Alliance GRAIN TRADERS Inc.

ANNUAL INFORMATION FORM

Year Ended December 31, 2010

March 28, 2011

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ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this Annual Information Form ("**AIF**"), references to the "**AGT**" are to Alliance Grain Traders Inc. and include its subsidiaries, unless the context otherwise requires. Unless otherwise stated in this AIF, the information contained herein is stated as at December 31, 2010.

1.2 Forward-Looking Information

Included in this AIF are forward-looking statements (within the meaning of applicable securities laws) with respect to AGT. Forward-looking statements include but are not limited to those with respect to the price of lentils and other crops, the estimated size and quality of future harvests of lentils and other crops, costs of production, currency fluctuations, requirements for additional capital and the expected benefits of certain transactions.

This AIF contains or refers to certain forward-looking statements relating to, but not limited to, our expectations, intentions, plans and beliefs, including information as to the future financial or operating performance of AGT. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "contemplates", "expects" or "does not expect", "is expected", "budget", "goal", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements or forward looking information reflect Management's beliefs, estimates and opinions regarding AGT's future growth, results of operations, performance, and business prospects and opportunities at the time such statements are made and AGT takes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond AGT's control. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by AGT, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents, or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section titled "*Risk Factors*" in this AIF.

Although AGT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. AGT expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

1.3 Non-GAAP Earnings Measures

This AIF and other public disclosure by AGT, including Management's discussion and analysis ("**MD&A**") of AGT's results of operations and cash flows accompanying AGT's annual audited financial statements for the year ended December 31, 2010, contain references to the "**EBITDA**" of AGT. EBITDA (earnings before interest, income taxes, depreciation and amortization) is a financial measure used by many investors to compare companies on the basis of operating results, asset value and the ability to incur and service debt. EBITDA is used because AGT's net income alone does not give an accurate picture of AGT's cash-generating potential. Management believes that EBITDA is an important measure in evaluating the performance of AGT and in determining whether to invest in AGT. However, EBITDA is not a recognized earnings measure under Canadian generally-accepted accounting principles ("**GAAP**") and does not have a standardized meaning prescribed by GAAP. EBITDA is not intended to represent cash flow or results of operations in accordance with GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of AGT's performance or to cash flows from operating, investing and financing activities of liquidity and cash flows. For a reconciliation of net income determined in accordance with GAAP to EBITDA, see the table on page 46 of the MD&A for the year ended December 31, 2010.

1.4 Industry and Market Data

This AIF includes market share and industry data and other statistical information that AGT has obtained from independent industry publications, government publications, market research reports and other published independent sources, including the Food and Agriculture Organization of the United Nations, Forecasts by STAT Market Research based on data from Statistics Canada and the Turkish Statistics Institute and Global Trade Atlas. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although AGT believes these publications and reports to be reliable, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or other assumptions relied upon by these sources and cannot, and does not, provide any representation or assurance as to the accuracy or completeness of the information or data, or the appropriateness of the information or data for any particular analytic purpose and, accordingly, disclaims any liability in relation to such information and data. AGT has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

1.5 Currency and Exchange Rates

AGT's financial statements are presented in Canadian dollars, but AGT's operating companies earn revenues and incur expenses in several currencies, including U.S. dollars ("**US$**"), Turkish lira ("**TL**"), Australian dollars ("**A$**"), Pounds Sterling (GBP) and Euros ("**€**"). All references to "**dollars**" and "**$**" herein are expressed in Canadian dollars unless specifically stated otherwise. As at December 31, 2010, the closing buying rates for the currencies in which AGT operates, as reported by x-rates.com, were as set forth in the following table.

USD/CDN	0.997006
AUD/CDN	1.014160
TL/CDN	0.643761
GBP/CDN	1.547720
EUR/CDN	1.332200

ITEM 2. CORPORATE STRUCTURE

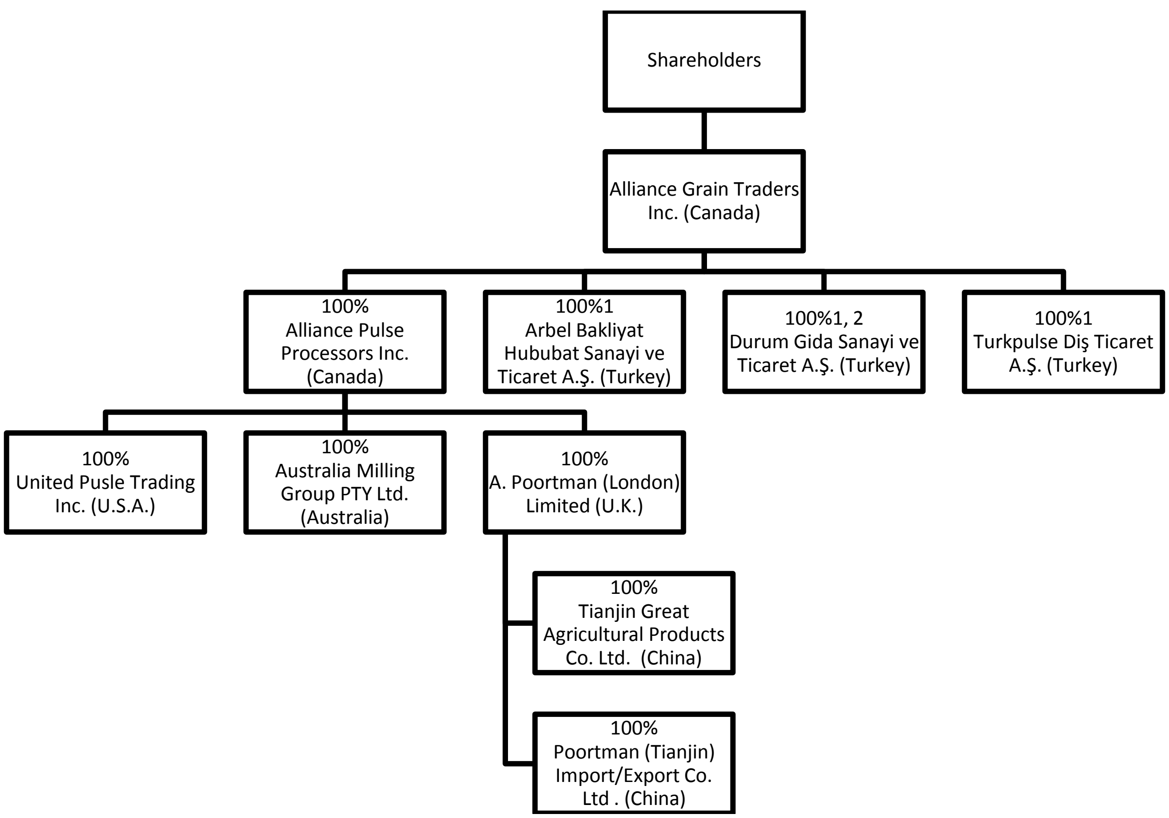
2.1 Name, Address and Incorporation

AGT was incorporated under the laws of the Province of Ontario on July 2, 2009 as a wholly-owned subsidiary of Alliance Grain Traders Income Fund (the "**Fund**"). The Fund was originally established as "Agtech Income Fund", a limited purpose open-ended trust established under the laws of the Province of Ontario by a declaration of trust dated June 25, 2004, and changed its name to "Alliance Grain Traders Income Fund" on December 7, 2007. On September 15, 2009 the Fund was converted from an income trust to a corporation by means of a plan of arrangement under the *Business Corporations Act* (Ontario) ("**OBCA**"). The conversion is described under "*General Development of the Business – History – Conversion to a Corporation*".

The registered office of AGT is located at 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. The management of day-to-day operations of AGT is carried on in Canada from the head office of AGT's principal Canadian operating company, Alliance Pulse Processors Inc. ("**Alliance**") at P.O. Box 30029 No. 1 Highway East, South Tower Road, Regina, Saskatchewan S4N 7K9 and in Turkey from the head office of AGT's principal Turkish operating company, Arbel Bakliyat Hububat Sanayi ve Ticaret A.Ş. ("**Arbel**") at Yeni Mahalle, Cumhuriyet Bulvari, No:73/4, 33281 Kazanli, Mersin, Turkey.

2.2 Inter-corporate Relationships

The following chart indicates the structure of AGT and its material subsidiaries, the percentage of voting securities held, and the jurisdiction of incorporation of each entity.



(1) Turkish law requires a Turkish corporation to have at least five shareholders, accordingly a nominal number of shares are held by four other subsidiaries of AGT.

(2) Combines direct and indirect ownership for simplicity of presentation. Arbel owns 30% of the outstanding shares of Durum.

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

On January 31, 2008, Stephen R. Bodnoff resigned as Chair of the board of trustees of the Fund and from his positions as director and officer of Alliance, and was succeeded by Murad Al-Katib as Chair of the board of trustees. Mr. Hüseyin Arslan, a founding shareholder of Saskcan Pulse Trading Inc. ("**Saskcan**"), joined the board of trustees at this time.

On August 1, 2008, the Fund acquired all of the outstanding shares of Pulse Depot Rosetown Inc. ("**Pulse Depot**"), a leading pulse and special crops processor located in Rosetown, Saskatchewan. Alliance acquired all of the issued and outstanding shares of Pulse Depot for $9,409,000 (after adjustments for current assets, inventory, pre-paid expenses, accounts receivable, cash on hand, accounts payable and long-term debt of Pulse Depot determined at closing), of which a part was paid by the issuance of 55,000 units of the Fund ("**Units**") issued at a deemed value of $13.00 per Unit and the assumption of certain debts of Pulse Depot and the balance was paid in cash. On the same date, the Fund acquired the assets of Tradewind Commodities Ltd., a leading pulse and special crops processor located in Milestone, Saskatchewan, approximately 60 km south of Regina, for a purchase price of $2,900,000. Later that year, on October 1, 2008, the Fund acquired the remaining 45% of the issued and outstanding shares of Saskcan Horizon Trading Inc. ("**Saskcan Horizon**") that it did not already own. The purchase price for that acquisition was $1,400,000, of which $359,996 was paid by the issuance of Units at $13.31 per Unit and the balance was paid in cash. As a result of the transaction Saskcan Horizon, a pulse and special crops processor based in Aberdeen, Saskatchewan, became a wholly-owned subsidiary of Alliance. Effective January 1, 2010, Pulse Depot and Saskcan Horizon were amalgamated into Alliance.

To finance the acquisition of the Arbel Group (described below under "Significant Acquisition - The Arbel Group"), on July 21, 2009, the Fund completed a public offering of 6,118,840 subscription receipts (the "**Subscription Receipts**") at a price of $16.25 per Subscription Receipt for gross proceeds of $99,431,150. On September 11, 2009, in accordance with the terms of the Subscription Receipts, each Subscription Receipt was deemed to be exercised, without the payment of any additional consideration and without any further action by the holder, for one Unit, and the net proceeds of the public offering were advanced to AGT by the Fund.

On September 15, 2009, all of the assets of the Fund were transferred to AGT as the Fund converted from an open-ended unit trust to a dividend-paying corporation (the "**Conversion**") by means of a plan of arrangement under the OBCA, pursuant to an arrangement agreement entered into among the Fund, Alliance and AGT, dated as of July 16, 2009. Following the Conversion, the Fund was terminated.

Effective December 31, 2009, AGT acquired all of the assets of Parent Seed Farms Ltd. ("**Parent Seed**") and Finora Inc. ("**Finora**"). The two acquisitions added six processing facilities for processing beans, lentils, peas, chickpeas and other specialty crops in four locations: St. Joseph, Manitoba, Wilkie, Saskatchewan, Assiniboia, Saskatchewan and Gibbons, Alberta. The Finora acquisition provides significant logistical advantages as all of the facilities have nearby rail access and AGT's entry into Alberta widens its avenues of supply. AGT intends to shift the focus at these plants to higher margin products, including lentils and proprietary varieties of chickpeas.

On April 26, 2010, AGT completed its offering of 2,500,000 common shares of AGT ("**Common Shares**") at a price of $32 per Common Share for aggregate gross proceeds of $80,000,000. The net proceeds of the offering are being used to finance AGT's growth strategy, working capital requirements and general corporate purposes.

On November 1, 2010, AGT announced that it had acquired A. Poortman (London) Limited ("**Poortmans**"), an international importer, distributor and stockist of pulses, with offices in London, UK, the Netherlands and Tianjin, China. The business that was acquired includes a processing plant for dry edible beans and pulses, located in Tianjin, China, and trading and sales offices in Europe. The business was acquired from Andrew Jacobs, the Managing Director of Poortmans, and Trinidad Benham Corporation, a leading U.S. packaged foods company. Mr. Jacobs remains with Poortmans in a management role. The purchase price for the acquisition was £8.3 million (pounds sterling), with AGT committing a further $2 million for expansion of the Chinese bean processing facility. Poortmans' balance sheet also included net working capital of approximately £5 million.

On November 15, 2010, AGT announced that it had completed the acquisition all of the assets of Northern Yorke Processors Limited ("**Northern Yorke**"), located at Kadina, South Australia and Balco Grain Services and certain real property from Balco Holdings ("**Balco**"), located at Bowmans, South Australia. The Northern Yorke facility is located in Kadina which is approximately 160 km from Adelaide, Australia. The assets acquired included real property, vertical and horizontal storage for pulses and grains, processing plant assets and related handling equipment. The Northern Yorke transaction was funded as a part of the $10 million program in conjunction with the Balco acquisition. Expansions and installations are reported to be substantively complete and operational. The Balco facility is located at Bowmans which is approximately 95 km from Adelaide. The assets acquired include real property, vertical and horizontal storage for pulses and grains and related handling equipment. The cash acquisition price and capital expansions and improvements underway in South Australia were valued at approximately $10 million. The Balco facility acquired by AGT is adjacent to the Bowmans Inland Container Terminal, South Australia's first inland container terminal operated by Patrick Portlink SA ("**PPSA**"). The PPSA operated facility arranges container supply and transportation using its own rail equipment to and from Bowmans. PPSA also handles all related compliance matters. The integrated container handling depot is served by road and rail, featuring direct rail service connecting the ports of Adelaide and Melbourne on a regular schedule of five days per week. Container trade through the terminal, situated on the Adelaide to Darwin rail line, has grown from 220 containers in July 2003 to approximately 2000 containers a month in 2009.

3.2 Significant Acquisition - The Arbel Group

On September 15, 2009, AGT acquired all of the outstanding shares of Arbel, Durum, and Turkpulse, other than the shares of Durum which were owned by Arbel (the "**Arbel Acquisition**"). As a result of the Arbel Acquisition, AGT owns, directly and indirectly, 100% of the outstanding shares of the Arbel Group.

Pursuant to the acquisition agreements (the "**Acquisition Agreements**") entered into between AGT and the former shareholders of Arbel, Durum and Turkpulse, respectively, the aggregate purchase price for the Arbel Acquisition was $104,141,400, of which $60,097,988 was paid in cash and $44,043,412 was paid by the issuance of 2,850,448 Common Shares at a deemed price of $15.4514 per Common Share. 10% of the purchase price (including both cash and Common Shares) was held back in escrow as security for any claims for indemnity which AGT may make against the former principal shareholders of the Arbel Group. All of the remaining Common Shares issued pursuant to the Arbel Acquisition were placed in escrow for a period of two years, with 25% to be released every six months. The cash portion of the aggregate purchase price was provided by the public offering of 6,118,840 Subscription Receipts by the Fund, AGT's former parent entity, as described above.

