MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

ALLIANCE GRAIN TRADERS INC.
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The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operation has been prepared by Management to help readers interpret Alliance Grain Traders Inc.'s ("AGT" or the "Company") consolidated financial results for the three months ended March 31, 2014 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2013. The consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Additional information related to AGT, including periodic quarterly and annual reports and the Annual Information Form ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

This MD&A has been prepared as at May 8, 2014. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for the quarter ended March 31, 2014

- **EBITDA*** was $17.1 million for the three months ended March 31, 2014 compared to $13.6 million for the three months ended March 31, 2013 and $18.2 million for the three months ended December 31, 2013.

- **EBITDA* as a percentage of revenue** increased to 5.49% compared to 4.91% for the three months ended March 31, 2013 and compared to 4.85% for the three months ended December 31, 2013.

- **Revenue** was $311.3 million for the three months ended March 31, 2014 compared to $276.4 million for the three months ended March 31, 2013 and compared to $375.1 million for the three months ended December 31, 2013.

- **Improvement in days trade accounts receivable outstanding** to 48 days for the quarter end ended March 31, 2014, down from 53 days for the quarter ended March 31, 2013.

- **Total accounts receivable and inventory turns** for the three months ended March 31, 2014 consistent with the year ended December 31, 2013 at 126 days.

- **Adjusted gross margin and EBITDA* per tonne in food ingredients and packaged food segment** of $159.71 and $105.03 for the three months ended March 31, 2014 compared to $121.06 and $90.77 for the three months ended December 31, 2013.

- **Minot facility** second line in commercial production at March 31, 2014.

- **Dividend** of $0.15 per share for the quarter ($0.60 per share on an annualized basis).

Business Overview

AGT operates with three reporting segments: (1) pulses and grains processing (2) trading and distribution and (3) food ingredients and packaged food. The pulses and grains processing segment includes subsidiaries and facilities in Canada, the U.S., Australia, China and a portion of the operations in Turkey. The trading and distribution segment includes operations in Europe, Russia, India and a portion of the operations in Turkey. The food ingredients and packaged foods include subsidiaries and facilities in the U.S., Canada, South Africa and a portion of the operations in Turkey.

Through its three segments, AGT handles a full range of pulses and specialty crops including lentils, peas, chickpeas, beans, popcorn, canary seed, flax and other specialty seeds packed for domestic and export markets as well as in dry small package and canned products for both domestic consumption and export markets. In North America, AGT produces pulses proteins, fibres, starches and flours for food ingredient and industrial uses. AGT's operations in Turkey produce milled durum wheat products such as semolina, pasta (under the Arbella brand) and bulgur wheat as well as medium grain and long grain milled rice. These products are sold for both domestic consumption and export markets.

AGT owns twelve pulse and processing plants in Canada, a canning and retail packaging plant in Canada, two plants in the U.S., four in Australia and nine in Turkey, as well as bean processing and food distribution facility in China and one processing and retail packaging facility in South Africa. Wholly owned foreign subsidiaries include the Arbel Group in Turkey ("Arbel"); United Pulse Trading Inc. ("United Pulse") in Williston and Minot, North Dakota, U.S.; Australia Milling Group Pty Ltd. ("Australia Milling Group") in Victoria, South Australia and New South Wales, Australia; Advance Seed Pty Ltd. and its subsidiary Pouyoukas Foods ("Advance Seed") in South Africa; A. Poortman (London) Limited in London, U.K. ("Poortmans") with merchandising offices in the Netherlands and Spain; Alliance Grain Traders India PVT Ltd. ("AGT India") in India and Alliance Grain Traders (Tianjin) Co. Ltd. ("AGT China") in Tianjin, China. AGT also operates an origination office located in Rostov-on-Don, Russia ("AGT Rostov"). In January 2014, AGT announced that it acquired the assets of CLIC International, a Laval, Quebec based retail packaging and canning distribution company forming a new operating company called AGT CLIC Foods Inc. ("AGT CLIC") that includes packaging, canning, warehousing and distribution locations in Canada and the U.S.

AGT is among the world's largest value-added processors and splitters of pulse crops and an international producer, processor and exporter of staple food products to over 100 countries. The Company's common shares are currently listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "AGT".

Business Outlook

AGT's food ingredient and packaged food segment continues to track positive progress towards demonstrating its growth potential and earnings, which is expected by Management to increase as the business unit grows in volumes and sales. AGT's legacy pulses and grains processing segment has continued to show recovery in the quarter, traditionally part of the peak Q4/Q1 shipping period for pulses and staple foods. This has been driven by improved results from AGT's Arbel Group operations in Turkey and exports from Canada. Overall, margins and total metric tonnes ("mt") handled through AGT facilities are tracking as per Management expectations, with further improvements expected through 2014 and into 2015.

Estimates for spring seeding indicate the expectation of another strong Canadian pulse production season that will add to relatively average levels of global supply. As producers may change their seeding plans right up to the start of seeding activities, Management expects that the key pulse crops handled by AGT may see a last minute boost in acreage as a result of recent strong performance of lentil prices and the relative price and availability of nitrogen fertilizer. Pulses do not require nitrogen fertilizer as they produce nitrogen, and therefore input costs are lower than competing crops in high input cost environments.

Key consumption markets continue to import from the current crop assisted by weaker Canadian and Australian dollars providing a boost to the competitiveness of the Canadian and Australian origins. Transportation issues remain in North America; however, intervention by the Government of Canada and increased effort by all members of the agribusiness supply chain appear to be assisting in clearing the backlog of shipments created during the quarter as abnormally cold temperatures and a container truckers strike in Vancouver affected AGT's ability to deliver its normalized program in the first quarter.

The relative strength of the AGT business model was illustrated in this period, as results that were negatively affected in North America were offset by positive performance of AGT's Turkish, Australian and European operations. As demonstrated by first quarter 2014 results, AGT continues in its efforts to develop and implement origination, processing, trading and distribution opportunities that utilize its global base of assets, staff and capital to create sustainable margins that are expected to grow over time as the scale of these opportunities grows. The global footprint of AGT, the strength of its international management team and deep relationships with distribution clients, customers and partners are driving company-wide initiatives to develop more "synergistic trade and business" utilizing two or more wholly owned AGT subsidiaries to create margin opportunities. This is illustrated by the segmented disclosure in the period that reports over 73,000 mt of products were listed as "inter-company" meaning that they were sold from one AGT company to another for further manufacturing, further packaging and/or for sale to a final customer.

As AGT's business segments grow and improve, margins and earnings are expected to grow with them. Management forecasts growth expected in the ingredient platform on potentially higher margin, less volatile food ingredient sector business, focused on ingredient flours, protein, fibres and starches derived from pulses and the packaged retail foods segments.

AGT's legacy pulses business is also expected to continue its gradual recovery of margin and utilization.

Food Ingredients and Packaged Foods

Pulse ingredients have been gaining profile with both consumers and food companies in the human food, petfood and animal feed sectors, as well as food manufacturers who may use pulses as an ingredient, in whole or fractionated form, combined with other ingredients to create products and ingredient blends or for other applications. Concentrations include foods for human consumption (baking, cereals, meat and meat analogues, pasta, snack and extruded foods, dips, soups and convenience meals) as well as for petfood, branded feed ingredients and aquaculture. Pulse ingredient flours, proteins, fibres and starches can be derived from a single product, individually from lentils, peas, chickpeas or a variety of beans, or may be blended from multiple products to capture or enhance particular characteristics that may provide positive application performance for the intended application.

Pulse ingredients are considered attractive for both the nutritional characteristics they naturally provide, as they have a low allergen profile, are gluten-free and are high in protein, fibre, rich in vitamins and minerals [Saskatchewan Pulse Growers], but also because pulse ingredients are GMO-free. Additionally, pulses are attractive to producers as they are produced sustainably, naturally replenishing nitrogen in the soil [Saskatchewan Agriculture] with lower greenhouse gas emissions [Zentner et al. 2004] and having lower water usage to produce than other forms of protein [National Geographic Report]. These characteristics also make them attractive to food companies reacting to consumer demand for healthier, sustainable products as well as for the consumers themselves.

Food companies have reacted to GMO ingredients in part as a result of the work of consumer advocacy groups with General Mills, Kellogg's and Post all recently announcing intention to replace GMO ingredients, including soy and corn, in some of their products. Alternative flours, including pulse flours, are forecast to grow almost four times faster than wheat flours and ahead of other cereals and potato flour in the sweet and savoury snacks applications category between 2012 and 2017 in North America and Europe [Euromonitor]. Gluten-free foods are expected to have sales of more than $6.6 billion by 2017 [Packaged Facts]. The National Foundation for Celiac Awareness reports 3 million Americans suffer from celiac disease in addition to 18 million Americans with non-celiac gluten sensitivity. While no official studies have been concluded in Canada, Health Canada estimates that as many as 300,000 people in Canada may suffer from celiac disease. The global ingredient protein market is expected to reach $28.9 billion by 2020, with plant protein expected to continue accounting for the majority of the protein ingredient market [Grand View Research]. Overall, market trends are shifting towards lower cost and abundant plant-based alternatives due to rising costs of dairy-based ingredients growing dietary preferences (e.g., gluten-free and vegan) and consumer demand for healthier ingredients [Canadian Institute of Food Science and Technology]. In part, statistics such as these demonstrate the potential market opportunities pulse ingredients may provide, not only in North America and Europe but around the globe, supporting Management's belief that a well-structured, strategic entry into the pulse ingredient sector may provide significant growth opportunities and increased earnings potential for AGT.

As AGT's pulse ingredient business unit establishes itself through the positive growth reported to date and development of sales and market opportunities, Management expects this segment may provide added margin opportunities and therefore earnings growth. With seasonality in AGT's legacy pulses and grains business driven by new-crop harvests and customer buying patterns dictated by local production supply and demand dynamics, this segment is expected to assist in smoothing earnings over the year. This also includes packaged foods, including AGT's growing Arbella pasta business, the Pouyoukas retail brand in Southern Africa and AGT's new canned and packaged foods business AGT CLIC with retail and food service listings in Canada and the U.S.

