Alliance GRAIN TRADERS Inc.

ANNUAL INFORMATION FORM

Year Ended December 31, 2012

February 21, 2013

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ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this Annual Information Form ("**AIF**"), references to "**AGT**" or the "**Company**" 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, 2012.

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) `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-IFRS Earnings Measures

AGT provides some non-IFRS measures as supplementary information that Management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include EBITDA* (earnings before finance expenses, income taxes, depreciation and amortization, and any effects of non-recurring and other costs and non-cash foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-recurring and other costs, restructuring costs and foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). Management believes that these are important measures in evaluating performance and in determining whether to invest in AGT. However, EBITDA*, Adjusted Net Earnings*, Net Debt* and Net Working Capital* are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. In addition, AGT may calculate these measures differently than other companies; therefore, such measures may not be comparable. Investors are cautioned that EBITDA*, Adjusted Net Earnings*, Net Debt* and Net Working Capital* should not be construed as an alternative to net earnings (loss) or cash flows as determined in accordance with IFRS as an indicator of AGT's performance or liquidity. For a reconciliation of net earnings (loss) determined in accordance with IFRS to EBITDA* and Adjusted Net Earnings*, see the table on pages 30 and 31 of the MD&A for the three and nine month periods ended September 30, 2012 and September 30, 2011.

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 ("**FAO**"), International Pulse Trade and Industries Confederation ("**IPTIC**") and Forecasts by STAT Communication Ltd/STAT Publishing based on data from Statistics Canada ("**StatsCan**"), United States Department of Agriculture ("**USDA**") 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 subsidiaries earn revenues and incur expenses in several currencies, including U.S. dollars ("**US$**" or "**USD**"), Turkish lira ("**TL**"), Australian dollars ("**A$**" or "**AUD**"), Pounds Sterling ("**£ or** "**GBP**"), Euros ("**€**" or "**EUR**") South African rand ("**R**" or "**ZAR**") and the Renminbi of the People's Republic of China (" **¥**" or "**RMB**"). All references to "**dollars**" and "**$**" herein are expressed in Canadian dollars unless specifically stated otherwise.

As at December 31, 2012, the closing buying rates for the currencies in which AGT operates, as reported by the Bank of Canada in 2012 and 2011, were as set forth in the following table.

2012	2011
USD/CDN 0.9949	1.0170
AUD/CDN 1.0339	1.0424
TL/CDN 0.5574	0.5388
GBP/CDN 1.6178	1.5799
EUR/CDN 1.3118	1.3193
ZAR/CDN 0.1172	0.1259
RMB/CDN 0.1597	0.1616

ITEM 2. CORPORATE STRUCTURE

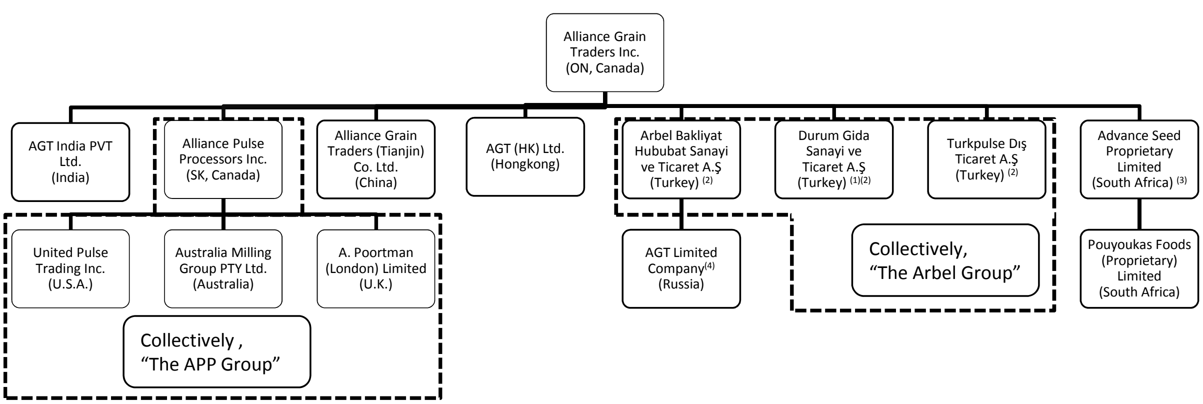
2.1 Name, Address and Incorporation

Alliance Grain Traders Inc. 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 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. ("**APP**") 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 and the jurisdiction of incorporation of each entity. All subsidiaries are wholly owned, except as otherwise indicated.



(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.

(3) AGT holds a 100% controlling equity interest in Advance Seed, after executing an option to acquire the remaining 18% of pursuant to a binding option agreement at the time of acquisition.

(4) In order to comply with Russian legal share ownership requirements, 95% of the shares of AGT Limited Company (Russia) are owned by Arbel and the general director of that AGT Limited Company (Russia) is the registered holder of the remaining 5%, while Arbel is the beneficial holder of such shares. The general director is required to transfer registered ownership to Arbel upon request.

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

As part of its strategic plan to increase processing capacity and diversify both product offerings and the markets in which it operates, Management has sought to develop AGT's global platform through strategic acquisitions, construction and/or refurbishment of processing facilities and organic market entry expanding the Company's origination, distribution and processing footprint from its Canadian base to now include the U.S., Turkey, Australia, South Africa, China and Russia. In September 2009, AGT acquired, directly and indirectly, all of the outstanding shares of Arbel, Durum, and Turkpulse (collectively, the "**Arbel Group**"). Including the acquisition of the Arbel Group, AGT has made 14 acquisitions for an aggregate cost of approximately $205.1 million.

These acquisitions have also strengthened AGT's local management in all operating geographies with negligible change in local management groups after acquisition. Of the 14 acquisitions completed by AGT, 13 of the local management groups have been retained and continue their employment with AGT. Local managers are critical to origination activities for local plants as they develop strong relationships with producers in their region and provide AGT with valuable market information

Effective January 1, 2010, Pulse Depot Rosetown Inc. ("**Pulse Depot**") and Saskcan Horizon Trading Inc. ("**Saskcan Horizon**"), two wholly-owned subsidiaries of AGT, were amalgamated into APP.

On April 26, 2010, AGT completed an 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 were used to finance AGT's growth strategy, working capital requirements and general corporate purposes.

On November 1, 2010, AGT acquired Poortman, an international importer, distributor and stockist of pulses. 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 purchase price for the acquisition was approximately £8.3 million ($13.4 million), with AGT making an initial commitment of $10 million for the expansion and construction of a new bean processing facility in Tianjin. Poortman's balance sheet also included net working capital of approximately £5 million ($8.1 million). Construction of the new facility commenced in late 2012 and is scheduled to be completed in 2013. AGT had made a total investment of $7 million as of December 31, 2012 to fund construction of the facility and provide working capital for merchandising activities.

On November 15, 2010, AGT announced that it had acquired certain real property, vertical and horizontal storage for pulses and grains, processing plant assets and related handling equipment located in Kadina and Bowmans, South Australia. Following the acquisition, AGT implemented and completed improvements and expansions to the facilities. The total investment, including the cash acquisition price and capital expansions and improvements, was approximately $10 million. Australia is emerging as a significant origin for the production and export of pulses, particularly faba beans, chickpeas and lentils. Management believes this acquisition reduced crop origination exposure risk from North America and Turkey by providing an expanded source of raw materials for processing and merchandising activities from a southern hemisphere production origin, while also providing freight advantages, such as proximity and potentially reduced shipment costs, to key Indian subcontinent markets and Asian markets.

On August 2, 2011, AGT further supplemented its processing capabilities in Australia with the acquisition of all of the assets of Canz Commodities, a chickpea and pulse processor in Narrabri, New South Wales, Australia. The assets acquired include real property, storage and related handling equipment and a processing plant for pulses and grains, specializing in desi and kabuli chickpeas, faba beans, mung beans and albus lupins. The total investment, including the cash acquisition price and a budget for improvements, was approximately $8 million. Planned improvements at the facility are near completion.

The Company has begun a staged implementation strategy into the Indian market with the incorporation of AGT India PVT Ltd. ("**AGT India**") on August 23, 2011. AGT intends to focus on a strategy that combines the processing of local production that may come from tuck-in acquisitions or small-scale green-field commissioning with the import/re-processing/distribution of products from other AGT operated facilities in Canada, the U.S. and Australia when production from these origins is high and freight costs provide an advantage. India and the Indian subcontinent is a significant market in the global pulse sector, with large scale local production, high levels of consumption and large import requirements. Pulses consumed include traditional pulses such as red split lentils and chickpeas, as well as some that are not produced or have lower production in other locations that AGT operates in, such as pigeon peas (toor dal), black matpe and mung beans.

On October 11, 2011, AGT acquired South Africa-based Advance Seed Proprietary Limited ("**Advance Seed**"), whose assets included real property, storage and related handling equipment, and a processing plant for pulses, popcorn, grains and grass seeds, as well as three warehouses and small packaging plants, supplying wholesale and retail markets with a range of pulses, grains and popcorn. The total investment, including the cash acquisition price, budget for improvements and working capital to increase efficiency in production capacity and provide financing for an increased merchandising program, was approximately $7 million. Planned improvements at this facility are complete. The Southern African region is a key consumption area for pulses and staple foods that is complemented by production and origination advances from Mozambique, Tanzania, Kenya and Malawi, as well as freight advantages to Indian subcontinent markets. Local processing, warehousing and distribution with an established presence and existing sales contracts, as well as a branded retail product line, is expected by AGT to create cross-sell opportunities with locally produced popcorn and other products. Southern Africa provides another outlet for driving sales opportunities for AGT's asset base in China, Canada, Turkey and Australia.

On November 3, 2011, AGT announced that it had acquired real property, storage and related handling equipment located in Minot, North Dakota. AGT committed approximately $12 million for the acquisition and build-out of the facility (the "**Minot Facility**"), which is set to begin commissioning late in the first quarter of fiscal 2013. Following the acquisition, AGT has expanded the facility through the installation of pulse processing equipment for beans, chickpeas, peas and lentils to augment AGT's U.S. processing capacity at the Williston, North Dakota production facility. In addition to these enhancements, AGT committed an additional $11 million to the Minot Facility to increase capacity for value-added pulses and for the production of proteins, fibres, starches and flour derived from pulses. The site provides transportation advantages for both export and domestic shipments with inbound containers to the Port of North Dakota being driven by shipments of equipment for the oil and gas sector, as well as origination advantages with proximity to growers in North Dakota, southern Saskatchewan and southern Manitoba. As at December 18, 2012, Management reports indicated that approximately $17 million has been expended on construction activities with the remaining $6 million to be expensed in 2013. Management continues to monitor the project budget but anticipates that the project is on time and budget. AGT has further plans to add an additional two lines for pulse fractionation in 2013/2014 at an estimated additional cost of $5 million dollars.

3.2 Credit Facilities

On December 21, 2012, AGT and the Arbel Group entered into a Master Receivables Purchase Agreement with the Bank (the "**Factoring Facility**"). Under the terms of the Factoring Facility, the Arbel Group may sell certain of their accounts receivable to the Bank from time to time, up to a maximum aggregate amount outstanding at any time not to exceed US$40 million. Under the Factoring

Facility, the Arbel Group's contingent obligation to repurchase their accounts receivable is guaranteed by AGT. Non-collection of the accounts receivable is insured by EDC; however, such insurance is not available in the case of loss resulting from fraud or non-compliance with the terms of applicable sale agreements on the part of the Arbel Group. The Factoring Facility may be terminated by either the Arbel Group or the Bank by giving at least 30 calendar days' notice in writing to the other party.

Advance Seed and Pouyoukas Foods are parties to a credit agreement with the Hong Kong and Shanghai Banking Corporation Limited providing for secured credit facilities (the "**Advance Seed Facility**") that include two overdraft facilities in the aggregate amount of approximately US$10.0 million (or local currency equivalents). The Advance Seed Facility is guaranteed by AGT and cross-guaranteed by Advance Seed and Pouyoukas Foods. It matures on July 25, 2013. As of September 30, 2012, borrowings outstanding under these facilities were approximately $7.3 million (or local currency equivalents).

Poortman is party to a credit agreement with Lloyds TSB Bank plc providing for unsecured credit facilities in an aggregate amount of £12 million (the "**Poortman Facility**"). The Poortman Facility is guaranteed on an unsecured basis by AGT and is available for utilization until May 31, 2013. As of September 30, 2012, borrowings outstanding under this facility were approximately £6.2 million.

