AGT FOOD AND INGREDIENTS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

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The following Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations has been prepared by management to help readers interpret AGT Food and Ingredients Inc.'s ("**AGT**" or the "**Company**") consolidated financial results for the three and nine months ended September 30, 2018 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2017 and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018. 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 and certain production and market information as prepared periodically by management, is available on SEDAR at www.sedar.com and/or on AGT's website at www.agtfoods.com.

This MD&A has been prepared as at November 9, 2018. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for the Three and Nine Months Ended September 30, 2018

- **Adjusted EBITDA*** was $18.5 million for the three months ended September 30, 2018 compared to $17.2 million for the three months ended June 30, 2018 and compared to $10.1 million for the three months ended September 30, 2017.

- **Food ingredients and packaged foods** Adjusted EBITDA* per metric tonne ("**mt**") improved to $141.18 per mt for the nine months ended September 30, 2018 compared to $112.11 per mt for the nine months ended September 30, 2017.

- **Food ingredients and packaged foods** contributed 62.5% of Adjusted EBITDA* for the nine months ended September 30, 2018 with 15.5% of mt invoiced.

- **Adjusted Gross Profit* per mt** improved to $89.98 per mt for the three months ended September 30, 2018 compared to $70.80 per mt for the three months ended June 30, 2018 and compared to $70.78 for the three months ended September 30, 2017.

- **Net Debt*** increased to $510.6 million at September 30, 2018 when compared to $386.3 million at September 30, 2017 and increased from $464.4 million at June 30, 2018.

- **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) pulse and grain processing, (2) food ingredients and packaged foods, and (3) bulk handling and distribution (formerly trading and distribution). The pulse and grain processing segment is the principal core business of AGT and includes subsidiaries and facilities in Canada, the United States ("**U.S.**"), Australia, China and a portion of the operations in Turkey. The bulk handling and distribution segment includes operations in Europe, Russia, India, Switzerland and a portion of the operations in Turkey, Canada and Australia. The food ingredients and packaged foods segment includes 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 pulse 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 also offers retail and foodservice dry packaged and canned foods in Canada, the U.S. and Southern Africa.

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 120 countries. The Company's common shares are currently listed for trading on the Toronto Stock Exchange under the symbol "AGT".

Update on Non-Binding Privatization Proposal by Management

On July 26, 2018, AGT announced that it received a non-binding proposal (the "**Proposal**") from a group comprised of certain members of its management group, led by President and Chief Executive Officer Murad Al-Katib (the "**Management Group**"). Under the Proposal, the Management Group would acquire all of the issued and outstanding common shares of AGT pursuant to a plan of arrangement, other than those held by the Management Group and certain other significant shareholders, for consideration of C$18.00 in cash for each common share (the "**Proposed Transaction**"). The Proposal contemplates that Fairfax Financial Holdings Limited ("**Fairfax**") and Point North Capital Inc. ("**Point North**"), and collectively with the Management Group and Fairfax, the ("**Buyer Group**") will retain their equity interests in AGT and current members of the senior management team will remain in their current management positions with AGT after completion of the transaction. The Management Group has advised that the

Proposal has the financial support of Fairfax to provide financing to the Management Group for the transaction.

On August 7, 2018, AGT announced that a special committee of independent directors comprised of Geoffrey S. Belsher (Chair), Marie-Lucie Morin, Drew Franklin, John Gardner and Greg Stewart (the "**Special Committee**") had been established to evaluate the Proposal. At that time, the Special Committee announced that it had retained Goodmans LLP as its independent legal advisor, and engaged TD Securities Inc. ("**TD**") as its independent financial advisor to provide financial advice and, if requested, a formal valuation of AGT's common shares as required under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions under applicable Canadian securities laws. The Special Committee and certain members of the Buyer Group agreed to cooperate with each other for a period of 60 days (during which time the Special Committee agreed not to solicit or consider alternative transactions) to facilitate the Special Committee's evaluation of the Proposal. The Special Committee had been advised that the Buyer Group, controlling 27.5% of the company's outstanding shares, was not prepared to support any alternative transactions.

On October 1, 2018, AGT provided an update on the Proposal announcing that TD, the Special Committee's financial advisor and independent valuator advised the Special Committee that, subject to the assumptions, limitations and qualifications to be set forth in its written formal valuation, the fair market value of AGT's common shares as of October 1, 2018 was between C$17.50 and C$21.50 per share. As at that date, based on all of the information reviewed and analysis undertaken by the Special Committee and its advisors (including TD's formal valuation), and after considering the advice of its independent financial and legal advisors, the Special Committee unanimously determined that it would be prepared to support the going private transaction from the Buyer Group at a price of C$18.00 per share and would recommend that the shareholders of AGT vote in favour of the Proposed Transaction, subject to negotiation of a definitive agreement in form and substance satisfactory to the Special Committee and receipt of a fairness opinion from TD at the time a definitive agreement is entered into.

As of October 1, 2018, the Buyer Group reaffirmed to the Special Committee that it was prepared to proceed with the Proposed Transaction at a price of $18.00 per share, subject to negotiation of a definitive agreement in form and substance satisfactory to the Buyer Group and finalizing financing arrangements. Further, the Company and the Buyer Group agreed to extend the previously announced cooperation agreement to facilitate continued negotiation of a definitive agreement for the Proposed Transaction and to allow the Buyer Group to finalize its financing arrangements for the Proposed Transaction.

As of the date of this MD&A, neither the Special Committee, nor the Board of Directors of AGT has approved the Proposed Transaction. The Buyer Group's proposal remains non-binding, and there can be no assurance that the Proposed Transaction will proceed. Neither AGT, nor the Special Committee expect to make further public comment regarding these matters until an agreement for the Proposed Transaction is reached or the Proposed Transaction is abandoned.