This business area is attractive for AGT as food company demand appears to be less susceptible to volatility in commodity markets, as they typically purchase higher-value ingredient products with specific characteristics and profiles or non-fractionated, value-added pulses with delivery contracts over a longer period of time and at potentially higher prices to guarantee delivery and quality. In order to meet the requirements of both types, AGT has made significant investments both in its global value-added pulses processing infrastructure including food safety programs and equipment such as x-ray and metal detection, and its ingredient production and research and development facilities.

This program has reported early successes inclusive of AGT's marketing agreement with Cargill on selling pulse protein for the petfood and branded animal feed ingredients in North America, as well as globally to other human food, petfood and aquaculture customers. AGT has completed commissioning of a second production line at its Minot, North Dakota facility to allow for the expansion of sales programs. The second line began commissioning in mid-March and showing good results through commissioning phases in late March, with limited production activities from the second line as part of the first quarter 2014.

This expansion doubles the stated output capacity of the Minot facility in line with projected volumes required for AGT's sales programs. With sales currently tracking as per Management's expectations, ramp up of production is being targeted by the end of 2014. Management remains ready to react with the installation of a third processing line in Minot with a potential late 2014 or early 2015 target date.

AGT has begun feasibility and costing exercises to support decisions related to partial or full conversion of some capacity in Regina, Canada; capacity in Williston, U.S.A.; or a portion of AGT's Mersin, Turkey facilities to pulse ingredients production and fractionation. Conversion provides benefits over greenfield construction with regard to lower capital cost and shorter time to market. As well, additional capacity through conversion is expected to leverage AGT's investment in infrastructure, facilities, and the management to operate the business unit, which has potential to add higher contribution to earnings as scale and capacity utilization targets are achieved.

AGT's investments in research and development in the food and ingredient segment to engage in collaborative research with food companies and ingredient partners is expected to continue to yield application innovations, as well as the baseline data required for food companies to potentially increase inclusion of pulse ingredients in new products or replace ingredients in existing products. During the quarter, AGT's Research, Development and Innovation Centre in Saskatoon is engaged in research initiatives in food applications for bakery, meat, pasta and extruded snacks, with a goal of developing global applications, converting test quantities to real commercial sales in both human food and petfood sectors for AGT. The investment in research is also important to ensure that production capacity is aligned with commercial opportunities for not only protein and fibre but also for starch and flours, including AGT's high viscosity flour products and other flour blends as well.

Inclusive of quantities sold and shipped as part of the Cargill marketing agreement, margins on sales of protein and fibre are tracking as per Management expectations, as are sales development and customer prospects for sales in 2014-2015. Improvements in volumes of high viscosity flour and starches are expected, with a concentrated volume going into feed applications, which are expected to be replaced over time by increased human food, petfood and aquaculture applications resulting from research and development successes. This is expected to contribute to improving overall profitability of AGT's ingredient platform and positively contribute to earnings as ramp up continues through 2014 and into 2015. In the first quarter 2014, AGT was able to begin building some inventories of protein, which are needed as the ramp up of the sales program advances with the addition of the second processing line, doubling the available capacity. Overall management is pleased with overall ramp up of the business unit and is optimistic that it will be able to execute the growth plan on time and on budget.

Pulses and Grains Processing

Export volumes for pulses from Canada have slowed somewhat in the first three months of 2014 after a strong 2013, as a result of transportation issues, including rail delays, equipment availability and port strikes which have impacted the movement of agricultural products in the quarter overall. These developments continue to be monitored by Management.

Early seeding indication estimates in Canada are reporting a significant quantity of pulses to be seeded in 2014, following record production levels for pulses in 2013 and adding to relatively average global supply. Key consumption markets for pulses including India, Turkey and the Middle East/North Africa ("MENA") region have been importing during the traditional shipping periods, with this activity expected to extend into the second quarter period, which is traditionally a slower shipping period. This buying activity is in advance of clarity on crop production in India and Turkey, with reports from Stat Publishing ("StatPub") indicating a high degree of variability with respect to production estimates in India resulting from wet and cool conditions there and United States Department of Agriculture ("USDA") Global Agriculture Information Network ("GAIN") reporting dry conditions in Turkey.

Deficiency in production in India and Turkey may result in continued buying activity throughout 2014 to meet domestic and regional demand requirements from the remaining stocks Canada has from both the 2013 harvest and projected 2014 production. If local crop deficiencies in both Turkey and India result in year-round purchases and imports in 2014-2015, a positive influence on AGT's margins is expected. This is as a result of AGT's ability to extract margin being positively correlated to market demand diversity as AGT leverages its global footprint to create margin from its international sales program.

AGT operates in a high fixed cost environment where incremental improvements in capacity utilization can have significant impact on improving AGT's margins and gross margin overall, positively impacting earnings. Improved volumes processed and shipped from AGT's facilities globally, particularly Canada and Turkey, is viewed by Management as important components to the positive impact on capacity utilization which appears to be showing continued improvement and tracking as per Management expectations. Management initiatives aimed at working capital management, inventory/receivable turns and cost reduction will continue and are expected to positively impact AGT's earnings over the 2014 period.

Freight and transportation issues in Canada have impacted AGT's ability to ship volumes of product through ports in Vancouver and Montreal which may result in timing related issues surrounding sales and shipment, thereby delaying these sales being recognized as revenue and also impacting capacity utilization. Some shipment volumes that would traditionally be completed in the first quarter period may be shifted to AGT's traditionally slower second quarter period as equipment availability and weather improves. More than ample stocks of pulses products are available for shipment with demand at import markets appearing to continue. These freight and transportation factors are considered to be temporary by Management, with possible alternative freight options, such as more over-the-road trucking and bulk pulses exports being utilized when available, providing optimism in AGT's ability to manage its delivery chain and capitalize on market opportunities for pulses and staple foods to key consumption and import markets in the remaining three quarters of 2014.

Currency volatility, particularly in the key Turkish and Indian markets, is being closely watched by Management. The relative weakness of the Canadian dollars has assisted in making Canadian pulses exports attractive for buyers in India and Turkey, where both the Indian rupee and the Turkish Lira have shown relative stability towards the end of March 2014.

Trading and Distribution

Normalization of pulses and staple foods markets appears to have also had a positive impact on export volumes of other commodities sold through AGT's trading and distribution segment, made up of products not specifically processed in AGT facilities. These include popcorn, coffee, canola, flax, sugar and spices and a variety of seeds. While relative margins are potentially lower in this segment, they are expected to continue to be a positive contributor to AGT's earnings due to the fact that they do not require processing and facility infrastructure nor capital investments with the working capital requirements largely financed on relatively short trade finance terms with the utilization of structured trade finance instruments.

Stable volume and gradual margin improvements to those seen in AGT's pulses and grains processing segment are expected by Management in this segment in the 2014-2015 period. Both segments are expected to continue benefiting from improving commodity shipments globally and tenders for pulses, staple foods and food parcels through governments, international aid organizations and non-governmental agencies ("NGO") in Turkey, Syria, the MENA region and other areas around the globe.

Strategy Implementation: Management Update

Management continues on its stated strategies with regard to "moving up the value-chain" diversification with its new food ingredient and packaged foods segment and maximizing margin and sales opportunity in AGT's legacy pules and grains processing segment. This strategic focus includes management strategies and initiatives aimed at growth while assisting in working capital management, relative cost reduction in AGT operations thereby positively impacting profitability and maximizing potential earnings growth. These strategies and initiatives have shown positive results and are expected by Management to continue, providing the support for the AGT as it continues to grow and diversify.

These management strategies and initiative include:

Margin Improvement through increased volumes, product mix changes and growth in new platforms: Management expects margin improvement in all segments to continue. A number of factors have contributed to this expectation, including overall volume increases as a result of higher import levels to key consumption markets bringing supply and demand into better balance; relative price strength when viewing the pulses and staple foods markets in totality; diversification into different products, origins and destinations such as rice from India and chickpeas, beans and split peas to South America and South Asia; retail canned and packaged foods to retail consumers and foodservice; and increases in volumes for AGT's new pulse ingredient business focused on pulse flour, protein, fibre and starches to food companies focused on human food, petfood, animal feed and aquaculture to North America, Europe and South Asia.

AGT is on track towards the acceleration of its new platform growth initiatives in its business platform related to food ingredients and packaged foods, including production of pulses flours, proteins, fibres and starches at its Minot, North Dakota facility and an increased focus on retail packaged and canned goods business globally to build scale in these potentially higher-value segments, benefiting AGT's earnings and operational profile overall.

Additionally, Management continues in its efforts to positively improve the performance of its legacy pulses and grains processing business, which is expected to continue rebalancing towards traditional seasonal patterns and positively impact facility utilization.

Relatively consistent General and Administrative and Marketing Sales and Distribution expenses create a positive foundation for earnings improvement with high but relatively fixed cost of administration, capacity utilization and margin improvements that are expected to yield earnings improvements. Management feels strongly that increased business volumes and an expanded global footprint allow AGT to convert gross margin improvements into EBITDA. Management is confident in its ability to deliver steady improvements in gross margins per mt as well as increased volumes shipped through 2014. With the scale and size of operations, margin improvement on existing "mt handled" through AGT facilities is expected to have a material impact on improving earnings.

Working Capital Management: Management's ongoing working capital initiatives aimed at increasing inventory and receivable turns to ensure that working capital debt is reduced as a percentage of revenues and equity capital programs are planned to continue. Earnings improvement and debt optimization strategies are forecast and expected to ensure that AGT maintains a healthy balance sheet to fund its growth and expansions from free-cash flows, debt and equity while maintaining its yield to shareholders, particularly as AGT's legacy business improves and gains are made in the new ingredient and retail packaged goods programs. Management expects that as profitability continues to improve, free cash flows may be deployed to reduce debt and fund expansions and conversions in the food ingredient and packaged food business. Management will continue to pursue strategies to reduce its global cost of debt capital across its mix of operating geographies.

