The summary is not complete and is qualified in all respects by reference to the Trust Indenture Act and the form of the

indenture, which is filed as an exhibit to the registration statement of which this prospectus forms a part. You should read the indenture for provisions that may be important to you. If a different indenture for a series of debt securities is used, those details will be provided in a prospectus supplement and the forms of any other indentures will be filed with the SEC at the time they are used.

Unless we state otherwise in the related prospectus supplement, the indenture does not limit the amount of debt securities that we may issue under such indenture. The related prospectus supplement for the debt securities being offered will include specific terms of the debt securities. These terms will include some or all of the following:

- the title of the debt securities and whether such debt securities are senior or subordinated;
- the total principal amount and permitted denomination of the debt securities;
- the percentage of the principal amount of the debt securities at which the debt securities will be issued and any payments due if the maturity of the debt securities is accelerated;
- the currency or currencies in which the principal of and interest on the debt securities will be payable;
- the dates on which the principal of the debt securities will mature;
- the interest rate for the debt securities or the method that will be used to determine the interest rate;
- the dates on which interest on the debt securities will be payable and the manner in which interest will be paid;
- any mandatory or optional repayment or redemption provisions;
- any sinking fund provisions;
- any index used to determine the amount of payments of principal and/or interest;
- any additional payment provisions;
- any provision relating to the issuance of discounted debt securities; and
- in the case of debt securities that are convertible into common shares, the conversion price, the period during which the debt securities may be converted and any other terms of conversion which may differ from the indenture or supplemental indenture.

Some of the debt securities may be sold at a substantial discount below their stated principal amount and may provide for the payment of no interest or interest at a rate which at the time of issuance is below market rates. We will describe the U.S. and Canadian federal income tax consequences and other special considerations applicable to any discounted debt securities in the prospectus supplement relating to the discounted debt securities.

We may issue some or all of the debt securities in temporary or permanent global form. Until definitive debt securities are ready for delivery, we may use temporary debt securities, which shall be substantially in the form of definitive securities but may have variations we consider appropriate for temporary securities. Without unreasonable delay, we shall deliver definitive securities in exchange for temporary securities. We may issue a global security only to a depository, which may transfer a global security only to its nominee or to a successor depository. A global security will represent the amount of debt securities specified in the global security and may have variations that the depository requires or that we consider appropriate for such a security.





### **Ranking of Debt Securities**

We may issue unsecured senior or subordinated debt securities from time to time. Neither the senior debt securities nor the subordinated debt securities will be secured by any of our property or assets. Thus by owning a debt security, you are one of our unsecured creditors.

The senior debt securities will constitute part of our senior debt and will rank equally with all of our other unsecured and unsubordinated debt.

The subordinated debt securities will constitute part of our subordinated debt and will be subordinate in right of payment to all of our senior indebtedness, as that term is defined in the indenture. The prospectus supplement for any series of subordinated debt securities will indicate the approximate amount of senior indebtedness outstanding as of the end of our most recent fiscal quarter.

### **Certain Covenants Required by the Indenture**

The indenture for the debt securities requires us to comply with certain customary covenants. They include the payment of principal of and interest on the debt securities, delivery of annual compliance reports and certain SEC reports to the trustee, and notification to the trustee of any legal proceeding, event of default (as defined below), any cure or waiver of an event of default, and if and when the debt securities are listed on any stock exchange.

In addition, the indenture prohibits us from consolidating or merging with or into any other corporation and from selling, transferring or leasing all of our property or substantially all of our property to any corporation, unless:

- (1) either we shall be the resulting or surviving entity or such corporation is organized and existing under the laws of the United States;
- (2) if we are not the resulting or surviving entity, such corporation assumes by supplemental indenture all of our obligations under the debt securities and the indenture; and
- (3) no default exists immediately before and immediately after the transaction.