Business Strategy

AGT is a globally diversified, vertically integrated originator, processor and distributor of value-added pulses and staple foods, with origination, processing and distribution capabilities in key pulse origination markets on five continents.

Management has identified four pillars to AGT's strategy, which are as follows:

1. Improve free cash by reducing working capital and capital expenditures, improving liquidity and reducing finance expenses and global administration costs, reflecting continued reduced cyclical volumes and margins;
2. Grow the scale of processing and improve margins in AGT's food ingredients and packaged foods businesses, developing an integrated "farm gate to ingredient and retail consumer package" program for AGT's customers under AGT's brands and as a co-packing supply chain partner;
3. Expand AGT's bulk handling business and improve the infrastructure asset base in ocean port and inland container and rail terminals to monetize the earnings potential of its unique grain origination and logistical assets, which includes trucking, rail, containerization and bulk vessel loading programs; and
4. Recover AGT's facility utilization and expand product mix to generate margins to cover high fixed costs of the Company's core pulses business.

Management highlights the following:

Earnings Constraints Seen as Cyclical

Management believes that earnings constraints are largely a result of an oversupply in global pulse markets caused by high levels of production worldwide, including high levels of production in India in 2018, following an unusually large crop in India in 2017; high levels of governmental imports into India in 2017; more acres being planted in new jurisdictions such as Kazakhstan, Russia and Ukraine; and high levels of production in Canada in recent years, including significant production levels in Canada in 2018. Record pulse prices for sustained years, particularly in the periods leading to 2017, resulted in more seeding and production, leading to more domestic supply in consumption markets. Cyclicality in global agricultural markets is not uncommon, and supply and demand fundamentals shift rapidly in high volume staple consumption items, such as pulses, where consumption is generally consistent in stable cycles but has shown the pattern of expanding consumption in lower price cycles, when lower-income consumers with fixed disposable incomes are able to procure more volumes of food. Fundamentally, consumption patterns have not changed dramatically. However, the oversupply conditions are not resolving as quickly as first anticipated by management, which is largely attributable to larger stocks of imported materials and larger stocks of local crops in India. Currency devaluations and the political climate in Turkey, the Middle East and North Africa ("**MENA**") has also led to slow shipments into these regions in the first part of the shipping season of 2018-2019, which commenced in August 2018 with the North American harvest.

Food Ingredients and Packaged Foods Margin Improvement

AGT continues to develop a platform linking its global farmer origination network to its value-added processing facilities. The Food Ingredients and Packaged Foods segment is at the centre of this initiative to derive additional margin through the extraction of value from commodities handled in AGT's system. The marketing of food ingredients to major food companies allows AGT to capitalize on its customers' distribution and product development platforms, using their brands to reach the end customer. This is being coupled with AGT's strategy to increase relationships with major global food retailers for both the distribution of AGT-owned brands and to act as a manufacturer and co-packer of such retailers' brands.

AGT's food ingredient business continues to advance, with four production lines already commissioned at its facility in Minot, North Dakota (the "**Minot Facility**"), focused on production of pulse ingredient flours, proteins, starches and fibres. AGT continues to see household consumer packaged goods companies include pulse-based product development projects, pipelines and commercial and industrial quantities of pulse ingredients in their normal product development cycles. This is expected to provide AGT with further enhanced margin opportunities in protein sales through increased sales for pet and human food, while monetizing higher-value pulse food ingredients, such as starches, flours and fibre fractions.

Demand Fundamentals Unchanged

Management believes that rising incomes in emerging markets and growing populations make the opportunity in food an irreversible trend. Management believes that pulse and vegetable protein consumption and demand for protein sources that use water efficiently will increase as the world's population grows in the next 40 years. In fact, the United Nations Food and Agriculture Organization ("**UN FAO**") estimates the world may need to produce as much food in the next 40 to 50 years as it has in the past 10,000 years of civilization.

Harvests in India and Turkey are forecast to be at levels that are in the range of average annual production, with no signals indicating that crops will be near the record levels of 2017. High production levels in North America in 2018, albeit decreased from 2017, are expected, with high carry-in stocks from the previous harvest. This expected production decline is marginal and it is not expected to materially correct the realignment of supply and demand positions globally. Supply constraint was needed to assist in the normalization of shipping volumes and margins in the 2018-19 crop and shipping season.

Continued governmental intervention in major markets like India has slowed the pace of normalization, with import restrictions and support for local crops aimed at increasing local production. These trade barriers may also have the effect of reducing competition as commercial players limit their commercial activities, as they are generally reluctant to deploy capital in sectors where government is actively engaged in such policies.

Management believes that as global markets work through oversupply conditions and assimilate new market conditions, duties and tariffs into product pricing, materially reduced volumes and margins may reach a bottom and provide market signals that gradual recovery is beginning to emerge in the market. Management expects that with gradually improving conditions in the second half of 2019, volumes and utilization of AGT production capacity are anticipated to increase slowly as the recovery continues. The pace of recovery may be affected by further actions of the Government of India ("**GOI**"), as well as relatively large carryout stocks of pulses in North America from the 2017 harvest period and volumes from new crop harvest in 2018, which would typically reach market in the late Q4 and Q1 shipping periods.

Conclusions

As AGT cannot control the timing of a market recovery, it continues to focus on its core pillars strategy: being as streamlined and efficient as possible; responsibly managing production, inventory and purchases; and maximizing cash flow and safeguarding capital.

Normalization of volumes and margins in the market is advancing slower than anticipated, with volumes of new crop production coming into the market from North American harvest; governmental intervention in key markets, such as GOI policy commitment to domestic agricultural supports, minimum support payments for pulses and other policies and programs that the GOI is expected to continue until after elections in 2019 at minimum; as well as uncertainty surrounding long-term resolution of other market issues and trade policy in Turkey, the Middle East and North America. Management is monitoring market conditions closely to determine where opportunities may exist for AGT's business. Ultimately, it is AGT's goal is to remain competitive and position the Company to ensure it has the ability to be among the first to respond when the market calls for more staple foods, grains and pulses.