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 short term borrowings with floating rates. Turkish Lira denominated borrowings are based on the Turkish Central Bank rate and prevailing market premiums at the 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.

3.3 Recent and Future Developments

Cargill Agreement

On January 9, 2013, AGT announced that its U.S. subsidiary United Pulse Trading Inc. ("**United Pulse**") had entered into a five-year agreement with Cargill, Incorporated ("**Cargill**"), an international producer and marketer of food, agricultural, financial and industrial products and services. Pursuant to the terms of the agreement (the "**Cargill Agreement**"), Cargill was appointed as United Pulse's exclusive agent for the sales and marketing of pulse proteins in the U.S. and Canada for the animal feed sector, including pet foods, and United Pulse was appointed as the exclusive supplier of these ingredients to Cargill for this sector.

The Cargill Agreement is a strong step towards realizing the opportunities that this new food ingredient platform is expected to provide. Through this platform, AGT seeks to become one of the preferred suppliers of ingredients critical to food companies producing branded products for feed applications and for retail and food service sale to consumers around the globe.

New Credit Facility

On January 24, 2013, APP amended and restated its $130 million senior secured credit facility with The Bank of Nova Scotia (the "**Bank**") and a syndicate of six other lenders. The amended and restated credit agreement (the "**Credit Agreement**") provides for three facilities (collectively, the "**Bank Facility**") in an aggregate principal amount of $270 million ($300 million in the event that the $30 million accordion option (as described below) is exercised in full). Such facilities include a $150 million revolving facility (including a $10 million swingline), with availability thereunder subject to a borrowing base, to be used for general corporate purposes ("**Facility A**"), a $90 million non-revolving credit facility to be used to refinance existing debt ("**Facility B**") and a $30 million revolving facility to be used for financing new capital expenditures and acquisitions ("**Facility C**"). APP has an accordion option for the right to increase, subject to lender approval, the amount available under Facility A and Facility C by an aggregate amount of $30 million. Each of Facility A, Facility B and Facility C mature on the third anniversary of the closing date of the Credit Agreement, unless otherwise extended.

The Credit Agreement contains customary negative covenants including, but not limited to, restrictions on APP's and the Bank Facility guarantors' ability to make certain distributions, merge, consolidate and amalgamate with other companies, incur indebtedness, make certain investments, undertake asset sales, provide certain forms of financial assistance, transact or have any outstanding financial instruments other than permitted hedging instruments, hypothecate, charge pledge or otherwise encumber their assets other than certain permitted encumbrances, amend its Export Development Canada ("**EDC**") insurance and amend the Notes (as defined below). The Credit Agreement requires the maintenance of certain ratios at the APP and AGT level.

The Credit Agreement contains customary affirmative covenants including, but not limited to, delivery of financial and other information to the Bank, notice to the Bank upon the occurrence of certain material events, maintenance of insurance, maintenance of existence, payment of taxes and other claims, maintenance of properties and insurance, access to books and records by the Bank, compliance with applicable laws and regulations and further assurances.

The Bank Facility is guaranteed by AGT, United Pulse and Australia Milling (the "**Secured Guarantors**"), Poortman, the Arbel Group, AGT Limited Company (Russia) and, subject to South African Reserve Bank approval, Advance Seed and its subsidiary Pouyoukas Foods (collectively, the "**Unsecured Guarantors**" and together with the Secured Guarantors, the "**Guarantors**"). APP and each of the Secured Guarantors have provided a first-ranking security interest in all present and after-acquired personal property and all other present and future undertaking, assets and real property, to the Bank, excluding security over AGT's equity interest in any entity that is not APP and its subsidiaries. In addition, APP and AGT have each issued a floating charge demand debenture in the principal amount of $600 million to the Bank. The Unsecured Guarantors have provided unsecured guarantees.

The funds drawn under the Bank Facility were used to refinance certain indebtedness of APP and United Pulse and for general corporate purposes.

Note Offering

On February 14, 2013, AGT completed an offering of $125 million aggregate principal amount of 9.00% senior secured second lien notes (the "**Notes**") due February 14, 2018 (the "**Note Offering**") sold at a price of 99.50% of principal, for gross proceeds of $124,375,000. The Notes are direct senior secured obligations of AGT. As such, the Notes rank senior in right of payment to all future indebtedness of AGT that is expressly subordinated in right of payment to the Notes and equal in right of payment to all indebtedness of AGT that is not expressly subordinated in right of payment to the Notes. The Notes are effectively junior to all existing and future secured indebtedness of AGT, including the Bank Facility.

APP and each of the Secured Guarantors have provided a second-ranking security interest in all present and after-acquired personal property and all other present and future undertaking, assets and real property, to the Bank, excluding security over AGT's equity interest in any entity that is not APP and its subsidiaries. The Notes are guaranteed by the Guarantors.

The proceeds of the Note Offering were used to repay certain indebtedness of Poortman and the Arbel Group and for general corporate purposes.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

AGT is a global leader in pulse and staple food processing and distribution, with processing facilities and sales offices located around the globe. Pulse crops include peas, beans, lentils and chickpeas, which produce edible seeds called pulses. Pulses represent a major source of protein and fibre in addition to being non-GMO, gluten-free and nutrient-dense. According to IPTIC, the global pulse trade is valued at more than US$100 billion annually at the retail level.

Management estimates that the vast majority of pulses are consumed in developing nations, which rely heavily on pulses to meet their growing energy and protein requirements. Globally, the pulse market has exhibited stable growth in underlying demand. According to FAO data, total pulse production grew at a compound annual growth rate of approximately 1.5% from 1990 to 2010. This can, in part, be attributed to increases in global populations, particularly in those developing nations where pulse consumption is traditionally high. Several other factors have also exerted continuing upward pressure on the global demand for pulses including a more affluent world population that is spending more on food, particularly in developing nations where diets tend to consist of a greater proportion of pulses, a consumer movement in developed countries towards healthier lifestyles which has resulted in increased demand for pulse-based food products and ingredients due to their nutritional and health benefits, and global demand for renewable fuels, as pulses are a rotational crop for wheat and canola, both of which are used for biodiesel and ethanol production.

AGT is among the world's largest value-added processors and splitters of pulse crops and Management believes that, in addition to being the world's largest pea splitter, the Company also has a leading market position in the export of lentils, value-added peas, chickpeas and white beans. The Company recently expanded its operations to include the production of proteins, fibres, starches and flours for food ingredient and industrial uses.

The Company's unique global platform allows it to benefit from an extensive global supplier and customer network, including direct relationships with thousands of local growers in over 25 countries and a customer base in over 100 countries. The Company's facilities handle and process (peeling, splitting, colour sorting, calibration, cleaning, de-stoning, polishing and packaging) a full range of pulses and specialty crops, including lentils, peas, chickpeas and beans as well as canary seed, flax and other specialty seeds, primarily for export markets. The following table provides a breakdown of the sales of AGT in 2011 and 2012 for each category of product.

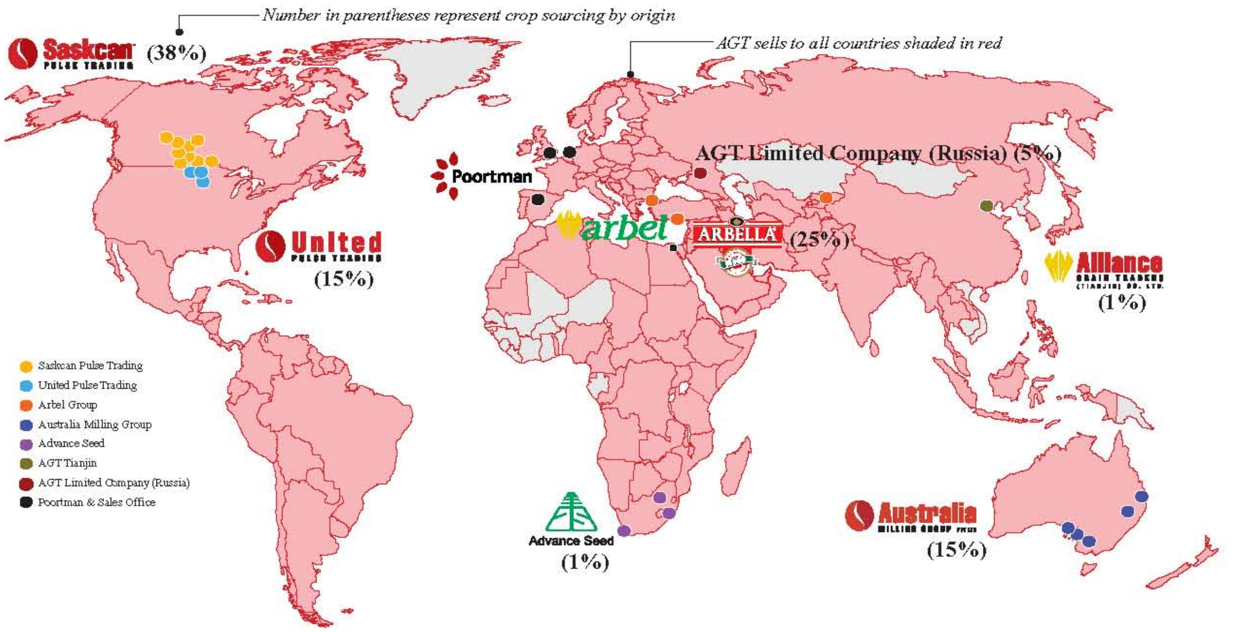
2011 and 2012 Percentage Sales Breakdown by Product Category

Category	**2011**	**Nine months ended September 30, 2012**
Pulse and Specialty Crops	82.3%	80.2%
Milled Grains: Pasta, Semolina and Bulgur	9.3%	12.0%
Rice	3.3%	2.0%
Other Commodities	5.1%	5.8%
Total	100.0%	100.0%

2011 and 2012 Total Sales Principal Markets

Area	**2011**	**Nine months ended September 30, 2012**
Canada	$43,153,351	$29,672,800
Americas/Caribbean, excluding Canada	$118,260,712	$65,105,489
Asia/Pacific Rim	$88,344,670	$149,596,571
Europe/Middle East/North Africa	$510,215,367	$363,754,661
Total	$759,974,100	$608,129,521

AGT owns 29 value-added processing facilities located in Canada (12), Turkey (9), the U.S. (2), Australia (4), China (1) and South Africa (1), with over 1.7 million mt of aggregate annual production capacity, as well as storage and distribution warehouses in many key consumption and distribution markets. In Turkey, the Company also operates durum wheat milling operations which process and produce semolina, bulgur wheat and pasta, mills medium grain and long grain rice, and processes other specialty products such as sunflower seeds and popcorn. AGT also operates sales and merchandising offices in the U.K., the Netherlands, Spain, Egypt and Australia, and origination offices in Russia and Kyrgyzstan. While there are other global scale agri-businesses involved in value-added pulse and grain operations, Management believes that AGT has a competitive advantage as there is no other fully integrated value-added processor that competes in all of the same product segments in which AGT operates.



AGT's operations are supported by a significant high quality tangible asset base comprised of net working capital (calculated as accounts receivable plus inventory plus prepaid expenses and deposits, less accounts payable and accrued liabilities) and fixed assets with a total book value of $442 million as of September 30, 2012 and an implied asset coverage ratio of 1.9x. AGT's fixed asset base is primarily comprised of its strategically-located global network of modern facilities featuring equipment for the value-added processing and production of pulses and staple foods. AGT operates 14 facilities in Canada and the U.S., including the largest lentil and pea splitting plant in the Americas.

As mentioned above, AGT is also in the process of commissioning its first North American, industrial scale, food ingredient processing and production facility, the Minot Facility, which is expected to produce protein, fibre, starch and flour derived from pulses, including lentils, peas, chickpeas, and beans for human consumption, animal feeds, including pet food, and food ingredients. Expansion plans for AGT's planned new bean processing plant in China through its subsidiary, Alliance Grain Traders (Tianjin) Co. Ltd. ("**AGT Tianjin**"), located in Tianjin are also progressing. Construction of the new facility commenced in late 2012 and is scheduled to be completed in 2013.

The table below shows the processing capacity of AGT's facilities by product as at December 31, 2012.