Increase capacity utilization: One of AGT's greatest strengths has been its global origination base and strengths in marketing and origination. By leveraging this strength, AGT expects to boost utilization of its asset base, including utilization for new products and opportunities outside of in AGT's legacy business and ensuring supply of key products. This is expected to include cereal grains and oilseeds in Australia; increases to Canadian facility utilization through an expanded focus on beans, chickpeas, green peas, flax seeds and canary seeds; and leveraging grain origination in Russia, Ukraine, Argentina, Canada and Australia in an effort to continue boosting utilization in Turkey as local Turkish production decreases.

With AGT's Minot, North Dakota ingredient facility now operating with two production lines and the start-up of AGT CLIC focused on retail canning, packaging and distribution, Management has available avenues to build the new food ingredient and packaged goods segment of its business. This segment is viewed as offering potentially higher-margin, year-round business to food companies producing food for human consumption as well as pet food, animal feed and aquaculture suppliers. Management continues its analysis on the feasibility and costs of conversion of existing available capacity to assist AGT in ramping up its food ingredient platform in 2014 and 2015 while also increasing utilization on potentially underutilized assets.

Management will also focus a small capital expenditure program in 2014 to enhance utilization. Global capital expenditure programs are budgeted at approximately $12 million; a figure that is essentially equivalent to the depreciation expense of AGT consolidated operations. AGT management will continue to postpone large-scale capital allocation to major new projects until margins and earnings show a marked improvement to pre-financial crisis levels in the legacy business.

In the absence of facility conversions to food ingredients, management capacity utilization targets are to achieve 70% asset utilization in 2014 and boost that utilization through a steady 3% per annum program to achieve full utilization within five years. With a high fixed cost component business, additional gains in utilization contribute materially to incremental earnings. The pace of this capacity utilization increase may be sped up dramatically by the strategy to take underutilized capacity from the Canada and Turkey platforms and convert it to projected higher margin utilization in pulse food ingredients. Transportation availability in North America will also be a factor that contributes to the speed of increasing utilization activities. With strong demand from North American operations expected in 2014 and 2015, AGT is optimistic that implementation of the legislative remedies by the Government of Canada as well as efforts by all members of the agribusiness supply chain to assist in clearing the grain transportation system backlogs and return shipping to normalized seasonal flows.

Continue to focus on efficiencies and costs: Initiatives surrounding cost-containment and reduction continue to be a focus of Management, with accountability on these items with each

global plant manager at a geographic cost center level being measured on cost reduction programs and overall reductions in processing costs per tonne. Programs will continue to focus on management of fixed costs so that boosting utilization of AGT's asset base may indeed deliver a higher contribution to earnings per share and earnings. Continued success regarding relatively consistent general and administrative expenses when comparing periods is expected.
Improve reporting and disclosure to the market: AGT introduced a new reporting segment in 2013 which is expected to allow more meaningful insight into the earnings potential of AGT's new food ingredient and packaged foods segment as compared to its core legacy business.

By focusing on the core competencies and strengths of AGT's business, including the strength of the management team, the geographic diversification of AGT's assets, AGT's global reach for sales and distribution to virtually all pulse consumption markets around the globe, a clearly defined and executed risk management program, and adequate access to capital in a capital constrained global market, Management is optimistic about the company's ability to grow business operations and strengthen shareholder value in the long-term. With a stronger legacy business supplemented by new ingredient and packaged goods business, new opportunities for sales, earnings and margin growth in future periods are expected.

Summary of Quarterly Results [1]

(in thousands of Cdn. $ except as indicated, unaudited)

	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended Sept 30, 2013	3 Months Ended June 30, 2013	3 Months Ended March 31, 2013	3 Months Ended Dec 31, 2012	3 Months Ended Sept 30, 2012	3 Months Ended June 30, 2012
Revenue	$ 311,283	$ 375,119	$ 240,485	$ 246,729	$ 276,440	$ 247,195	$ 208,957	$ 201,768
Less: cost of sales [2]	284,014	346,584	218,549	223,396	254,231	227,415	191,926	185,148
Gross profit	27,269	28,535	21,936	23,333	22,209	19,780	17,031	16,620
Add back: depreciation cost of sales	3,615	3,192	3,144	2,549	2,720	2,700	2,445	2,402
Add back: finance income	4	10	(329)	8	339	433	1,034	492
Adjusted gross profit	**30,888**	**31,737**	**24,751**	**25,890**	**25,268**	**22,913**	**20,510**	**19,514**
Deduct: General and administrative expenses	(9,685)	(11,057)	(6,938)	(8,365)	(9,118)	(9,008)	(7,051)	(6,975)
Deduct: Marketing, sales and distribution expenses	(5,890)	(5,339)	(4,916)	(4,616)	(4,327)	(4,204)	(3,113)	(4,266)
Add: Amortization in general and administrative expense	646	881	839	601	1,142	717	640	805
Add: Non-recurring and other costs [3]	1,117	1,970	639	388	609	2,073	505	184
EBITDA [*]	**17,076**	**18,192**	**14,375**	**13,898**	**13,574**	**12,491**	**11,491**	**9,262**
Deduct: Finance expense	(7,931)	(6,494)	(6,352)	(7,296)	(5,768)	(4,248)	(4,402)	(3,837)
Deduct: Depreciation and amortization	(4,261)	(4,073)	(3,983)	(3,150)	(3,862)	(3,417)	(3,085)	(3,207)
Add (Deduct): Provision for income taxes	(1,704)	(796)	685	1,434	1,180	(1,033)	(22)	(1,779)
Adjusted net earnings (loss) [*]	**3,180**	**6,829**	**4,725**	**4,886**	**5,124**	**3,793**	**3,982**	**439**
Adjusted basic net earnings (loss) per share	0.16	0.34	0.24	0.25	0.26	0.19	0.20	0.02
Adjusted diluted net earnings (loss) per share	0.16	0.34	0.24	0.24	0.26	0.19	0.20	0.02
Non-recurring and other costs [3]	(1,117)	(1,970)	(639)	(388)	(609)	(2,073)	(505)	(184)
Non-cash foreign exchange effect	7,149	(5,735)	(7,007)	(10,037)	(4,895)	72	(2,895)	1,415
Net earnings (loss) per financial statements	**9,212**	**(876)**	**(2,921)**	**(5,539)**	**(380)**	**1,792**	**582**	**1,670**
Basic net earnings (loss) per share	0.46	(0.04)	(0.15)	(0.28)	(0.02)	0.09	0.03	0.08
Diluted net earnings (loss) per share	0.46	(0.04)	(0.15)	(0.28)	(0.02)	0.09	0.03	0.08
Total assets	799,237	773,792	708,068	710,905	735,810	712,491	641,882	624,580
Bank indebtedness	141,320	110,805	120,023	112,277	132,362	205,549	170,649	171,227
Short term financing	-	-	-	2,622	12,714	12,402	17,936	21,073
Long-term debt including current portion	248,332	230,605	222,517	215,486	210,769	82,310	76,202	77,069
Shareholders' equity	251,300	234,339	240,655	253,923	267,892	269,848	268,960	274,598
Dividends declared per share	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150
Pulses and grain processing tonnes invoiced [4]	275,721	320,619	216,780	267,774	278,199	231,206	221,107	
Trading and distribution tonnes invoiced [4]	131,236	127,523	98,902	69,286	93,313	76,087	55,733	
Packaged food and food ingredients tonnes invoiced [4]	53,215	54,147	-	-	-	-	-	
Inter-company tonnes	(73,557)	(34,317)	(20,026)	(12,959)	(15,872)	(38,911)	(17,749)	
Total tonnes invoiced	386,615	467,972	295,656	324,101	355,640	268,382	259,091	275,905
Gross profit per metric tonne	$ 70.53	$ 60.98	$ 74.19	$ 71.99	$ 62.45	$ 73.70	$ 65.73	$ 60.24
Adjusted gross profit per metric tonne	79.89	67.82	83.72	79.88	71.05	85.37	79.16	70.73
EBITDA (*) per metric tonne	44.17	38.87	48.62	42.88	38.17	46.54	44.35	33.57

Notes:

(1) Calculated from the condensed consolidated unaudited interim financial statements for the quarters ended March 31, 2014, September 30, 2013 and 2012, June 30, 2013 and 2012 and March 31, 2013 and the audited IFRS annual financial statements for the year ended December 31, 2013 and 2012.

(2) Cost of sales includes depreciation on equipment used to process inventory. Total depreciation is added back for EBITDA*.

(3) Non-recurring costs deemed by Management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs or other predominantly reported within General and Administrative Expenses.

(4) For a breakdown on segmented information, see the section entitled "Revenues, expenses and EBITDA* by reporting segment".

Discussion of Quarterly and Year to Date Results
(in thousands of Cdn. $ except as indicated, unaudited for the three month ended periods)

Revenue, Gross Profit and Adjusted Gross Profit

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
	2014	2013	Change	March 31 2014	December 31 2013	Change
Revenue	311,283	276,440	34,843	311,283	375,119	(63,836)
Less: cost of sales	284,014	254,231	29,783	284,014	346,584	(62,570)
Gross profit	27,269	22,209	5,060	27,269	28,535	(1,266)
Add back: depreciation in cost of sales	3,615	2,720	895	3,615	3,192	423
Add back: finance income	4	339	(335)	4	10	(6)
Adjusted gross profit	30,888	25,268	5,620	30,888	31,737	(849)
Gross profit percentage	8.8%	8.0%	0.8%	8.8%	7.6%	1.2%
Adjusted gross profit percentage	9.9%	9.1%	0.8%	9.9%	8.5%	1.4%

Revenue was $311.3 million for the three months ended March 31, 2014 compared to $276.4 million for the three months ended March 31, 2013 and compared to $375.1 million for the three months ended December 31, 2013. Revenue increased for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 due to overall increased tonnes invoiced. Revenue decreased when comparing the three months ended March 31, 2014 to the three months ended December 31, 2013 due to overall decreased tonnes invoiced, largely out of Canadian and Turkish origins. Canadian origin tonnages were affected by rail issues and resulting railcar shortages during the quarter. Turkish tonnes invoiced decreased due to the timing of inventory received later in the quarter where the sale is not yet recognized, in addition to the build-up of inventory that will be used in food aid family parcels.