### **Events of Default**

Event of default, when used in the indenture with respect to any of the debt securities, means any of the following:

- (1) a default in the payment of interest on any of the debt securities when it becomes due and payable and such default continues for a period of **30** days;
- (2) a default in the payment of the principal of any of the debt securities when it becomes due and payable at maturity, upon redemption or otherwise;
- (3) failure to comply with any of our other agreements in the debt securities or the indenture and such failure continues for the period and after the notice specified below;
- (4) pursuant to or within the meaning of any bankruptcy law (as defined below), the commencement of a voluntary case, consent to the entry of an order for relief against us in an involuntary case, consent to the appointment of a custodian (as defined below) of us or for all or substantially all of our property, or the making of a general assignment for the benefit of our creditors; or

(5) the entering of an order or decree by a court of competent jurisdiction under any bankruptcy law that (i) is for relief against us in an involuntary case, (ii) appoints a custodian of us or for all or substantially all of our property, or (iii) orders the liquidation of us, and the order or decree remains unstayed and in effect for 60 days.

Any of the foregoing will constitute an event of default whether it is voluntary or involuntary, or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body. The term "bankruptcy law" means title 11, U.S. Code or any similar U.S. federal or state law for the relief of debtors. The term "custodian" means any receiver, trustee, assignee, liquidator or similar official under any bankruptcy law.

A default under clause (3) above is not an event of default until the trustee or the holders of at least 25% in principal amount of the debt securities notify us and the trustee of the default and we do not cure the default, or it is not waived, within 60 days after receipt of the notice. The notice must specify the default, demand that it be remedied to the extent consistent with law, and state that the notice is a notice of default.

If an event of default occurs and is continuing, the trustee by notice to us, or the holders of at least 25% in principal amount of the debt securities by notice to us and the trustee, may declare the principal of and accrued interest on all the debt securities to be due and payable. In addition, the trustee may pursue any available remedy to collect the payment of principal or interest on the debt securities or to enforce the performance of any provision of the debt securities or the indenture. The trustee may maintain a proceeding even if it does not possess any of the debt securities or does not produce any of them in the proceeding. A delay or omission by the trustee or the holder of any debt securities in exercising any right or remedy accruing upon an event of default shall not impair the right or remedy or constitute a waiver of or acquiescence in the event of default. All remedies are cumulative to the extent permitted by law.

#### **Discharge of Obligations**

Under the indenture, we will be discharged from our non-administrative obligations under any of the debt securities if:

(1) either (A) all of the outstanding debt securities have been delivered to the trustee for cancellation, or (B) all such debt securities not theretofore delivered to the trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year, or (iii) are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in our name and at our expense, and, in the case of (i), (ii), and (iii) above, we have deposited or caused to be deposited with the trustee as trust funds an amount sufficient to pay and discharge all of the outstanding debt securities;

(2) we have paid or caused to be paid all other sums payable under the indenture by us; and

(3) we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent in the indenture provided for relating to the satisfaction and discharge of the indenture have been complied with.

### **Amendments of the Indenture**

Under the indenture, we and the trustee may modify our rights and obligations, and the rights of the holders of debt securities with the consent of the holders of at least a majority of the principal amount of the outstanding debt securities issued under the indenture affected by the modification. However, we must get the consent of the holder of each debt security affected to make any of the following changes to the debt securities:

- (1) reduce the amount of the debt securities whose holders must consent to an amendment;
- (2) reduce the interest on or change the time for payment of interest on any of the debt securities;
- (3) reduce the principal of or change the fixed maturity of any of the debt securities;
- (4) reduce the premium payable upon the redemption of any of the debt securities or change the time at which any of the debt securities may or shall be redeemed;
- (5) change the currency in which payments are made;
- (6) change any of the provisions governing (i) acceleration, (ii) holders' right to receive payment, and (iii) amendments to the indenture requiring the consent of the holder of each debt security affected;
- (7) make any change that adversely affects the right to convert any of the debt securities; or
- (8) make any change that adversely affects the preference or priority of the debt securities.

### **DESCRIPTION OF WARRANTS**

This section describes the general terms that will apply to any warrants for the purchase of our common shares that may be offered by us, referred to in this prospectus as "warrants" pursuant to this prospectus.