Business Outlook

Summary

With normalization of pulse and staple foods markets advancing slower than anticipated due to a number of market conditions, global markets have been watching the harvest in North America, as well as the various governmental and trade policy developments that may impact pulse and staple foods markets in the short to medium term, attempting to understand what the implications may be with respect to pricing, volumes and market conditions in future periods.

After a dry summer growing season, producers in Western Canada and the Northern Tier States commenced harvest activities early; however, wet and cool weather slowed progress and raised concerns around quality of what is categorized as high production volumes. In some areas of Western Canada—Saskatchewan in particular—harvest had essentially stalled due to an early heavy snowfall, with many areas reporting snow in late September, ranging from small amounts to several inches. Warm, dry and windy days were needed before producers could return to the field to complete 2018 harvest.

According to data from Statistics Canada ("**StatsCan**") reported by Statpub Market Research ("**StatPub**") and based on data and reports from the provincial ministries of agriculture, as of October 22, 2018, Saskatchewan's pea and lentil harvests were 99% complete, while 96% of the chickpeas had been harvested. The favourable mid-October weather, with above-normal temperatures and excellent dry conditions, allowed farmers across Western Canada to get into their fields in the prairie provinces. In addition to the rapid harvest completion in Saskatchewan, as of mid-October 2018, Alberta farmers had entered the final stages of harvest for pulses in most areas, with pea harvest over 91% complete as of October 16, 2018, along with 80% for chickpeas and 96% for lentils. Early harvest of pulses is important to farmers, particularly with lentils and peas, as visual characteristics such as colour, stain and wrinkling factor into the quality grade and therefore relative value of these crops. Agriculture and Agri-Food Canada's ("**AAFC**") harvest reports suggest a much higher No. 1 and No. 2 grade distribution than in 2017-18. Large green lentil prices are forecast to have a smaller premium over red lentil prices than last year. Crops remaining to be harvested at the time of this report include durum wheat, canola and other cereal grains.

According to StatPub, based on StatsCan data, Canadian harvest production for lentils, dry peas, dry beans and chickpeas is forecast to decline by 7% from 2017 to 6.65 million mt in 2018.

Canada Pulse Production

Four Major Pulses 2015 – 2018 (mt)

	2015	**2016**	**2017**	**2018E**	**Year over Year 2018/2017**
Lentils	2,540,500	3,193,800	2,558,500	2,374,700	-7%
Dry Peas	3,200,700	4,835,900	4,112,200	3,671,500	-11%
Beans	245,200	264,700	354,400	345,300	-3%
Chickpeas	89,900	91,200	118,600	256,400	116%
	6,076,300	8,385,600	7,143,700	6,647,900	-7%

Source: StatsCan data reported by StatPub

AAFC reports exports for dry peas are expected to decrease to 2.8 million mt, and with high carry-in stocks, prices are expected to be lower. On lentils, AAFC forecasts exports to rise to 1.9 million mt, with Turkey, the United Arab Emirates and the European Union expected to remain the top three export markets.

United States Department of Agriculture ("**USDA**") data reported by StatPub reports that 2018 production volumes in the U.S. are at 1.6 million mt of pulses, including 398,576 mt of lentils, 629,321 mt of peas and 540,737 mt of chickpeas, representing a 17% increase in lentils, a slight 2% decrease in peas and a sharp 71% rise in chickpeas respectively.

Production at these levels in Canada and the U.S., combined with the high carry-in stocks from 2017 and general slow movement of volumes to traditional markets in India and the subcontinent, Turkey and the MENA region in recent periods, is not expected to substantially alter current market outlook for normalization of volumes, prices and margins resulting in part from the current oversupply conditions. However, the traditional shipping period of Q4 and Q1 has now commenced, with the late North American harvest completed. Volumes could begin shipping based on market dynamics and conditions that may become clearer in the early part of 2019.

In the Q3 period, substantially no change was reported in the ongoing tariff and non-tariff trade issues between India and the agricultural producing and exporting nations of the world, including Canada, with the GOI continuing to pursue policy barriers in the pulse sector as it has in recent periods. Tariff and non-tariff barriers, import restrictions and other agricultural policies by GOI aimed at supporting local agricultural production while combating food inflation and addressing food security concerns are expected to continue to elections in 2019.

With high production from the past harvest in India, consumption requirements for India and its growing population [Source: United Nations Department of Economic and Social Affairs], which is rapidly entering the middle class in terms of consumer spending [Source: AAFC; UN FAO], are being met in the short term by local production and safety stocks procured by GOI. However, with variability in monsoons and low prices to farmers for pulses, with minimum support prices ("**MSP**") steadily increasing to spur an increase pulse acreage and production, it is unclear how long GOI can continue these policies. Globally, pulse prices are lower than the current MSP. Should Indian production levels fall below their current levels, India may no longer be in a position to maintain these policies, and would once again require imported products to ensure that its population has access to the major source of protein for a majority of Indians, particularly its vegetarian population.

The volatility in Turkish economic markets has also had an impact on global pulse and staple food markets, with the rapid devaluation of the Turkish lira resulting in strains on the ability for Turkish pulse importers to secure credit to finance their purchases. This has resulted in lower volumes to Turkey and the MENA region markets that it supplies. However, as most Turkish domestic consumption is provided through local Turkish domestic production, and given the fact that a significant portion of Turkey's lentil imports are for import/re-export programs for regional supply and trade, completed in U.S. dollars and utilizing free-zone and other shipping processes without direct import into Turkey, the impact of Turkish economic volatility is not expected to significantly impact AGT's business to the region in the traditional Q4 and Q1 shipping periods. Liquidity of local importers is being affected by the currency devaluation and banking facility credit tightening. Management continues to monitor the Turkish economic market and currency volatility closely, specifically its effects on AGT's business opportunities and operations in the region.