Gross profit was $27.2 million or 8.8% for the three months ended March 31, 2014 compared to $22.2 million or 8.0% for the three months ended March 31, 2013 and $28.5 million or 7.6% for the three months ended December 31, 2013. Adjusted gross profit was $30.9 million or 9.9% for the three months ended March 31, 2014 compared to $25.3 million or 9.1% for the three months ended March 31, 2013 and $31.7 million or 8.5% for the three months ended December 31, 2013.

Gross profit and adjusted gross profit percentages increased when comparing the quarter ended March 31, 2014 to the quarter ended March 31, 2013 and to the quarter ended December 31, 2013 due to margin improvements and earnings contribution from the AGT CLIC subsidiary.

Gross profit and adjusted gross profit in absolute dollars increased when comparing the quarter ended March 31, 2014 to the quarter ended March 31, 2013 due to increased invoiced tonnes, however decreased when comparing to the quarter ended December 31, 2013 due to decreased invoiced tonnes, largely out of Canada and Turkey.

EBITDA*

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
				March 31	December 31	
	2014	2013	Change	2014	2013	Change
EBITDA*	17,076	13,574	3,502	17,076	18,192	(1,116)
EBITDA* percentage of revenue	5.49%	4.91%	0.58%	5.49%	4.85%	0.64%

EBITDA* was $17.1 million for the three months ended March 31, 2014 compared to $13.6 million for the three months ended March 31, 2013 and $18.2 million for the three months ended December 31, 2013. EBITDA* increased by $3.5 million when comparing the three months ended March 31, 2014 to the three months ended March 31, 2013 due to increased tonnes invoiced at improved gross margin and adjusted gross margin percentage. EBITDA* decreased by $1.1 million when comparing to the three months ended December 31, 2013 due to lower tonnes invoiced partially offset by improved gross margin and adjusted gross margins. EBITDA* as a percentage of revenue for the quarter ended March 31, 2014 increased when comparing to the quarter ended March 31, 2013 and the quarter ended December 31, 2013 due to improved margins and a continued focus on cost reductions.

General and administrative and marketing sales and distribution expenses

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
				March 31	December 31	
	2014	2013	Change	2014	2013	Change
General and administrative expenses	9,685	9,118	567	9,685	11,057	(1,372)
Marketing, sales and distribution expenses	5,890	4,327	1,563	5,890	5,339	551

General and administrative expenses were $9.7 million for the three months ended March 31, 2014 compared to $9.1 million for the three months ended March 31, 2013 and $11.1 million for the three months ended December 31, 2013. The expense increased when comparing the three months ended March 31, 2014 to the three months ended March 31, 2013 due to expanded operations related to food ingredients, India, China and AGT CLIC, however decreased by $1.4 million from the three months ended December 31, 2013 due partially to lower non-recurring costs in the current quarter. The quarter ended March 31, 2014 includes approximately $0.8 million in non-recurring costs.

Marketing, sales and distribution expenses were $5.9 million for the three months ended March 31, 2014, compared to $4.3 million for the three months ended March 31, 2013 and $5.3 million for the three months ended December 31, 2013. Marketing sales and distribution expenses increased when comparing the three months ended March 31, 2014 to the three months ended March 31, 2013 and the three months ended December 31, 2013 due largely to the expansion into food ingredients, costs associated with AGT CLIC Foods Inc. as well as costs associated with the sales office in Switzerland.

Other expenses

	Unaudited 3 Months Ended			Unaudited 3 Months Ended		
	March 31			March 31	December 31	
	2014	2013	Change	2014	2013	Change
Finance expense	7,931	5,768	2,163	7,931	6,494	1,437
Depreciation and amortization	4,261	3,862	399	4,261	4,073	188
Provision for (recovery of) income taxes	1,704	(1,180)	2,884	1,704	796	908
Non-cash foreign exchange effect	(7,149)	4,895	(12,044)	(7,149)	5,735	(12,884)

Finance expenses for the three months ending March 31, 2014 were $7.9 million compared to $5.8 million for the three months ending March 31, 2013 and $6.5 million for the three months ending December 31, 2013. Finance expense increased when comparing the three months ended March 31, 2014 to the three months ended March 31, 2013 and the three months ended December 31, 2013 due to a larger global platform and additional expense related to trade finance instruments and interest bearing debt.

Depreciation expenses for the three months ended March 31, 2014 were $4.3 million compared to $3.9 million for the three months ended March 31, 2013 and $4.1 million for the three months ended December 31, 2013. Depreciation expense increased when comparing to the three months ended March 31, 2013 and the three months ended December 31, 2013 due to assets being put into use.

Provision for income tax shows an expense of $1.7 million for the three months ended March 31, 2014 compared to a recovery of $1.2 million for the three months ended March 31, 2013 and an expense of $0.8 million for the three months ended December 31, 2013. The income tax expense is calculated for each subsidiary at the individual rate for that country, therefore can fluctuate depending on the earnings reported for each tax jurisdiction.

AGT estimates an average tax rate in the range of 25% to 26%, depending on which jurisdiction has earnings or losses, and the tax treatment of various revenues or expenses.

Non-cash foreign exchange was a recovery of $7.1 million for the three months ended March 31, 2014 compared to an expense of $4.9 million for the three months ended March 31, 2013 and an expense of $5.7 million for the three months ended December 31, 2013. The change in non-cash foreign exchange from the three months ended March 31, 2013 and December 31, 2013 to the three months ended March 31, 2014 is due to changes in foreign exchange rates associated with certain foreign denominated loans, receivables, payables and derivative contracts and includes the cross currency swap related to the high yield offering of $125 million.

Reporting Segments

As of July 1, 2012, improvements were made to management information systems to allow the review by AGT's chief operating decision maker of AGT's operations and resource allocation by multiple business segments. Business segments are strategic business units with different products, processes and marketing strategies. AGT has three segments: (1) pulses and grains processing (2) trading and distribution and (3) food ingredients and packaged food.

The pulses and grains processing includes the operations of AGT factories across its global platform. The activities in this segment are viewed by management as the traditional and regular business of AGT: to source pulses and grains from producers, process them through its factories and sell these products to its network of clients in over 100 countries in the world. The segment includes all pulses processed in AGT factories in Canada, the United States, Australia, Turkey and China.

Trading and distribution relates to AGT's activities aimed at bringing its range of pulses and specialty crops direct to wholesale and retail markets. The segment currently captures AGT operations in the UK, the Netherlands, Spain, Russia, Ukraine, Turkey and India.

Food and food ingredients is the newest segment which AGT operates. During the fourth quarter of 2013, the Company strengthened reporting abilities in this segment to allow improved disclosure of these results. This segment includes the results from the newly commissioned pulse fractionation plant in Minot, North Dakota, as well as the results from the pasta, bulgur and semolina plants in Turkey and the operations in South Africa. Starting in 2014, the results of the newly formed AGT CLIC Foods Inc. have been represented in the food and food ingredients segment.

AGT's chief operating decision maker evaluates segment performance on the basis of EBITDA*. Management believes that EBITDA* is an important indicator of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose.

The accounting policies used within each segment are consistent with the policies outlined in the notes to the financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business. Certain estimates and assumptions were made by management in the determination of segment composition.

Prior to October 1, 2013, AGT reviewed its operations as two operating segments: (1) pulses and grains processing and (2) trading and distribution. As such, reporting to accurately track food ingredients and packaged food performance was not in place. Management has determined that the cost to develop reliable comparative information would be excessive.

Net Earnings by Reporting Segment (in thousands of Cdn. $ except as indicated, unaudited)	Pulses and Grain Processing		Trading and Distribution		Food Ingredients and Packaged Foods		Corporate and Eliminations		Consolidated	
	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013
Quarterly comparisons										
Revenue	$ 206,964	$ 236,825	$ 96,164	$ 113,665	$ 52,722	$ 44,261	$ (44,567)	$ (19,630)	$ 311,283	$ 375,119
Cost of sales	192,480	220,142	90,417	107,355	45,684	38,718	(44,567)	(19,630)	284,014	346,584
Gross profit	14,484	16,683	5,747	6,310	7,038	5,543	-	-	27,269	28,535
Adjusted gross profit	16,622	18,848	5,763	6,325	8,499	6,555	4	10	30,888	31,737
Net segment earnings	**10,592**	**11,052**	**1,958**	**2,219**	**5,316**	**4,666**	**(4,458)**	**(15,620)**	**13,408**	**2,316**
EBITDA*	**$ 11,134**	**$ 12,152**	**$ 2,021**	**$ 2,834**	**$ 5,588**	**$ 4,915**	**$ (1,667)**	**$ (1,710)**	**$ 17,076**	**$ 18,192**
Total tonnes invoiced	275,721	320,619	131,236	127,523	53,215	54,147	(73,557)	(34,317)	386,615	467,972
Gross profit per metric tonne	$ 52.53	$ 52.03	$ 43.79	$ 49.48	$ 132.26	$ 102.37			$ 70.53	$ 60.98
Adjusted gross profit per metric tonne	60.29	58.79	43.91	49.60	159.71	121.06			79.89	67.82
EBITDA* per metric tonne	40.38	37.90	15.40	22.22	105.01	90.77			44.17	38.87

AGT is not reporting comparative segment information due to changes in segment information. In future periods, management will report comparative figures.

The pulses and grain processing segment showed adjusted gross profit of $60.29 per metric tonne and EBITDA* of $40.38 per metric tonne for the three months ended March 31, 2014 compared to adjusted gross profit of $58.79 per metric tonnes and EBITDA* of $37.90 per metric tonne for the three months ended December 31, 2013. The improvement is due to gradual margin improvements in the legacy business.

The trading and distribution segment showed adjusted gross profit of $43.91 per metric tonne and EBITDA* per metric tonne of $15.41 for the three months ended March 31, 2014 compared to adjusted gross profit of $49.60 per metric tonne and EBITDA* per metric tonne of $22.22 for the three months ended December 31, 2013. Earnings decreased when compared to the quarter ended December 31, 2013 due to fewer government tender contracts invoiced that contributed higher margins in the prior quarter.

Food ingredients and packaged foods showed adjusted gross profit of $159.71 per metric tonne and EBITDA* of $105.03 per metric tonne for the three months ended March 31, 2014 compared to adjusted gross profit of $121.06 and EBITDA* of $90.77 for the three months ended December 31, 2013. Pasta demands remained consistent during the quarter, and the second line at the Minot, North Dakota facility continues to ramp up. AGT CLIC results are also included in this segment.