Warrants may be offered separately or together with any of the securities offered by this prospectus. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and one or more banks or trust companies acting as warrant agent. The applicable prospectus supplement will include details of the warrant agreements covering the warrants being offered. The warrant agent will act solely as our agent and will not assume a relationship of agency with any holders of warrant certificates or beneficial owners of warrants. The specific terms of the warrants, and the extent to which the general terms described in this section apply to those warrants, will be set forth in the applicable prospectus supplement. These terms will include some or all of the following:

- the designation and aggregate number of warrants;
- the price at which the warrants will be offered;
- the currency or currencies in which the warrants will be offered;
- the designation and terms of the common shares purchasable upon exercise of the warrants;
- the date on which the right to exercise the warrants will commence and the date on which the right will expire;
- the number of common shares that may be purchased upon exercise of each warrant and the price at which and currency or currencies in which that amount of securities may be purchased upon exercise of each warrant;



- the designation and terms of any securities with which the warrants will be offered, if any, and the number of the warrants that will be offered with each security;
- the date or dates, if any, on or after which the warrants and the related securities will be transferable separately;
- whether the warrants are subject to redemption or call and, if so, the terms of such redemption or call provisions;
- material United States and Canadian tax consequences of owning the warrants; and
- any other material terms or conditions of the warrants.

#### **PLAN OF DISTRIBUTION**

The applicable prospectus supplement will describe the plan of distribution.

#### **TAX CONSEQUENCES**

Where appropriate, the applicable prospectus supplement will describe the Canadian tax considerations and U.S. federal income tax considerations relevant to the securities being offered by this prospectus.

#### **LEGAL MATTERS**

Wildeboer Dellelce LLP, Toronto, Ontario, our Canadian counsel, and Dunnington, Bartholow & Miller LLP, New York, New York, our U.S. counsel, have passed upon the validity of the issuance of the securities offered by this prospectus.

#### **EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2005 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

#### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Canada Business Corporations Act (the "CBCA"), our by-laws and insurance policies maintained by us provide for the indemnification of our directors and officers in respect of certain liabilities incurred in the course of their duties.

Under the CBCA, we may indemnify a present or former director or officer, or former director or officer or another individual who acts or acted at our request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of the association with us or another entity. However, we will only indemnify an individual if the following conditions of indemnification are met: (a) the individual acted honestly and in good faith with a view to our best interests, or as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in similar capacity at our request; and (b), in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, if she or he had reasonable

grounds for believing her or his conduct was lawful. In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, an individual is entitled to indemnity from us if the foregoing conditions of indemnification are met and the individual was not judged by the court or other competent authority to have committed any fault or omitted to do anything that such individual ought to have done. Further, with the approval of a court, we may indemnify an individual in respect of an action by us or on our behalf or other entity to procure a judgment in his or her favor, to which the individual is made a party because of his or her association with us or such other entity so long as the foregoing conditions of indemnification are met.

Our by-laws also provide for the mandatory indemnification of our directors and officers in respect of any action, suit or proceeding that is proposed or commenced in respect of anything done by the director or officer arising from the duties of that office and in such other circumstances that the CBCA permits or requires to the fullest extent provided by the CBCA.

We have purchased and intend to maintain insurance on behalf of any person who is or was one of our directors or officers, or is or was one of our directors or officers serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, so long as the director or officer acted honestly and in good faith with a view to our best interests.

Insofar as indemnification for liabilities arising under the U.S. Securities Act may be permitted to directors, officers or controlling persons pursuant to the foregoing provisions, those provisions are, in the opinion of the SEC, against public policy as expressed in the U.S. Securities Act and are therefore unenforceable.