At the time of the acquisition, the Arbel Group was engaged in the business of sourcing and processing specialty crops, producing and selling semolina and pasta, and producing and selling bulgur. The Arbel Group and the Arslan family have a 50-year operating history as a leading processor of pulses and grains and exporter of pulses in Turkey. Although the Arbel Group processes a broad mix of pulses and grains, its business is weighted to lentils. The Arbel Group had also recently expanded its operations to include the production of pasta and had quickly become the third largest pasta producer in Turkey, and the largest Turkish pasta exporter. The Arbel Group operates state-of-the-art processing and production facilities and exports to over 50 countries in Asia, Africa, Europe and the Americas.

The Arbel Group's facilities are located within 8 km of the main container seaport in Mersin, one of the Mediterranean's main agri-product seaports. The facilities include access to the Mersin Free Zone and customs bonded warehouses that allow AGT to import product into Turkey for processing and avoid import tax should the product be re-exported to international markets.

AGT previously filed a Business Acquisition Report on Form 51-102F4 in respect of the Arbel Acquisition, which is available under AGT's profile on SEDAR at www.sedar.com.

3.3 Recent and Future Developments

In the early morning hours of December 27, 2010, a fire broke out at an Arbel Group compound located in Mersin, Turkey. The fire was accidentally caused by a third party operated truck and trailer carrying a delivery of white beans that caught fire shortly after arriving at the premises. No one was injured in the fire and management believes that there is no material environmental impact as a result of the incident. Clean-up from the fire was completed in January and reconstruction of the two affected warehouse buildings and enclosed loading and receiving area are substantially complete with a final completion date expected in the first two weeks of April 2011. AGT believes that its insurance policies will adequately cover significantly all of the losses related to the fire.

AGT continues to evaluate merger and acquisition opportunities. AGT sees opportunities to strengthen its presence in origination, processing and warehousing in markets in which it is actively doing business and in origins in which it is currently operating facilities. Details and discussion of these opportunities can be found in the "Outlook" section of the MD&A for the year ended December 31, 2010.

3.4 Credit Facilities

In September of 2010, Alliance concluded a credit facility with the Bank of Nova Scotia, increasing the operating line to $60 million. The credit facility was guaranteed by AGT, and as additional security, a general security agreement over all present and after acquired property of AGT was entered into in favour of the Bank of Nova Scotia. The Bank of Nova Scotia extended additional letter of credit facilities in the amount of $10 million to back AGT's license with the Canadian Grain Commission ("**CGC**").

Also in September of 2010, AGT finalized an agreement with Farm Credit Canada ("**FCC**") that provided for debt financing of up to $50 million. This facility replaced an earlier $20 million revolving loan facility between AGT and FCC.

The Arbel Group has credit facilities with 7 banks for up to $195 million, of which approximately $30.1 million was drawn down as at December 31, 2010.

Of these facilities, the USD $10 million long term commodity borrowing base credit facility with Royal Bank of Scotland ("**RBS**"), formerly ABN AMRO Bank N.V, is secured by a pledge of the Arbel Group's products, collection accounts and receivables up to a maximum amount of 85% of the amount advanced under the credit facility. RBS also has a lease over one of the Arbel Group's warehouses, in order to perfect its security interest in the Arbel Group's products under Turkish law. The other credit facilities are not secured due to their short term structure of less than 372 days maturity.

The Canadian credit facilities have floating interest rates and Management regularly monitors interest rates to make adjustments to its fixed versus floating interest rate management program. AGT also uses fixed rate banker's acceptances to mitigate a portion of its floating interest rate risk in its operating credit facilities. The low interest rates prevailing in Canada in recent years have induced Management to leave its Canadian credit facilities largely at floating interest rates; the Turkish credit facilities are also largely floating due to the competitive LIBOR rates prevailing in international financial markets. Turkish Lira denominated borrowings are basis Turkish Central Bank rate and prevailing market premiums at time of utilization.

AGT has implemented a global foreign exchange management program to effectively manage its net exposure to the U.S. dollar, while matching its local currency operations to minimize net exposure to any one foreign currency. AGT's operations in Canada, Australia and Turkey are managed such that net exposures to local currencies are mitigated through offsetting local transactions and hedging programs where appropriate.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

AGT, through its subsidiaries, is engaged in the business of sourcing and processing (cleaning, splitting, sorting and bagging) specialty crops, primarily for export markets. Alliance and its subsidiaries in the U.S. and Australia handle the full range of pulses and specialty crops. It is among the world's largest splitter of pulses. AGT's three subsidiaries in Turkey, Arbel, Durum and Turkpulse, are collectively referred to as the Arbel Group. Arbel is engaged in sourcing and processing pulses, specialty crops and grains and various pulse trading activities. Durum is engaged in pasta and semolina production and Turkpulse is engaged in bulgur processing. The following table provides a breakdown of the sales of AGT in 2009 and 2010 for each category of product (and includes the Arbel Group only post-acquisition i.e. for 105 days).

2009 and 2010 Percentage Sales Breakdown by Product Category

Category	**2010**	**2009**
Pulse and Specialty Crops	**75.00%**	**93.50%**
Milled Grains: Pasta, Semolina and Bulgur	**10.50%**	**3.00%**
Rice	**10.70%**	**1.75%**
Other Commodities	**3.80%**	**1.75%**
Total	**100.00%**	**100.00%**

2009 and 2010 Total Sales Principal Markets

Area	**2010**	**2009**
Americas/Caribbean	$ 140,121,342	$ 81,597,778
Asia/Pacific Rim	$ 143,739,001	$ 134,220,273
Europe/Middle East/North Africa	$ 358,279,173	$ 172,069,448
Total	$ 642,139,516	$ 387,887,499

AGT's operations currently focus on value added processing and splitting of lentils, chickpeas, beans, peas and other specialty crops; approximately **75%** of its revenues are derived from its global operations in these commodities. Through its Turkish subsidiaries, AGT is also engaged in pasta and semolina production, bulgur wheat processing and medium grain rice processing. AGT owns twelve processing plants in Canada, one in the U.S. (owned through United Pulse Trading), sales and merchandising offices in the U.K., the Netherlands and Spain as well as one processing facility in China (owned through A. Poortman (London) Limited) and three processing and handling facilities in Victoria and South Australia, Australia (owned through Australia Milling Group). Canadian operating divisions include Saskcan Pulse Trading, Saskcan Rosetown, Saskcan Agtech, Saskcan Milestone, Saskcan Parent, Finora Wilkie, Saskcan Assiniboia, Saskcan Gibbons, Saskcan Horizon and Saskcan Pulse Depot (all owned through Alliance). In Turkey, the Arbel Group owns and operates a 71,884 square metre storage and processing complex near Mersin, Turkey. The complex contains 70,000 tonnes of horizontal (warehouse) storage capacity, 50,000 tonnes of vertical (silo) storage, a semolina production facility, a pasta factory with four production lines (two for long-cut pasta and two for short-cut pasta), three pulse and grain processing facilities (including cleaning, calibration, peeling, splitting and color sorting lines), a bulgur factory and a steam generation facility to generate the steam needed for pasta production. In addition, AGT is near completion on construction on two new projects in Turkey: the addition of a new short-cut pasta line at its Arbella processing facility in Mersin, Turkey and the construction of a state-of-the-art rice processing mill near Edirne, Turkey located 220 km from Istanbul in the heart of the Turkish rice production area. The pasta processing line will add an additional 36,000 MT of pasta capacity, while the rice mill is planned at 65,000 MT annually. Both the pasta line expansion and the new rice mill project are slated for completion in the second quarter of 2011. With the recent acquisition of Poortmans, AGT added a processing plant for dry edible beans and pulses, located in Tianjin, China, and trading and sales offices in Europe.

The following table summarizes the production capacity of AGT's facilities.

Facilities Capacity Breakdown

Category	**Processing Volumes** (in tonnes)
Lentils and Other Pulses	1,100,000
Sifted Pulses and Cereal	175,000
Pasta/Semolina Production	140,000
Bulgur	85,000
Total	1,500,000

4.2 Products and Suppliers

The principal products of AGT are classified as "pulses and specialty crops" by Agriculture and Agri-Foods Canada ("**AAFC**"), and include lentils, peas, chickpeas, beans and canary seeds. Alliance's main focus is on lentils and peas and all of its revenues are derived from sales of pulses and specialty crops. The Arbel Group's principal products are (i) pulse and special crops including: red lentils, green lentils, chickpeas, white beans, barbunya beans, soya bean, green peas, yellow peas, red beans, and canary seeds; (ii) grain and milling including: durum wheat, wheat, pasta, and bulgur; and (iii) other commodities including: rice, sugar, salt, edible oils, pistachio nuts, hazel nuts, roasted chickpeas, sunflower seeds, and potatoes. All of the Arbel Group's revenues are derived from sales of such products.

Alliance purchases crops from local producers in the areas where it has processing plants, in Western Canada, Montana, North Dakota, Turkey and Australia. A portion of the crop purchases are made through production contracts, which fix a price at which Alliance may purchase crops from a producer, and may include an option to buy additional crops at market price. This production contract system assists Alliance in mitigating price and supply risk on forward sales. Approximately 10%of Alliance's total supply is purchased through production contracts, and the rest is purchased in the spot market.

The Arbel Group procures raw materials from various countries including Turkey, Canada, the U.S., Australia, Egypt, Argentina, India, Morocco, Syria and Kyrgyzstan. Given its practice of sourcing products from diverse global origins, imports are important for the operations of the Arbel Group. The pursuit of this practice in the past several years resulted in an increase in the number of countries that the Arbel Group imports from. In 2010, as was necessary in 2009, the Arbel Group imported significant volumes of product from Australia, Canada, the U.S., India and Argentina. In 2008 and 2009 crop years, Turkish local production was below the average production of the past ten years. For the 2010 crop year, more normalized production levels were reported, however, according to the U.S. Agricultural Attaché's reports on Grain and Feed, Turkey was estimated to remain a net importer of lentils in 2010. A continuation of normalized production levels are estimated for 2011. As a result, importing continues to be a common method of procuring the raw materials needed for Arbel's sales program; however the bulk of Arbel's imported pulses originate in one of Alliance's factories in Canada, the U.S. or Australia. In years of average production, this reliance on imports diminishes in favour of local spot purchases from Turkish farmers.

The majority of AGT's purchases are done on a spot basis, thereby allowing AGT to mitigate commodity risk through back-to-back grower purchases and sales to international clients. AGT's roster of suppliers is very diversified with hundreds of producers and no one supplier accounts for more than 0.5% of purchases. In addition, AGT endeavours to mitigate the effects of high wholesale crop prices through the use of value-adding technologies (splitting and colour-sorting equipment) to produce a higher margin food product from the raw commodity. Margins may also be preserved through product and market diversification allowing AGT to pursue sales in products that have demonstrated more price stability and margin stability. The entire product and market diversification strategy of AGT is aimed at mitigating price risk to margin risk correlation. Margin erosion is combated by negotiating lower prices from growers, negotiating better freight rates, and charging higher end client prices. In cases of unusual weather events globally which significantly alter the quality of crops or quantity of product available, AGT typically realizes material risks of margin erosion.

4.3 Pulse Crop Industry Trends

Pulse Crop Overview

Pulse crops include peas, beans, lentils, and chickpeas, which produce edible seeds, called pulses. Pulses are an important part of dietary requirements, particularly in developing countries, and represent a significant world protein source. In terms of 2009 world production, beans topped the list at approximately 19.7 million metric tonnes ("**MT**"), followed by peas (approximately 10.4 million MT) and then chickpeas (approximately 9.8 million MT). World lentil production is approximately 3.6 million MT.

Pulse Crop Production

The chart below sets out the top five producing countries per crop in 2009.

World Pulse Production (Thousands of MT) 2009

Dry Pea Production		Lentil Production		Dry Bean Production		Chickpea Production	
Canada	3,379	Canada	1,510	Brazil	3,522	India	6,540
Russia	1,348	U.S.	265	India	2,310	Pakistan	741
China	1,000	Nepal	147	China	1,543	Turkey	562
U.S.	777	Australia	143	U.S.	1,750	Australia	445
Ukraine	493	China	130	Mexico	1,050	Ethiopia	312
Total	10,379	Total	3,595	Total	19,723	Total	9,774

Source: Food and Agriculture Organization of the United Nations

In Canada, the pulse industry is centered in Saskatchewan. According to the Saskatchewan Pulse Growers, the province produces approximately 99%, 80% and 99% of the Canadian lentil, pea and chickpea crops, respectively. In 2010, Canada reported one of the highest levels of production in recent years including record production levels for lentils at 1.947 million MT. Significant quantities of other pulses were reported as well with 2.862 million MT of dry peas, 253,000 MT of edible beans and 205,000 MT of chickpeas. However, wet conditions throughout the entire seeding, growing and harvest season in Canada led to a late harvest and quality variance in Canadian crop quality. According to the statistics branch at Agriculture Canada in its report of January 2011, Agriculture Canada is forecasting an overall decrease in pulse and specialty crop seeded area in Canada in 2011. For 2011/12, total area seeded is forecast to decrease by 13% from 2010/11 levels. The areas seeded to all crops except chickpeas and canary seeds are expected to decline. However, it should be noted that pulses are rotational crops used by farmers as part of planned rotation with cereal grains and canola. Pulses are used in this rotation to, in part, naturally fix nitrogen in the soil as well as provide revenue opportunities for growers as pulses are typically high value crops. Year on year fluctuations in seeded area of pulses are influenced by seeding decisions by farmers as part of their medium to long term rotational seeding plans. Exports are forecast to rise marginally while domestic use and carry-out stocks are forecast to fall, with the exception of lentils, which are forecast to increase dramatically with a high level of the 2010 crop of off-grade lentils carried out into the 2011 marketing year boosting forecasts for total available supply in 2011-2012 crop years. Average prices are generally forecast to rise, except for chickpeas and canary seeds. The average price of chickpeas is forecast to fall while the average price of canary seeds is forecast to stay the same. The main factors to watch in relation to materialization in seeding acreage are: commodity prices, input costs, the Canada-US dollar exchange rate and precipitation in Canada over the winter. (Source Agriculture Canada and Stat Communications Report January 28, 2011.)

Similar, however less severe conditions were reported in the U.S. as in Canada, with high levels of moisture through the season. With an earlier U.S. seeding and harvest date, the degree of quality variance was lower than in Canada. In 2010, increases in production levels for most pulses were reported by the USDA, with 25% increase in U.S. bean production, 56% increase in lentil production and 35% increase in chickpea production. Export quantities in the U.S., as reported by the USDA and Stat Publishing, also rose dramatically in lentils with a 72% increase in U.S. exports for the 2010 shipping period as compared to 2009 and 2008, periods where exports were reasonably flat.

Pulse production volumes in Turkey rose in the early part of the past decade, but have declined during 2008 and 2009 due to successive years of droughts and have yet to recover. These production volumes returned to more normalized levels for 2010, and are estimated to continue at average levels in 2011. According to the Turkish Statistics Institute data, lentils and chickpeas comprised more than two-thirds of the total production in 2007, however, decreased lentil production saw chickpea production account for more than 50% of total pulse production in 2008. Lentil production increased in 2009 and lentils accounted for 25% of total pulse production, with chickpeas continuing to account for 50%. The decrease in production volumes as well as the consumption rationalization of lentils (due to the drought) was a large contributor to the sharp price increases seen in the lentil market during 2007 and 2008. With the normalization of production in 2010 to 510,000 MT, Turkey continued to be a net importer of lentils to meet high domestic consumption of lentils. Turkey is viewed as an exporter origin for lentils into the Middle East/North Africa region in the middle months of the year between Turkish harvest in June and North American harvest in September period. In the 2010 year, however, importing customers hesitated to purchase Turkish origin lentils needed to replenish low local market stocks because of the uncertainty in Canadian growing and harvest conditions. These delays were largely a result of concern by buyers not wanting to have purchased higher value commodity in falling market conditions.