Viewed in totality, current market conditions have created a challenging environment for AGT's business with respect to sales volumes, prices, margins and thereby earnings. While normalization of market conditions is expected, with volumes returning to what may be considered consistent with previous periods, it is difficult to forecast the timing of normalization given the macro-economic variables that must be considered. As global oversupply is resolved through a combination of resolution of market intervention, lowered production and increased import activities to consumption markets, market conditions are expected to improve and with them AGT's performance.

A discussion of AGT's segments and their performance follows.

Reporting Segments

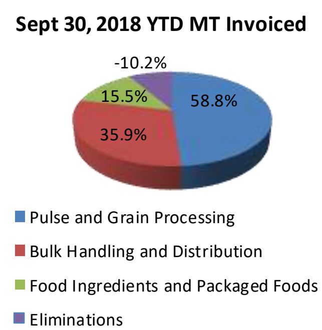
AGT's chief operating decision maker reviews AGT's operations and resource allocation by multiple business segments. Business segments are strategic business units with different products, processes and marketing strategies.

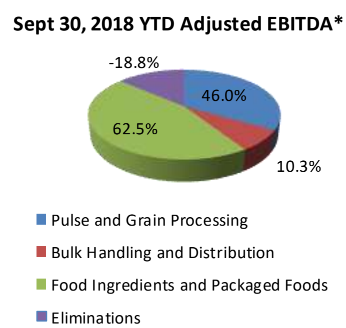
Segment performance is evaluated based on Adjusted EBITDA*. Management believes that Adjusted EBITDA* is an important indicator of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses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

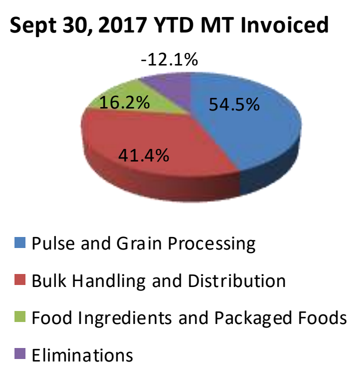
Except as described in note 3(a) and 3(b) of the September 30, 2018 unaudited condensed consolidated interim financial statements, the accounting policies used within each segment are consistent with the policies outlined in AGT's 2017 annual audited consolidated financial statements. Segmented revenues, 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.

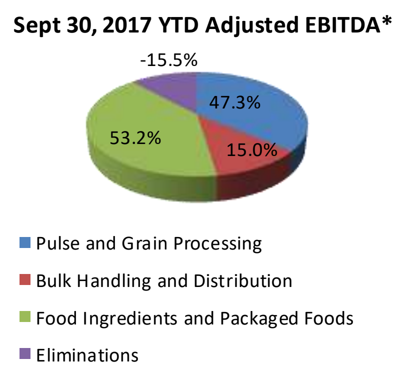
A review of the outlook for each of AGT's business segments is below.

In the following charts, eliminations relate to mt that were sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer.









Pulse and Grain Processing

The pulse and grain processing segment represents the core business of AGT in the origination and processing (including cleaning, calibrating, sizing, splitting, packaging, bulk loading, shipping and export) of pulses and staple foods in AGT owned and operated facilities around the globe.

This segment represents the largest segment of AGT's business and provides the core infrastructure that enables AGT's other segments of operation, including origination of raw materials, processing and logistics support of pulse and grain products.

Results are as follows:

Selected Results by Reporting Segment [1][2]
(in thousands of Cdn. $ except as indicated,
unaudited for the three and nine month periods ended)

	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017	Year to Date Sept 30, 2018	Year to Date Sept 30, 2017
Revenue	**$ 176,891**	$ 209,431	$ 204,953	$ 603,077	$ 756,611
Cost of sales	**166,264**	197,287	199,132	568,155	721,316
Gross profit	**10,627**	12,144	5,821	34,922	35,295
Adjusted Gross Profit*	**14,806**	16,538	9,478	47,840	46,460
Adjusted EBITDA*	**$ 6,332**	$ 8,760	$ 3,447	$ 23,813	$ 23,342
Total mt invoiced	**247,032**	311,071	216,204	867,555	787,578
Gross profit per mt	**$ 43.02**	$ 39.04	$ 26.92	$ 40.25	$ 44.81
Adjusted Gross Profit* per mt	**59.94**	53.16	43.84	55.14	58.99
Adjusted EBITDA* per mt	**25.63**	28.16	15.94	27.45	29.64

(1) See table on page 17 for consolidated segmented results
(2) Certain estimates and assumptions were made by management in the determination of segment composition

Adjusted Gross Profit* per mt improved when comparing the three months ended September 30, 2018 to the three months ended June 30, 2018 and to the three months ended September 30, 2017. Stronger margins in the Turkish business along with consistent margins out of Canada resulted in improved margins when compared to the prior quarter and the same period in the prior year. Adjusted EBITDA* per mt decreased when compared to the three months ended June 30, 2018 due to lower mt invoiced and the high fixed cost nature of the operations. Adjusted EBITDA* improved when compared to the same period in the prior year due to margin improvements in North America.

Adjusted Gross Profit* and Adjusted EBITDA* per mt decreased when comparing the nine months ended September 30, 2018 to the same period in the prior year. This is due largely to additional duties on sales to India that were imposed in 2017 that continued to affect 2018 sales in the first part of 2018.