For the three months ended March 31, 2014, inter-company metric tonnes were 73,557 tonnes, meaning that they were sold from one AGT company to another for further manufacturing, further packaging and/or for sale to a final customer.

Net working capital* increased to $201.0 million at March 31, 2014, compared to $176.4 million at December 31, 2013 due largely to increased inventory balances resulting from deliveries later in the quarter, which will invoiced in the next quarter as well as lower accounts payable. This increase was partially offset by a decrease in cash and accounts receivable.

Net debt* is comprised of bank indebtedness, short term financing, long term debt and current portion of long term debt, less cash and totaled $369.4 million at March 31, 2014 compared to $318.5 million at December 31, 2013 (see table on page 27). Net debt increased by $50.9 million from the quarter ended December 31, 2013. The increase is due to higher inventory levels, lower accounts payable levels and additional operating credit used for the AGT CLIC subsidiary. Accounts payable, accrued liabilities and deferred revenue decreased by $45.7 million when comparing December 31, 2013 to March 31, 2014. This is typical in the first quarter of the year, when payments issued during the prior year and deferred to the current year will clear the bank, resulting in the draw down of operating credits and the reduction of accounts payable levels. Accounts payable levels typically build back up in a seasonal pattern throughout the year.

Current assets were $473.9 million at March 31, 2014 compared to $464.3 million at December 31, 2013 (see table on page 27). The current asset base is largely accounts receivable and inventory. It is important to note that accounts receivables are largely insured by Export Development Canada ("EDC"), significantly reducing the risks associated with accounts receivable collection, since buyer risk is being replaced by Government of Canada risk through the export insurance.

Trade accounts receivable days outstanding decreased to 48 days for the three months ended March 31, 2014 from an average of 53 days for the three months ended March 31, 2013.

Trade accounts receivable decreased to $162.9 million at March 31, 2014, compared to $166.5 million at December 31, 2013 (see table on page 27). Trade accounts receivable decreased by $3.6 million when comparing the quarter ended March 31, 2014 to the quarter ended December 31, 2013. This is due to lower sales tonnes and increased accounts receivable collections in some subsidiaries, during the quarter ended March 31, 2014 compared to the quarter ended December 31, 2013. When comparing the quarter ended March 31, 2014 to the quarter ended December 31, 2013, accounts receivables decreased in Australia by $1.6 million and in Turkey by $8.8 million. This is partially offset by accounts receivables relating to AGT CLIC in the amount of $4.4 million. Accounts receivable at other subsidiaries increased by $2.4 million. In addition to closely monitoring accounts receivable collection, AGT utilizes an accounts receivable factoring program to reduce accounts receivable levels and increase turns.

Inventory days outstanding increased to 78 days for the three months ended March 31, 2014 from an average of 68 days for the three months ended March 31, 2013. The decrease in turns is due largely to inventory build-up in Turkey for food aid programs, the addition of AGT CLIC inventory and railway issues impacting Canadian origins.

Inventory increased by $20.0 million, to $256.1 million at March 31, 2014, compared to $236.1 million at December 31, 2013. Inventory increased by $11.1 million in North America due to increased receipts later in the quarter, as well as logistics delays due to railway backlogs. Inventory increased by $6.0 million in Turkey due to build-up of product for food aid family parcels. In addition, the quarter ended March 31, 2014 includes $8.4 million in inventory at AGT CLIC. This is partially offset by a decrease in inventory in Australia of $3.2 million due to higher sales volumes and a decrease in inventory at other subsidiaries in the amount of $2.3 million.

The total of trade accounts receivable and inventory days outstanding has increased from 121 days during the three months ended March 31, 2013 to 126 days for the three ended March 31, 2014, however remained consistent at 126 days compared to the year ended December 31, 2013. AGT Management continues to monitor these metrics.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. While the inventory value is $256.1 million at March 31, 2014, this value represents a number of different commodities globally. Much of this inventory is also earmarked for sales contracts and will remain as inventory until substantial risks transfer from seller to buyer under AGT's revenue recognition policy. AGT management continues the practice of examining stock levels at each of its foreign operations to achieve an optimization of inventory levels. In addition, inventory management practices include book to physical inventory reconciliations monthly to ensure accurate recording of inventory values.

The majority of AGT sales are insured through EDC providing coverage on receivables in the event of customer default on payment. In addition, ownership of the original documents for the cargo in transit remains with AGT in most cases, due to the terms of sale. 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. AGT also has the option to make a claim to EDC to cover up to 90% of the receivable in question. AGT has extended its EDC coverage to all foreign operations, excluding China, to ensure that additional financial risks are largely mitigated in the current macro-economic environment.

Working capital and short-term debt is typically used by AGT to finance its export program and customer orders due to the long transit times. In addition, 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. Customer purchases are typically backed by irrevocable letters of credit (LC) or cash against document (CAD) terms and therefore payment risk is mitigated. The EDC policy remains in place to ensure that a catastrophic loss in any particular region will not hinder payment. Management has implemented steps to monitor accounts receivable aging and inventory turns at each facility. Metrics are calculated for each facility and correlate to facility compensation.

In addition, much of the bank financing availability is determined based on a borrowing base calculation and therefore this financing is backed by the inventory and accounts receivable.

AGT management will continue in its efforts to optimize capital utilization and debt levels to ensure a predictable return on deployed capital for shareholders. It is anticipated that with a predicted return to more seasonal flows in the global pulse and staple foods markets, AGT management may observe a potential de-levering of the balance sheet with a gradual ramp up of working capital in the early months of the calendar year. This seasonal working capital trend has been observed in past years and reflects the normalized consumption patterns of markets for AGT's products.

Dividends - AGT paid a dividend in January 2014 of $3.0 million ($0.15 per share) in the aggregate to its shareholders of record.

It is currently anticipated that, going forward, AGT will continue to pay a quarterly dividend, the amount of which will be determined by the Board of Directors. AGT's dividend policy will be subject to the discretion of the Board of Directors and may vary depending on, among other things, AGT's earnings, financial requirements, the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends and other relevant factors. AGT and its predecessors have declared and paid the quarterly dividend each quarter since its inception in 2005. Management does not anticipate a reduction of the current dividend in the coming periods.

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"), Renminbi of the People's Republic of China (" ¥" or "RMB") and the Indian Rupee ("INR").

Balance sheet accounts of subsidiaries are valued at March 31, 2014 and December 31, 2013 foreign exchange rates as follows [Source: Bank of Canada]:

	March 31, 2014	**Dec 31, 2013**
USD/CDN	1.10550	1.06360
AUD/CDN	1.02500	0.94960
TL/CDN	0.51600	0.49520
GBP/CDN	1.84300	1.76270
EUR/CDN	1.52270	1.46550
ZAR/CDN	0.10500	0.10130
RMB/CDN	0.17780	0.17570
INR/CDN	0.01842	0.01717

For each subsidiary, any difference between the March 31, 2014 exchange rate and the average exchange rate used to record revenues and expenses is recorded as other comprehensive income (loss) on AGT's Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity.

Liquidity and Capital Resources

Liquidity risk is the risk that AGT cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

AGT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations and development activities, and pay its declared dividends. AGT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Discussion of Dividends" above, "Outlook" and "Appendix A" discussing geographic crop conditions for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

AGT's working capital requirements fluctuate from quarter to quarter as the supply of pulses and special crops fluctuates, since payments to suppliers form the largest item of the working capital requirements. AGT's working capital requirements are met from its earnings, with its credit facility providing bridge financing until payments for sales are received.

At March 31, 2014, AGT had total operating lines available of $181.8 million (December 31, 2013 - $177.5 million). Included in these facilities is a syndicated debt facility of $150.0 million (December 31, 2013 – $150.0) secured by a general security agreement, maturing in January 2016. The weighted average interest rate on operating credits is 3.9% (December 31, 2013 – 3.8%).

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 from time to time to mitigate a portion of its floating interest rate risk in its operating credit facilities. As a result of the low interest rates prevailing in Canada in recent years, management has decided to leave its Canadian credit facilities largely at floating interest rates. At March 31, 2014, AGT is in compliance with its financial covenants under all credit agreements and expects to be in compliance in future periods.

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 currency receipts with local currency requirements and borrowings, and hedging programs where appropriate.

On January 13, 2014, AGT finalized a transaction to purchase substantially all of the assets of Quebec-based CLIC. CLIC is a Canadian ethnic and traditional retail food packager and canner and retail and food service distributor. The acquired assets include inventory, retail packaging and canning production-related equipment, all CLIC and associated retail brands, retail and food service listings. The consideration transferred for the purchase of the assets of CLIC was $15 million, plus a $1 million promissory note.

On January 30, 2014, Advance Seed signed an overdraft agreement with Standard Bank South Africa in the amount of R80 million. The facility replaces the current facility with HSBC in South Africa and is subject to an annual review. The agreement was completed on market-based terms which were substantially unchanged from the previous facility.

Capital Management

AGT manages its capital to ensure financial flexibility and to increase shareholder value through a combination of acquisitions and organic growth. This allows AGT to respond to changes in economic and/or marketplace conditions. AGT also strives to maintain an optimal capital structure to reduce the overall cost of capital. In the management of capital, AGT includes bank indebtedness, long term debt and shareholders' equity. It may be difficult to accurately predict market requirements for attracting capital. There were no changes in AGT's approach to capital management during the year.