In Australia, expectations of the first significant production levels for lentils assisted in pushing overall pulses production to record levels as estimated by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARE). While overall pulses production only increased by 2% from 2009 levels, significant gains in lentils (113% increase from 2009) and faba beans (32% increase from 2009) helped to push Australian pulses production higher. Late in the season, however, high rainfall and wet conditions at harvest reduced quality of harvested product quality, albeit to a lesser degree than was reported in Canada. Australian export for lentils, reported by the Australian Bureau of Statistics, rose dramatically in the 2009-2010 season to 122% over 2008-2009 levels and 52% over 2007-2008 levels.

Pulse Crop Demand

Pulses are heavily consumed in emerging markets, where meat protein is consumed less. According to the most recent statistics from the Food and Agriculture Organization of the United Nations, India is by far the largest importer of pulses. There are several factors exerting upward pressure on the global demand for pulses. Firstly, world population growth is adding consumers, mostly in Asia, Africa and Latin America. As these countries are major consumers of vegetable proteins, they have strongly contributed to the overall demand for pulse crops. Secondly, the global demand for renewable fuels (i.e., ethanol) is playing a factor, as prices for corn have increased sharply over the last two years, forcing consumers who previously purchased corn-based products to substitute other crops, including pulses. Thirdly, the consumption in developed and non-traditional markets is rising with pulse-based food products, for example hummus, becoming regularly consumed items. The following table sets out the top five pulse importing countries.

World Imports (Thousands of MT) 2008

Dry Pea Imports		**Lentil Imports**		**Dry Bean Imports**		**Chickpea Imports**	
India	1,215	Turkey	191	India	604	India	198
China	220	Sri Lanka	102	Brazil	209	Pakistan	114
Bangladesh	113	U.A.E.	82	U.S.	166	Bangladesh	79
Belgium	105	Pakistan	70	U.K.	148	U.A.E.	75
U.K.	71	Egypt	66	Japan	119	Spain	54
Total	2,809	Total	1,323	Total	3,214	Total	993

Source: Food and Agriculture Organization of the United Nations

The Lentil Market

Canada, led by Saskatchewan, has emerged as a major source of the world's lentil supplies. In 2009, Canada provided approximately two-thirds of the total world lentil exports according to AAFC data. In StatsCan data for the 2009 and 2010 crop years, Canada produced over 1.5 million MT of lentils, and 1.9 million MT respectively.

According to information from StatsCan, export volume (excluding products) was approximately 1.3 million tonnes for the 2009 crop year or approximately 85% of the available production, and is forecast to be 1.13 million tonnes and 1.225 million tonnes for the 2010 and 2011 crop years, respectively. In terms of global destinations, the majority of Canada's lentils are exported to countries in the Pacific Rim and Middle East/North Africa regions. With the global population growing, especially in developing countries, AGT Management does not expect Canada's lentil exports to see any major decline in the near term. Preliminary estimates show 2011 carry-in stocks to be significantly higher than previous years at 445,000 which will assist in offsetting estimates of lower lentil acres in Canada for 2011. Increased production in Alberta, not currently included in StatsCan production numbers, and the U.S. is expected to further assist in offsetting Canadian production decreases, resulting in estimated ample stocks for export from Canada. These production and carry-over stock statistics reported by StatsCan, however, may be offset by potential for increased demand from Indian subcontinent markets due to weather events in India including high moisture levels and frost causing damage to Indian rabi harvest production. With the high degree of quality variance reported in Canadian 2010 crop year lentils, this development may provide opportunities for increased Canadian export volumes to fill demand in this region for lentils and other pulses as well. According to AAFC, the average price per tonne is forecasted to fall marginally in 2010/11 due to the lower than normal grade distribution but is forecast to increase for 2011/12.

The following table sets out the Canadian lentil supply-demand estimates for the period 2007-2010.

Canadian Lentil Supply-Demand Estimates (acres, MT)

Year	**2007**	**2008**	**2009**	**2010**	**2011E**
Acreage	1,335,000	1,745,000	2,400,000	3,480,000	2,588,000
Yield (lbs)	1,212	1,318	1,387	1,223	1,228
Available Stocks					
Production	733,900	1,043,200	1,510,200	1,947,100	1,441,000
Carry-In	199,000	51,000	32,000	52,000	45,000
Imports	4,697	3,108	7,205	5,400	5,500
Stocks	**937,597**	**1,097,309**	**1,549,405**	**2,004,500**	**1,891,500**
Total Export	**811,180**	**973,273**	**1,386,792**	**1,136,700**	**1,225,500**
Other Usage					
Seed	58,100	79,200	103,000	91,300	75,500
Other Domestic	17,317	12,835	7,613	331,500	160,500
Total Usage	**886,597**	**1,065,309**	**1,497,405**	**1,559,500**	**1,461,500**
Ending Stock	**51,000**	**32,000**	**52,000**	**445,000**	**430,000**
Stock/Use	5.8%	3.0%	3.5%	28.5%	29.4%

Source: Forecasts by STAT Market Research based on data from Statistics Canada

As indicated in the table below, the production of lentils in Turkey decreased significantly in 2008/09 due to drought conditions, however production rebounded in 2009/10 and is expected to grow for the 2010/11 crop years before dropping again in 2011/12. The following table sets out the Turkish lentil supply-demand estimates for the period 2007-2012. However, a contrasting report by the U.S.

Agricultural Attaché for Turkey, in the "Grain and Feed December Update 2010", suggests that lentil seeding will be largely unchanged from the 2010 year.

Turkey – All Lentil Supply-Demand Estimates (hectares, MT)

Year	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12E**
Area	389,470	310,000	304,900	390,400	400,000
Yield (kg/ha)	1,374	258	968	1,306	970
Available Stocks					
Production	535,000	80,000	295,000	510,000	388,000
Carry-In	9,200	9,000	5,000	30,000	27,000
Imports	92,700	240,221	226,584	112,200	90,200
Stocks	**636,900**	**329,221**	**526,584**	**652,200**	**505,200**
Exports	**129,500**	**121,409**	**110,000**	**146,400**	**115,500**
Other Usage					
Clean Out	31,800	4,700	17,500	30,300	23,200
Split Losses	30,900	29,000	26,300	34,900	27,500
Seed	26,000	25,600	32,800	33,700	33,600
Domestic	409,700	143,512	309,984	379,900	300,400
Total Usage	**627,900**	**324,221**	**496,584**	**625,200**	**500,200**
Carryover	**9,000**	**5,000**	**30,000**	**27,000**	**5,000**
Stocks/Usage	1.4%	1.5%	6.0%	4.3%	1.0%

Source: Forecasts by STAT Market Research based on data from the TMO, USDA and private trade sources (as of December 29, 2010).

With respect to Turkish pulses production overall in the 2010/11 crop year, the Turkish Statistical Institute estimates a 54% increase in production from 2009/10, for production of approximately 3 million tonnes.

The Dry Pea Market

Canada is the leading producer and exporter of dry peas in the world, with a 57% share of the export market in 2009 according to AAFC data sourced from Global Trade Atlas. A cool season crop, production is heavily weighted in Saskatchewan, which, according to Statistics Canada and the Saskatchewan Ministry of Agriculture produced approximately 1.8 million of the 2.8 million MT's produced in Canada in 2010. Over the past ten years, production has shifted in Canada to dry peas as a diversification out of traditional grains.

The majority of the dry peas produced in Canada are exported, largely to Asia; according to AAFC, Statistics Canada data indicates that in 2008 and 2009, the largest importers were India, Bangladesh and China. Canada is the largest exporter to India, accounting for over 70% of India's total imports from both 2007 through 2009 according to AAFC data sourced from Statistics Canada and Global Trade Atlas.

The following table sets out the Canadian field pea supply-demand estimates for the period 2007-2010.

Canadian Field Pea Supply-Demand Estimates (acres, MT)

Year	**2007**	**2008**	**2009**	**2010**	**2011E**
Acreage	3,630,000	3,995,000	3,760,000	3,343,000	3,400,000
Yield (lbs)	1,782	1,971	1,981	1,901	1,866
Available Stocks					
Production	2,934,800	3,571,300	3,379,400	2,862400	2,878,000
Carry-In	167,000	255,000	445,000	795,000	260,000
Imports	32,915	18,448	46,112	33,100	33,400
Stocks	**3,134,715**	**3,844,749**	**3,870,512**	**3,690,500**	**3,171,400**
Export	**2,198,723**	**2,819,810**	**2,196,270**	**2,659,000**	**2,495,000**
Other Usage					
Seed	280,879	264,400	235,000	250,000	205,000
Feed & Waste	325,114	240,424	397,900	281,000	266,400
Domestic	75,000	75,000	75,000	75,000	75,000
Total Usage	**2,879,715**	**3,399,634**	**3,075,512**	**3,430,500**	**3,041,400**
Ending Stock	**255,000**	**445,000**	**795,000**	**260,000**	**130,000**
Stocks/Use	8.9%	13.1%	25.8%	7.6%	4.3%

Source: Forecasts by STAT Market Research based on data from Statistics Canada .

U.S. field pea production is reported down from 2009 levels by 21%, in 2010 and 27% estimated for 2011, however, the production volumes are still significant at 645,000 MT and 575,000 MT estimated respectively. U.S. exports of field peas has been in the above 500,000 MT level for the past two years with estimates of a decrease to mid-400,000 MT levels in 2011. Turkey is not a significant producer of dry peas, according to the Turkish Statistical Institute and the Food and Agriculture Organization of the United Nations, producing less than 5,000 tonnes annually since 2000.

The Chickpea Market

According to the Saskatchewan Pulse Growers, Canadian chickpea production peaked in the 2001/02 growing year at 450,000 tonnes. However, a combination of low prices, disease problems and poor weather discouraged producers from planting chickpeas and production dropped to 50,000 tonnes in 2004. Although acreage has increased since 2004 due to improved prices and the introduction of new adapted varieties with improved foliar disease resistance, chickpea production was significantly lower in 2009 (a year where Canada provided only 8% of the world's chickpea exports according to AAFC data sourced from Global Trade Atlas). In 2010 crop year, chickpea production in Canada is reported as somewhat rebounding, however at 128,000 MT production is still 43% lower than the 2007 peaks. For 2011, chickpea acres estimates have been difficult to establish with Statistics Canada estimating seeded acres to be down 21% from 2010 levels and Agriculture Canada estimating a 5% increase. As with lentils, much of the potential for decreased production is for rotational reasons. Additionally, it should be noted that some of these production decreases in Canada, will be offset with increased U.S. production.

The following table sets out the Canadian chickpea supply-demand estimates for the period 2007-2010.

Canada – Chickpea Supply-Demand Estimates (acres, MT)

Year	**2007**	**2008**	**2009**	**2010**	**2011E**
Area	430,000	140,000	105,000	205,000	208,000
Yield (lbs/acre)	1,153	1,055	1,585	1,380	1,261
Available Stocks					
Production	224,800	67,000	75,500	128,300	119,000
Carry-In	10,000	92,000	62,000	20,000	5,000
Imports	1,000	1,000	1,000	1,000	1,000
Stocks	**235,800**	**160,000**	**138,500**	**149,300**	**125,000**
Exports	**69,500**	**54,303**	**67,738**	**86,300**	**83,300**
Other Usage					
Seed	10,600	7,700	15,000	14,900	7,900
Feed & Waste	53,400	20,030	18,262	30,800	21,600
Other Domestic	10,300	15,967	17,500	12,300	7,200
Total Usage	**143,800**	**98,000**	**118,500**	**144,300**	**120,000**
Ending Stock	**92,000**	**62,000**	**20,000**	**5,000**	**5,000**
Stock/Use	64.0%	63.3%	16.9%	3.5%	4.2%

Source: Forecasts by STAT Market Research based on data from Statistics Canada.

U.S. chickpea (also known in the U.S. as garbanzo beans) production, reported at 87,711 MT, is largely consumed domestically with only 28,268 MT reported as exported in the 2009/2010 crop season (Sep-Aug) by the U.S. Department of Commerce. Turkey, however, is a significant producer and exporter of chickpeas. In 2009, Turkey provided 12% of the world's chickpea exports according to AAFC data sourced from Global Trade Atlas and since 2000 has consistently produced over 500,000 tonnes of chickpeas each year according to the Turkish Statistical Institute. Management expects that chickpea acreage in the 2011/12 crop year, harvested in August 2011, will remain at average levels. In Australia, which primarily grows desi type chickpeas, kabuli production offers some markets an important bridge until new crop product is available from India, Mexico and other origins. Production levels for chickpeas in Australia have grown to the above 400,000MT level over the years 2008 to 2010. Preliminary estimates are that these production levels would continue in 2011.

The Dry Bean Market

Dry edible bean production in North America, accounting for approximately 9% of global production based on United Nations FAO statistics, trended higher in 2010 than the 2007 to 2009 years at 1.7 million MT. These gains were largely attributable to significant increases in U.S. production in virtually all types of dry, edible beans. According to estimates by USDA, StatsCan and STAT Publishing, returns to historical levels are expected in 2011. Other major growing and consumption origins, such as Brazil and India, have experienced similar weather related issues as other pulses growing regions, leading to downgrades in quality to local production, which may provide potential for higher levels of imports to fill domestic demand.

While the U.S. is a significant producer of dry, edible beans, it also has high levels of domestic consumption, including almost 50 million U.S. citizens of Hispanic origin according to 2010 U.S. Census data. While production has increased, overall export quantities fell in the Sep-Aug 2009/10 period by approximately 10%, according to U.S. Department of Commerce data. International market prices for U.S. dry, edible beans showed firm prices which management believes are due to concerns over reports of crop prospects in many of the world's major production and exporting origins. An estimated 17% decrease in U.S. production for the 2011 crop year also contributed to reports of higher prices ,which management believes will assist in bringing estimated production back to similar quantities as 2007-2009.

Similar increases were seen in Canadian dry, edible bean production in 2010. Canada is a significant participant in the world bean industry, providing 10% of the world's dry bean exports in 2009 according to AAFC data sourced from Global Trade Atlas. According to StatsCan, Canada produced 253,800 tonnes and 223,900 tonnes in the 2010 and 2009 crop years, respectively. For 2010/11, AAFC is forecasting that exports will decrease marginally due to lower import demand and price is also forecast to fall, due to higher North American supply. For 2011/12, while exports are forecast to decrease due to limited supply, prices are forecast to increase due to lower US and Canadian supply.

Turkey is both a production and import distribution point for beans with a focus on white beans and barbunya red beans. According to the Turkish Union of Exporters data, Turkey consistently produces approximately 190,000 metric tonnes of beans and is typically a net importer of dry, edible beans indicating a strong local bean consumption market. The Turkish industry has been active importers of beans from North America, Central Asia, Argentina and China.