Food Ingredients and Packaged Foods

AGT's food ingredients and packaged foods segment includes AGT's pulse ingredient production facility located in Minot, North Dakota, producing pulse ingredient flours, starches, proteins and fibres for human food consumption as well as pet food, animal feed and aquaculture; and business units focused on pasta production, retail packaged foods production, packaging, canning and distribution in many markets for listing of AGT brands and private label business in North America, Europe, Turkey, the MENA region and Southern Africa.

Results are as follows:

Selected Results by Reporting Segment [(1)(2)]
(in thousands of Cdn. $ except as indicated,
unaudited for the three and nine month periods ended)

	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017	Year to Date Sept 30, 2018	Year to Date Sept 30, 2017
Revenue	**$ 88,915**	$ 87,664	$ 73,665	$ 258,919	$ 248,371
Cost of sales	**72,852**	75,089	64,237	218,053	216,546
Gross profit	**16,063**	12,575	9,428	40,866	31,825
Adjusted Gross Profit*	**18,346**	14,924	11,905	47,890	38,897
Adjusted EBITDA*	**$ 12,364**	$ 9,835	$ 7,903	$ 32,349	$ 26,253
Total mt invoiced	**79,305**	75,816	73,186	229,128	234,173
Gross Profit per mt	**$ 202.55**	$ 165.86	$ 128.82	$ 178.35	$ 135.90
Adjusted Gross Profit* per mt	**231.33**	196.84	162.67	209.01	166.10
Adjusted EBITDA* per mt	**155.90**	129.72	107.99	141.18	112.11

(1) See table on page 17 for consolidated segmented results
(2) Certain estimates and assumptions were made by management in the determination of segment composition

Adjusted Gross Profit* per mt and Adjusted EBITDA* per mt improved when comparing the three months ended September 30, 2018 to the three months ended June 30, 2018 and to the three months ended September 30, 2017. This is due to strong margins in pasta as a result of the devaluing Turkish lira and lower input costs for pasta. In addition, margins out of the Minot Facility were strong due to programs associated with protein sales. Popcorn sales out of South Africa also contributed to stronger margins and Adjusted EBITDA*.

Adjusted Gross Profit* and Adjusted EBITDA* per mt increased when comparing the nine months ended September 30, 2018 to the same periods in the prior year. This is due to sales programs in protein resulting in strong margins, as well as improved margins in pasta due to the devaluation of the Turkish lira and lower input costs, as well as strong margins on popcorn sales out of South Africa.

The other business units contained in this segment are focused on retail packaged goods. AGT's private label sales out of its AGT CLIC, AGT Foods Africa, Arbel and Arbella branded units are progressing well, with product offerings increasing and good progression in expanding both the numbers of SKUs and number of retailers in its targeted areas of focus in Canada, the U.S., South Africa and Turkey. Additionally, AGT has acquired the Middle Eastern business unit platform and wholesale contract with Loblaws for its control brand "ARZ" and subsequent successor brands that will be developed and introduced in the partnership between AGT and Loblaws. This business unit is expected to continue to provide stable and predictable earnings in this segment and present growth opportunities to ramp up the size of this platform in the coming years.

The Food Ingredients and Packaged Foods segment provides AGT with diversification options, with business not impacted by commodity cycles and impact of commodity markets on volumes and pricing. While this segment has its own dynamics with regard to sales process duration and customer profiles, it provides an opportunity for AGT to smooth earnings over the full year as well as create new opportunities with regard to potentially higher margin business compared to AGT's core commodity business, driving revenue, margin and earnings growth.

Bulk Handling and Distribution

AGT continues to offer other commodities to its global network of existing clients. These sales are reported through AGT's bulk handling and distribution segment, which is made up of products not specifically processed in AGT facilities. This includes some non-core commodity sales of AGT to aid programs, cross-selling of other commodities to pulse and staple foods business customers for distribution of raw material products and AGT's own processing infrastructure in Turkey for durum wheat. Products in the distribution business units contained in this segment include durum, sorghum, coffee, canola, sugar and spices and a variety of seeds.

Wheat margins have been very thin and other commodities have also been challenged, with rice and sugar demand following the path of all agricultural commodities, with "hand to mouth" buying across consumption markets. This segment is continued as a means to cover some fixed costs of AGT's platform, including short-line rail costs and other fixed costs. Management continues to examine commodities that may provide an opportunity to use AGT's network of sourcing, logistics and financing to generate margins in areas such as feedgrains and other bulk items such as rice.

Results are as follows:

Selected Results by Reporting Segment [1][2]
(in thousands of Cdn. $ except as indicated,
unaudited for the three and nine month periods ended)

	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017	Year to Date Sept 30, 2018	Year to Date Sept 30, 2017
Revenue	**$ 103,743**	$ 142,946	$ 79,700	$ 380,193	$ 412,418
Cost of sales	**97,142**	138,005	72,006	366,995	391,799
Gross profit	**6,601**	4,941	7,694	13,198	20,619
Adjusted Gross Profit*	**6,828**	5,220	8,004	13,887	21,255
Adjusted EBITDA*	**$ 3,597**	$ 1,512	$ 1,300	$ 5,313	$ 7,391
Total mt invoiced	**158,186**	193,768	165,288	530,015	598,178
Gross profit per mt	**$ 41.73**	$ 25.50	$ 46.55	$ 24.90	$ 34.47
Adjusted Gross Profit* per mt	**43.16**	26.94	48.42	26.20	35.53
Adjusted EBITDA* per mt	**22.74**	7.80	7.87	10.02	12.36

(1) See table on page 17 for consolidated segmented results
(2) Certain estimates and assumptions were made by management in the determination of segment composition

The bulk handling and distribution segment showed improvements in Adjusted Gross Profit* per mt and Adjusted EBITDA* per mt for the three months ended September 30, 2018 when compared to the three months ended June 30, 2018. This is due to continued strong margins on sales in the AGT Foods Europe trading platform as well as improved earnings in operations of AGT India.