Facilities Capacity Breakdown (estimates based on 24 hour per day production and standard quality)

Category	**Production Capacity (mt)**
Lentils and other pulses	1,135,000
Sifted pulses and cereal	240,000
Pasta and semolina production	275,000
Bulgur	100,000
Total	**1,750,000**(1)

(1) This number includes the anticipated capacity of the Minot Facility which has yet to be completed.

The table below shows AGT's annual production capacity (by subsidiary and location) as at December 31, 2012.

Subsidiary and Location	Operations and Products	Annual Capacity (mt)	Book Value of PP&E (as of September 30, 2012)
Saskcan (Canada)	Storage, processing and splitting	750,000	$61.1 million
United Pulse (United States)	Storage, warehouse, processing, splitting, pulses and fractionation	150,000(1)	$28.4 million
Australia Milling (Australia)	Storage, processing and splitting	150,000	$33.5million
Arbel Group (Turkey)	Storage, warehouse, processing, splitting and production	625,000	$78.4 million
AGT Tianjin (China)	Storage, warehouse, processing	25,000	$0.1 million
Advance Seed (South Africa)	Storage and processing	50,000	$3.6 million
Total		**1,750,000**(1)	**$204.9 million**(2)

(1) These numbers include the anticipated capacity of the Minot Facility which has yet to be completed.
(2) Excludes property, plant and equipment of Poortman and AGT, which have a collective book value of $0.8 million.

Arbel Group

The Arbel Group is the largest exporter of pulses in Turkey, exporting to all geographic regions and servicing a network of customers in the Americas, Europe, Africa and Asia. The principal products sourced and processed by the Arbel Group are: (i) pulse and specialty crops, including red lentils, green lentils, chickpeas, a variety of beans including white, barbunya, navy, faba, kidney and red, green peas, yellow peas; (ii) grains including durum wheat and wheat-based products including pasta and bulgur; and (iii) other commodities including rice, sugar, salt, edible oils, roasted chickpeas, sunflower seeds, millet and potatoes. All of the Arbel Group's revenues are derived from sales of such products.

The Arbel Group's nine facilities include the flagship Mersin complex, a 1,000,000 sq. ft. compound featuring five pulse processing facilities and a bulgur wheat facility, and is equipped with steel silo facilities with 38,000 mt of storage capacity and more than 50,000 mt of storage capacity in horizontal warehouses. The Mersin complex is located eight km from the Mersin container seaport, one of the Mediterranean's main agri-product seaports. In addition, the Arbel Group owns a five line pasta mill and production facility as well as two semolina mills which are all contained on the same complex. These facilities feature 125,000 mt annual pasta production capacity and the necessary semolina capacity for both pasta and semolina production, under the *Arbella* brand name.

According to the Turkish Pasta Association, for the first 11 months of 2012, the *Arbella* brand had a 12.2% market share in the Turkish domestic pasta market based on volumes, making it the third largest pasta brand in Turkey. This market share is up from approximately 9% in 2010 and nil right before the launch of the brand in 2007. *Arbella* is also the largest Turkish exported pasta brand, exported to over 80 countries. In 2012, the Arbel Group also entered the premium pasta segment via *Arbella +*, including whole-wheat, tricolor and gluten-free pasta varieties. The Company intends to begin exporting the *Arbella +* brand in 2013.

The Arbel Group also operates a rice milling facility in Edirne, Turkey, which is located 220 km from Istanbul and 100 km from the Port of Tekirdag, in the heart of the Turkish rice production area. The facility, with a production capacity of 60,000 mt, mills medium grain and long grain rice. It houses six silos with an aggregate storage capacity of 6,000 mt and three warehouses with an aggregate storage capacity of 9,000 mt. The facility produces two primary types of rice products: (i) osmancik rice, which represents approximately 90% of rice production in Turkey, and (ii) baldo rice, which represents approximately 10% of general production. Rice processing is a further area of product diversification for the Arbel Group and AGT.

Arbel Group Annual Production Capacity

Category	Production Capacity (mt)
Pulses	190,000
Semolina	150,000
Pasta	125,000
Bulgur	100,000
Rice (Edirne)	60,000
Total of all categories	**625,000**

The Arbel Group procures raw materials domestically as well as from various countries including Canada, the U.S., Australia, Egypt, Argentina, India, Morocco, Syria, Kyrgyzstan, Russia and Ukraine. Given its practice of sourcing products from diverse global origins, imports are important for the operations of the Arbel Group. To further facilitate grain origination in the region, the Arbel Group, through Arbel's subsidiary AGT Limited Company (Russia), operates a grain origination and merchandising office in Rostov-on-Don, Russia, a port city and administrative center for the Southern

Federal District situated in a key location that provides access to five major waterways. The location is also important as an agricultural shipping port, moving Russian and Ukrainian grown agricultural products to markets around the region. An additional grain origination office is operated in Kyrgyzstan, an import origin of white beans.

Since 2008, Turkish local production of lentils has been below the average production of the past ten years, and recent reports and statistics compiled from a range of sources including unofficial USDA data, FAO statistics and reports from the Turkish government indicate that, in the near term, Turkey will remain a significant importer of lentils. As a result of lower levels of domestic Turkish production in the past several years, from 2009-2011, the Arbel Group imported significant volumes of product. While importing continues to account for a substantial portion of the raw materials needed for the Arbel Group's sales program, the bulk of its imported pulses originate in one of the APP Group's facilities in Canada, the U.S. or Australia. In years of average or increased production, reliance on imports diminishes in favour of local spot purchases from Turkish farmers.

The Arslan family, led by Huseyin Arslan, which has over 50 years of operating experience in the pulse and staple food processing industry through the Arbel Group, plays an active role in the management and strategic direction of AGT's operations. The Arslan family was part of the original shareholder group who founded Saskcan Pulse Trading Inc. ("**Saskcan**") in Canada in 2001 with Murad Al-Katib. The three Arslan brothers, Mahmut Arslan, Hasan Arslan and Huseyin Arslan, each with over 30 years' experience in the pulse sector, have managed and grown the Arbel Group into a leading processor and exporter of pulses in Turkey. All three Arslan brothers continue to be active in the management of the Company after the 2009 acquisition of the Arbel Group by AGT.

Facilities Overview

The table below shows certain summary information about each of the facilities owned or leased by AGT and its subsidiaries.

Facility and Location	Operations and Products	Annual Capacity[1]	Year Built/ Upgraded	Ownership
Saskcan (Canada)				
AGT Headquarters Regina, SK	Office	—	2009	APP Group
Saskcan Pulse Trading Main Plant Regina, SK	Storage, processing, splitting	125,000	2011	APP Group
Saskcan Agtech Plant Regina, SK	Storage, processing	75,000	2011	APP Group
Saskcan Horizon Plant Aberdeen, SK	Storage, processing	65,000	2010	APP Group
Saskcan Milestone Plant Milestone, SK	Storage, processing	75,000	2011	APP Group
Saskcan Assiniboia Plant Assiniboia, SK	Storage, processing	60,000	2012	APP Group
Saskcan Wilkie Plant[2] Wilkie, SK	Storage, processing	110,000	2011	APP Group
Saskcan Rosetown Plant Rosetown, SK	Storage, processing	50,000	2011	APP Group
Saskcan Pulse Depot Plant Rosetown, SK	Storage, processing	100,000	2010	APP Group
Saskcan Gibbons Plant Gibbons, AB	Storage, processing	30,000	2009	APP Group
Saskcan Parent Plant[2] St Joseph, MB	Storage, processing	60,000	2011	APP Group

Facility and Location	Operations and Products	Annual Capacity[1]	Year Built/ Upgraded	Ownership
Arbel Group (Turkey)				
Arbel Group Complex[3] Mersin, Turkey	Storage, warehouse, processing, splitting	290,000	2011	Arbel Group
Arbella Pasta Facility Mersin, Turkey	Storage, processing, warehouse, production	275,000	2012	Arbel Group
Arbel Rice Facility Edirne, Turkey	Storage, processing	60,000	2012	Arbel Group
United Pulse Trading (U.S.)				
United Pulse Trading Plant[4] Minot, ND	Storage, warehouse, processing, splitting, pulses fractionation	75,000	2013	APP Group
United Pulse Trading Plant Williston, ND	Storage, processing, splitting	75,000	2009	APP Group
United Pulse Trading Office Bismarck, ND	Office	—	2011	APP Group
China				
Existing Processing Plant[5] Tianjin, China	Storage, warehouse, processing	25,000	2011	APP Group
New Processing Plant[4] Tianjin, China	Storage, warehouse, processing, splitting, pulses fractionation	60,000	2013	AGT Tianjin
Australia				
Australia Milling Plant Kadina, South Australia	Storage, processing	35,000	2010	APP Group
Australia Milling Plant Bowmans, South Australia	Storage, processing	35,000	2011	APP Group
Australia Milling Plant Narrabri, New South Wales	Storage, processing	30,000	2012	APP Group
Australia Milling Group Plant Horsham, Victoria	Storage, processing, splitting	50,000	2011	APP Group
South Africa				
Advance Seed Plant Johannesburg, South Africa	Storage, processing	50,000	2011	Advance Seed
Advance Seed Facility Durban, South Africa	Storage, warehouse	—	—	Leased
Advance Seed Facility Cape Town, South Africa	Storage, warehouse	—	—	Leased
United Kingdom				
Poortman Sales and Merchandising Office London, UK	Storage, warehouse	—	—	Leased
Netherlands				
Poortman Sales and Merchandising Office Waalwijk, Netherlands	Storage, warehouse	—	—	Leased
Spain				
Poortman Sales and Merchandising Office Madrid, Spain	Storage, warehouse	—	—	Leased

Facility and Location	Operations and Products	Annual Capacity(1)	Year Built/ Upgraded	Ownership
Russia				
Origination Office.. Rostov on Don, Russia	Office, grain origination	—	2012	Arbel Group
Kyrgyzstan				
Origination Office.. Kyrgyzstan	Office, grain origination	—	2009	Arbel Group

(1) As of December 31, 2012.
(2) Location contains two processing facilities.
(3) Complex includes five pulse plants and two semolina plants.
(4) Facility is under construction.
(5) Facility is expected to be decommissioned when new facility is completed.

4.2 Products and Suppliers

Products Overview

AGT offers its customers over 150 products comprised of various grades, sizes, varieties and types, and sourced from different origins, creating a full range of pulses/specialty crops. In addition to the Company's core products comprised of pulses, AGT has also been focusing on the continued expansion of sales programs in the Company's newer offerings of beans, pasta, bulgur wheat, semolina and rice, as well as the development of the planned food ingredient platform, including proteins, fibres, starches and flours derived from pulses. AGT is also focused on increasing North American and European sales of branded products with a longer shelf life, as well as food ingredients, to reduce the effect of seasonal sales, poor harvests, stabilize cash flows and improve margins. Excluding acquisitions, AGT has invested approximately $123 million since the beginning of 2008 upgrading, refurbishing and expanding its value-added processing facilities.

AGT Key Product Offerings

Key Products	Category
Lentils	Red, green, yellow
Chickpeas	Kabuli, desi, split desi
Beans	Navy, romano, pinto, barbunya, dark and light red kidney, faba, black, red
Milled Durum Wheat	Pasta, semolina, bulgur
Food Ingredients	Flour, protein, starch and fibre derived from pulses, durum wheat, rice
Other	Peas, rice, popcorn, sunflower seeds, canary seeds, flax seeds, spices

AGT expects that its food ingredient initiative, which includes the expected commissioning of the Minot Facility late in the first quarter of fiscal 2013, will allow AGT to vertically integrate into the higher-margin food ingredient segment and reduce exposure to commodity markets.

Value-Added Processing Capabilities

AGT owns 29 modern facilities in five continents, with numerous value-added processing capabilities such as colour sorting, blending and splitting. These enhanced processing capabilities allow the Company to upgrade quality and add value to products, thereby extracting additional margin from the raw commodity and creating additional sales opportunities, while also allowing AGT to mitigate the effects of high wholesale crop prices and endure poor grading harvests.

AGT's value-added processing capabilities include:

- bagged pulses (cleaning, sizing and colour sorting the pulses for sale to retail and wholesale markets);
- ground pulses (production of flour chickpeas, lentils, peas and beans);
- whole processed pulses (whole pulses mixed with other ingredients);
- processed pulses mixed with other ingredients;
- pulse fractionation (pulses used in the development of new products and ingredients including proteins, fibres and starches);
- pulse extrusion (various shapes and sizes of pulses for use in products such as snack foods and pasta);
- wheat milling and pasta production (to produce semolina flour from durum wheat used in the production of pasta and the production of bulgur wheat); and
- bagged rice (cleaning, de-hulling and colour sorting the rice for sale to retail and wholesale markets).