4.4 Grain and Pasta Industry Trends - Turkey

Historically, grains have been one of the major agricultural products of Turkey, with wheat, barley, maize, oats, rye, rice, millet, spelt, canary grass and mixed grains included in the major grains cultivated. Wheat and barley are the most common crops among cultivated grains. Since 2000, total annual grain production in Turkey has been in the 29-37 million mt range according to the Turkish Statistics Institute. Turkey's total grain production was approximately 33.6 million tonnes in 2009, of which wheat accounted for approximately 20.6 million tonnes.

Turkey's annual grain production in 2009 included approximately 3.0 million tonnes of durum wheat according to the International Grains Council (IGC) and 2.7 million MT in 2010 according to the U.S. Agricultural Attaché report on "Grains and Feed in Turkey". Preliminary estimates are that durum wheat production will remain at these similar levels in 2011. Durum wheat is the raw material for semolina, which in turn is the main raw material for pasta. Pasta production in Turkey has been continually growing since 1999; according to the Association of Turkish Pasta Manufacturers, the pasta sector has shown a 5.35% compound annual growth rate from 1992 to 2008. Total pasta production reached approximately 606,000 MT in 2008. Exports in 2008 accounted for approximately 176,000 MT. Pasta foreign trade results for 2009, in the "Grains and Feed in Turkey" report show 271,083 MT for the Jun-May period and estimates 280,000 MT for 2010.

Turkey is a major rice paddy production origin with 92% increase in rice production since 2007. In 2010, in the "Grains and Feed in Turkey" report, Turkish production was estimated at 750,000 MT with similar estimates of 750,000 to 850,000 MT production in 2011. The vast majority of this domestic production is for domestic consumption, with estimates of approximately 7 kg/person of consumption. The U.S. and Russia are major origins for paddy rice to Turkey, while Egypt supplies largely milled rice. In the years 2008 and 2009, Turkey imported 205,000 MT and approximately 400,000 MT annually. Management believes that the trends towards imports are estimated to continue, with reports showing approximately 316,000 MT of rice imported in the first nine months of 2010.

4.5 Foreign Operations

The majority of AGT's products are exported, with over **80%** of its sales destined to buyers outside of Canada and the U.S. AGT has assets located outside of Canada, in Turkey, the U.S., China and Australia.

AGT enters into sales denominated in U.S. currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGT has entered into certain foreign exchange contracts with maturities of less than one year, to manage risks associated with entering into new sales contracts denominated in U.S. dollars.

AGT currently manages the risks involved with the export of goods to foreign countries by selling with internationally accepted documentary letters of credit, documentary collections and receivables insurance through Export Development Canada ("**EDC**"). Risk management programs are also in place to minimize these risks of the international marketplace. For a discussion of the risks relating to the repudiation of goods by foreign buyers, see "*Counterparty and Export Risk*" in the "*Risk Factors*" section.

Aside from sales, AGT's operations through Alliance do not rely on foreign operations to a material extent. With respect to AGT's Turkish operations, the majority of sales are made through wholesale distribution networks. Although the Arbel Group's sales have focused on export markets historically, the focus has increasingly shifted to domestic sales in the last two years due to the 2008 and 2009 droughts in Turkey Approximately 50% of the Arbel Group's 2010 sales were in the Turkish domestic market in its main product lines: pulses, Arbella pasta, bulgur and rice. In addition, the Arbel Group's pasta business can be dependent on imports of wheat and other raw materials.

4.6 Sales and Distribution

Substantially all of AGT's products are sold directly to importers, canners, packaging companies, wholesalers and distributors located around the world. AGT's customers are diversified and generally no one customer accounts for more than 5%of purchases from AGT. Sales are made directly to customers and where appropriate, pulse brokers (usually located in the country of destination) are used to assist in managing the execution of export sales contracts.

As a direct exporter, AGT purchases its product and undertakes to export such products to other countries. Thus, AGT bears the risks involved with the export of goods to foreign countries. AGT employs a risk management program and uses currency hedging and trade finance instruments for risk management.

AGT arranges substantially all export sales so that the buyer takes title to the goods only after AGT has received payment confirmation. This may be done by prepayment in full before shipment, by taking an advance payment of up to 50% with the balance paid against delivery of the title documents, or by a letter of credit drawn on a Canadian bank, in the case of Alliance, or an international bank, in the case of the Arbel Group. In the event that product is shipped but the buyer refuses to take delivery, AGT is generally free to keep any deposit and sell the product to another buyer. AGT's customer contacts and diversified markets allow it to have a "ready" market to deal with any resales, repudiations and similar problems. However, due to the presence of secure payment methods and advance payments, client repudiation is unusual. For domestic sales in Turkey, credit terms are granted to established clients and are backed by post-dated cheques to legally bind the company and as security for the collection of the account. Turkish laws are very stringent on bank cheques so holding a corporate cheque as security is synonymous with a corporate undertaking or guarantee enforceable at law. Open account sales are undertaken to a selective group of international clients, 90% of the risk of which is covered by EDC credit insurance.

More than **90%** of AGT's sales are made through "spot" contracts for shipment within three months of contracting. In select cases sales are made through long-term commitments for shipment up to one year in the future. Long-term contracts are uncommon because the market price of pulses, durum wheat and specialty crops constantly fluctuates and parties are reluctant to lock in a price too far in advance.

Where AGT is required to arrange for shipping, it enjoys several advantages. All Alliance plants in Canada and the U.S., are located within 90 km of container yards and nine of its twelve plants are accessible to rail with Canadian Pacific Railways, Canadian National Railways and Burlington Northern Santa Fe Railways. Alliance also owns two container storage sites, one in each of Saskatoon and Regina, and operates its own container lifts, trucks and container chassis for distribution of ocean containers to its factories. Plants are situated on the major highways and all-weather roads, which offers an advantage over smaller competitors that may be located off secondary or grid roads. Increasingly, Alliance's method of shipping the finished product is by inter-modal service, where empty semi-trailers (i.e. containers) are loaded at the plant and taken by trailer to the railway for shipping by rail cars. Alliance also has agreements with transloading/logistics facilities in Montreal, Vancouver, Seattle, Tacoma, Mobile, Houston, Norfolk, Adelaide and Melbourne, Australia to facilitate the final containerization of its products for export.

The Arbel Group plants are located within eight kilometres of the main container seaport in Mersin, one of the eastern Mediterranean's main agri-product seaports. From this port, the Arbel Group enjoys a significant freight advantage over other international competitors as the transit time from Mersin to other nearby markets is less than one week compared to, for example, approximately six weeks when shipping from Canada and five weeks when shipping from Australia. The Arbel Group plants also enjoy the benefit of access to major highways and all-weather roads around Mersin, which offers an advantage over smaller competitors that may be located off secondary roads. Rail is not a reliable or cost effective alternative in Turkey.

AGT runs its own in-house freight and logistics management team and has a team of specialists in export documentation and logistics in both Canada and Turkey. AGT also uses third party logistics providers for a portion of its transport needs.

AGT has direct steamship line relationships and Alliance and the Arbel Group are among the largest agri-products container shippers in Canada and Turkey, respectively. Goods are generally shipped cost and freight destination ("**CFR**") with AGT taking all responsibility for delivering the products to the export destination. Steamship line agreements are for fixed rates for three to six month windows for export destinations to allow the costs of freight to be borne by the buyer of the cargo. AGT also uses cargo insurance for all sales made on the cost, insurance and freight incoterm (an incoterm is a standardized international trade term defined by the International Chamber of Commerce) and uses contingent cargo insurance to insure the cargo, in case the buyer has not taken out the appropriate insurance as per AGT's export contract.

4.7 Competitive Conditions

There are many processing plants located throughout the pulse-growing regions of Canada, the U.S., Turkey and Australia. AGT has competitors located throughout Canada, the U.S., Turkey and Australia and elsewhere in the world, in each of their product segments. Most of AGT's competitors are smaller regional players who tend to handle a multitude of specialty crops with one or two products as their primary product. In lentils, the market in Canada is dominated by family companies such as Walker

Seeds, Simpson Seeds, Prairie Pulse and JK International, a number of small trading houses and large grain handling companies such as Viterra Inc. and James Richardson International have recently entered the market for bulk quantity shipments through terminal elevators. In pulses, the market in Turkey is dominated by family-owned companies such as Tiryaki Agro Foods Co., DMN Company, Goze Tarim Urunleri Pazarlama Sanayi ve Ticaret, A.Ş. and Memisler Group. In the pasta market, other established brand competitors include Ankara Makarna, Filiz and Selva and the largest pasta company in the world is Barilla.

In addition to smaller local competition throughout Canada, the U.S., Turkey and Australia, there is also international competition. In Australia, JK Milling, AWB Limited and Viterra Inc. are large bulk shippers of pulses predominantly focused on peas, desi chickpeas and faba beans. True global scale agri-businesses involved in value-added pulse and grain operations include Viterra Inc., the largest bulk shipper of peas in North America, Cargill Incorporated (through AWB Limited) and Archer Daniels Midland (beans) in the U.S. There are also local splitting plants in Sri Lanka, India, Turkey and Syria that compete with AGT to a lesser extent. There is no fully integrated value-added processor in all the product segments in which AGT operates.

Competitiveness within the industry hinges on the ability to economically source, process and deliver product to the marketplace. This has been AGT's competitive strength with its multi-plant processing and multi-origin import strategy and large volume program. AGT has captured economies of scale in respect of its processing and freight operations that result in significant competitive advantages. AGT's global network, client base and product mix of split and value-added lentils, peas, chickpeas, beans, pasta and bulgur put AGT in a position of strength among its global competitors.

Successive years of unexpected drought conditions and other weather events in Turkey and India have created a global shortage of lentils, turning these regions from competitors to customers in 2009 and 2010. While production levels have returned to normalized levels in Turkey, continued adverse crop conditions such as record cold conditions in India have resulted in a potential shortage of pulse crops, which Management expects to be advantageous to AGT in light of its multi-origin production strategy. With the increased production in Canada, the U.S. and Australia and continued normalized crop prospects for 2011 in Turkey, Management believes Indian subcontinent demand is essential to move a larger global crop. The high degree of quality variance, potentially an issue in a year of normal grade production, could management believes, provide the supply volumes needed for imports to Indian subcontinent through the early 2011 period to fill local demand not be filled by domestic production. Positive demand fundamentals are expected to allow AGT to drive its efforts to better utilize its global capacity to execute its global sales plans. Extra demand and the absence of regional competition in the Indian subcontinent, with a continued governmental ban on Indian origin exports, is expected to allow AGT to benefit from an opportunity to ship more product to this region at anticipated positive margins. The acquisition of the Arbel Group has been completed and its facilities, warehousing and distribution are expected to significantly assist AGT's penetration of this regional market.

Supply is available and will be shipped in 2011 from all origins. In 2010, Management believes results fell below expectations largely due to the weather effects and timing of crop supplies being available for processing and sale. Weather uncertainties also caused unusual price volatility in Turkey with steep declines in lentil prices followed by sharp increases and weekly volatility charting against historical seasonal price trends. Margins were pressured with this unprecedented price volatility and the quality variance in Canada led AGT to cover off requirements for contractual commitments of No. 1 and No. 2 grades at higher levels than forward production contracts reflected to meet sales commitments. Products on purchase contracts did not meet grades because of weather effects leaving the Canadian and U.S. processing operations to experience negative margins on some sales. Management remains optimistic that demand and supply equations will come back into relative balance in 2011.

The Australian harvest in December 2010 reversed the trend of disappointment for Australian farmers. Good growing conditions through the season were followed with wet conditions at harvest, resulting in similar however not as severe quality variance as Canada. In Victoria, near AGT's factory in Horsham, following completion of the lentil and pulse crops flooding was reported, which management believes impacted farmers ability to deliver new crop product to facility, however no damage to AGT facilities was reported. Crops in South Australia, where AGT has acquired additional grain processing and handling assets, also reported quality effects visible with the presence of green and shrivelled lentil kernels. AGT's splitting and colour sorting lines were expanded in 2010 allowing AGT to deal with high degrees of quality variance and reduced yields by adding value and extracting margin from the limited crop supplies.

AGT is well positioned to capitalize on the opportunities of the 2011 export year. The forecast for 2010 stocks from North America destined for markets in 2011 is high, which leads Management to be optimistic about the prospects for AGT's sales. AGT, facilities are equipped with the ability to upgrade and add-value to products with a high degree of quality variance, thereby extracting additional margin and sales opportunities through colour sorting, blending and splitting. With the acquisitions in Turkey, the U.S., Australia and China, AGT has broadly expanded its global reach, client base and product mix.

The continued strong demand for pulse crops from the Turkish domestic market and the markets in North Africa, the Indian sub-continent, the Middle East and Latin America, supports Management's belief that AGT is well-positioned to return to or expand upon revenue and earnings levels through 2011. Increased usage of the capacity of existing Canadian and Turkish assets is expected to boost the tonnage of product shipped and allow AGT to capitalize on crop stocks and a large 2010 crop supply. AGT offers a full range of split and value-added lentils, peas and chickpeas, which, coupled with its new products, including beans, pasta, bulgur wheat, semolina and rice, puts AGT in a position of strength among its competitors globally.

The Arbel Group operates from Turkey, a country well-situated within proximity to major pulse, pasta and rice consuming regions. Through the acquisition of the Arbel Group, Management is optimistic about its ability to develop sales opportunities in its three core platforms for growth: pulses, durum wheat milling, and other products (e.g. rice, sunflower seeds). Management is pleased with the integration progress of Alliance and the Arbel Group, as management of these companies has worked together in the past and shared certain business methods. Integration of marketing operations and administrative processes were deemed largely complete in 2010.

Economic slowdown and political unrest in many key pulse and staple food consuming markets in the world has the potential of positively affecting consumption of pulse crops, pasta and rice because consumption is rising in developing nations as consumers switch back to traditional lower cost vegetable proteins and starches. Additionally, governments in the region are management believes expected to buy food through tenders, ease tariffs and import regulations to facilitate the importation and stabilization of local foods supplies, thereby easing food inflation. These conditions are seen by many as a significant contributor to civil unrest in the region. It should be noted that this type of unrest is not projected to affect AGT business in the region. Demand for pulse crops, lentils, peas, chickpeas and beans, the staple protein consumed by hundreds of millions of consumers daily in all corners of the globe remains high.

4.8 Seasonality

All of Alliance's supply of raw materials come from suppliers in Saskatchewan, Alberta, Manitoba, Montana, North Dakota and Australia, where crops are harvested once a year. The Arbel Group's supply of raw materials comes primarily from Turkey with some supply from various other parts of the world. The crops are harvested once a year, with the Turkish harvest usually falling in June. The export of pulses from Turkey occurs year around, but the most intensive period is from August to December.

While sales and purchases are fairly evenly spread out during AGT's fiscal year, they do tend to be slightly higher in the last half of the fiscal year (July 1 to December 31), which is the period of peak demand. This seasonal effect is mitigated by AGT's increasing shift to branded products (whose longer shelf life makes them more resistant to seasonal pressures), a more diversified product mix, and, in Turkey, its strategy of diversifying its sources of product worldwide. Alliance regularly ships product to Turkey for processing to augment available crop supplies and allow Arbel to satisfy its market opportunities. With geographic diversity of markets (AGT exports to over 85 countries actively), seasonality is not a significant concern under normal crop conditions. In 2010, weather events in Canada affected the timing of the harvest, which led to an aberration in available supplies as Canadian supplies were depleted to historically low levels. These conditions hindered AGT's ability to deliver its business plan in 2010 but Management does not believe they will have a lasting effect on future year's seasonality.