AGT includes Net Debt* and shareholders' equity as components of its capital structure. The calculation of shareholders' equity, Net Debt* and capital is set out in the following table:

Net debt and capital

in thousands of Cdn. $ except as indicated)	March 31, 2014 (unaudited)	Dec 31, 2013	Sept 30, 2013 (unaudited)
Long term debt and finance leases	$ 242,349	$ 224,544	$ 216,369
Bank indebtedness, short term financing and current portion of long term debt and finance leases	147,303	116,866	126,170
Cash and cash equivalents	(20,274)	(22,893)	(22,909)
Net debt*	**$ 369,378**	**$ 318,517**	**$ 319,630**
Shareholders' equity	251,300	234,339	240,655
Capital	**$ 620,678**	**$ 552,856**	**$ 560,285**

Selected asset and liability information

in thousands of Cdn. $ except as indicated)	March 31, 2014 (unaudited)	Dec 31, 2013	Sept 30, 2013 (unaudited)
Cash and cash equivalents	$ 20,274	$ 22,893	$ 22,909
Trade accounts receivable	162,875	166,489	141,046
Inventory	256,090	236,123	204,181
Bank indebtedness, short term financing and current portion of long term debt and finance leases	147,303	116,866	126,170
Accounts payable, accrued liabilities and deferred revenue (1)	118,465	164,121	103,090
Long-term debt and finance leases	242,349	224,544	216,369
Total current assets	473,920	464,301	404,244
Total current liabilities(1)	272,943	287,873	233,171
Net working capital*	200,977	176,428	171,073

(1) excludes derivative liabilities

Consolidated capitalization information

Consolidated capitalization information of AGT includes information on the operations of Alliance Pulse Processors, United Pulse, Australia Milling Group and Poortmans, consolidated ("APP Group") as well as information on AGT and other entities, and is set out in the following table:

Capital Structure
in thousands of Cdn. $ except as indicated)

	March 31, 2014	Dec 31, 2013	Financial statement caption
APP Group			
Senior secured APP bank facility	$ 123,124	$ 94,553	bank indebtedness
Senior secured APP bank facility	126,387	109,845	long term debt
Poortman facility (GBP 11 million)	10,682	9,781	bank indebtedness
Leases and other	1,101	33	long term debt
	$ 261,294	$ 214,212	
Arbel/Other Entities (excluding AGT)			
Senior secured Advance Seed facility	$ 7,026	$ 6,226	bank indebtedness
Arbel/Advance Seed/other debt	488	245	bank indebtedness
Leases	166	272	long term debt
	$ 7,680	$ 6,743	
Alliance Grain Traders			
Notes outstanding	$ 120,678	$ 120,455	long term debt
Total debt	$ 389,652	$ 341,410	
March 31, 2014 financial statements			
Bank indebtedness	$ 141,320	$ 110,805	
Long term debt, including current portion	248,332	230,605	
	$ 389,652	$ 341,410	

Cash flow summary

	3 months ended March 31, 2014 (unaudited)	3 months ended Dec 31, 2013 (unaudited)	3 months ended March 31, 2013 (unaudited)
Cash flow from operating activities	$ (27,924)	$ 14,821	$ (39,888)
Cash flow from financing activities	44,223	(4,916)	52,299
Cash flow from investing activities	(20,027)	(10,224)	(10,384)
Effect of exchange rate changes on	1,109	302	1,637
Change in cash	$ (2,619)	$ (17)	$ 3,664

	3 months ended March 31, 2014 (unaudited)	3 months ended Dec 31, 2013 (unaudited)	3 months ended March 31, 2013 (unaudited)
Non-cash working capital	$ (34,427)	$ 3,274	$ (47,041)

Cash flow from operating activities for the three months ended March 31, 2014 was a decrease of $27.9 million compared to an increase of $14.8 million for the three months ended December 31, 2013 and was a decrease of $39.9 million for the three months ended March 31, 2013. The decrease when comparing the three months ended March 31, 2014 to the three months ended December 31, 2013 is due to larger inventory levels as well as a reduction of accounts payable and accrued liabilities typical for the first quarter. The larger decrease when comparing the three months ended March 31, 2014 to the three months ended March 31, 2013 is due to a larger footprint and overall higher inventory levels.

Cash flow from financing activities for the three months ended March 31, 2014 was an increase of $44.2 million compared to a decrease of $4.9 million for the three months ended December 31, 2013 and was an increase of $52.3 million for the three months ended March 31, 2013. This increase is due to additional financing related to increased inventory levels that typically occur in the first quarter as well as financing used for the acquisition of the assets of AGT CLIC.

Cash flow from investing activities for the three months ended March 31, 2014 was a decrease of $20.0 million compared to a decrease of $10.2 million for three months ended December 31, 2013 and was a decrease of $10.4 million for the three months ended March 31, 2013. The larger decrease for the three months ended March 31, 2014 compared to the three months ended December 31, 2013 and the three months ended March 31, 2013 is due largely to the acquisition of AGT CLIC Foods.

Cash Flow Information – Non-Cash Working Capital:

Non-cash working capital for the three months ended March 31, 2014 decreased by $34.4 million compared to an increase of $3.3 million for the three months ended December 31, 2013 and compared to a decrease of $47.0 million for the three months ended March 31, 2013. The decrease for the quarter ended March 31, 2014 is due to a decrease in accounts payable and accrued liabilities, as well as an increase in inventory, partially offset by a decrease in accounts receivable and prepaid expenses.

Accounts Payable, accrued liabilities and deferred revenue:

Accounts payable, accrued liabilities and deferred revenue decreased by $45.6 million, from $164.1 million at December 31, 2013 to $118.5 million at March 31, 2014. This is due largely to settlements during the latter part of 2013 being deferred and cashed during the quarter ended March 31, 2014.

Leases:

AGT classifies leases as either finance or operating. Leases that transfer substantially all of the benefits and risk of ownership to AGT are accounted for as finance leases. Assets under finance leases are depreciated on a straight-line basis over the term of the lease unless the terms contain a bargain purchase option in which case the asset is amortized over the asset's estimated economic life on a straight-line basis. Rental payments under operating leases are expensed as incurred.

Transactions with other related parties:

AGT has defined key management personnel as senior executive officers, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of AGT. The following table outlines the total compensation expense for key management personnel:

(in thousands of Cdn. $ except as indicated)

Key management personnel:

	Mar 31, 2014	Mar 31, 2013
Short term benefits (wage, bonus, vacation paid out, directors fees)	$ 698	$ 568
Post employment benefits (RRSP)	22	22
Other long term benefits including stock based compensation (long term incentive plan)	463	283
Total	$ 1,183	$ 873

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The transactions were conducted in the normal course of business and were accounted for at the exchange amount.

Transactions with key management and corporations significantly influenced or controlled by AGT directors or key management:

Transactions with key management and corporations significantly influenced or controlled by AGT directors or key management

	Mar 31, 2014	Dec 31, 2013
Accounts receivable	$ 381	$ 317
Accounts payable	2,659	2,621

	Mar 31, 2014	Mar 31, 2013
Purchases	$ 2,446	$ 1,899

AGT contracted labour and construction support for ongoing construction projects from entities owned or controlled by directors of AGT or its subsidiaries. The amounts in the above table are largely attributable to these transactions.

Critical Accounting Estimates:

The preparation of the consolidated financial statements in conformity with IFRS requires AGT management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the consolidated financial statements are as follows:

Impairment of long-lived and intangible assets

In assessing the recoverability of long-lived and intangible assets, judgment is required in the determination of the appropriate grouping of assets that generate cash inflows or cash generating units (CGU's). The determination of CGU's is based on management's assessment of independence of revenue earned, operating asset utilization, shared infrastructure, geographic proximity and similarity of risk exposures. AGT also uses significant judgment in evaluating if a triggering event occurs which would warrant an evaluation of impairment of long-lived and intangible assets based on the identified CGU's.

AGT assesses the carrying values of property, plant and equipment, intangibles assets, and goodwill annually. Recoverability is determined through assumptions and estimates regarding future cash flows, sustaining capital requirements, discount rates, and asset lives. A material change in assumptions may impact the potential recoverability of these assets, resulting in amounts charged against current earnings.

Income Taxes

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. Significant judgment is required related to the classification of transactions and assessment of probable outcomes as well as timing of future results. Significant estimates are required in determining income tax provisions and the recoverability of deferred income tax assets. In calculating income taxes, consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences, income and losses for financial reporting purposes and income and losses determined under the substantively enacted tax laws and rates. The tax effect of these temporary differences is recorded as a deferred tax assets or liabilities in the financial statements. If these estimates prove to be inaccurate, future earnings may be materially impacted.

Derecognition of accounts receivable

Significant judgment is applied when determining whether financial instruments qualify for derecognition and whether substantially all of the risks, as well as the rights, control and ownership of the accounts receivable and their cash flows were transferred to a third party. AGT has removed the related accounts receivable from the statement of financial position and recognizes any costs in finance expense.

Fair value of derivative instruments

The fair value of derivative instruments is estimated using inputs, including foreign exchange rates and interest rates (Level 2), as described in Note 13 of AGT's December 31, 2013 annual audited consolidated financial statements. These inputs are subject to change on a regular basis based on the interplay of various market forces. Consequently, the fair value of AGT's derivative instruments are subject to change each reporting period.

Functional Currency

The identification of functional currency for each of the legal entities involves significant judgment. AGT has assessed the factors in determining the appropriate functional currency and summarized the results in note 3c of AGT's December 31, 2013 annual audited consolidated financial statements.

Financial Instruments:

Non-derivative financial assets

AGT initially recognizes loans and receivables and deposits on the date that they are originated at fair value and subsequently measured at amortized cost. All other financial assets are recognized initially on the trade date at which AGT becomes a party to the contractual provisions of the instrument.

AGT derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interests in transferred financial assets that are created or retained by AGT are recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, AGT has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit and loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit and loss if AGT manages such investments and makes purchase and sale decisions based on their fair value in accordance with AGT's documented risk management or investment strategy. Upon initial recognition relevant transaction costs are recognized in net earnings as incurred. Financial assets at fair value through profit and loss are measured at fair value, and changes therein are recognized in net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

AGT initially recognizes short term debt securities on the date that they are originated at fair value and expenses related transaction costs. Debt associated with long term agreements is initially recognized at fair value less any directly attributable transaction costs. All other financial liabilities (including liabilities designated at fair value through profit and loss) are recognized initially on the trade date at which AGT becomes a party to the contractual provisions of the instrument. AGT derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Subsequent to initial recognition, liabilities are categorized as fair value through profit and loss or other liabilities measured at amortized cost using the effective interest method. Refer to note 13 of AGT's December 31, 2013 annual audited consolidated financial statements for current year presentation of financial liabilities by category.