AGT has continued to focus on increasing value-added processing capacity with the recent acquisitions and expansions described above, and continues to evaluate accretive acquisition and investment opportunities. For example, the expansion of the Minot Facility is intended configure the facility in a manner that makes most efficient use of processes and equipment for value-added processing of pulses and staple foods. An additional example is AGT's operations in Horsham, Australia which are fully equipped with a splitting and value-added processing capacity, allowing AGT to process off-grade lentils and faba beans for the high quality demands in the Middle East and Indian subcontinent markets.

Suppliers

AGT has direct relationships with thousands of local growers around the world and primarily purchases crops directly from these local growers in Western Canada, the U.S., Turkey, Egypt, Australia, China, India, South Africa, Argentina, Morocco, Syria, Kyrgyzstan, Russia and Ukraine. To extend origination reach, AGT purchases a small portion of crops through grain brokers when needed. As a result of recent below-average crop production in Turkey, imports are an important component of the Arbel Group's operations. Other origins have reported significant production volumes in recent years that are expected to continue.

No one supplier accounted for more than 0.5% of AGT's crop purchases in the nine months ended September 30, 2012. Diversification of origination allows AGT to generally mitigate against the risk of low production in any one region as a result of adverse weather conditions or other factors beyond the Company's control, and in particular, allows the Arbel Group to make up for potential decreases in domestic production in Turkey. Although AGT sources its raw materials from countries where crops are harvested once a year (with the exception of India), the Company has access to crop supplies all year round given the multiple origins from which it originates its products.

Reliance on AGT's North American operations for crops is being further decreased through expansions and a focus on other origins, like Australia, Russia, Ukraine and Southern Africa, which are rapidly emerging as significant producers of pulses. AGT anticipates that its efforts to carry a full range of products across its facilities spanning five continents will facilitate distribution to its global clients.

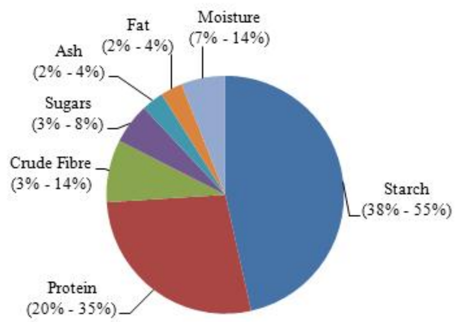
Management estimates that, by volume, approximately 90% of AGT's purchases of raw materials are done on a "spot" basis, which provides AGT with up to three months to take delivery of the crops at the agreed upon price. Payment to suppliers is made between 7 and 14 days after AGT takes delivery. Management estimates that approximately 70% of purchases from growers and sales to customers are completed on a "back-to-back" basis, which allows AGT to mitigate commodity price risk. The remaining portion of AGT's products are purchased through "production" contracts, which fix a price at which AGT may purchase crops from a producer and may include an option to buy additional crops at market price, assisting AGT in mitigating price and supply risk on forward sales.

4.3 Pulse Crop Industry Trends

Overview of Pulses

Pulse crops include peas, beans, lentils and chickpeas, which produce edible seeds, called pulses. Pulses represent a major source of protein and fibre, which developing nations particularly rely on. In addition, pulses are non-GMO, gluten-free and nutrient dense, with high levels of macronutrients and vitamins such as iron, zinc and phosphorous as well as folate and other B vitamins. Pulses have retained their non-GMO status as they are varietally bred through traditional plant breeding techniques rather than modified in laboratory conditions as many other agricultural products such as soy beans, corn and canola seed have been.

Composition of Pulses



Source: Pulse Foods - Processing, Quality and Nutraceutical Applications, 2011; Edited by: Brijesh K. Tiwari, Aoife Gowen and Brian McKenna.

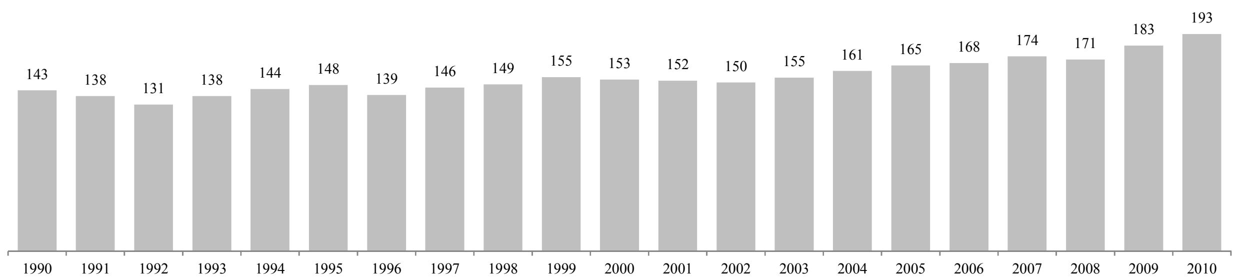
Pulse Industry Supply Chain

The four key processes in the pulse industry supply chain include: (i) the farming and harvesting of pulse grains, (ii) the processing of pulses, (iii) the manufacture of feed, ingredients and processed food products, and (iv) the retailing of end products. Pulse products are purchased in their raw form from farmers and through processing, including cleaning, de-stoning and sizing techniques, are separated into saleable products for end-use markets. Advanced techniques, such as peeling, splitting and colour sorting, can further increase the value of these pulse products to final end-consumption forms ready for human consumption. New techniques to fractionate pulses into their protein, fibre and starch components for use as ingredients in other foods may also further increase their value.

Pulse Production, Supply and Demand

According to IPTIC, the global pulse trade is valued at more than US$100 billion at the retail level annually. Management estimates that the vast majority of pulses are consumed in developing nations, which rely heavily on pulses to meet their growing energy and protein requirements. Globally, the pulse market has exhibited stable growth in underlying demand. According to FAO data, total pulse production grew at a compound annual growth rate of approximately 1.5% from 1990 to 2010. This can, in part, be attributed to increases in global populations, particularly in those developing nations where pulse consumption is traditionally high.

Global Pulse Production (in millions of mt)



Source: FAO

Drivers of Demand

Several factors are exerting upward pressure on the global demand for pulses. According to the United Nations, world population is expected to increase 30% to 9 billion by 2050 and to be concentrated in developing nations, where diets tend to consist of a greater proportion of pulses which are rich in protein. This increased population will also be more affluent, driven in part by emerging middle classes in countries such as China, India and Brazil, and is expected to increase total food consumption by up to 70% by 2050 according to FAO data. In addition, the farming of pulse crops is more efficient and sustainable than the production of animal proteins due to lower energy requirements, reduced greenhouse gas emissions, improved soil health and increased water use efficiency associated with their production.

Increasing demand is also supported by estimated higher rates of overall pulse consumption in non-traditional markets. The consumer movement in developed countries towards healthier lifestyles has resulted in increased demand for pulse based food products and ingredients due to their nutritional and health benefits. As a result, there has been increased interest from food companies in using pulses in product formulations, specifically non-GMO and gluten-free varieties.

Finally, global demand for renewable fuels is also a factor in increasing demand. Pulses are a rotational crop for wheat and canola, both of which are used for biodiesel and ethanol production. Protein costs have risen as corn is increasingly used for ethanol production, and this provides pulses with an opportunity, in some cases, to replace corn as an ingredient used for human and animal feed consumption.

Global Production and Consumption Timing

The primary suppliers of pulses are Canada (Saskatchewan, Alberta and Manitoba), the U.S. (Montana and North Dakota), Turkey, China, South Africa, Australia and India. New origins such as Russia and the Ukraine have been emerging as potentially significant producers of pulses as well. Varying planting and harvesting seasons among these jurisdictions, as shown in the table below, supports the varying global seasonal demand.

Producing Region	Planting Season	Harvesting Season
Canada	April to May	August to September
United States, Russia, Ukraine	April to May	July to August
Turkey	January to February	May to June
Australia, South Africa	July to August	November to December
India (Kharif/Fall and Rabi/Spring)	April, August	March to April, October
China	May to June	August to September

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 effect is further complemented by the opposite seasonal demand of the South American markets, whose peak winter demand is in February to July, and in the Mediterranean, Indian subcontinent and Middle East, where peak demand is in July to January.

Key Geographic Trends

Recent decreases in per capita pulse production in Turkey and India, as reported by each country's respective government ministries, have created an increased opportunity to export lentils to those countries to cover their supply and demand imbalance. Turkish decline in pulse production has been driven by numerous factors, including competition with other crops, drought and long-term decline in arable land due to population increase and industrialization, all of which have not been fully offset by increased crop yields from technological advancement. In India, pulse production has not kept pace with overall population growth rates due to low rates of pulse farming productivity. Additionally, unpredictable monsoon rains in recent years, which are needed to supply moisture for agricultural activities, have compounded the lower levels of pulse farming productivity.

Historically, China has been a major pulse exporting region, with a particular emphasis on pea production. However, more recently there has been a significant decrease in pea production and dried pea exports due to increased cost of production. As a result, pea acreage is being replaced by kidney, mung and adzuki beans, and domestic processors have begun to import more price competitive pea product.

The Middle East and North Africa region continues to be a major pulse importer as agricultural output is constrained by limited water resources and a diminishing supply of arable land.

The Global Lentil Market

Lentils are a nutritious legume and one of the primary sources of protein for much of the world. Canada is the world's largest producer of lentils, followed by India, Turkey and the United States. The lentil crop is grown for its seeds, which are typically canned or dehydrated and packaged for retail sale in whole or split form, and can also be processed into flour for baking purposes. Lentils are used in soups, stews, curries, salads, casseroles, snack foods and vegetarian dishes, and are often used as a meat extender or substitute because of their high protein content and quality of nutrition. Lentils have a shorter cooking time than other pulses and do not need to be pre-soaked.

Lentil Supply and Demand (in thousands of mt)
(Total Production in 2010: 4,766 mt)

Rank	Production		Export		Import	
1	Canada	1,947	Canada	1,183	Turkey	210
2	India	1,032	United States of America	209	Bangladesh	152
3	Turkey	447	Turkey	195	India	150
4	United States of America	393	Australia	138	Sri Lanka	134
5	Nepal	152	United Arab Emirates	94	United Arab Emirates	112

Source: FAO, 2010 data

The Global Pea Market

Peas are the predominant global export crop and represent an estimated 40% of the total world trade in pulses. Canada, the United States and France are the three largest exporters of peas. A staple food around the world, peas are among the most cultivated legume along with soybeans, groundnuts and beans, and are cultivated for their fresh green seeds, tender green pods, dried seeds and foliage. Green peas, typically eaten cooked, are canned or frozen while ripe for retail sale. Dry peas are used whole or made into flour, and in some parts of the world, green and yellow dry peas are consumed split as dal. In China, yellow peas are soaked to extract starch for the production of vermicelli noodles.

Pea Supply and Demand (in thousands of mt)
(Total Production in 2010: 9,778 mt)

Rank	Production		Export		Import	
1	Canada	3,018	Canada	2,791	India	1,335
2	Russian Federation	1,218	United States of America	522	China	575
3	China	911	France	301	Bangladesh	450
4	India	675	Australia	194	Italy	118
5	United States of America	645	Russian Federation	152	Spain	110

Source: FAO, 2010 data

The Global Chickpea Market

Chickpeas are the nutritious seed of the widely grown annual plant *Cicer arietinum* of the pea family. The oldest remnants of the cultivated chickpea are in Turkey, where production began approximately 7,500 years ago. From there, the crop spread and became a staple food across the Middle East, North Africa and the Indian subcontinent. Today, chickpeas are popularly consumed throughout China, India, North and Eastern Africa, Europe, the Americas and Australia, with India being the clear leader in production and the second largest exporter. Chickpeas are consumed fresh as green vegetable, parched, fried, roasted and boiled, and are used in dishes such as curries, soup and sweetmeats. They are also consumed as a snack food, in sweets and condiments, as a paste such as hummus, or ground into flour and used to make bread.