#### **ENFORCEABILITY OF CIVIL LIABILITIES**

We are a Canadian corporation with our registered office in Canada and representative offices in the United States and Canada. A majority of our officers and directors, as well as certain of the experts named in this prospectus, are residents of Canada and a substantial portion of our assets and of such persons are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States on us or such directors, officers or experts or to enforce in United States courts judgments against them obtained in such courts predicated upon the civil liability provisions of the United States federal securities laws. We have been advised by our Canadian counsel, Wildeboer Dellelce LLP of Toronto, Ontario, that there is doubt as to whether Canadian courts would: (a) enforce judgments of United States courts obtained in actions against us or such directors, officers or experts predicated upon the civil liability provisions of the United States federal securities laws or the state securities or blue sky laws of any state within the United States; or (b) enforce, in original actions, liabilities against us or such persons predicated solely upon the United States federal securities laws or any such state securities or blue sky laws.

#### **WHERE YOU CAN FIND MORE INFORMATION**

We are subject to the informational reporting requirements of the Exchange Act, and therefore we file reports, proxy statements and other information with the SEC and with the Ontario Securities Commission and the Toronto Stock Exchange. You may read and copy these reports and other information at the Public Reference Room maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public

reference rooms. In addition, the SEC maintains a home page at [www.sec.gov](http://www.sec.gov) that contains certain reports and other information filed by us. You may also read and copy any of the reports and any other information that we file with the Ontario Securities Commission and the Toronto Stock Exchange at the Canadian System for Electronic Document Analysis and Retrieval's home page at [www.sedar.com](http://www.sedar.com).

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The SEC allows us to incorporate by reference information from other documents that we file with them, which means that we can disclose important information by referring to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This prospectus incorporates by reference the documents listed below. In addition, you can read and copy our SEC filings at the office of the National Association of Securities Dealers, Inc. at 1735 K Street, N.W. Washington, D.C. 20006.

- (1) Annual Report on Form 10-K for the year ended December 31, 2005, filed February 27, 2006, SEC file no. 0-9989.
- (2) Our Information Circular and Proxy Statement filed April 17, 2006 relating to our 2006 Annual Meeting of Shareholders held on May 17, 2006.
- (3) Quarterly Report on Form 10-Q for the three months ended March 31, 2006, filed on May 5, 2006, SEC file no. 0-9989
- (4) Quarterly Report on Form 10-Q\A for the three months ended March 31, 2006, filed June 22, 2006.
- (5) Annual Report on Form 10-K\A for the year ended December 31, 2005, filed June 22, 2006.
- (6) Quarterly Report on Form 10-Q for the six months ended June 30, 2006 filed August 4, 2006, SEC file no. 0-9989.
- (7) Quarterly Report on Form 10-Q for the nine months ended September 30, 2006 filed November 6, 2006, SEC file no. 0-9989.
- (8) Current Report on Form 8-K relating to a proposed equity financing announced November 28<sup>th</sup>, 2006 filed on November 29<sup>th</sup>, 2006.
- (9) Current Report on Form 8-K relating to certain management changes announced on January 5<sup>th</sup>, 2007 filed on January 8<sup>th</sup>, 2007.
- (10) Current Report on Form 8-K relating to appointment of Steve Bromley to the Company's Board of Directors and the appointment of Jim Rifenburg to the Company's audit committee on January 26<sup>th</sup>, 2007, filed on January 30<sup>th</sup>, 2007.

We also incorporate by reference additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the applicable prospectus and prior to the entire time all of the securities offered by the applicable prospectus are sold. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.



## Edgar Filing: SunOpta Inc. - Form 424B2

We undertake to provide without charge to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of these filings, at no cost, by writing or telephoning us. Any requests should be directed to:

SunOpta Inc.  
2838 Bovaird Drive West, Brampton, Ontario, Canada L7A 0H2  
Attention: John H. Dietrich, Vice President and Chief Financial Officer  
Tel: (905) 455-1990 Fax (905) 455-2529  
Email: john.dietrich@sunopta.com

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of those documents.

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**4,500,000 Shares**

**SUNOPTA INC.**

**Common Shares**

**PROSPECTUS**

**Canaccord Adams**

February 1, 2007

Persons who come into possession of this prospectus supplement and the accompanying prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement and the accompanying prospectus applicable to that jurisdiction.

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