Derivative financial instruments

AGT holds derivative financial instruments to mitigate its foreign currency risk exposures. Embedded derivatives are separated from the host contracts and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through net earnings.

Derivatives are recognized initially at fair value with attributable transaction costs recognized in net earnings as incurred. AGT has not elected to follow hedge accounting and subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognized immediately in net earnings.

AGT, as part of its operations, carries a number of financial instruments that include cash, bank indebtedness, accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, and long-term debt and finance leases. The fair value of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, and dividends payable approximate their carrying value given their short-term maturities.

To mitigate risks associated with certain financial assets, AGT utilizes sales terms such as letters of credit, cash against documents, prepayments and accounts receivable insurance. Sales are made to customers that management feel are creditworthy.

To mitigate risk associated with foreign currency, 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 and Euros. For Arbel, transactions in foreign currencies expose AGT to foreign currency risk, arising mainly from the fluctuation of foreign currency used in the conversion of foreign denominated assets and liabilities into Turkish lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. Management reviews the foreign currency open position and takes risk management measures if required.

To mitigate risk associated with fluctuations in the market price of the commodities AGT buys and sells, Management monitors inventory turns and overall grain position and enters into purchase contracts with suppliers and sales contracts with buyers.

Disclosure Controls and Procedures

Disclosure Controls and Procedures ("Disclosure Controls") are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to AGT management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. Management, including the CEO and the CFO, do not expect that AGT's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), requires CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer. AGT's CEO and the CFO evaluated the design and operating effectiveness of AGT's Disclosure Controls as at March 31, 2014 and concluded that AGT's Disclosure Controls were effective, except as noted below in the scope limitation that exists as a result of the purchase of AGT CLIC.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR"), as defined by the CSA, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that AGT has disclosed any changes in its ICFR during its most recent interim period that have materially affected, or are reasonably likely to materially affect, its financial reporting.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, have been detected. Therefore, no matter how well-designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

Management, under the supervision of the CEO and the CFO, has evaluated the ICFR using the framework and criteria established in the 1992 Internal Controls – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management, including the CEO and CFO, evaluated the design of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at March 31, 2014, ICFR (as defined in NI 52-109) were designed effectively, except as noted below in the scope limitation that exists as a result of the purchase of AGT CLIC.

There were no changes in our ICFR during the three months ended March 31, 2014 that have materially affected, or are reasonably likely to affect our ICFR, except as noted below in the scope limitation that exists as a result of the purchase of AGT CLIC.

Limitation on scope of design

Management has limited the scope of design of our disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of AGT CLIC and its subsidiaries.

The scope limitation is in accordance with National Instrument 52-109 3.3(1)(b), which allows an issuer to limit its design of DC&P or ICFR to exclude controls, policies and procedures of an acquired company not more than 365 days before the end of the financial period to which the certificate relates.

The chart below presents the summary financial information of AGT CLIC:

(in thousands of Cdn. $ except as indicated)		**March 31, 2014 (unaudited)**
Current assets	$	13,700
Long-term assets	$	6,110
Current liabilities	$	18,129
Long-term debt and finance leases	$	1,051

in thousands of Cdn. $ except as indicated)		**March 31, 2014 (unaudited)**
Total revenue	$	6,958
Net income for the period	$	631

New Standards and Interpretations

The International Accounting Standards Board ("IASB") and International Financial Reporting

Interpretations Committee ("IFRIC") have issued the following standards and amendments that have not been applied in preparing these consolidated financial statements, as their effective dates fall in annual periods beginning subsequent to the current reporting period.

Proposed standards	Description	Previous Standard	Effective Date
IFRS 9 - Financial Instruments	Initially issued in November 2009 to address the classification and measurement of financial assets. Additional guidance issued in October 2010 on the classification and measurement of financial liabilities.	IAS 39 - Financial Instruments: Recognition and Measurement	To be determined
Annual Improvements to IFRS (2010 - 2012) and (2011 - 2013)	Issued in December 2013. Amendments were made to various standards, including IFRS 2 Shared-based Payment, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, and IAS 24 Related Party Disclosure.	IFRS 2 Shared-based Payment, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, and IAS 24 Related Party Disclosure	July 1, 2014

Management is assessing the potential impact of standards and amendments effective in future years for impacts on both quantitative and qualitative disclosure. AGT does not expect any significant impact. AGT intends to adopt the above standards in accordance with their effective dates.

On January 1, 2014, AGT adopted the following new standards as issued by the IASB: IAS 32 *Financial Instruments: Presentation*. This standard did not have a material impact on AGT's financial statements.

On January 1, 2013, AGT adopted the following new or amended standards as issued by the IASB: IFRS 7 Financial Instruments: Disclosures, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities and IFRS 13 Fair Value Measurement. None of these standards had a material impact on AGT's financial statements.

Additionally, AGT has early adopted an amendment to IAS 36 Impairment of Assets. This amendment reverses the unintended requirement in IFRS 13 Fair Value Measurement to disclosure the recoverable amount of every cash-generating unit to which significant goodwill or indefinite life intangible assets have been allocated. As a result of early adoption, AGT does not expect any significant impact to the financial statements.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 19,865,521 common shares of AGT.

Risks and Uncertainties

Information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com. Potential risks and uncertainties include operating requirements, volume, transportation and transloading, distribution and supply contracts, customer retention and competitive environment, foreign operations, integration of acquisitions, realization of benefits from acquisitions, acquisition and expansion, reliance on key personnel, localized decision making, potential undisclosed liabilities, uninsured and underinsured losses, global financial crisis and general economic conditions, wholesale price volatility, capital markets, leverage and capital requirements, financing and credit liquidity, reduced dividend payment, international agricultural trade, foreign exchange, counterparty and export, geographic and political, environmental protection, energy price fluctuation, information technology, regulatory oversight, financial reporting, control of AGT and dilution of shareholders. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the year ended December 31, 2013.

Commitments and Contingencies

AGT enters into contracts with producers. The contracts provide for delivery of specific quantities and include specific prices based on the grade that is delivered. The terms of the production contracts are not longer than one year.

At March 31, 2014, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of $10 million (December 31, 2013 - $10 million). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires in at December 31, 2014.

At March 31, 2014, AGT had a letter of credit in favour of Lloyd's Bank in the United Kingdom in the amount of $13.3 million (December 31, 2013 – $12.8 million). This letter of credit serves as security for the operating line in the United Kingdom and is callable in the event of a default by AGT's subsidiary.

AGT has various legal matters pending which, in the opinion of management, will not have a material effect on AGT's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to AGT's financial position or results of operations could result. Should circumstances change, provisions could change materially.

Interest Rate Risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. With respect to its debt portfolio, AGT addresses interest rate risk by using various floating rate instruments. The exposure is also managed by aligning current and long term assets with outstanding debt and making use of global credit facilities.

Commodity Price Risk

AGT is a significant processor and supplier of pulse crops and bears significant exposure to changes in prices to these products. A substantial change in prices will affect the Company's net earnings, working capital and operating cash flows. Prices for AGT's products are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, geographical events and weather.

AGT's sales contracting strategy focuses on reducing the volatility in future earnings and cash flow while providing protection against decreases in market price and retention of future market price increases. To mitigate the risks associated with the fluctuations in the market price for pulse crops, AGT maintains a portfolio of product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from pricing volatility.

Subsequent event

On April 25th a fire occurred at AGT's processing facility in Alberta, Canada which resulted in damage and the ceasing of operations at the facility. The property and contents are insured under AGTs North American policy. Management is currently investigating the extent of the damage to the facility but does not expect a material financial impact as a result.

Caution about forward looking statements

This MD&A contains certain forward-looking statements. 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, the growth of AGT's business, strategic initiatives, planned capital expenditures, plans and reference to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled “Risk Factors” in AGT’s most recent AIF, which is available on SEDAR at www.sedar.com and on AGT’s website at www.alliancegrain.com and which should be reviewed in conjunction with this document. 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.

Although AGT believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as at the date of this MD&A. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, Western Canadian, U.S. Northern Plains, Southern Australian crop and Turkish production quality; the volume and quality of crops held on-farm by producer customers in North America; demand for and supply of open market pulses; movement and sale of pulses in Australia and Turkey, particularly in the Australian states of South Australia, New South Wales and Victoria; agricultural commodity prices; demand for lentils, peas, chickpeas and bean crop products and the market share of these products that will be achieved; general financial conditions for Western Canadian, U.S. Northern Plains, Turkish and Southern Australian agricultural producers; market share of pulse deliveries and sales that will be achieved by AGT; the ability of the railways to ship pulses to port facilities for export without labor or other service disruptions; the ability to maintain existing customer contracts and relationships; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; and currency, exchange and interest rates.

AGT expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required in accordance with applicable securities laws.

Non-IFRS Financial 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 expense, income taxes, depreciation and amortization, restructuring costs and any effects of non-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-cash, 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). Adjusted Net Earnings* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are important indicators of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. The exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on EBITDA* and Adjusted Net Earnings*. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net earnings (loss) determined in accordance with IFRS to EBITDA* and Adjusted Net Earnings*, see the table on page 42.

Market Share, Industry Data and Other Statistical Information

This MD&A includes market share, industry data and other statistical information that AGT has obtained from independent industry publications, government publications, market research reports and other published independent sources. 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 analytical 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.