Chickpea Supply and Demand (in thousands of mt)
(Total Production in 2010: 10,964 mt)

Rank	Production		Export		Import	
1	India	7,480	Australia	446	Pakistan	186
2	Australia	602	India	216	Bangladesh	181
3	Pakistan	562	Mexico	111	United Arab Emirates	68
4	Turkey	531	Canada	74	Algeria	57
5	Myanmar	441	Turkey	57	India	56

Source: FAO, 2010 data

The Global Dry Bean Market

Dry beans are annual legumes grown for their seeds. There are many varieties of dry beans, including white (such as sira, chali, sugar, dermason, navy, horoz, great northern and alubia varieties), kidney (including dark and light speckled/pinto beans), black and faba beans. India is the largest producer of dry beans, followed by Brazil and Myanmar. They are either canned or packaged dry for retail sale or are further processed into products such as stews, soups, bean flour or paste or a snack food. Dry beans are a vital source of protein, high in dietary fibre and a staple food in much of the world today.

Bean Supply and Demand (in thousands of mt)
(Total Production in 2010: 23,136 mt)

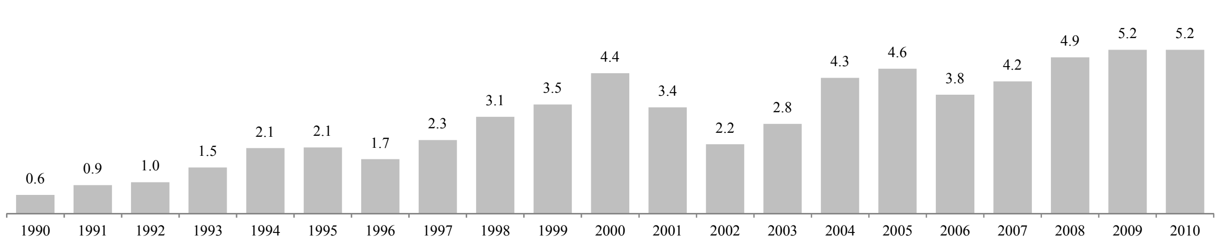
Rank	Production		Export		Import	
1	India	4,890	China	950	India	495
2	Brazil	3,159	Myanmar	497	Brazil	181
3	Myanmar	3,000	United States of America	407	United States of America	142
4	United States of America	1,442	Argentina	327	United Kingdom	125
5	China	1,339	Canada	256	Mexico	117

Source: FAO, 2010 data

Canada's Role in the Pulse Industry

Canada is a leading supplier of pulses, accounting for nearly an estimated 35% of the global pulse trade in 2010 according to Pulse Canada. Saskatchewan is the heart of Canada's pulse industry, and according to Saskatchewan Pulse Growers, a not-for-profit organization representing pulse crop growers in the province, produced 97% of the Canadian lentil crop, 83% of the Canadian chickpea crop and 72% of the Canadian pea crop in 2011.

Canadian Pulse Production (in millions of mt)



Source: FAO

Pulses, as a rotational crop, are used by farmers to naturally replenish nitrogen in the soil. Typically, farmers will follow a pre-determined rotation that includes cereal grains, such as wheat, durum or barley, canola or rape seed, used for production of oil as well as for protein manufacturing, and a pulse crop, which would include lentils, peas or chickpeas depending on what weather and soil conditions are present in the growing area. Beans provide lower nitrogen fixing than other pulses, but due to the higher moisture requirements and a longer growing season, they cannot be grown in every pulse growing region.

In the past, farmers would leave their field to summerfallow, or "the summer following", where the farmer would not plant a crop, to allow the soil to draw nitrogen from the air and retain soil moisture. The soil would still require tilling and treatment with herbicide for weed control, resulting in costs but no revenue. Inclusion of pulses, typically a high earning crop, can provide farmers with the agronomical benefit of nitrogen-fixing with, in many cases, significant revenue opportunities as well. These rotational cropping strategies have assisted as part of Canada's emergence as a major pulse producing origin over the past decade. For example, according to StatsCan and the Saskatchewan Ministry of Agriculture, summerfallow acres in Canada have decreased significantly from a reported 8.6 million acres in 2006 to approximately 4.5 million acres in 2012.

Canadian pulse crops are exported to over 180 countries, but exports are dominated by a few key markets, as is shown in the table below.

Major Canadian Export Markets

Lentils		**Chickpeas**		**Beans**		**Peas**	
Turkey	24%	Turkey	17%	EU	37%	India	56%
EU	10%	Jordan	15%	U.S.	34%	China	23%
India	9%	EU	14%	Japan	6%	Bangladesh	6%
UAE	8%	U.S.	13%	Angola	6%	U.S.	2%
Algeria	8%	Pakistan	11%	Mexico	3%	EU	2%
Other	41%	Other	30%	Other	14%	Other	11%

Source: Pulse Canada, 2011 data

Canada, led by Saskatchewan, has emerged as a major source of the world's lentil supply. StatsCan data reports that Canada produced over 1.5 million mt and 1.9 million mt of lentils in the 2009 and 2010 crop years, respectively. Production of 1.5 million mt of lentils is reported for 2011 and 1.5 million mt was estimated for 2012 by StatsCan. Canadian lentil exports for the 2011 crop year totaled approximately 1.15 million mt, or approximately 75% of available domestic production, according to StatsCan data. In terms of global destinations, the majority of Canada's lentils are exported to countries in the Pacific Rim, the Middle East, North Africa and the Mediterranean region. With global population growing, particularly in developing nations, Canada's lentil exports are a key component in ensuring stable supply in many major consumption markets.

Canada is also the world's leading producer and exporter of dry peas. A cool season crop, production is heavily weighted in Saskatchewan, which, according to Saskatchewan Pulse Growers, produces approximately 72% of the Canadian pea crop. Over the past 10 years, production has shifted in Canada to dry peas in an effort to diversify out of traditional grains. Approximately 80% of Canadian dry pea exports are sold to India, Bangladesh, and China for food use according to AAFC data. Other destinations for Canadian dry peas include Europe, South America, the U.S. and Mexico and approximately 2% of annual production is retained for domestic use in Canada.

Canadian chickpea production peaked in the 2001/02 growing season at 500,000 mt, as reported by Saskatchewan Pulse Growers. However, a subsequent combination of low prices, crop diseases and poor weather discouraged producers from planting chickpeas, and annual production dropped to 50,000 mt by 2004. Chickpea production in Canada has remained low in recent years, a trend that has been seen in other growing regions as well. In 2011, approximately 85,600 mt of production in Canada has been reported by StatsCan, a decrease of 33% from 2010. 2012 Canadian chickpea production is estimated to be 157,500 mt by StatsCan.

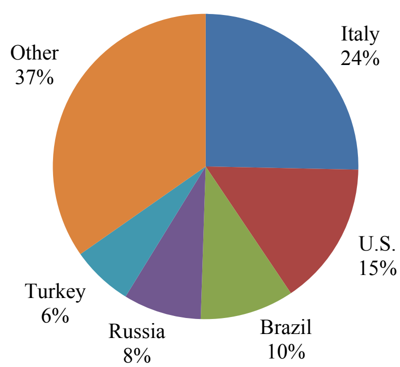
Canada is a significant player in the world bean industry, accounting for approximately 9% of global dry bean exports in 2009 according to FAO data. According to StatsCan, Canada produced 253,800 mt and 144,600 mt in the 2010 and 2011 crop years, respectively. Increases in Canadian dry bean production in 2012 are expected, with estimated production of 274,000 mt after a significant decrease in 2011.

4.4 Grain and Pasta Industry Trends

Pasta Industry

According to Global Trade Information Services, global pasta exports were approximately US$5 billion in 2011, which represents an increase of 9% from 2010. Italy is the world's largest pasta market, representing 24% of overall production, followed by the U.S., Brazil, Russia and Turkey. Italy and Turkey are also the two largest pasta exporting countries in the world.

2011 Market Sizes (Based on Production)



Source: International Pasta Organization

2011 Top Ten Pasta Exporters (in thousands of mt)

Country	Exports
Italy	1,767
Turkey	**340**
United States	128
Belgium	127
Mexico	108
China	102
Thailand	72
France	62
Germany	62
Egypt	59

Source: International Pasta Organization

Recent pasta market growth has been supported by two main factors. Firstly, there has been an overall increase in the demand for healthier food products, including healthy pasta varieties. According to the International Pasta Organization, sales of health and wellness pasta have nearly doubled since 2006. Secondly, consumption in non-traditional markets has increased significantly due to the overall affordability of pasta as well as its ability to be customized to local preferences. According to the International Pasta Organization, since 2007, total pasta sales have increased by over 100% in Iran, over 80% in India and over 30% in China.

Based on AGT's pasta production capacity and export program, Management believes that AGT is among the largest exporters of pasta in Turkey, the second largest pasta exporting country in the world (behind only Italy) according to the International Pasta Organization. In addition, according to the Turkish Pasta Association, for the first 11 months of 2012, AGT, through its *Arbella* brand, had a 12.2% market share in the Turkish domestic pasta market based on volumes, making it the third largest pasta brand in Turkey. This market share is up from approximately 9% in 2010 and nil right before the launch of the brand in 2007.

Turkish Rice Milling

Turkey is a major paddy rice (or "rough rice") production origin, and has seen significant increases in rice production since 2003. The Turkish Grain Board estimated Turkish paddy rice production for 2012 at approximately 770,000 mt, consistent with reported production levels in past years by the U.S. Agricultural Attaché reports in USDA Foreign Agriculture Service reports. These reports indicate that the vast majority of Turkish production is for domestic consumption, with consumption estimated at approximately seven kg/person per year. The U.S. and Russia are major origins for paddy rice imported to Turkey, while Egypt supplies largely milled rice.

4.5 Business Strategy

Leading Global Processor and Distributor of Pulses

AGT is the only major globally-diversified vertically-integrated processor and distributor of value-added pulses with origination, processing and distribution capabilities in key pulse origination markets on five continents. Management has developed AGT's global platform over the past 6 years through strategic acquisitions, construction and/or refurbishment of processing facilities and organic market entry expanding the Company's origination and processing footprint from its Canadian base to now include the U.S., Turkey, Australia, South Africa, China and Russia.

Management believes that AGT's global origination and processing capabilities provide key competitive advantages to the Company and have created barriers to entry for competitors. Key competitive advantages include product and geographic diversification which serves to mitigate exposures to commodity prices, crop quality and weather; significant flexibility in sourcing, processing and logistics which allows the Company to most efficiently and economically meet customer demand in multiple markets around the world; meaningful economies of scale in purchasing, production, transportation and corporate functions which provide operating leverage as volumes increase; enhanced market intelligence from local management teams and sales forces which provides real-time information on supply, demand, pricing, crop conditions and competitor activities in the important global pulse origination and consumption markets; and significant management team depth resulting from the retention of acquired management teams which positions AGT to successfully manage its global businesses both at the corporate and subsidiary level. Barriers to entry facing any competitor include the significant capital investment required to replicate AGT's network of strategically-located modern processing facilities and global operating subsidiaries; AGT's first-mover advantage in selecting which assets, businesses and management teams to acquire in each strategic expansion of its global footprint; and AGT's well-established direct relationships with farmers and customers in the important global pulse origination and consumption markets.

Margin Improvement through Product Mix Changes and New Platform Growth

AGT believes that its market development programs will continue to drive enhanced utilization and market opportunities for pulses in both new and traditional markets for AGT, including opportunities to improve market share and distribution costs in South America, the Caribbean and South Asia. As part of this effort, the Company intends to also further develop its chickpea and bean market presence, with increased sales programs to key consumption markets such as South America and South Asia to further balance lentil processing and sales.

Furthermore, in addition to its existing business of producing and exporting pulses and staple foods products, AGT is in the process of developing a large-scale ingredient business that targets the food ingredient, pet food, aquaculture and industrial markets by satisfying leading food manufacturers' increased demand for non-GMO, gluten-free, high-protein and high fibre products. The first phase of the ingredient business will be focused on the commissioning of the Minot Facility which is expected late in the first quarter of fiscal 2013 and is anticipated to double AGT's U.S. production capacity. The plant is expected to leverage the Company's existing farmer relationships while allowing AGT to vertically integrate into the higher-margin food ingredient segment and reduce exposure to commodity markets.

The Cargill Agreement is a strong step towards realizing the opportunities that this new food ingredient platform is expected to provide. Through this platform, AGT seeks to become one of the preferred suppliers of ingredients critical to food companies producing branded products for feed applications and for retail and food service sale to consumers around the globe.