With the advancement of Ramadan by 10 days every year, purchasing demand in the Islamic world has shifted from the fall to the summer months, as purchasers arrange for shipments to be received before the fasting month begins. This shift in exports is expected to assist AGT in its efforts to achieve more consistent revenues and profits each quarter. This effect is further complemented by the opposite seasonal demand of the South American markets (whose peak winter demand is in February to July) and the Mediterranean/Indian sub-continent/Middle East (whose peak demand is in July to January). New product segments, such as beans, chickpeas, pasta and rice do not follow the seasonal consumption patterns of traditional pulses. Diversification of AGT's product lines and markets in these new revenue segments will also smooth the seasonality of its business.

The higher degree of expected quality variance in the Canadian, U.S. and Australian crop will create both challenges and opportunities for AGT. Quality constraints may have the effect of reducing the fluidity and velocity of processing operations in Canada as plants deal with the challenges of variable crop quality on receipts of pulses from farmers. This may have the effect of temporarily hampering Management efforts to boost capacity utilization of existing global facilities. However, as AGT realizes upgrade opportunities and the fact that a full range of split and value-added lentils, peas and chickpeas as well as its newer offerings of beans, pasta, bulgur wheat, semolina and rice are in place, AGT's operating divisions are anticipated to be in a position of strength vis-à-vis its competitors both regionally and globally. Management is optimistic about its ability to develop sales opportunities in its four core platforms for growth: pulses, pasta and durum wheat milling, rice and other products (e.g. popcorn, sunflower seeds).

The steady demand for pulses and staple foods in virtually all end-use markets sees buyers following a cycle to fill the relatively inelastic demand for pulses and staple foods with supply of new crops in Canada (September harvest), as well as in Australia (December harvest), India (March harvest) and Turkey (June harvest). Management believes that demand through traditional shipping periods will provide AGT with opportunities to supply from all of its origins during the 2011 crop year. The estimates of lower Indian production levels are expected to translate to higher import levels of pulses to India, which is an important component to moving available product from origins with higher degrees of quality variance than would be seen in a typical year.

Importers and international buyers must complete buying decisions as stocks are available, bringing into the markets to satisfy consumer demands for pulse products, staple foods and protein. Management expects sales demand and continued replenishment of local market stocks for 2011, compensating for cautious buying in all of 2010 caused by weather events, high prices and a late Canadian harvest resulting in uncertain supply. Local importers postponed portions of their buying decisions in the period May to September 2010 due to volatile pulse markets and a general perception that markets would fall with the advent of new crops in Turkey and a market expectation that Canadian new crop stocks would be higher than last year. The timing issues through the year were compounded by the late harvest in mid-October with delivery of product to AGT facilities by early to mid November, affecting AGT's ability to execute on selling opportunities present in the market and pushing those sales into later periods. Once the full effects of the weather event of a Canadian crop affected by late seeding and harvest were clear, markets were further confused and buying demand was further affected in this period by the questions around the Canadian crop quality.

Management feels that the effects of these timing related issues have substantively corrected themselves during the Q4 2010 period. Management is pleased with the integration progress for all acquisitions completed in 2009 and 2010. Management of AGT and the Arbel Group have worked together in the past and shared certain business processes. Integration of marketing and administrative operations is complete with some minor alterations in process remaining. The Finora and Parent Seeds integrations are also progressing as planned. The planned capacity expansion and addition of new value-added processing equipment (colour sorters) at the Finora Wilkie and the Rosetown division facilities are complete and Management reports that these assets are being utilized to deal with the issues surrounding Canadian crop quality.

Integration of the Balco and Northern Yorke acquisitions are ongoing and on track. Quality variability and a large crop in Australia in this harvest period resulted in opportunities to capture pulses into AGT's newly constructed storage and processing systems. These shipments in the 2011 period from Australia will allow AGT to realize immediate cashflows from its new and existing base of assets.

The recent Poortmans acquisition adds key management strength, a distribution platform in Europe and a Chinese bean plant to further AGT's global bean strategy. Integration of merchandising activities with Poortmans have begun and evaluation around the next expansion steps in China are ongoing.

It is Management's view that the outlook for AGT is only temporarily affected by the recent weather events in Canada and the related timing issues which have subjected AGT to an inherent risk of the agricultural business: volume risk. Management reiterates that the key components to long-term value creation in AGT's business are intact and that it will continue down the path of building a truly global and profitable origination, processing and distribution business for staple foods: lentils, chickpeas, peas, beans, faba beans, pasta, medium grain rice, bulgur and semolina.

4.9 Regulations

The CGC is the public monopoly marketing board for grains in Canada. Although the CGC does not market pulses, it does regulate some aspects of the pulse business. A Grain Dealer's Licence from the CGC is required to purchase pulse crops, including lentils, directly from producers. Licence holders are subject to rigorous bonding requirements of at least $150,000 and spot audits. Alliance is a fully licensed and bonded primary elevator, and is currently in good standing. As required by CGC rules, Alliance has posted a performance bond of $10 million with the CGC. The licence enables Alliance to negotiate purchase terms directly with producers and thus obtain, or offer, better terms. Alliance is also bonded with the North Dakota and Montana state governments as a requirement of its operations there. There are no licensing requirements in Turkey or Australia.

No export licence is required to export lentils from Canada, Turkey, the U.S. or Australia. There are no other material regulatory considerations specific to the export of pulses and specialty crops.

Rules governing tariffs and quotas apply to pasta in the E.U. and the U.S., measures largely aimed at the protection of domestic production industries. AGT is aware of these regulations and although it sells in compliance with such rules, as applicable, AGT concentrates sales in the rest of the world where these types of trade barriers do not exist.

4.10 Employees

As at December 31, 2010, AGT and its subsidiaries had approximately **450** employees worldwide.

4.11 Intangible Property

AGT believes that its trademarks are important to its competitive position. Alliance owns a number of registered and unregistered trademarks in Canada, including: "Alliance", "Alliance Pulse Processors", "United Pulse Trading", "Saskcan", "Agtech", "Saskcan Pulse Trading and design", and "Saskcan Disc design". Alliance has also registered "Alliance" as a trademark with the U.S. Patent and Trademark Office ("**USPTO**").

Alliance has also been awarded the worldwide commercialization rights until 2018 for three new varieties of pulse developed at the University of Saskatchewan by the Saskatchewan Pulse Growers, an industry organization representing over 18,000 pulse crop growers in Saskatchewan. These include the King Red lentil variety (a bold red lentil grown in Western Canada), the Queen Green Lentil (a green cotyledon lentil) and large Food Type Faba Bean. Alliance has registered the trademarks "King Red" and "Queen Green" with the CIPO and the USPTO. Alliance also signed an agreement in March 2009 with Terramax Grains of Saskatchewan to develop two proprietary varieties of Navy Beans, the Skyline (a 92 days maturing Navy Bean for Saskatchewan) and the Octane (a variety for Manitoba and North Dakota), and the B-90 chickpea. All of these programs are under commercialization and 2011 production of the aforementioned varieties is underway.

In Turkey, the Arbel Group has registered a number of trademarks that it uses in its business, including "Arbel" and "Arbella". All such trademarks are owned through Arbel. In addition, the Arbel Group has registered the "Arbella" trademark with the World Intellectual Property Office, the United States Patent and Trademark Office, the Japan Patent Office, the Korean Intellectual Property Office, and the Intellectual Property Office of Singapore. Arbel has also applied to the CIPO to register as trademarks "Arbella" and "Arbella Family".

Durum has a licence from Warner Bros. Entertainment, Inc. to use the "Looney Tunes", "DC Justice League Comics" and "DC Justice League Animation" copyrights and trademarks in connection with its branded children's pasta products in Turkey and Northern Cyprus. The current licence will expire at the end of 2012.

AGT's intangible assets are an important part of its business. In fact, AGT has attached an intangible asset value to the Arbella Brand and client relationships that were acquired at Arbel and Poortmans. AGT benefits from the goodwill established for its brand names and protects it proprietary information, including its trademarks, through trademark laws, contractual provisions and confidentiality procedures.

4.12 Risk Factors

AGT is a buyer, processor and exporter of a range of pulses and special crops, and is exposed to a number of risks and uncertainties that are common to other companies engaged in the same or similar businesses. The following is a summary of the material risks specific to AGT's business and its industry.

Operating Requirements

AGT's revenues are dependent on the continued operation of its processing facilities. The operation of its processing facilities involves certain risks, including the failure or substandard performance of equipment, natural disasters, including earthquakes (the Arbel Group's facilities are located in Turkey, a region that has experienced earthquakes in the past), workplace accidents, labour problems, spoilage, as well as other hazards incidental to the production, use, handling, processing, storage and transportation of pulses and special crops. Also, as an industrial operation, AGT is exposed to workplace health and safety and workers' compensation claims, and equivalents in the U.S., Australia and Turkey. There can be no assurance as to the actual amount of these liabilities or the timing of them. The occurrence of material operational problems, including but not limited to the above events, may have a material adverse effect on the business, financial condition and results of operations of AGT.

The success of AGT's business depends on a large number of both hourly and salaried employees. Changes in the general conditions of the employment market could affect the ability of AGT to hire or retain staff at competitive wage levels, which could have an adverse effect on AGT's business, financial condition and results of operations. At the Finora Wilkie site, which was acquired on December 31, 2009, there was a collective agreement governing 25 employees in place. On June 25, 2010, members of the union, on a vote ordered by the Canadian Labour Relations Board, voted to decertify the Grain Services Union and the collective agreement ceased.

There is no assurance that further or all of the employees of AGT will not unionize in the future. If successful, such an occurrence could increase labour costs and thereby have an adverse affect on AGT's business, financial condition and results of operations.

Volume Risk

Weather conditions, which can vary substantially from year to year, have a significant impact on the size and quality of the harvest of the crops processed and sold by AGT. Significant increases or decreases in the total harvest will impact AGT's sales and the gross profits realized on sales of its product and, consequently, the results of its operations. A good harvest usually results in lower prices for product (due to high supply relative to demand), but higher volume of sales. A poor harvest usually results in higher prices for product (due to low supply relative to demand) but lower volume of sales. The use of splitting and colour sorting equipment assists AGT in its efforts to extract the maximum highest-priced product from the available crop in poor harvest years where the crop is amenable to the use of such equipment (e.g. lentils). High degrees of quality variance can also affect processing velocity and capacity utilization, as the processes required to potentially upgrade lower or more variable quality product can slow overall processing times. Nonetheless, there can be no assurance that such factors would fully offset a significant decrease in volume and quality caused by a poor harvest, or the decrease in price caused by a glut in production. AGT achieves some risk mitigation by having its plants spread out geographically in North America and Turkey and by sourcing product for Australia from local production in Australia. However, a significant decrease in volume and quality caused by a poor harvest, or a significant decrease in price caused by a glut in production, could have a material adverse effect on the business, financial condition and results of operations of AGT.

Transportation and Transloading

AGT is dependent on third parties and container availability for the transportation of its products. In Canada, a large proportion of AGT's products are transported by rail and a portion of AGT's products are also transported by road. In Turkey, AGT's products are transported exclusively by road. As the majority of AGT's products are exported, AGT also relies on shipping companies and vessel space. All exported products also pass through third party transloading facilities to facilitate their final containerization for export. Strikes, work stoppages, labour disputes, failure or substandard performance of equipment, or other interruptions to the rail or road networks, haulage companies, transloading facilities or shipping companies used by AGT, and limited container availability, may have a material adverse effect on the business, financial condition and results of operations of AGT.

Logistics are expected to be a major consideration in early 2011 as AGT anticipates it will be challenging to obtain container availability and vessel space to move the expected 2010-2011 crops from North America and Australia. As container availability is driven by global trade flows and imports, slow-downs in the economy in the U.S. and import imbalances in South Australia have left container supplies tight. Although AGT mitigates this risk by being a leader in containerized agri-shipments, maintaining direct relationships with international steamship lines and its key regional seaport presence with facilities located 8km from the Port of Mersin, Turkey, there can be no assurance that AGT will be able to obtain sufficient container availability and vessel space to meet its needs, which may have a material adverse effect on the business, financial condition and results of operations of AGT.

Distribution and Supply Contracts

AGT typically does not enter into written long-term agreements with its clients, distributors or suppliers. As a result, such parties may, without notice or penalty, terminate their relationship with AGT at any time. In addition, even if such parties should decide to continue their relationship with AGT, there can be no guarantee that the consideration or other terms of such contracts will continue on the same basis. All spot contracts with growers or sales contracts with clients are backed by formal written legal contracts that AGT would seek to enforce through local courts, international or local trade and arbitration rules (Grain and Feed Trade Association, Canadian Special Crops Association, U.S. Peas and Lentil Trade Association). If one or more of AGT's key clients, distributors or suppliers terminates or otherwise alter the terms of its relationship with AGT and/or if a number of smaller clients distributors or suppliers concurrently were to terminate or otherwise alters the terms of their relationship with AGT, that could have a material adverse effect on the business, financial condition and results of operations of AGT.

Customer Retention and Competitive Environment

AGT experiences competition in the markets in which it operates. Certain of AGT's competitors may have greater financial and capital resources than AGT. AGT could face increased competition from newly formed or emerging entities, as well as from established entities that choose to focus, or increase their existing focus, on AGT's primary markets and product lines. There is also a risk that a larger, more formidable competitor may be created through a combination of several smaller competitors. Competition within the pulse and special processing industry is based primarily on service and price. If AGT is unable to compete effectively in these areas, it may lose existing customers or fail to acquire new customers, which could have a material adverse effect on the business, financial condition and results of operations of AGT.

Foreign Operations

AGT's foreign operations may be subject to the risks normally associated with the conduct of business in certain foreign countries, including uncertain political and economic environments; strong governmental control and regulation; lack of an independent judiciary; war, terrorism and civil disturbances; crime; corruption; changes in laws, regulations or policies of a particular country, including those related to imports, exports, duties and currency; cancellation or renegotiation of contracts; tax increases or other claims by government entities, including retroactive claims; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain or maintain necessary permits; currency fluctuations; high inflation; restrictions on the ability of such companies to hold U.S. dollars or other foreign currencies in offshore bank accounts; import and export regulations; limitations on the repatriation of earnings; and increased financing costs. The occurrence of one or more of these risks may have a material adverse effect on the Company's financial results, business prospects and financial condition.

Integration of Acquisitions

The continued integration of acquisitions may result in significant challenges, and Management may be unable to accomplish the continued integration smoothly or without spending significant amounts of money. There can be no assurance that Management will be able to integrate the operations of each of the acquired businesses successfully. Any inability of Management to successfully integrate the operations of AGT, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on the business, financial condition and results of operations of AGT.

Realization of Benefits from Acquisitions

There is a risk that some or all of the expected benefits of acquisitions may fail to materialize, or may not occur within the time periods anticipated by Management. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of AGT. The failure to realize some or all of the expected benefits of such acquisitions could have a material adverse effect on the business, financial condition and results of operations of AGT.

Acquisition and Expansion Risk

AGT's growth strategy will depend, in part, on it acquiring other pulse and grain processors, pasta producers, or related businesses, which it may be unable to do profitably or at all. The success of this acquisition strategy will depend, in part, on its ability to:

- identify suitable businesses to acquire;
- negotiate the purchase of those businesses on terms acceptable to it;
- complete the acquisitions within its expected time frame;
- improve the results of operations of the businesses that it acquires and successfully integrate their operations into its own; and
- avoid or overcome any concerns expressed by regulators, including anti-trust or competition law concerns.