Adjusted Gross Profit* per mt decreased when comparing the three and nine months ended September 30, 2018 to the same periods in the prior year. This is a result of tariffs imposed on imports to India affecting sales in late 2017 and the first part of 2018. These tariffs are now being reflected in sales prices of those products; however, weaker results in the first half of 2018 are impacting the year to date results. Adjusted EBITDA* for the three months ended September 30, 2018 improved over the same period in the prior year due to cost savings initiatives implemented as a result of constrained margins. Adjusted EBITDA* for the nine months ended September 30, 2018 decreased when compared to the same period in the prior year due to higher fixed costs affecting results earlier in the year.

Corporate and Eliminations

Inter-segment shipments were 40,220 mt and 152,266 mt for the three and nine months ended September 30, 2018. These mt were sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer. Management continues in its efforts to increase the margin of its international business in all segments by capturing additional margins by encouraging AGT subsidiaries to work collaboratively to increase trade that utilizes the sourcing advantage of one company and the distribution advantage of another.

Consolidated Segmented Results

Selected Results by Reporting Segment (1)
(in thousands of Cdn. $ except as indicated, unaudited for the three and nine month periods ended)

Pulse and Grain Processing

Quarterly comparisons	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017
Revenue	$ 176,891	$ 209,431	$ 204,953
Cost of sales	166,264	197,287	199,132
Gross profit	10,627	12,144	5,821
Adjusted Gross Profit*	14,806	16,538	9,478
Adjusted EBITDA*	**$ 6,332**	**$ 8,760**	**$ 3,447**
Total mt invoiced	247,032	311,071	216,204
Gross profit per mt	$ 43.02	$ 39.04	$ 26.92
Adjusted Gross Profit* per mt	59.94	53.16	43.84
Adjusted EBITDA* per mt	25.63	28.16	15.94

Bulk Handling and Distribution

Quarterly comparisons	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017
Revenue	$ 103,743	$ 142,946	$ 79,700
Cost of sales	97,142	138,005	72,006
Gross profit	6,601	4,941	7,694
Adjusted Gross Profit*	6,828	5,220	8,004
Adjusted EBITDA*	**$ 3,597**	**$ 1,512**	**$ 1,300**
Total mt invoiced	158,186	193,768	165,288
Gross profit per mt	$ 41.73	$ 25.50	$ 46.55
Adjusted Gross Profit* per mt	43.16	26.94	48.42
Adjusted EBITDA* per mt	22.74	7.80	7.87

Food Ingredients and Packaged Foods

Quarterly comparisons	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017
Revenue	$ 88,915	$ 87,664	$ 73,665
Cost of sales	72,852	75,089	64,237
Gross profit	16,063	12,575	9,428
Adjusted Gross Profit*	18,346	14,924	11,905
Adjusted EBITDA*	**$ 12,364**	**$ 9,835**	**$ 7,903**
Total mt invoiced	79,305	75,816	73,186
Gross profit per mt	$ 202.55	$ 165.86	$ 128.82
Adjusted Gross Profit* per mt	231.33	196.84	162.67
Adjusted EBITDA* per mt	155.90	129.72	107.99

Corporate and Eliminations

Quarterly comparisons	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017
Revenue	$ (36,633)	$ (37,144)	$ (34,977)
Cost of sales	(36,633)	(37,144)	(34,977)
Gross profit	-	-	-
Adjusted Gross Profit*	-	-	-
Adjusted EBITDA*	**$ (3,808)**	**$ (2,904)**	**$ (2,519)**
Total mt invoiced	(40,220)	(62,524)	(39,464)
Gross profit per mt			
Adjusted Gross Profit* per mt			
Adjusted EBITDA* per mt			

Consolidated

Quarterly comparisons	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Sept 30, 2017
Revenue	$ 332,916	$ 402,897	$ 323,341
Cost of sales	299,625	373,237	300,398
Gross profit	33,291	29,660	22,943
Adjusted Gross Profit*	39,980	36,682	29,387
Adjusted EBITDA*	**$ 18,485**	**$ 17,203**	**$ 10,131**
Total mt invoiced	444,303	518,131	415,214
Gross profit per mt	$ 74.93	$ 57.24	$ 55.26
Adjusted Gross Profit* per mt	89.98	70.80	70.78
Adjusted EBITDA* per mt	41.60	33.20	24.40

(1) Certain estimates and assumptions were made by management in the determination of segment composition

Year to date comparisons	Pulse and Grain Processing: Year to Date Sept 30, 2018	Pulse and Grain Processing: Year to Date Sept 30, 2017	Bulk Handling and Distribution: Year to Date Sept 30, 2018	Bulk Handling and Distribution: Year to Date Sept 30, 2017
Revenue	$ 603,077	$ 756,611	$ 380,193	$ 412,418
Cost of sales	568,155	721,316	366,995	391,799
Gross profit	34,922	35,295	13,198	20,619
Adjusted gross profit*	47,840	46,460	13,887	21,255
Adjusted EBITDA*	**$ 23,813**	**$ 23,342**	**$ 5,313**	**$ 7,391**
Total mt invoiced	867,555	787,578	530,015	598,178
Gross profit per mt	$ 40.25	$ 44.81	$ 24.90	$ 34.47
Adjusted gross profit* per mt	55.14	58.99	26.20	35.53
Adjusted EBITDA* per mt	27.45	29.64	10.02	12.36