Increase Capacity Utilization

By using its global origination base and strength in marketing, AGT expects to continue to boost the utilization of its asset base and will continue to assess asset utilization alternatives for new products and opportunities, including selling into new markets. AGT is examining an expansion into soybeans, cereal grains and oilseeds and is expanding its focus on chickpeas, green peas, flax seeds and canary seeds to utilize Canadian facilities more effectively. AGT is also continuing its efforts to boost pulse and grain processing utilization in Turkey through origination programs for Turkey from Russia, Ukraine, Argentina, Canada and Australia. Management estimates that the capacity utilization of AGT's global network of value-added processing facilities for the nine month period ended September 30, 2012 was 53%. As such, Management believes that AGT has significant operating leverage and capacity to profitably increase sales volumes, utilizing its existing global fixed asset base that has now been largely established.

Continued Focus on Efficiencies and Costs

Management continues to focus on cost-containment and reduction initiatives to deliver steady improvements in gross margins per mt. The Company has driven cost accountability down to the geographic cost centre level with each global plant manager being measured on cost reduction programs and overall management of fixed costs. Initiatives included the implementation of a program to monitor cost reduction and inventory turns which, in turn, form part of an evaluation that impacts performance-based compensation of geographic and local managers. With AGT's scale and size of operations, Management believes that margin improvement on existing tonnes handled through AGT's facilities has the potential to significantly improve earnings.

Working Capital Management

Management intends to continue its focus on increasing inventory and receivable turns to ensure that working capital debt is reduced as a percentage of revenues. As AGT's business grows, Management believes debt optimization strategies will allow AGT to maintain a healthy balance sheet to fund its growth and expansions from free-cash flow, debt and equity.

Centralized Risk Management

In order to provide AGT with operational efficiencies and the ability to mitigate a number of overall risk exposures, AGT's risk management activities are coordinated through a well-established, centralized and comprehensive risk management framework, separate and independent from operational management at the local level. Risk information from AGT's operating geographies are independently assessed and then aggregated, allowing for clear visibility and centrally-controlled decision making and internal controls. Day-to-day risk management decisions are made by AGT's executive committee, which consists of the Executive Chairman, the CEO, the CFO, and the COO. These decisions are then implemented on a local level. The Company's risk management program is overseen by AGT's board of directors (the "**Board**"), which has responsibility for the establishment and approval of AGT's risk management policies. AGT's risk management policies and systems are regularly assessed by Management to ensure that all significant risks have been reviewed and to reflect changes in market conditions and the Company's operating activities.

Throughout AGT's acquisition history including 14 acquisitions since 2007, substantially all of the target companies' senior management have remained with AGT, greatly enhancing AGT's geographic risk management strength. In addition, key staff in management or specialized roles and positions have been added to further increase this risk management strength.

4.6 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 in Canada, the U.S., Turkey, Australia, China and South Africa.

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 EDC. Risk management programs are also in place to minimize these risks in 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 APP 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 historically focused on export markets, the focus has increasingly shifted to domestic sales in the last two years due to lower domestic production in Turkey. A majority of the Arbel Group's sales for the nine months ended September 30, 2012, 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.

4.7 Sales and Distribution

Sales and Marketing

Substantially all of AGT's products are sold directly to importers, canners, packaging companies, wholesalers and distributors located around the world. AGT currently exports its products to over 1,200 clients in over 100 countries and Management estimates that no private sector company or customer accounted for greater than 5% of total revenues in the nine months ended September 30, 2012. The United Nations through its World Food Program agency, and the U.S. Government through USAID, have historically accounted for up to 10% of total revenue in certain years, although this number varies according to international food aid tender requirements. AGT sells its products directly to customers and, where appropriate, pulses brokers (usually located in the country of destination) are used to assist in managing the execution of export sales contracts.

Sales Contracts

Management estimates that, by volume, approximately 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. Longer-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. Goods are generally shipped on a "cost and freight destination" basis, meaning AGT pays the costs to bring the goods to the destination. AGT's sales are cash against documents, allowing the Company to retain title to its inventory until it has received payment in full. The significant majority of receivables are credit insured through a global policy with EDC. Typically customers are subject to 5-day payment terms before the vessel arrives at port, however, a small portion of customers are on 30-day terms while larger established customers are on 90-day terms.

New Markets (Food Ingredients Derived from Pulses)

AGT is engaged in market development programs which continue to create enhanced utilization and market opportunities for pulses in new markets for the Company. These programs include a focus on improving market share and sales opportunities in existing markets in South America, the Caribbean and South Asia, the development of new products and new uses for pulse-based ingredients (proteins, fibres and starches) for supply to food companies, pet food manufacturers and the aquaculture and other industries. AGT is in the process of building the Minot Facility, with commissioning expected to be completed late in the first quarter of fiscal 2013. The recently announced Cargill Agreement is a strong step towards realizing the opportunities that this new food ingredient platform is expected to provide.

Freight & Logistics

AGT manages its own in-house freight and logistics management team and has a team of specialists in export documentation and logistics in its trading offices in Canada, Australia, Turkey, South Africa and Europe. The Company also uses third party logistics providers for a portion of its transport needs.

APP's facilities are situated on major highways and all-weather roads, which offers an advantage over smaller competitors that may be located off secondary or grid roads. AGT is increasingly focused on shipping finished product by intermodal service, where containers are loaded at the plant and taken by trailer to the railway for shipping by rail cars. AGT also has agreements with transloading/logistics facilities in Montreal and Vancouver in Canada, Seattle, Tacoma, Mobile, Houston and Norfolk in the U.S., and Adelaide, Sydney and Melbourne, in Australia to facilitate the final containerization or handling of loaded containers of its products for export.

All of AGT's facilities in Canada and the U.S. are located within 90 km of container yards, and nine of its 12 plants are accessible to rail with Canadian Pacific Railways, Canadian National Railways and with U.S. facilities receiving service from Burlington Northern Santa Fe Railways. APP owns two container storage sites, one in each of Saskatoon and Regina, and operates its own container lifts, trucks and container chassis for transportation of ocean containers to its factories. The Company's Minot Facility is directly adjacent to the Port of North Dakota intermodal transportation hub, which transports westbound agricultural commodities on Burlington Northern Santa Fe's dedicated rail line. Facilities in Australia also receive rail shipments to the main port locations in Adelaide, Sydney and Melbourne. For example, from New South Wales, the location of the Company's Narrabri processing facility, which is in a key growing region for Australian chickpeas, is equipped with direct rail access with dedicated three times weekly container train service direct from the facility to Sydney, one of Australia's main container ports. As well, in South Australia, APP is a 33% co-owner of a company that operates trains six times per week from the Company's locations there inland to port at Adelaide.

The Arbel Group's nine facilities in Turkey are strategically situated in proximity to key shipping areas, providing the Company a logistical freight advantage. These facilities are located within eight km of the main container seaport in Mersin, one of the Mediterranean's main agri-product seaports, and provide 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. Arbel's rice facility in Edirne is located 100 km from the Port of Tekirdag in Turkey.

AGT has direct steamship line relationships and management believes the Company is among the largest agri-products container shippers in Canada and Turkey. 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, and AGT also insures its cargo. See "*Risk Management*."

The Company also benefits from strategic warehousing in India and South Africa, a freight advantage from Australia to India, and strategic location in China, with locations near port facilities and a lower freight cost and reduced transit times to and from Canada and Turkey.

4.8 Risk Management

AGT has established a comprehensive risk management framework that is overseen by the Board, which has responsibility for the establishment and approval of AGT's risk management policies. This allows for regular centralized decision making and internal controls. Day to day risk management decisions are made by AGT's executive committee, which consists of the Executive Chairman, the CEO, the CFO and the COO. These decisions are then implemented on a local level. Management continually performs risk assessments to ensure that all significant risks have been reviewed and reflect changes in market conditions and AGT's operating activities. AGT also utilizes diversification in products, markets and origin as a means of risk management.

Commodity Price Risk

AGT seeks to reduce commodity price risk by purchasing crops primarily on a spot basis as opposed to relying on production contracts, which could lock AGT into paying higher than market prices for crops. In addition, Management estimates that approximately 70% of grower purchases and sales to international clients are completed on a "back-to-back" basis, minimizing the time inventory is held and further mitigating commodity price risk. Management also believes it has clear visibility on the other 30% of sales. The Company does not enter into short positions on pulses nor does it hold inventory for speculative purposes. AGT's global inventory positions are reviewed on a daily basis by its executive management team.

Counterparty and Export Risk

AGT typically does not receive final payment for goods until five days before shipments reach port at the destination market, which can be as long as 35 to 45 days from the date of shipment. However, AGT partially mitigates its risk by retaining control of the export documents, including the bill of lading which serves as title to the goods, through bank to bank documentary collection. In addition, customer purchases are typically backed by irrevocable letters of credit, cash against document terms, prepayment in full before shipment and/or an advance payment of up to 50% with the balance paid against delivery of the title documents.

In the event that product is shipped but the buyer refuses to take delivery, AGT is generally entitled to retain any deposit and resell the product to another buyer, as AGT arranges substantially all export sales as cash against documents whereby the buyer takes title to the goods only after AGT has received payment confirmation. 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 rare. Further, 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.

In addition, a significant majority of AGT's accounts receivable are insured through EDC providing coverage on up to 90% of losses attributed to repudiation and customer default on payment. The insurance policy has been implemented for all sales globally through all subsidiaries, except AGT Tianjin which maintains its own credit insurance with China Export & Credit Insurance Company, and is self-administered by AGT, with EDC setting credit limits and monitoring results. If a customer defaults on the contract, AGT can choose to resell the cargo to another customer or divert the cargo to another market. With extensive market reach and facilities or warehouses in key consumption markets, AGT has numerous options available to minimize or mitigate risk and exposure in these areas. If AGT incurs a loss on the resale of defaulted products, it has the option to make a claim to EDC to cover up to 90% of that loss. The Company has had minimal bad debt expense since inception, with write-offs having cumulatively totalled only $2 million since the beginning of 2009, representing 0.1% of sales over that time period.

Currency Exposure

While most of AGT's costs are incurred in the local currencies of the countries in which its subsidiaries operate, and customers make payments in their local currencies, the majority of AGT's sales contracts are denominated in U.S. dollars. Accordingly, AGT's revenue and accounts receivable balances are subject to exchange rate fluctuations. Net exposure to the U.S. dollar, excluding Turkish Lira which is managed by seeking to match Turkish Lira denominated assets to Turkish Lira denominated liabilities, is hedged via forward contracts with maturities of less than one year to manage risks associated with entering into new sales contracts denominated in U.S. dollars. In addition, net sales proceeds, net of matched U.S. dollar costs, are hedged from U.S. dollar into local currency at the time of sale to mitigate currency risks.

Shipping

Management believes that AGT is among the largest agri-products container shippers in Canada and Turkey, and goods are generally shipped cost and freight destination, with AGT taking all responsibility for delivering the products to the export destination. To manage this risk, steamship line agreements are for fixed rates for three to six month windows 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" (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.

4.9 Competitive Conditions

In pulses, AGT targets the ready-for-human consumption, bagged and bulk containerized shipments to end use markets, serving importers, wholesalers, canners, packagers, retailers and ingredient users of pulses and staple foods. While there are many processing plants located throughout the pulse growing regions of Canada, the U.S., Turkey, Australia, China and South Africa, competitors that target end use markets similar to those served by AGT are smaller regional players with a primary focus on a limited number of products and geographies. This narrower competitive scope limits the advantages for these smaller players that are otherwise afforded to AGT as a result of its strong global presence and infrastructure. In Canada, a limited number of companies are active in the pulse processing business, including Legumex Walker, Simpson Seeds, Prairie Pulse and Toepfer International Western Grain & Processing Division. In Turkey, there are a number of family owned pulse processing companies which tend to have a narrow product or geographic focus. AGT also competes with local processors and splitting plants in Sri Lanka, India, Turkey, the U.A.E. and Egypt, however, this is to a much lesser extent.