AGT may fail to properly complete any or all of these steps. AGT may not be able to identify appropriate acquisition candidates, acquire those candidates that it identifies, obtain necessary permits or integrate acquired businesses effectively or profitably, and it may experience other impediments to its acquisition strategy. Moreover, increased competition may reduce the number of acquisition targets available to AGT and may lead to unfavourable terms as part of any acquisition, including high purchase prices. If acquisition candidates are unavailable or too costly, AGT may need to change its business strategy.

AGT's integration plan for acquisitions will depend on certain cost savings. Unforeseen factors may offset the estimated cost savings or other components of its integration plan in whole or in part and, as a result, it may not realize any cost savings or other benefits from future acquisitions. Further, any difficulties AGT encounters in the integration process could interfere with its operations and reduce its operating margins. Even if AGT is able to make acquisitions on advantageous terms and is able to integrate them successfully into its operations and organization, some acquisitions may not fulfill its strategy in a given market due to factors that it cannot control, such as market position or customer base. As a result, operating margins could be less than AGT originally anticipated when it made those acquisitions. It may then change its strategy with respect to that market or those businesses and decide to sell the operations at a loss, or keep those operations and recognize an impairment of goodwill and/or intangible assets.

AGT also cannot be certain that it will have enough capital or be able to raise enough capital by issuing equity or debt securities or through other financing methods on reasonable terms, if at all, to complete the purchases of the businesses that it wants to acquire. Acquisitions may increase its capital requirements. AGT's acquisitions will also involve the potential risk that it will fail to assess accurately all of the pre-existing liabilities of the operations acquired, including environmental liabilities.

If AGT is unsuccessful in implementing its acquisition strategy for the reasons discussed above or otherwise, its business, financial condition and results of operations could be materially adversely affected.

Reliance on Key Personnel

AGT's operations are dependent on the abilities, experience and efforts of its senior management. Should any of these persons be unable or unwilling to continue providing services to AGT, the business prospects of AGT could be materially adversely affected as operating results could suffer. The future success of AGT will depend on, among other things, its ability to keep the services of its executives and to hire other highly qualified employees at all levels. AGT will compete with other potential employers for employees, and it may not be successful in hiring and keeping the services of executives and other employees that it needs. The loss of the services of, or AGT's inability to hire, executives or key employees could have a material adverse effect on AGT's growth, business, financial condition and results of operations.

Localized Decision Making

Following the completion of the Arbel Acquisition, the Arbel Group has continued its current business under its management and business practices, subject to the same overview by AGT's board of directors (the "**Board**") to which management of Alliance is subject. This approach allows a significant amount of management and decision-making to be made on a localized basis. AGT's localized decision-making structure could allow local managers to make decisions that adversely affect its business, financial condition and operating results. Local managers have the authority to make many decisions concerning their operations without obtaining prior approval from centralized senior management, subject to compliance with general corporation-wide policies. Poor decisions by local managers could result in a loss of customers or increases in costs, in either case having a materially adverse effect on the business, financial condition and results of operations of AGT.

Potential Undisclosed Liabilities

In connection with AGT's acquisitions, there may be liabilities that AGT failed to discover or was unable to quantify in its due diligence which it conducted prior to the closing of such acquisitions. The discovery or quantification of any material liabilities could have a material adverse effect on the business, financial condition or future prospects of AGT.

Uninsured and Underinsured Losses

AGT maintains property, equipment, business interruption and liabilities insurance coverage and uses the services of AON International and local insurance brokers in Canada, the U.S., Australia, China and Turkey to continuously review the adequacy of its coverage and the pricing of insurance. AGT uses its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on its assets and operations at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets or cover the cost of a particular claim, which could have a material adverse effect on the business, financial condition and results of operations of AGT.

Global Financial Crisis and General Economic Conditions

Market events and conditions including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions have caused significant volatility to commodity prices. These conditions worsened in 2008 and continued in 2009 and 2010, causing a further loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Such conditions may continue in 2011.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, the actions of the Organization of the Petroleum Exporting Countries and the ongoing global credit and liquidity concerns.

Worsening economic conditions could have a direct material adverse effect on the business, financial condition and results of operations of AGT, and may have an adverse effect on AGT's business indirectly, through pressure on the liquidity of AGT's business partners and the intermediaries necessary to bring product to market.

Wholesale Price Volatility

The pulse, grain and special crops processing industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale prices of crops caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation and global demand), taxes, government programs and policies for the farming and transportation industries (including price controls), and other market conditions, all of which are factors beyond AGT's control. The world market for pulses and special crops is subject to numerous risks and uncertainties, including risks and uncertainties related to international trade and global political conditions.

In the event of a sudden and sharp increase in the wholesale price of pulses, grains and special crops, in order to stay competitive, AGT may not be able to pass this price increase through to its customers, which could have a material adverse effect on the business, financial condition and results of operations of AGT, including causing it to suffer lower profits.

A portion of AGT's crop purchases are made through production contracts, which fix a price at which AGT may purchase lentils from a producer over the course of the selling season. In addition, a portion of AGT's crop purchases are made directly from local farmers and crops are delivered at the time of purchase to be held in inventory. Should events occur after the price is fixed or after the date of purchase that increase the cost of production or the ability of AGT to sell the processed products at expected levels, the margins realized by AGT on such products could be lower than expected. If, after AGT purchases crops, their sale price falls below the price at which AGT purchased them, AGT could realize a lower than expected margin on sales, or even have unprofitable sales.

Capital Markets

As a result of the weakened global economic situation, AGT may have restricted access to capital and increased borrowing costs as the lending capacity of all financial institutions has diminished. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, AGT's ability to do so is dependent on, among other factors, the overall state of the capital markets and investor demand for investments in the commodities industry and in particular in AGT's securities. If AGT's has difficulty obtaining, or is unable to obtain, access to the capital markets it could have a material adverse effect on the business, financial condition and results of operations of AGT.

Leverage and Capital Requirements

The degree to which AGT is leveraged could impact AGT's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future. Moreover, a significant portion of AGT's cash flow from operations may be dedicated to the payment of the principal and interest on its indebtedness, thereby reducing funds available for future operations. Additionally, certain of AGT's borrowings are subject to variable rates of interest, which will expose AGT to the risk of increased interest rates. As a result, AGT may be more vulnerable to economic downturns and may be limited in its ability to withstand competitor pressures, which could have a material adverse effect on the business, financial condition and results of operations of AGT.

The ability of AGT to remain competitive, sustain its growth and expand its operations will require large amounts of cash. AGT expects to obtain this cash from its operating cash flow, public offerings and borrowings under available credit facilities. However, AGT may require additional equity or debt financing to fund its growth and debt repayment obligations. If AGT undertakes acquisitions or expands its operations, its capital expenditures may increase. The increase in expenditures may reduce AGT's working capital and require it to finance working capital deficits. AGT's cash needs will increase if its capital expenditures increase above its current reserves taken for these costs. These factors, together with those discussed above, could substantially increase AGT's operating costs and therefore impair its ability to invest in its existing or new facilities, which could have a material adverse effect on the business, financial condition and results of operations of AGT.

Financing Risks and Credit Facilities

AGT may in the future need to refinance its available credit facilities or other debt and there can be no assurance that AGT will be able to do so or be able to do so on terms as favourable as those presently in place. If AGT is unable to refinance these credit facilities or other debt, or is only able to refinance these credit facilities or other debt on less favourable and/or more restrictive terms, this may have a material adverse effect on AGT's financial position. In addition, the terms of any new credit facility or debt may be less favourable or more restrictive than the terms of the existing credit facilities or other debt.

While Management currently expects that the cash flow from AGT's operations and funds available to it under its credit facilities will be adequate to finance AGT's operations and business strategy and maintain an adequate level of liquidity, expected revenue and the costs of planned capital expenditures are only estimates. Actual cash flows from operations are dependent on regulatory, market and other conditions that are beyond the control of AGT. As such, no assurance can be given that Management's expectations as to future performance will be realized.

Payments under AGT's credit facilities with the Bank of Nova Scotia, FCC and RBS and the security granted in respect of the same have priority over all other payments payable and security granted by AGT. AGT has banking relationships in a number of global markets in which current credit facilities are maintained. There can be no assurance that credit will continue to be available from capital providers in the future.

In addition, as a large proportion of AGT's credit facilities have floating interest rates, if there is a significant increase in interest rates, it will have a material adverse effect on AGT's business, financial condition and results of operations.

Liquidity Risk

Liquidity risk results from the requirement of AGT to make cash payments against certain indebtedness over the course of upcoming years. AGT currently has in place certain outstanding credit facilities and loans, with a range of maturity dates and interest rates. While Management expects that future operational cash flows and assets will be sufficient to fund these obligations, deteriorating market conditions, volatility in commodity prices and other financial and operational risks referred to in this "*Risk Factors*" section could adversely impact AGT's ability to do so, including causing AGT to default on certain of its obligations. AGT's failure to service its obligations would have a material adverse effect on the business, financial condition and results of operations of AGT.

Reduced Dividend Payment

The payment of any future dividends is at the discretion of the Board after taking into account many factors, including AGT's operating results, financial condition and current and anticipated cash needs. Deteriorating economic and market conditions, as well as other financial and operational risks referred to in this "*Risk Factors*" section, could adversely impact AGT to such an extent that the Board determines to reduce the payment of future dividends in order for AGT to retain earnings and other cash resources for the operation and development of its business.

International Agricultural Trade Risks

International agricultural trade is affected by high levels of domestic production and global export subsidies, especially by the U.S. and the E.U. Such subsidies interfere with normal market demand and supply forces and generally put downward pressure on commodity prices. Tariffs and subsidies restricting access to foreign markets may prevent the expansion of the agri-food processing industry. While not the most significant sector overall for World Trade Organization members, the Agricultural sector is likely the most politicized. The political influence of the farm sector in both the E.U. and the U.S. is very significant, and agricultural negotiations are driven as much by political needs as they are by economics. Developing nations typically have small manufacturing bases, and their agricultural sectors are critical to their economies. As a result, political interference or tariffs imposed by certain foreign governments on AGT or it products could have a material adverse effect on the business, financial condition and results of operations of AGT.

Foreign Exchange Exposure

While most of Alliance's costs are incurred in Canadian dollars, most of its revenues are earned in U.S. dollars. As a result, Alliance is exposed to currency exchange rate risks. A change in the currency exchange rate may effectively reduce the Canadian dollar amounts received by Alliance. Alliance has entered into certain foreign exchange contracts with maturities of less than one year, to manage risks associated with entering into new sales contracts denominated in U.S. dollars. All sales proceeds are hedged at the time of sale to mitigate currency risks. Nonetheless, there can be no assurance that currency fluctuations will not have a material adverse effect on AGT. As well, significant portions of the Arbel Group's net borrowings are denominated in U.S. dollars, effectively creating a net short position to the U.S. dollar. On a Turkish lira reporting basis, this exposure could result in a material adverse effect on the Arbel Group's financial results should the U.S. dollar appreciate against the Turkish lira.

For the purposes of financial reporting by AGT, any change in the value of the Canadian dollar or the Turkish lira against the U.S. dollar during a given financial reporting period would result in a foreign exchange loss or gain on the translation of any U.S. cash and cash equivalents. AGT's exposure to foreign exchange losses could have a material adverse effect on its business, financial condition and results of operations.

Counterparty and Export Risk

AGT is exposed to credit risk through its counterparties in the event of non-performance. AGT monitors the credit ratings of its counterparties on an ongoing basis. Trade receivables comprise a significant amount of AGT's outstanding accounts receivable. As a result, the business is exposed to the credit risk associated with certain of its customers. AGT manages its exposure to potential credit risk in respect of trade receivable contracts through analysis of outstanding positions, payment and loss history and ongoing credit reviews of all significant contracts. The absence of significant financial concentration of such receivables limits AGT's exposure to credit risk. However, negative credit experience with AGT's counterparties or customers could have a material adverse effect on AGT's financial results, business prospects and financial condition.

AGT seeks to mitigate its exposure to counterparty credit risks from emerging markets through EDC's credit insurance program. AGT currently manages the risks involved with the export of goods to foreign countries by selling with internationally accepted documentary letters of credit, documentary collections and receivables insurance through EDC. Nonetheless, there is a risk that goods may be lost in transit before a foreign buyer can take delivery and before they are paid for in full (for which reason AGT maintains a contingent cargo insurance policy), or that a foreign buyer may refuse delivery of the product after it has been shipped but before it has been paid for in full (for which reason AGT maintains an insurance policy with EDC, which covers 90% of the losses attributed to repudiation risks), which could lead to residual costs to AGT affecting its profitability. AGT's exposure to counterparty credit risk could have a material adverse effect on its business, financial condition and results of operations.

Geographic and Political Exposure

The Arbel Group's end customers are primarily located in the Middle East, Northern Africa, Europe, Russia and Central Asia. Many of the Arbel Group's customers are located in jurisdictions which may not adopt comparable business and legal practices as are customary in Canada. Exposure to diverse political entities may increase the risk of doing business, including having a material adverse effect on the business, financial condition and results of operations of the Arbel Group.

Additionally, the Arbel Group's processing and production facilities are all situated in Turkey, a country which carries certain risks associated with a different political, business, social and economic environment than that of Canada. The ability to carry on business in Turkey could be affected by political or economic instability in that country. Changes or shifts in political attitude in Turkey may impact the ability of private business, such as the Arbel Group, to carry on business, which could have a material adverse effect on the financial condition and results of operations of the Arbel Group.

The Arbel Group is subject to Turkish law both operationally and with respect to tax. Turkey implemented a flat 20% tax rate for corporations in 2007, however there can be no assurance that existing tax law will remain unchanged or that any changes would be favourable. Unfavourable tax treatment could have a material adverse effect on the business, financial condition and results of operations of the Arbel Group.

The Arbel Group has in the past been dependent on its ability to import raw materials into Turkey to its processing and production facilities, and is also dependent on exporting goods to its customers throughout the world. The Arbel Group is exposed to regulations with respect to import permits that are controlled by local governments that are beyond the control of the Arbel Group. Permits can be based on the availability of local supply and protectionist government policies could have a material adverse effect on its business, financial condition and results of operations.

Environmental Protection

The current and future operations of AGT, including the operation of the coal-fired steam generation plant at the Arbel Group's complex near Mersin, and the disposal of wastes generated by operations, are subject to laws and regulations governing airborne emissions, pollution, occupational health, waste disposal, protection and remediation of the environment, toxic substances and other similar matters. If AGT were to fail to comply with such laws or regulations and suffered a material fine, if AGT was required to spend significant amounts to remediate environmental damage or if AGT's environmental compliance costs were to materially increase, this could have a material adverse effect on AGT's business, financial condition and results of operations.

Regulatory Oversight

AGT's increased size subsequent to the Arbel Acquisition, and the acquisitions of assets from Parent Seed and Finora, means that government regulators, such as competition law or anti-trust regulators in Canada, U.S., Australia, Turkey or elsewhere, may examine its acquisitions more closely. Such regulators may object to or place conditions upon certain of AGT's proposed future acquisitions, which could limit AGT's ability to make certain future acquisitions or could limit their benefit to AGT and thereby, which therefore could have a material adverse effect on the business, financial condition and results of operations of AGT.

Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation. Management continues to review, evaluate and enhance its disclosure controls and procedures and international financial reporting systems and controls for AGT's expanding international operations.

Control of AGT

Mr. Hüseyin Arslan, and other members of his family, collectively own approximately **27.5%** of the outstanding Common Shares of AGT. As a result, Mr. Arslan and the other members of his family, collectively, could exercise their voting rights in the Common Shares to make significant changes to AGT and its business. Such changes could include, among other things, the composition of the Board or Management, approving or disapproving of certain future transactions and other material decisions, each of which may conflict with, or have an adverse effect upon, the interests of the other Shareholders of AGT.

Dilution of Shareholders

AGT is authorized to issue an unlimited number of Common Shares, for the consideration and on the terms and conditions, as may be determined by the Board without the approval of any of its Shareholders, but subject to the rules of the TSX. AGT may make future acquisitions or enter into financings or other transactions involving the issuance of securities of AGT which may be dilutive as the Shareholders will have no pre-emptive rights in connection with such further issuances.

ITEM 5. DISTRIBUTIONS

AGT's policy is to pay a quarterly dividend to Shareholders, as determined by the Board from time to time. AGT's dividend policy is subject to the discretion of the Board and may vary depending on, among other things, AGT's earnings, financial requirements, the satisfaction of certain customary covenants contained in credit facility documents restricting the ability to pay dividends in certain circumstances, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other relevant factors.

The following table sets out the dividends per Common Share paid by AGT to Shareholders between September 15, 2009 and December 31, 2010.

Distribution for Quarter Ending	Dividend per Common Share
December 31, 2010	$0.135
September 30, 2010	$0.135
June 30, 2010	$0.135
March 31, 2010	$0.135
December 31, 2009	$0.135
September 30, 2009	$0.135

The following table sets out the distributions per Unit paid by the Fund to Unitholders for the between January 1, 2008 and September 14, 2009.

Distribution for Quarter Ending	Distribution per Unit
June 30, 2009	$0.135996
March 31, 2009	$0.137511
December 31, 2008	$0.137511
September 30, 2008	$0.1326403
June 30, 2008	$0.138766
March 31, 2008	$0.13898

ITEM 6. DESCRIPTION OF THE CAPITAL STRUCTURE

AGT is authorized to issue an unlimited number of Common Shares and an unlimited number of Class A shares, issuable in series (the "**Class A Shares**"). The rights, privileges and restrictions attaching to the Common Shares and the Class A Shares are as set out below. As of March 30, 2011, there were **19,706,078** Common Shares and no Class A Shares issued and outstanding.

Common Shares

The Common Shares entitle the holder thereof to one vote for each Common Share held at all meetings of Shareholders, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The Shareholders are entitled to receive any dividend declared by AGT in respect of the Common Shares and to receive the remaining property of AGT upon its dissolution, in each case, subject to the rights of the Class A Shares. There are no restrictions on the issue, transfer or ownership of the Common Shares.

Class A Shares

The Class A Shares may at any time, and from time to time, be issued in one or more series, in accordance with and subject to the provisions of applicable laws. The number of shares in, and the designation, rights, privileges, restrictions and conditions attaching to the Class A Shares of, any series of Class A Shares must be fixed by the Board before the issue of any Class A Shares of any series. The determinations of the Board are subject to applicable laws, AGT's articles and any conditions attaching to any outstanding series of Class A Shares.

The Class A Shares of each series ranks, both with regard to dividends and return of capital, in priority to the Common Shares and over any other shares ranking junior to the Class A Shares. The Class A Shares of each series may also be given such other preferences over the Common Shares and any other shares ranking junior to the Class A Shares as the Board determines for the respective series authorized to be issued. Any priority, in the case of cumulative dividends, is with respect to all prior completed periods in respect of which such dividends were payable plus such further amounts, if any, as may be specified in the provisions attaching to a particular series. In the case of non-cumulative dividends, any priority is with respect to all dividends declared and unpaid. The Class A Shares of each series ranks on a parity with the Class A Shares of every other series with respect to priority in payment of dividends and return of capital in the event of liquidation, dissolution or winding up of AGT.

Other Securities

On April 21, 2008, options ("**Options**") were issued to the trustees and officers of the Fund and key employees of Alliance and its subsidiaries at the time of the grant. Each such Option is exercisable for one Common Share at a price of $9.00 per Common Share until April 21, 2013. As at March 28, 2011, Options to acquire an aggregate of **427,168** Common Shares were issued and outstanding.

ITEM 7. MARKET FOR SECURITIES

The Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "AGT". The following table sets forth the price ranges and volume of trading of the Common Shares on the TSX for each month during the year ended December 31, 2010:

Month of 2010	High	Low	Volume
December	$28.97	$27.37	1,530,650
November	$31.19	$27.51	2,822,540
October	$33.49	$29.11	1,822,570
September	$30.75	$27.24	2,008,150
August	$32.75	$28.18	1,696,490
July	$33.90	$30.01	430,600
June	$34.25	$30.20	1,447,490
May	$34.00	$29.15	1,171,520
April	$33.80	$31.40	978,470
March	$34.98	$32.50	1,688,690
February	$35.00	$32.62	1,416,650
January	$34.15	$30.02	1,260,550

ITEM 8. ESCROWED SECURITIES

Designation of Class	Number of Common Shares Held in Escrow	Percentage of Class
Common Shares(1)	641,372 Common Shares	**3.35%**
Common Shares(2)	34,233 Common Shares	**0.18%**

(1) These Common Shares are held in escrow by Equity Transfer & Trust Company pursuant to the terms of the Acquisition Agreements and will be released from escrow on September 15, 2011.

(2) These Common Shares are held in escrow by Gerrand Rath Johnson pursuant to the terms of the asset purchase agreement between Parent Seed and Alliance dated December 31, 2009, one third of which will be released from escrow on each of December 31, 2011, June 30, 2012 and December 31, 2012.

ITEM 9. DIRECTORS AND OFFICERS OF AGT

9.1 Name, Occupation and Security Holding

The following table sets forth, for each of the directors and executive officers of AGT, the individual's name, province and country of residence, as applicable, principal occupation and the date on which the individual was appointed as a trustee or officer of the Fund. Each of the individuals listed below has been a director or officer of AGT, as applicable, since its incorporation.

Name and Province and Country of Residence	Position with AGT	Trustee/Officer of the Fund Since	Number of Common Shares Beneficially Owned or Controlled or Directed (as at March 15, 2010)	Principal Occupation
Murad Al-Katib Regina, Saskatchewan, Canada	President and Chief Executive Officer Director ("**CEO**")	August 1, 2007	296,326(3)	President and Chief Executive Officer of AGT; President and CEO, Alliance Pulse Processors Inc.
Hüseyin Arslan Mersin, Turkey	Executive Chairman Director	January 31, 2008	2,334,796	Executive Chairman of AGT and President, Arbel Group
Howard N. Rosen(1)(2) Ontario, Canada	Vice-Chairman Director	November 30, 2004	10,000(4)	Senior Managing Director, FTI Consulting
Jeffrey W. Renwick(1)(2) Ontario, Canada	Director	November 30, 2004	4,600	President, Standard Biochem Inc.
Denis C. Arsenault(1)(2) Ontario, Canada	Director	November 30, 2004	13,000	Consultant, Chartered Accountant

Name and Province and Country of Residence	Position with AGT	Trustee/Officer of the Fund Since	Number of Common Shares Beneficially Owned or Controlled or Directed (as at March 15, 2010)	Principal Occupation
Lori Ireland Saskatchewan, Canada	Chief Financial Officer	August 1, 2007	17,000	Chief Financial Officer of AGT
Gaetan Bourassa Saskatchewan, Canada	Chief Operating Officer	August 1, 2007	34,700	Chief Operating Officer of AGT; Vice-President of Alliance

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) 125,956 Common Shares are held by Mr. Al-Katib directly, and 170,370 Common Shares are held by Al-Katib Consulting Inc., a corporation controlled by Mr. Al-Katib.
(4) 5,000 Common Shares are held by Mr. Rosen directly, and 5,000 are held by Randy Rosen, Mr. Rosen's wife.

Mr. Al-Katib and Mr. Arslan are also the sole directors of Alliance. Mr. Al-Katib is also the sole director and officer of each of the subsidiaries of Alliance, and Mr. Arslan is also a director of Arbel, Durum and Turkpulse.

The term of office of each director expires at the next annual meeting of the Shareholders. Each of the directors and executive officers listed above has been engaged for more than five years in his present principal occupation, except as same relates to AGT (although, with the exception of Mr. Arslan's appointment as Executive Chairman, each such individual held a similar position with the Fund as it now holds with AGT) and as set forth below.

Murad Al-Katib. Mr. Al-Katib founded Saskcan in 2001 with Hüseyin Arslan, and led its expansion as a processor and seller of pulses and specialty crops over the next six years as the company's President and CEO. After the amalgamation of Saskcan and the Fund's then operating company, Agtech, in August 2007, Mr. Al-Katib joined the board of trustees of the Fund, and assumed the role of President and CEO of the Fund's new amalgamated operating company, Alliance. In January 2008 he was appointed Chairman of the board of trustees of the Fund and on the Conversion, he was appointed President and CEO and a director of AGT. Mr. Al-Katib graduated from the University of Saskatchewan with a Bachelor of Commerce with Distinction in Finance and finished his Master of International Management with Distinction from the American Graduate School of International Management (Thunderbird) in Arizona. In 2005, he was elected to board of directors of the Canadian Special Crops Association ("**CSCA**") and Pulse Canada, the national association for the pulses and specialty crops industry. In 2006, he was elected President of the CSCA and Vice Chair of Pulse Canada. Also in 2006, Murad was appointed to the Advisory Board for Small and Medium Enterprise for the Canadian Minister of International Trade. In October 2004 Mr. Al-Katib was selected as the Prairie Regional Winner of the Ernst and Young Emerging Entrepreneur of the year for 2004. In May 2005, he was named one of Canada's Top 40 under 40 years old in Canada by the Caldwell Partners and the Globe and Mail. In 2006, Mr. Al-Katib was awarded a Saskatchewan Centennial Medal as an outstanding business leader by Saskatchewan's Lieutenant-Governor.

Hüseyin Arslan. Mr. Arslan was one of the founding shareholders of Saskcan, which was acquired by the Fund and merged with Agtech in August 2007. For the last 15 years, Mr. Arslan has been the General Manager of Arbel. He also serves as a director of Durum and Turkpulse and of certain companies owned by his family, including European Tobacco SA. He is a director of Alliance, was appointed a trustee of the Fund on January 31, 2008, and on the Conversion was appointed Executive Chairman and a director of AGT. Mr. Arslan holds a Bachelor of Science in Electronics Engineering from Middle East Technical University in Turkey and has over two decades of experience in the trading of agricultural and food products globally. He is also an elected member of the executive committee of the International Pulse Processors and Exporters Federation.

Denis C. Arsenault. Mr. Arsenault holds a Bachelor of Commerce degree from the University of Toronto and is a Chartered Accountant with more than 27 years experience. He began his career with KPMG in 1978. Mr. Arsenault was the Chief Financial Officer ("**CFO**"), Vice-President, Finance and a director of Orbus Pharma Inc. from 2002 to 2006. He was the CFO of Central Sun Mining Inc. from December 2006 to March 2009, when the company was taken over by B2Gold Corp. He is currently an independent consultant. He is also a director of Thomson Creek Minerals Inc., Rockcliff Resources Inc. and MBAC Fertilizer Corp.

Jeffrey W. Renwick. Mr. Renwick is the President of Standard Biochem Inc. and has held this position since July 2008. Before that he was the President and CEO and a director of Orbus Pharma Inc.

Howard Rosen. Mr. Rosen is the senior managing director of FTI Consulting, a business and regulatory consulting firm. From April 2004 to March 2009, he was the managing director of LECG Canada, Ltd., also a business and regulatory consulting firm. Before that he was a principal of LRTS from May 1998 to April 2004, and a partner with Arthur Andersen from June 1992 to May 1998. He is currently a director and chair of the audit committee of The Medipattern Corporation and was also a director of Betacom Corp. from October 2002 to November 2003. Mr. Rosen holds a Bachelor of Business Administration degree from the York University Business School, and is a Chartered Accountant, Chartered Business Valuator, Accredited Senior Appraiser, and Certified Fraud Examiner.

Lori Ireland. Ms. Ireland was the CFO of Saskcan prior to its acquisition by the Fund. After the amalgamation of Saskcan and the Fund's then operating company, Agtech, in August 2007, Ms. Ireland assumed the role of CFO of the Fund. On the Conversion, she became CFO of AGT.

Gaetan Bourassa. Mr. Bourassa was the Vice-President of Saskcan prior to its acquisition by the Fund. After the amalgamation of Saskcan and the Fund's then operating company, Agtech, in August 2007, Mr. Bourassa assumed the role of Vice-president of Alliance. In 2009, Mr. Bourassa was named Chief Operating Officer of AGT and Alliance.

9.2 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No director or executive officer of AGT is as at the date hereof, or within the ten years prior to the date hereof has been, a director, CEO or CFO of any company that was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while such director or executive officer was acting in the capacity as director, CEO or CFO of such company, or that was issued after the director or executive officer ceased to be a director, CEO or CFO of such company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of such company.

No director or executive officer of AGT, or other person holding a sufficient number of voting securities of AGT to affect materially the control of AGT, (i) is, as at the date hereof or within ten years prior to the date hereof, has been a director or executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

9.3 Conflicts of Interest

Other than any actual or potential conflict of interest resulting from Mr. Hüseyin Arslan's ownership of a significant number of Common Shares and his membership on the Board as described under "*Risk Factors – Control of AGT*", there are no existing or potential material conflicts of interest between AGT and any director or officer of AGT.

ITEM 10. AUDIT COMMITTEE

The full text of the Audit Committee's charter is attached hereto as Schedule A.

10.1 Composition of the Audit Committee

The Audit Committee of AGT is comprised of Howard N. Rosen, Jeffrey W. Renwick and Denis C. Arsenault. Mr. Arsenault is the Chairman of the Audit Committee. Each of the members of the Audit Committee is financially literate.

Each of the current members of the Audit Committee is considered to be independent. This determination was made by the Board upon inquiring into each member's activities and relationships with AGT.

10.2 Relevant Education and Experience

The qualifications and experience of the members of the Audit Committee are set out above under "*Directors and Officers of AGT – Name, Occupation and Security Holding*".

10.3 Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

10.4 External Auditor Services Fees

The following table sets out the aggregate fees billed by the external auditor to the Fund and/or AGT, as applicable, for the years 2010 and 2009:

Category of Fees	Year Ended December 31, 2010	Year Ended December 31, 2009
Audit Fees(1)	$102,000	$65,000
Audit-Related Fees(2)	Nil	$1,500
Tax Fees(3)	$12,800	Nil
All Other Fees(4)	$161,868	$43,175

(1) "**Audit Fees**" refer to fees billed for audit services.
(2) "**Audit-Related Fees**" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the Fund's / AGT's financial statements and are not reported under "Audit Fees".
(3) "**Tax Fees**" refer to fees billed for advice related to tax compliance, tax advice and tax planning.
(4) "**All Other Fees**" refer to fees billed for services not included in the categories of Audit Fees, Audit-Related Fees and Tax Fees. The fees for 2009 relate to services provided in connection with the Arbel Acquisition, the Conversion and review of interim financial results.