Year to date comparisons	Food Ingredients and Packaged Foods: Year to Date Sept 30, 2018	Food Ingredients and Packaged Foods: Year to Date Sept 30, 2017	Corporate and Eliminations: Year to Date Sept 30, 2018	Corporate and Eliminations: Year to Date Sept 30, 2017	Consolidated: Year to Date Sept 30, 2018	Consolidated: Year to Date Sept 30, 2017
Revenue	$ 258,919	$ 248,371	$ (111,735)	$ (141,241)	$ 1,130,454	$ 1,276,159
Cost of sales	218,053	216,546	(111,735)	(141,241)	1,041,468	1,188,420
Gross profit	40,866	31,825	-	-	88,986	87,739
Adjusted gross profit*	47,890	38,897	-	-	109,617	106,612
Adjusted EBITDA*	**$ 32,349**	**$ 26,253**	**$ (9,723)**	**$ (7,679)**	**$ 51,752**	**$ 49,307**
Total mt invoiced	229,128	234,173	(152,266)	(173,526)	1,474,432	1,446,403
Gross profit per mt	$ 178.35	$ 135.90			$ 60.35	$ 60.66
Adjusted gross profit* per mt	209.01	166.10			74.35	73.71
Adjusted EBITDA* per mt	141.18	112.11			35.10	34.09

Summary of Quarterly Results (1)(3)
(in thousands of Cdn. $ except as indicated, unaudited)

	3 Months Ended Sept 30, 2018	3 Months Ended June 30, 2018	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Sept 30, 2017	3 Months Ended Jun 30, 2017	3 Months Ended Mar 31, 2017	3 Months Ended Dec 31, 2016
Revenue	$ 332,916	$ 402,897	$ 394,641	$ 459,128	$ 323,341	$ 451,313	$ 501,505	$ 650,863
Gross profit	33,291	29,660	26,035	18,447	22,943	31,869	32,926	48,104
Adjusted Gross Profit*	**39,980**	**36,682**	**32,955**	**25,549**	**29,387**	**38,163**	**39,061**	**54,106**
Adjusted EBITDA*	**18,485**	**17,203**	**16,064**	**15,567**	**10,131**	**19,061**	**20,115**	**34,706**
Adjusted net earnings (loss)*	**6,001**	**3,033**	**4,297**	**(4,172)**	**(1,368)**	**2,333**	**6,731**	**17,270**
Adjusted basic net earnings (loss)* per share	**0.25**	**0.13**	**0.18**	**(0.17)**	**(0.06)**	**0.10**	**0.28**	**0.72**
Adjusted diluted net earnings (loss)* per share	**0.25**	**0.13**	**0.18**	**(0.17)**	**(0.06)**	**0.10**	**0.28**	**0.72**
Net loss per financial statements	(17,816)	(15,423)	(5,072)	(14,851)	(15,455)	(180)	(6,437)	(11,198)
Distributions on preferred securities net of tax	(1,879)	(1,859)	(1,838)	(1,899)	(613)	-	-	-
Net loss for earnings per share calculation	(19,695)	(17,282)	(6,910)	(16,750)	(16,068)	(180)	(6,437)	(11,198)
Basic net loss per share	(0.81)	(0.71)	(0.29)	(0.69)	(0.66)	(0.01)	(0.27)	(0.47)
Diluted net loss per share	(0.81)	(0.71)	(0.29)	(0.69)	(0.66)	(0.01)	(0.27)	(0.46)
Pulse and grain processing mt invoiced (2)	247,032	311,071	309,453	363,555	216,204	263,851	307,523	477,850
Bulk handling and distribution mt invoiced (2)	158,186	193,768	178,061	175,138	165,288	179,328	253,562	257,104
Food ingredients and packaged foods mt invoiced (2)	79,305	75,816	74,007	63,138	73,186	92,106	68,880	58,537
Inter-company mt	(40,220)	(62,524)	(49,522)	(46,704)	(39,464)	(47,583)	(86,478)	(48,536)
Total mt invoiced	444,303	518,131	511,999	555,127	415,214	487,702	543,487	744,955
Gross profit per mt	$ 74.93	$ 57.24	$ 50.85	$ 33.23	$ 55.26	$ 65.35	$ 60.58	$ 64.57
Adjusted Gross Profit* per mt	89.98	70.80	64.37	46.02	70.78	78.25	71.87	72.63
Adjusted EBITDA* per mt	41.60	33.20	31.38	28.04	24.40	39.08	37.01	46.59

Notes:

(1) Calculated from the unaudited condensed consolidated interim financial statements for the quarters ended September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017 and December 31, 2016, and the audited annual financial statements for the year ended December 31, 2017 and 2016.

(2) For a breakdown on segmented information, see the table entitled "Consolidated Segmented Results".

(3) Key things to note:

- AGT's financial results are strongly influenced by the performance of the pulse and grain processing segment which accounted for 53.1% and 53.3% of consolidated revenue for the three and nine months ended September 30, 2018.
- The timing of customer shipments, which tend to vary from quarter to quarter, drives revenue in the segments; meaning quarterly results are not necessarily a good indication of annual results due to seasonal variability.
- Net earnings do not trend directly with revenue due to foreign exchange volatility and transactions that occur from time to time. AGT uses Adjusted Net Earnings*, a non-IFRS measure, as a more meaningful way to compare results from period to period.

Discussion of Quarterly and Year to Date Results

(in Thousands of Cdn. $ except as indicated, unaudited for three month periods)

Revenue, Gross Profit and Adjusted Gross Profit*

	3 Months Ended Sept 30			9 Months Ended Sept 30		
	2018	2017	Change	2018	2017	Change
Revenue	332,916	323,341	9,575	1,130,454	1,276,159	(145,705)
Less: cost of sales	299,625	300,398	(773)	1,041,468	1,188,420	(146,952)
Gross profit	33,291	22,943	10,348	88,986	87,739	1,247
Add back: depreciation in cost of sales	6,689	6,444	245	20,631	18,873	1,758
Adjusted Gross Profit*	39,980	29,387	10,593	109,617	106,612	3,005
Gross profit percentage	10.0%	7.1%	2.9%	7.9%	6.9%	1.0%
Adjusted Gross Profit* percentage	12.0%	9.1%	2.9%	9.7%	8.4%	1.3%

Gross profit and Adjusted Gross Profit* percentage and absolute dollars increased when comparing the three and nine months ended September 30, 2018 to the three and nine months ended September 30, 2017. This was due to tariffs on imports to India being implemented in mid 2017 that negatively impacted sales already shipped. These tariffs have now been priced into sales and therefore margins are stronger in the current year. In addition, strong margins in the Food Ingredients and Packaged Foods segment have contributed to improvements in gross profit and Adjusted Gross Profit*.