Large grain processing companies such as Glencore (with its recently completed acquisition of Viterra Inc. in December 2012) and James Richardson International are also active in the Canadian and international markets more generally, though the significant majority of their shipments in the pulse sector consist of bulk quantity shipments of peas, lentils or faba beans, which are usually not commercially cleaned and are shipped with refuse materials through terminal elevators at port. These bulk shipments are a markedly different business target for bulk shippers, as the cargo received by bulk buyers must be processed locally prior to consumption. Other competitors that also fall into this group of large international bulk shippers include Cargill Incorporated and Archer Daniels Midland.

In the pasta market, AGT competes with other established branded and private label competitors both within Turkey and internationally. Competitors include Ankara Makarna, Filiz and Selva and Barilla, the largest pasta company in the world. As in the pulse sector, no single competitor currently competes with AGT in all of its target markets.

Management believes that competitiveness within the pulse and staple food processing industry hinges on the ability to economically source, process and deliver product to the marketplace and that this ability has been a core part of AGT's competitive strength. With its multi plant processing, multi origin import/export strategy and large volume program, AGT has captured economies of scale and developed significant flexibility in respect of its processing and freight operations to meet customer demand. Management believes that this scale and flexibility, taken together, has resulted in AGT possessing significant competitive advantages and creating barriers to entry. These advantages have been further enhanced by AGT's measured strategy of growing its business both organically and through acquisitions. Management believes that 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, as there is no fully integrated value added processor that competes in all of the same product segments in which AGT operates.

4.10 Working Capital and Seasonality

AGT's sales and purchases are fairly evenly spread out during AGT's fiscal year; however, there is a slight bias towards the last half of the fiscal year (July 1 to December 31), as it is both the period of peak demand and the harvest period for most origins of the Company. This also has the effect of increasing working capital requirements in that period, as management estimates that 60% of the annual working capital requirements are used in the last half of the fiscal year. Initiatives such as diversification of the Company's product mix towards beans and chickpeas, lowering reliance on lentil shipments, increased focus on packaged goods for retail sale, the new food ingredient platform driven by the Minot Facility, and the movement of Ramadan 10 days earlier each year, are expected to have the result of smoothing working capital requirements to an approximate 50/50 distribution within the next three to five years.

Working capital is required by AGT to finance its export program and customer orders due to long transit times and final payment typically being made on delivery. While customer purchases are typically backed by irrevocable letters of credit or cash against document terms, costs associated with the goods, such as processing costs, payments to the farmer from whom raw materials were purchased and freight costs, must be paid prior to receiving payment for sale.

AGT's inventory is primarily comprised of crops purchased from its suppliers in their raw form and processed products. AGT estimates that there are over 150 different products and grades contained within its inventory. Inventory management practices include book to physical inventory reconciliations monthly to ensure accurate recording of inventory values. Given the diversity and non-perishable, commodity-like nature of its products, Management believes AGT's inventory is highly liquid. In addition, Management estimates that approximately 70% of grower purchases and customer sales are completed on a "back-to-back" basis, which allows AGT to mitigate commodity/inventory price risk.

Given customer purchases are backed by irrevocable letters of credit and advance payments, client repudiation is unusual. In addition, the majority of AGT sales are insured through EDC providing coverage on receivables in the event of customer default on payment (see "*Counterparty and Export Risk*" in the "*Risk Management*" section). Consequently, Management believes AGT's receivables are high quality and liquid.

AGT has an average North American cash conversion cycle, from the date of purchasing crops to the date of collection from the international customer, of 40-60 days. The majority of crops purchased by AGT are done under spot contracts, which provide AGT up to three months to take delivery of the crops at the agreed upon price. Payment is made to the supplier within 14 days of delivery. The crops arrive at the plants on a "just-in-time" basis, and are classified as inventory for approximately 28-35 days, comprised of approximately one week for storage and processing, two to three weeks from shipment to port and one week for loading onto a ship. Once the products are loaded into a vessel for shipping, inventory is reclassified as accounts receivable, the majority of which is insured by EDC. Transportation from North America to customers in Europe and Asia takes, on average, an additional 30-45 days, with payment by the customer typically made five days prior to the ship hitting its port of destination.

Recent increases in AGT's inventory levels can be attributed to a shift to distribution activities in consumption markets, illustrated by the continued flow of pulses from Canada and Australia to Turkey, the flow of pulses and grains from Russia and Ukraine to Turkey, and the distribution and sales activities of Poortman in Europe and Advance Seed in South Africa. Management continues the practice of examining stock levels at each of its foreign operations to achieve an optimization of inventory levels. In addition, in its efforts to manage working capital, AGT has initiated tighter credit terms for international buyers.

4.11 Regulations

The Canadian Grain Commission ("**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. APP is a fully licensed and bonded primary elevator, and is currently in good standing. As required by CGC rules, APP has posted a performance bond of $10 million with the CGC. The licence enables APP to negotiate purchase terms directly with producers and thus obtain, or offer, better terms. APP 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. These measures are 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.

4.12 Employees

As at December 31, 2012, AGT and its subsidiaries had approximately 900 full time permanent employees worldwide.

4.13 Intangible Property

AGT believes that its trademarks are important to its competitive position. APP owns a number of registered and unregistered trademarks in Canada with the Canadian Intellectual Property Office ("**CIPO**") and in the U.S. with the U.S. Patent and Trademark Office ("**USPTO**"), including: "Alliance", "Alliance Pulse Processors", "United Pulse Trading", "Saskcan", "Agtech", "Saskcan Pulse Trading and design", and "Saskcan Disc design". Registrations for these trademarks have been completed or are in process in a number of AGT's other key sales and operational markets.

APP 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. APP has registered the trademarks "King Red" and "Queen Green" with the CIPO and the USPTO. APP 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), as well as the B-90 chickpea. All of these initiatives are underway, including the commercialization and production of the aforementioned varieties, and are scheduled to include merchandising activities and seed multiplication in 2013.

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 Canadian 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 registered the "Arbella" and "Arbella Family" trademarks with the CIPO.

AGT's intangible assets are an important part of its business. AGT has attached an intangible asset value to the *Arbella* brand and client relationships that were acquired at Arbel and Poortman. 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.

4.14 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. Certain material risks specific to AGT's business and its industry are summarized below. Additional risks and uncertainties not currently known to AGT, or that are currently not considered material, may also impair AGT's operations. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of AGT could be materially adversely affected.

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 the equivalents in the U.S., Australia, Turkey and other countries of operation. 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.

No AGT facilities are currently unionized. However, there is no assurance that some or all of the employees of AGT will not unionize in the future. If successful, such an occurrence could substantially alter the employment terms of AGT's employees and increase labour costs and thereby have an adverse effect 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). AGT also 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. 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. 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. Such factors could therefore 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, Australia and China, 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 again be a major consideration in 2013 as they were in 2012, as AGT anticipates it will continue to be challenging to obtain container availability and vessel space to move the expected 2012-2013 crops from North America and Australia. As container availability is driven by global trade flows and imports, slowdowns in the economy in the U.S. and Europe and import imbalances in South Australia have resulted in tight container supplies. While Management estimates that trade flows were recovering at the end of 2012, the ability to procure and effectively manage allocated transportation units by ocean line and rail service is a continued focus in 2013. 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 eight kilometres 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 alters the terms of its relationship with AGT and/or if a number of smaller clients, distributors or suppliers concurrently were to terminate or otherwise alter 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 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 AGT'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 the 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. Furthermore, 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 be advantageous due to factors that AGT cannot control, such as market position or customer base. As a result, operating margins could be less than AGT originally anticipated when it made such acquisitions. AGT may change its strategy with respect to such businesses, or a particular market, and decide to sell the operations at a loss, or keep the 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 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

After being acquired by AGT in September 2009, the Arbel Group continued its current business under its management and business practices, subject to the same overview by the Board to which management of APP is subject. The same approach was taken following the acquisition of Poortman and Advance Seed. Of the past 14 acquisitions completed by AGT, 13 of the local management groups have been retained. 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 the 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., Turkey, Australia, China and South Africa 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 through 2012, causing a further loss of confidence in the broader U.S. and global credit and financial markets. The collapse of, and government intervention in, major banks, financial institutions and insurers and created 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 2013.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over supply and demand due to the current state of economies globally, the actions of the Organization of 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.

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 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 has difficulty obtaining, or is unable to obtain, access to the capital markets it could have a material adverse effect on its business, financial condition and results of operations.

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 its business, financial condition and results of operations.

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 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 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 credit facilities or other debt, or is only able to refinance 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 the Bank Facility and the Note Offering 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, including its obligations pursuant to the Note Offering, 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. 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 APP's costs are incurred in the local currency of operation of the country, most of its revenues are earned in U.S. dollars ("**USD**"). As a result, APP is exposed to currency exchange rate risks. A change in the currency exchange rate may effectively reduce the local currency amounts received by APP. APP 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 USD. Net sales proceeds, net of matched USD costs, are hedged from USD into local currency 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. Local currency positions in Turkish lira, Canadian dollar, Chinese RMB, South African rand, Euro or Pounds Sterling may be partially managed through local currency denominated borrowings. 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, Australian dollar, South African rand, euro, British pound, Chinese RMB 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

AGT's end customers are primarily located in the Middle East, Northern Africa, Europe, Russia and South and Central Asia. Many of AGT's customers are located in jurisdictions which may not adopt business and legal practices that 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 AGT.

Additionally, AGT has processing and production facilities in Turkey, China and South Africa, countries which carry certain risks associated with a different political, business, social and economic environment than that of Canada. The ability to carry on business in these countries could be affected by political or economic instability in those countries. Changes or shifts in political attitude in Turkey, China or South Africa may impact the ability of private business, such as AGT, to carry on business, which could have a material adverse effect on the financial condition and results of operations of AGT.

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. This risk is applicable to all countries of operation of AGT.

Recently, the Arbel Group has 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.

Energy Price Fluctuation

AGT's operating costs, shipping costs and the selling prices of certain finished products are sensitive to changes in energy prices. AGT's processing plants are powered principally by electricity and natural gas. AGT's transportation operations are dependent upon diesel fuel and other petroleum-based products. Significant increases in the cost of these items, including any consequences of regulation or taxation of greenhouse gases, could adversely affect AGT's production costs and operating results.

Information Technology Risk

AGT places significant reliance on information technology for information and processing that support financial, regulatory, administrative, and commercial operations. In addition, AGT relies upon telecommunication services to interface its global operations, customers and business partners. The failure of any such systems for a significant time period could have a material adverse effect on AGT's business, financial condition and results of operations.

Regulatory Oversight

Government regulators, such as competition law or anti-trust regulators in Canada, the U.S., Australia, Turkey, South Africa or elsewhere, may examine AGT's acquisitions more closely in the future due to AGT's increased size. Such regulators may object to or place conditions upon certain of AGT's proposed future acquisitions, which could limit AGT's ability to make such future acquisitions or could limit their benefit to AGT. Such regulatory oversight 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 IFRS. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory authorities 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 internal control over financial reporting 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. As a result, Mr. Arslan and the other members of his family could collectively 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.

Dilution of Shareholders

AGT is authorized to issue an unlimited number of Common Shares, for such consideration and on such terms and conditions as may be determined by the Board, without the approval of the Shareholders, subject to the rules of the Toronto Stock Exchange (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 to current Shareholders as 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, 2010 and December 31, 2012.

Distribution for Quarter Ending	**Dividend per Common Share**
December 31, 2012	$0.15
September 30, 2012	$0.15
June 30, 2012	$0.15
March 31, 2012	$0.15
December 31, 2011	$0.15
September 30, 2011	$0.15
June 30, 2011	$0.15
March 31, 2011	$0.135
December 31, 2010	$0.135
September 30, 2010	$0.135

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 at January 30, 2013, there were 19,808,852 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 APP and its subsidiaries. Each such Option is exercisable for one Common Share at a price of $9.00 per Common Share until April 21, 2013.

On April 16, 2012, Options to acquire 400,000 Common Shares were issued to certain directors and officers of AGT. Each such Option is exercisable for one Common Share at a price of $12.71 per Common Share until April 16, 2017.

On June 18, 2012, Options to acquire a further 25,000 Common Shares were issued to a director of AGT that has joined the Board. Each such Option is exercisable for 1 Common Share at a price of $12.71 per Common Share until June 18, 2017.

As at January 30, 2013, Options to acquire an aggregate of 815,169 Common Shares were issued and outstanding.