ITEM 11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Directors are not aware of any material legal proceedings or regulatory actions outstanding, threatened or pending as of the date hereof by or against AGT or relating to any of its businesses.

ITEM 12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Prior to the Arbel Acquisition, Mr. Hüseyin Arslan, who was a trustee of the Fund and a Unitholder, owned more than 20% of the issued and outstanding shares of Arbel and Durum. The rest of the shares of Arbel, Durum and Turkpulse were owned by Mr. Arslan's close relatives. Mr. Arslan and certain of his relatives held, as a group, 477,800 Units and 2,033,334 special voting rights of the Fund, representing approximately 31.2% of the outstanding voting securities of the Fund on a non-diluted basis; accordingly, the Arbel Acquisition was a "related party transaction" under the policies of the TSX Venture Exchange and Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions*.

Except as set out above, no director or executive officer of AGT or other person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding voting securities of AGT, or any associate or affiliate of any such person, has had any material interest in any transaction of AGT since its incorporation, or in any transaction of the Fund within the three most recently completed financial years, which has materially affected or is reasonably expected to materially affect AGT.

ITEM 13. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for AGT is Equity Transfer and Trust Corporation at its principal office in Toronto, Ontario.

ITEM 14. MATERIAL CONTRACTS

There are no material contracts which were either entered into since December 31, 2008 or are still in effect as of the date of this AIF, other than: (i) the Acquisition Agreements entered into between AGT and the shareholders of Arbel, Durum and Turkpulse, respectively, dated July 16, 2009, pursuant to which AGT acquired the Arbel Group; and (ii) those which were entered into in the ordinary course of business of AGT. Further particulars of the Acquisition Agreements are provided above under "*General Development of the Business – History*" and copies of same are available under AGT's profile on SEDAR.

ITEM 15. INTERESTS OF EXPERTS

KPMG LLP, Chartered Accountants in Regina, Saskatchewan, is the auditor of AGT and has advised that it is independent with respect to AGT in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

ITEM 16. ADDITIONAL INFORMATION

Additional information relating to AGT, including directors' and officer's remuneration and indebtedness, principal holders of AGT's securities and securities authorized for issuance under equity compensation plans, are contained in AGT's management information circular, dated May 18, 2010, prepared in connection with AGT's annual and special meeting of Shareholders held on June 17, 2010, which is available under AGT's profile on SEDAR at www.sedar.com.

Financial information is provided in AGT's financial statements and MD&A for the financial year ended December 31, 2010, which is posted on AGT's website, www.alliancegrain.com, and under

AGT's profile on SEDAR. Shareholders may request, and receive free of charge, copies of such financial statements and MD&A by sending a request to AGT's transfer agent, Equity Transfer & Trust Corporation, at 200 University Ave, Suite 400, Toronto, Ontario M5H 4H1, Fax: (416) 361-0470.

GLOSSARY OF CERTAIN TERMS

The following is a glossary of certain terms used in this AIF:

"**AAFC**" means Agriculture and Agri-Food Canada;

"**Acquisition Agreements**" means the acquisition agreements entered into between AGT and the former shareholders of Arbel, Durum and Turkpulse, respectively, dated July 16, 2009, pursuant to which AGT acquired the Arbel Group;

"**AGT**" means Alliance Grain Traders Inc.;

"**AIF**" means this Annual Information Form;

"**Alliance**" means Alliance Pulse Processors Inc.;

"**Arbel**" means Arbel Bakliyat Hububat Sanayi ve Ticaret A.Ş.;

"**Arbel Acquisition**" means AGT's acquisition of the Arbel Group from the former shareholders of Arbel, Durum and Turkpulse;

"**Arbel Group**" means, collectively, Arbel, Durum and Turkpulse;

"**Australia Milling Group**" means Australia Milling Group Pty. Ltd.;

"**Balco**" means Balco Grain Services and certain real property from Balco Holdings;

"**Board**" means the board of directors of AGT;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**CFR**" means cost and freight destination;

"**CGC**" means Canadian Grain Commission;

"**CIPO**" means Canadian Intellectual Property Office;

"**Common Shares**" means common shares in the capital of AGT;

"**Conversion**" means the conversion of the Fund converted from an open-ended unit trust to a dividend-paying corporation by means of a plan of arrangement under the OBCA;

"**CSCA**" means Canadian Special Crops Association;

"**Durum**" means Durum Gida Sanayi ve Ticaret A.Ş.;

"**EDC**" means Export Development Canada;

"**E.U.**" means European Union;

"**FCC**" means Farm Credit Canada;

"**Finora**" means Finora Inc.;

"**Fund**" means Alliance Grain Traders Income Fund;

"**GAAP**" means Canadian generally-accepted accounting principles;

"**Management**" means management of AGT;

"**MD&A**" means Management's discussion and analysis;

"**MT**" means metric tonnes;

"**Northern Yorke**" means Northern Yorke Processors Limited;

"**OBCA**" means *Business Corporations Act* (Ontario);

"**Parent Seed**" means Parent Seed Farms Ltd.;

"**Poortmans**" means A. Poortman (London) Limited

"**PPSA**" means Patrick Portlink SA;

"**Pulse Depot**" means Pulse Depot Rosetown Inc.;

"**RBS**" means Royal Bank of Scotland;

"**Saskcan**" means Saskcan Pulse Trading Inc.;

"**Saskcan Horizon**" means Saskcan Horizon Trading Inc.;

"**Shareholders**" means holders of Common Shares;

"**Subscription Receipts**" means the subscription receipts issued by the Fund on July 21, 2009 at a price of $16.25 per subscription receipt, for gross proceeds of $99,431,150, to finance the acquisition of the Arbel Group.

"**TSX**" means the Toronto Stock Exchange;

"**Turkpulse**" means Turkpulse Diş Ticaret A.Ş.;

"**Unitholders**" means holders of Units;

"**Units**" means units of means the Fund;

"**U.S.**" means the United States of America; and

"**USPTO**" means the U.S. Patent and Trademark Office.

SCHEDULE A

CHARTER OF THE AUDIT COMMITTEE
OF
ALLIANCE GRAIN TRADERS INC.
(the "Corporation")

The Role of the Audit Committee

The Audit Committee has been established to assist the board of directors of the Corporation (the "**Board**") in fulfilling its oversight responsibilities with respect to the following principal areas:

(a) the Corporation's external audit function; including the qualifications, independence, appointment and oversight of the work of the external auditor;

(b) the Corporation's accounting and financial reporting requirements;

(c) the Corporation's reporting of financial information to the public;

(d) the Corporation's compliance with law and regulatory requirements;

(e) the Corporation's risks and risk management policies;

(f) the Corporation's system of internal controls and management information systems; and

(g) such other functions as are delegated to it by the Board.

Responsibilities

The Corporation's management is responsible for preparing the Corporation's financial statements and the external auditors are responsible for auditing those financial statements. The Audit Committee is responsible for overseeing the conduct of those activities by the management of the Corporation and all corporations or subordinate entities owned or controlled by the Corporation ("**Management**") and external auditor, and overseeing the activities of the internal auditors.

The specific responsibilities of the Audit Committee shall include those listed below. The enumerated responsibilities are not meant to restrict the Audit Committee from examining any matters related to its purpose.

1. Financial Reporting Process and Financial Statements

The Audit Committee shall:

(a) in consultation with the external auditors and the internal auditors, review the integrity of the Corporation's financial reporting process, both internal and external, and any major issues as to the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies;

(b) review all material transactions and material contracts entered into between (i) the Corporation or any subsidiary or affiliate of the Corporation, and (ii) any subsidiary, affiliate, trustee, director, officer, insider or related party of the Corporation or a subsidiary or affiliate thereof, other than transactions in the ordinary course of business;

(c) review and discuss with Management and the external auditor: (i) the preparation of Corporation's annual audited consolidated financial statements and its interim unaudited consolidated financial statements (and if such statements cannot be presented on a consolidated basis, the preparation of the annual audited and interim unaudited financial statements of the subsidiaries or and affiliates of the Corporation); (ii) whether the financial statements present fairly (in accordance with Canadian generally accepted accounting principles) in all material respects the financial condition, results of operations and cash flows of the Corporation or any subsidiary or affiliate of the Corporation as of and for the periods presented; (iii) any matters required to be discussed with the external auditors according to Canadian generally accepted auditing standards; (iv) an audit findings report by the external auditors describing: (A) all critical accounting policies and practices used by the Corporation; or any subsidiary or affiliate of the Corporation (B) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with Management, including the ramifications of the use such alternative treatments and disclosures and the treatment preferred by the external auditors; and (C) other material written communications between the external auditors and Management;

(d) following completion of the annual audit, review with each of: (i) Management; (ii) the external auditors; and (iii) the internal auditors, any significant issues, concerns or difficulties encountered during the course of the audit;

(e) resolve disagreements between Management and the external auditors regarding financial reporting;

(f) review the interim quarterly and annual financial statements and annual and interim press releases prior to the release of earnings information; and

(g) review and be satisfied that adequate procedures are in place for the review of the public disclosure of financial information by the Corporation extracted or derived from the Corporation's financial statements, other than the disclosure referred to in (f), and periodically assess the adequacy of those procedures.

2. External Auditors

The Audit Committee shall:

(a) require the external auditors to report directly to the Audit Committee;

(b) be directly responsible for the selection, nomination, compensation, retention, termination and oversight of the work of the Corporation's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and in such regard recommend to the Board the external auditors to be nominated for approval by the Shareholders;

(c) approve all audit engagements and must pre-approve the provision by the external auditors of all non-audit services, including fees and terms for all audit engagements and non-audit engagements, and in such regard the Audit Committee may establish the types of non-audit services the external auditors shall be prohibited from providing and shall establish the types of audit, audit related and non-audit services for which the Audit Committee will retain the external auditors. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such delegated pre-approval shall be exercised in accordance with the types of particular non-audit services authorized by the Audit Committee to be provided by the external auditors and the exercise of such delegated pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting following such pre-approval;

(d) review and approve the Corporation's policies for the hiring of partners and employees and former partners and employees of the external auditors;

(e) consider, assess and report to the Board with regard to the independence and performance of the external auditors; and

(f) request and review the audit plan of the external auditors as well as a report by the external auditors to be submitted at least annually regarding: (i) the external auditing firm's internal quality-control procedures; (ii) any material issues raised by the external auditor's own most recent internal quality-control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

3. Accounting Systems and Internal Controls

The Audit Committee shall:

(a) oversee Management's design and implementation of and reporting on internal controls. The Audit Committee shall also receive and review reports from Management, the internal auditors and the external auditors on an annual basis with regard to the reliability and effective operation of the Corporation's accounting system and internal controls; and

(b) review annually the activities, organization and qualifications of the internal auditors and discuss with the external auditors the responsibilities, budget and staffing of the internal audit function.

4. Legal and Regulatory Requirements

The Audit Committee shall:

(a) receive and review timely analysis by Management of significant issues relating to public disclosure and reporting;

(b) review, prior to finalization, periodic public disclosure documents containing financial information, including the Management's Discussion and Analysis and Annual Information Form;

(c) prepare the report of the Audit Committee required to be included in the Corporation's periodic filings;

(d) review with the Corporation's legal counsel legal compliance matters, significant litigation and other legal matters that could have a significant impact on the Corporation's financial statements; and

(e) assist the Board in the oversight of compliance with legal and regulatory requirements and review with legal counsel the adequacy and effectiveness of the Corporation's procedures to ensure compliance with legal and regulatory responsibilities.

5. Additional Responsibilities

The Audit Committee shall:

(a) discuss policies with the external auditor, internal auditor and Management with respect to risk assessment and risk Management;

(b) establish procedures and policies for the following:

(i) the receipt, retention, treatment and resolution of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(ii) the confidential, anonymous submission by trustees or employees of the Corporation of concerns regarding questionable accounting or auditing matters or any potential violations of legal or regulatory provisions;

(c) prepare and review with the Board an annual performance evaluation of the Audit Committee;

(d) report regularly to the Board, including with regard to matters such as the quality or integrity of the Corporation's financial statements, compliance with legal or regulatory requirements, the performance of the internal audit function, and the performance and independence of the external auditors; and

(e) review and reassess the adequacy of the Audit Committee's Charter on an annual basis.

Resources and Authority

The Audit Committee shall have the resources and the authority to discharge its responsibilities, including the authority, in its sole discretion, to engage, at the expense of the Corporation, outside consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out its duties, without seeking approval of the Board or Management.

Audit Committee – Proposed Corporation Meeting Schedule

The Audit Committee meetings should be scheduled to cover the following:

Regular Quarterly Meetings *(to be held prior to quarterly Board Meeting)*

The Audit Committee will be presented with more detailed quarterly financial information than that given to the other directors. Members will have the opportunity to ask questions with respect thereto.

Pre-Year End Audit/Miscellaneous Meeting

The purpose of the meeting will be to help ensure the annual audit is conducted in an efficient, cost-effective and objective manner.

The Audit Committee will review with the auditor the scope of the current year's audit, including the areas where the auditor has identified a risk of potential error in the financial condition and/or results of operations and will review the materiality on which the audit is based.

The Audit Committee will review the control weaknesses detected in the prior year's audit, and determine whether all practical steps have been taken to overcome them.

The Audit Committee will approve the auditor's engagement letter, including the audit fee and expenses.

Risk management could be reviewed at this meeting.

Post-Year End Audit Meeting

It is proposed that this meeting will take the following format:

(a) Auditors to review proposed report on the financial statements;

(b) Management to review financial statements/disclosure;

(c) The Audit Committee is to question;

(i) the selection of, and changes in accounting policies, particularly those in areas that are controversial or for which there is no authoritative guidance;

(ii) the methods used to account for unusual or particularly significant transactions;

(iii) the issues on which Management has made estimates or judgements that had a significant effect on the financial statements; and

(iv) transactions with related parties;

(d) Audit Committee to recommend to the Board the approval of the financial statements including the selection of appropriate accounting policies;

(e) Audit Committee to inquire about changes in professional standards or regulatory requirements and recent accounting pronouncements;

(f) Audit Committee to inquire into the major financial risks faced by the Corporation, and the appropriateness of related controls to minimize their potential impact;

(g) Review of the auditor's "management letter" documenting weaknesses in internal control systems and commenting on other matters;

(h) Audit Committee to meet privately with the auditor (without any member of Management being present) to ascertain whether there are concerns that should be brought to the Audit Committee's attention, such as: lack of cooperation of, or disagreements with, Management; adequacy of staffing in the financial areas; attempts to restrict the scope of the auditor's examination; or significant, or potentially significant, misstatements, and any irregularities that the auditor has discovered;

(i) The Audit Committee is to meet privately with Management (without the auditor being present) to ensure that Management has no concerns about the conduct of the audit and to inquire as to the experience and capabilities of the individuals being proposed to conduct the audit, their objectivity and independence;

(j) Auditor to present invoice/following year quote; and

(k) Audit Committee to recommend to the Trustees the appointment of the auditor for the following year.

Special Telephone Meetings may be scheduled to:

(a) Review all prospectuses containing audited and unaudited financial information before release;

(b) Review Management's Discussion and Analysis for consistency with the financial statements; and

(c) Cover other items on an as needed basis.

Limitation on the Oversight Role of the Audit Committee

Nothing in this Charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Audit Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives financial and other information, and the accuracy of the information provided to the Corporation by such persons or organizations.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles in Canada and applicable rules and regulations. These are the responsibility of Management and the external auditor.