Reconciliation of Net Earnings, Adjusted Net Earnings* and EBITDA*
(in thousands of CDN $ except as indicated, unaudited)

	For the Three Months Ended March 31, 2014	For the Three Months Ended March 31, 2013
Net (loss) earnings	$ 9,212	$ (380)
(Deduct) add:		
Income tax (recovery) expense	1,704	(1,180)
Depreciation and amortization expense	4,261	3,862
Finance expense	7,931	5,768
Non-cash foreign exchange loss (gain)	(7,149)	4,895
Non-recurring and other expenses [1]	1,117	609
EBITDA*	17,076	13,574
Less:		
Finance expense	7,931	5,768
Depreciation and amortization expense	4,261	3,862
Income tax (recovery) expense	1,704	(1,180)
Adjusted net earnings*	$ 3,180	$ 5,124
Basic adjusted net earnings* per share	0.16	0.26
Diluted adjusted net earnings* per share	0.16	0.26
Basic weighted average number of shares outstanding	19,865,521	19,809,741
Diluted weighted average number of shares outstanding	20,162,811	19,931,046

(1) One-time costs deemed by management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs or other

Reconciliation of Net Working Capital* and Net Debt*
(in thousands of CDN $ except as indicated, unaudited)

	March 31, 2014	Dec 31, 2013
Current assets	$ 473,920	$ 464,301
Current liabilities[1]	272,943	287,873
Net working capital*	$ 200,977	$ 176,428
Long term debt and finance leases	$ 242,349	$ 224,544
Bank indebtedness and current portion of long term debt and finance leases	147,303	116,866
Short term financing	-	-
Cash and cash equivalents	(20,274)	(22,893)
Net debt*	$ 369,378	$ 318,517

[1] excludes derivative liabilities

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 expense, income taxes, depreciation and amortization, restructuring costs and any effects of non-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-cash, 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). Adjusted Net Earnings* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are important indicators of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. The exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on EBITDA* and Adjusted Net Earnings*. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS.

APPENDIX 1 – REGIONAL AND PRODUCTION SUMMARY

North America - Canada and the U.S.

Early seeding intention estimates for Canada are reporting a slight decrease from the record production levels reported by StatsCan for Canada in 2013. With spring conditions basically on-time in Western Canada, seeding is expected to commence within the normal timeframes, with a variability of one or two weeks. If Canadian farmers do stick with their stated intentions, Canadian production would be estimated at basically flat to 2014 at 6.0 million mt as opposed to 6.1 million in 2013. The largest increase is expected in edible beans, while a large decrease is expected in chickpeas, indicating that Canadian farmers are "sticking with what they know" and focusing on lentils, dry peas or beans depending on their region.

Farmers in some areas of the Pacific Northwest of the U.S. have commenced seeding and farmers in North Dakota and Montana, as reported by United States Department of Agriculture ("USDA") and will not be far behind. U.S. production levels are also flat in 2014 to 2013 with large decreases in lentils and significant increases in beans.

However, it should be noted that seeding intention estimates in the early spring period can be highly variable with regards to what farmers may indeed put "into the ground" where intentions may change right up until the commencement of seeding activities based on estimated returns for crops and availability of crop inputs such as nitrogen fertilizer.

Current StatsCan estimates for pulses production are as follows:

Canadian Pulse Production Estimates 2014 [1]

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	2,860,000	1,844,000	1,880,500
Dry Peas	3,975,000	3,835,000	3,849,300
Edible Beans	293,000	240,000	206,100
Chickpeas	100,000	77,000	169,400
Faba Beans[2]	20,000	20,800	-

(1) Effective April 30, 2014 from data and estimates available from StatsCan and STAT Publishing ("StatPub").
(2) Estimates compiled by AGT based on 5 year historical data and internal estimates of production.

Current USDA estimates for pulses production are as follows:

U.S. Pulse Production Estimates 2014 (1)

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	320,000	185,400	227,660
Dry Peas	921,000	730,000	708,519
Edible Beans(2)	1,468,200	1,270,697	953,325
Chickpeas	217,800	153,905	157,353

(1) Effective April 30, 2014 from data and estimates available from USDA and STAT Publishing ("StatPub").
(2) Excluding garbanzo beans or chickpeas.

Canadian pulses exports, reported by StatsCan, have been impacted by freight and transportation issues in the quarter, resulting in declines when comparing Jan-Mar 2014 to the same period in 2013. This is particularly illustrated in the decrease in whole and split peas, which traditionally move as bulk grain shipments. In the period, lentils were reported flat at a 2.1% increase and beans were up slightly at 8.5% with peas being reported down by 19.8% and chickpeas down by 51.8%, showing in part that Canadian farmers may be moving away from chickpeas to other pulses. Exports to India were decreased from 2013 as a result of the weak Indian rupee and production expectations in the region; however, exports to Turkey were reportedly up due to expected inadequate Turkish production for 2014. The relative weakness of the Canadian dollar has assisted in making Canadian pulses exports attractive for buyers in both Turkey and to a lesser degree India and are expected to remain at significant levels through 2014.

Turkey

Turkish lentil production has been between 375,000 and 400,000 mt for some time, with similar production estimates for 2014 provided by StatPub based on data from TMO, USDA and private trade sources; however, actual levels may even be lower. These consistently lower production volumes over the past seasons appear to reaffirm the belief that Turkish farmers have continued to move production to crops with higher revenue potential. High import levels from Canada, with Turkey as Canada's largest export market for lentils so far in 2014, appear to establish a trend whereby Turkey continues to be an importer of lentils to meet both domestic and regional supply requirements. Turkey may be looked to for supply of more red lentils for regional demand, partially due to decreased or unclear production in Syria as a result of the ongoing civil unrest in that country. Chickpea production in Turkey is reported by USDA Global Agricultural Information Network ("GAIN") in the 350,000 mt range.

Updated estimates on durum wheat production in Turkey from GAIN reported 1.9 million mt of production, with extremely dry conditions potentially affecting yield. Durum wheat is required for pasta, semolina and bulgur production. Global production of durum wheat is forecast by AAFC at 36.5 million mt, partially due to lower production estimated from Canada; however, AAFC forecasts that global carry-in for durum wheat is high, which may assist Turkish flour millers and pasta producers in fulfilling their supply needs.

USDA GAIN reports paddy rice production of 740,000 mt in Turkey. Rice is seeded in May and is dependent on rainfall at the end of August and early September. The harvest normally begins in September and ends in October. Annual consumption demands in Turkey are expected to result in Turkey continuing to be an importer of rice to meet high domestic consumption and regional exports. The domestic prices of rice and all pulses have increased as well.

Australia

Continuing the trend in significant pulse growing regions, the upcoming Australian pulses season estimates are reported by Australian Bureau of Agricultural and Resource Economics and Sciences ("ABARES") as flat to 2013, except for lupins and faba beans which have been estimated as decreased. Adequate to good moisture levels are being reported, providing a strong start to the growing season.

Current ABARES estimates for pulses production are as follows:

Australian Pulse Production 2014 Estimates [(1)]

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	395,360	264,000	253,000
Field Peas (All)	605,395	333,600	342,000
Chickpeas (All)	1,267,623	662,700	629,000
Lupins (All)	1,079,827	554,700	625,000
Faba Beans	417,608	323,500	328,000

(1) Effective April 30, 2014 from data and estimates available from ABARES and STAT Publishing ("StatPub").

India and Subcontinent Markets

Stagnant annual pulse production in India is resulting in USDA GAIN reports of lower pulses production again for the year; however, current harvest may be consistent with historical production volumes, reducing imports in the short term. USDA GAIN estimates 18 million mt of pulses production, which would include approximately 1 million mt of lentils using historical production levels. According to StatPub reports, this production may be 250,000 to 300,000 mt short of the region's requirements. Consumption of pulses is also estimated as higher by 1 million mt, reaching an estimated 22.5 million mt for 2014-15. Shortfalls in production to demand are filled through imports at various times of the year from Canada and Australia around the periods of consumption of local production.

In 2013, India imported significant large quantities of Canadian lentils to fill demand requirements resulting from inadequate production levels. While the weak Indian rupee has slowed Canadian exports recently, inadequate local production is expected to continue, which may result in increases in imports once again in the period after local Indian production has been consumed by the market.

For 2014, rice production in India is estimated by USDA GAIN at 104 million mt, higher than 2013 by 1 million mt. The increases are attributed to sufficient monsoon rains and higher prices making rice production attractive to local farmers.

Russia and Ukraine

In past periods, when data was available from Russian State Statistical Service ("Rosstat"), StatPub and Saskatchewan Pulse Growers, it has been reported that Russia produces approximately 2 million mt of pulses production annually; however, no specific breakdowns of pulses by type are provided. AGT management would estimate that Russian production could include as much as 50,000 to 75,000 mt of lentils, 1 to 1.5 million mt of peas and 175,000 to 250,000 mt of chickpeas, along with approximately 500,000 mt of pulse production in the Ukraine, largely made up of pea production. Based on export levels reported from USDA GAIN in a number of reports forecasting approximately 1 million mt of pulses and other grains exported, it would be reasonable to assume production supporting these levels in absence of other data.

With decreasing levels of pulses production in Turkey, supply of some pulses, principally chickpeas and some bean varieties from Russia, Ukraine and former Soviet republics such as Kazakhstan and Kyrgyzstan, continues to be important for Turkey both for domestic and regional markets. With recent political unrest in Ukraine and Crimea, AGT's origination activities for peas, chickpeas and beans have been focused more heavily on Kyrgyzstan and Kazakhstan as well as Russia through year-round ports via the Black Sea and the Bosphorus to processing destinations in Turkey.

South Africa

The Southern African region, with its significant availability of farmland, is certainly an area that may be viewed as a future production growth region in pulses and specialty crops; however, to date, pulses production, particularly bean production, has been flat as farmers take advantage of opportunities in other crops such as corn and canola. However, the region is a strong platform for import and distribution activities for Chinese beans, North American pulses and grains and Argentinian popcorn, complementing locally produced popcorn and other seeds and nuts, all of which are sold in small dry package directly to retailers in the Southern African region.

China

China is a significant production origin for beans, although there is limited current information on production levels. Information from the United Nations Food and Agriculture Organization ("FAO") estimates 4.2 million mt of pulse production in 2012, including over 2 million mt of beans, comprised of broad beans, kidney beans, mung beans and adzuki beans, 1 million mt of peas and 150,000 mt of lentils. China can be viewed as a significant potential export origin to major bean markets such as the U.S., Latin America, Europe, Southern Africa and India for light speckled kidney beans, black beans, navy beans, mung beans and white beans, especially with North American production decreasing in past years.

China also presents significant business opportunities for pulses and pulses food ingredient import both for domestic use and regional distribution. China imports high levels of peas for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods. This may provide an entry point for Canadian, U.S. and Australian whole green peas, pea starch, green pea powder and sprouting green peas as well as flax. Pulse ingredient flours, particularly starches, are extensively used in South East Asia for the production of extruded snacks and other foods as well.