ITEM 7. MARKET FOR SECURITIES

The Common Shares are listed on 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, 2012:

Month of 2012	High	Low	Volume
December	$13.29	$11.15	911,030
November	$14.50	$11.11	1,366,435
October	$14.46	$12.82	834,100
September	$16.07	$13.90	609,813
August	$17.17	$13.67	1,616,356
July	$14.75	$12.30	1,107,625
June	$13.89	$10.97	1,393,113
May	$13.45	$10.02	2,117,694
April	$15.33	$11.61	2,171,976
March	$16.95	$14.90	2,262,674
February	$18.79	$14.75	2,890,591
January	$21.24	$18.75	729,647

ITEM 8. DIRECTORS AND OFFICERS OF AGT

8.1 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, director or officer of the Fund or AGT, as applicable. Each of the individuals listed below, except for John Gardner and Drew Franklin, has been a director or officer of AGT, as applicable, since its incorporation. The directors and executive officers of AGT, as a group, own, control, or direct, directly or indirectly, 2,725,729 Common Shares, representing 13.7% of the Common Shares.

Name and Province and Country of Residence	Position with AGT	Trustee/Director/ Officer of the Fund/AGT Since	Number of Common Shares Beneficially Owned or Controlled or Directed (as at January 30, 2013)	Principal Occupation
Murad Al-Katib Regina, Saskatchewan, Canada	President, CEO, and Director	August 1, 2007	301,769(3)	President and CEO of AGT; President and CEO, APP
Hüseyin Arslan Mersin, Turkey	Executive Chairman Director	January 31, 2008	2,344,246	Executive Chairman of AGT and President, Arbel Group
Howard N. Rosen(1)(2) Ontario, Canada	Vice-Chairman Director	November 30, 2004	23,000(4)	Senior Managing Director, FTI Consulting
John Gardner(1)(2) Ontario, Canada	Director	June 28, 2011	1,000	Consultant

Name and Province and Country of Residence	Position with AGT	Trustee/Director/ Officer of the Fund/AGT Since	Number of Common Shares Beneficially Owned or Controlled or Directed (as at January 30, 2013)	Principal Occupation
Drew Franklin(1)(2) Wisconsin, USA	Director	June 18, 2012	0	Vice President, S.C. Johnson
Lori Ireland Saskatchewan, Canada	Chief Financial Officer	August 1, 2007	18,500	Chief Financial Officer of AGT
Gaetan Bourassa Saskatchewan, Canada	Chief Operating Officer	August 1, 2007	37,214	Chief Operating Officer of AGT; Vice-President of APP

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) 131,399 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 18,000 are held by Randy Rosen, Mr. Rosen's wife.

Mr. Al-Katib and Mr. Arslan are also the sole directors of APP. Mr. Al-Katib is also the sole director and officer of each of the subsidiaries of APP, 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 or her 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 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, APP. In January 2008 Mr. Al-Katib was appointed Chairman of the board of trustees of the Fund and on the Conversion creating AGT, 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, Mr. Al-Katib was appointed to the Advisory Board for Small and Medium Enterprise for the Canadian Minister of International Trade. Mr. Al-Katib has also been awarded a number of personal awards. 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. In 2012, Mr. Al-Katib received a number of personal awards including the Queen's Diamond Jubilee Medal, BASF's Pulse Promoter of the Year award as well as being named to PROFITGuide magazines' Canada's 30 Most Fabulous Entrepreneurs list. Additionally, Mr. Al-Katib led AGT to a record second Business of the Year award in the 2012 Saskatchewan Chamber of Commerce, Achievements in Business Excellence (ABEX) awards. Bringing all his varied experience to AGT, Mr. Al-Katib has repeatedly proven himself to be a strong financial and strategic business thinker, able to anticipate and mitigate the risks in international trading and commodities.

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 APP, 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.

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.

John Gardner. Mr. Gardner is an experienced financial and business manager with a career including experience in public accounting, the food retail and food service industries. Mr. Gardner currently serves on the board and as chairman of the audit committee for the Econo-Rack Group Inc., Canada's largest manufacturer of industrial racking systems. Other company experience includes serving as a director with Genesis Worldwide Inc., a developer of structural building technology for residential and commercial applications, listed on the TSX and the Alternative Investment Market (AIM) of the London Stock Exchange. In 2006, Mr. Gardner, serving as Executive Chairman of the board of directors, led the Genesis IPO on both exchanges and was instrumental in providing strategic leadership as well as building the board and management for the company. Mr. Gardner also has experience as a past President and CEO of Sysco Food Services of Toronto and past President of Lumsden Brothers Limited, a member of Sobeys Inc. A graduate of the Chartered Director program from McMaster University and the Conference Board of Canada, Mr. Gardner has a career highlighted by 20 years of executive management and board experience with a number of large public corporations, in Canada and internationally. In 1978, he was admitted to the Newfoundland Institute of Chartered Accountants and was awarded a Fellowship of Chartered Accountants in 1988. Mr. Gardner earned a Master of Business Administration degree in 1984 from Memorial University of Newfoundland where he also completed a Bachelor of Commerce degree in 1975.

Drew Franklin. Mr. Franklin has worked extensively in consumer packaged goods with some of the industry's top companies including Procter & Gamble, General Mills and, for the past seventeen years, S.C. Johnson. A graduate of the Sobey's School of Business at Saint Mary's University in Halifax, Mr. Franklin has worked extensively in brand management and sales in North America serving in increasingly senior managerial and officer positions. He oversaw key business units at General Mills Canada, following which he became President and General Manager of S.C. Johnson in Canada. Presently, Mr. Franklin serves as Vice President and is the corporate officer responsible for the Insect Control business of S.C. Johnson at its world headquarters in Racine, Wisconsin, overseeing the *Raid* and *Off!* brands.

Lori Ireland. Ms. Ireland is a Certified Management Accountant with over 15 years' experience in agricultural accounting. Lori worked as an Accountant for Heartland Livestock for three years managing the implementation and related staff training of the livestock Feeder Finance program through Farm Credit Canada. Ms. Ireland spent the next several years in Special Crops Accounting at the Saskatchewan Wheat Pool (Viterra), with duties including all aspects of grain accounting as well as being appointed Project Manager for the implementation of a new Grain Accounting Reporting Package that was designed for the Grain Accounting and Marketing areas of the company. In 2002, Ms. Ireland joined Saskcan as CFO and was named CFO of AGT in 2007, serving in this role to the present. Ms. Ireland has also been on contract with the Society of Management Accountants for several years and acts as a Moderator for the Strategic Leadership Program. This position involves the mentoring of candidates as they learn various areas of management, including: strategic planning, human resources management, treasury, decision making and report writing.

Gaetan Bourassa. Mr. Bourassa is responsible for all merchandising, plant operations and marketing programs for AGT and its subsidiaries globally. Mr. Bourassa brings nearly 20 years of experience in facility management, plant operations and merchandising activities in the global pulse industry. In 1992, after completion of his business studies, he joined the marketing team at Best Cooking Pulses, Canada's first pea splitter. Over the next 12 years, Mr. Bourassa built his pulse industry experience as General Manager of Best Cooking Pulses. In 2005, Mr. Bourassa joined Saskcan, assuming the role of Vice President of Marketing and Operations in 2006. In 2009 was named Chief Operating Officer of AGT. Mr. Bourassa has been a driving force behind establishing AGT as a world leader in split and value-added pulse production and export, overseeing a program of export to over 100 countries globally. He is a proven risk manager, leading the development of new product platforms including faba beans, pulses ingredients and chickpeas.

8.2 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.

8.3 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 9. AUDIT COMMITTEE

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

Composition of the Audit Committee

The Audit Committee of AGT is comprised of Howard N. Rosen, John Gardner and Drew Franklin. Mr. Gardner 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.

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*".

Pre-Approval Policies and Procedures

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

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 2012 and 2011:

Category of Fees	Year Ended December 31, 2012	Year Ended December 31, 2011
Audit Fees(1)	$751,141	$570,142
Audit-Related Fees(2)	Nil	$30,060
Tax Fees(3)	$139,574	$23,356
All Other Fees(4)	Nil	$52,242

(1) "**Audit Fees**" refer to fees billed for audit services. Amounts included in 2011 relate to fees billed for 2011 and 2010 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 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 2011 relate to IFRS conversion.

ITEM 10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Board is 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 11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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 12. TRANSFER AGENT AND REGISTRAR

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

ITEM 13. MATERIAL CONTRACTS

There are no material contracts which were either entered into since December 31, 2011 or are still in effect as of the date of this AIF, other than those which were entered into in the ordinary course of business of AGT.

ITEM 14. 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 15. 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 prepared in connection with AGT's most recent annual meeting of Shareholders that involved the election of directors, 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, 2011, and the nine months ended September 30, 2012, which are 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 Financial 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;

"**Advance Seed**" means Advance Seed Proprietary Limited, and its subsidiary Pouyoukas Foods, collectively;

"**Advance Seed Facility**" means the secured credit facilities maturing on July 25, 2013, provided for under the credit agreement between Advance Seed, Pouyoukas Foods and the Hong Kong and Shanghai Banking Corporation Limited;

"**AGT**" or the "**Company**" means Alliance Grain Traders Inc.;

"**AGT India**" means AGT India PVT Ltd.;

"**AGT Limited Company (Russia)**" means AGT ltd.;

"**AGT Tianjin**" means Alliance Grain Traders (Tianjin) Co. Ltd.;

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

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

"**APP Group**" means, collectively, APP and its subsidiaries (United Pulse, Australia Milling, Poortman and Poortman's subsidiaries;

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

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

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

"**Bank**" means The Bank of Nova Scotia;

"**Bank Facility**" means, collectively, Facility A, Facility B and Facility C;

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

"**Cargill**" means Cargill, Incorporated;

"**Cargill Agreement**" means the five-year agreement between United Pulse and Cargill announced January 9, 2013;

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

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

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

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

"**Class A Shares**" means Class A shares, issuable in series, in the capital of AGT;

"**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;

"**COO**" means Chief Operating Officer;

"**Credit Agreement**" means the amended and restated credit agreement between APP, the bank and a syndicate of six other lenders announced January 24, 2013, which provides for the Bank Facility;

"**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;

"**Facility A**" means a $150 million revolving facility (including a $10 million swingline), with availability thereunder subject to a borrowing base, to be used for general corporate purposes;

"**Facility B**" means a $90 million non-revolving credit facility to be used to refinance existing debt;

"**Facility C**" means and a $30 million revolving facility to be used for financing new capital expenditures and acquisitions;

"**Factoring Facility**" means the Master Receivables Purchase Agreement between AGT, the Arbel Group and the Bank entered into on December 21, 2012;

"**FAO**" means the Food and Agriculture Organization of the United Nations;

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

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

"**GMO**" means genetically modified organism;

"**Guarantors**" means the Unsecured Guarantors together with the Secured Guarantors;

"**IFRS**" means International Financial Reporting Standards;

"**IPTIC**" means International Pulse Trade and Industries Confederation;

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

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

"**Minot Facility**" means the industrial scale, food ingredient processing and production facility located in Minot, North Dakota;

"**mt**" means metric tonnes;

"**Note Offering**" means the offering of the Notes due February 14, 2018;

"**Notes**" means $125,000,000 aggregate principal amount of 9.00% Senior Secured Second Lien Notes due 2018;

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

"**Options**" means options to purchase Common Shares;

“**PP&E**” means property, plant and equipment;

“**Poortman**” means A. Poortman (London) Limited;

“**Poortman Facility**” means the unsecured credit facilities available for utilization until May 31, 2013, provided for under a credit agreement between Poorman and Lloyds TSB Bank plc;

“**Pouyoukas Foods**” means Pouyoukas Foods (Proprietary) Limited;

“**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.;

“**Secured Guarantors**” means AGT, United Pulse and Australia Milling;

“**Shareholders**” means holders of Common Shares;

“**StatsCan**” means Statistics Canada;

“**TSX**” means the Toronto Stock Exchange;

“**Turkpulse**” means Turkpulse Diş Ticaret A.Ş.;

“**United Pulse**” means United Pulse Trading Inc.;

“**Unsecured Guarantors**” means Poortman, the Arbel Group, AGT Limited Company (Russia) and, subject to South African Reserve Bank approval, Advance Seed and its subsidiary Pouyoukas Foods;

“**USAID**” means the United States Agency for International Development;

“**USDA**” means the United States Department of Agriculture;

“**USPTO**” means the U.S. Patent and Trademark Office; and

“**U.S.**” means the United States of America.

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 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.