Adjusted EBITDA*

	3 Months Ended Sept 30			9 Months Ended Sept 30		
	2018	2017	Change	2018	2017	Change
Adjusted EBITDA*	18,485	10,131	8,354	51,752	49,307	2,445
Adjusted EBITDA* percentage of revenue	5.6%	3.1%	2.5%	4.6%	3.9%	0.7%

Adjusted EBITDA* as a percentage of revenue and on an absolute basis increased for the three and nine months ended September 30, 2018 when compared to the three and nine months ended September 30, 2017. This is due mainly to improved margins on sales of protein out of the Minot Facility and pasta out of the facility in Turkey. In addition, margins in both the Pulse and Grain Processing and the Food Ingredients and Packaged Foods segments have improved in the three months ended September 30, 2018 compared to the same period in the prior year.

Expenses

	3 Months Ended Sept 30			9 Months Ended Sept 30		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
General and administrative and marketing, sales and distribution expenses	32,286	23,437	8,849	75,286	68,896	6,390
Finance expense	8,648	7,802	846	26,516	24,934	1,582
Depreciation and amortization	7,828	7,474	354	24,319	23,153	1,166
Recovery of income taxes	(3,992)	(3,777)	(215)	(12,414)	(6,477)	(5,937)
Unrealized foreign exchange loss	14,165	10,936	3,229	37,909	22,458	15,451

General and administrative and marketing, sales and distribution expenses for the three and nine months ended September 30, 2018 increased when compared to the prior year. This is due to one-time costs associated with share-based compensation as well as costs associated with the business valuation and special committee established in relation to the privatization bid. In addition, the current quarter includes a write down of long term assets related mainly to a potential investment in Minot, North Dakota.

Finance expenses includes interest related to short and long term finances, as well as discounts on notes and bonds. Interest on long and short-term debt for the three and nine months ended September 30, 2018 was consistent to the same periods in the prior year. Trade finance instruments are utilized to improve the cash collection cycle and interest charges remained consistent with the prior year. Accretion on discounted notes and foreign exchange are also included in the expense.

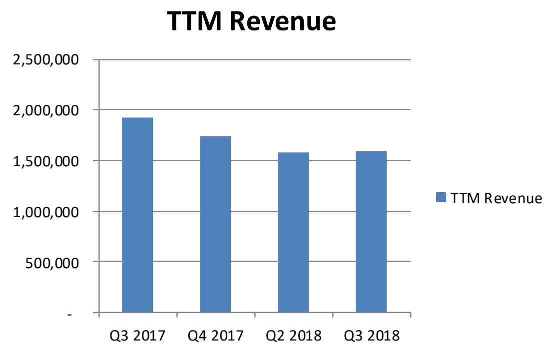
Depreciation expenses for the three and nine months ended September 30, 2018 were consistent to the same periods in the prior year.

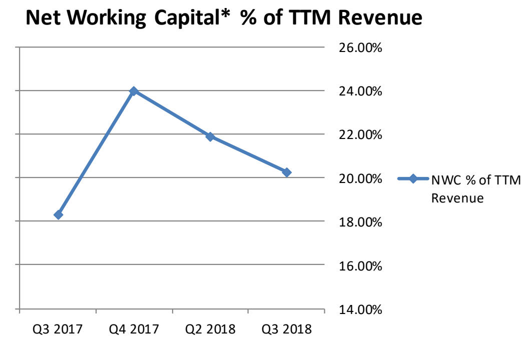
Income tax expense is calculated for each subsidiary at the individual rate for that country and therefore can fluctuate depending on the earnings reported for each tax jurisdiction.

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

Non-cash foreign exchange results from 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 debt offering. Adjustments to foreign exchange on foreign investments are recorded in other comprehensive loss on AGT's unaudited consolidated statements of comprehensive loss and are recorded in accumulated other comprehensive loss on AGT's unaudited condensed consolidated statements of financial position.

Trailing Twelve Month ("**TTM**") Revenue and Net Working Capital as a percentage of TTM Revenue:





Net Working Capital* is defined as trade accounts receivable, inventory, prepaid and other less accounts payable, accrued liabilities and deferred revenue. Net working capital was $322.3 million at September 30, 2018, a decrease from $346.0 million at June 30, 2018 and $353.0 million at September 30, 2017 (see table on page 28). Net working capital as a percentage of TTM revenue has decreased from 21.90% at June 30, 2018, and from 23.97% at December 31, 2017 to 20.28% at September 30, 2018, but increased from 18.32% at September 30, 2017. Accounts payable at September 30, 2018 has increased when compared to June 30, 2018 and when compared to September 30, 2017 due to increased volumes. This is offset by lower inventory levels, a result of lower commodity prices.

AGT management monitors this metric and has set a target Net Working Capital* percentage of TTM revenue of 17% to 18%. This will remain a focus for management.

Net Debt* is comprised of bank indebtedness, long term debt and current portion of long term debt, less cash and totaled $510.6 million at September 30, 2018, compared to $464.4 million at June 30, 2018 and compared to $386.3 million at September 30, 2017 (see table on page 28). While Net Debt* in absolute dollars increased from the prior quarter, Net Debt* as a percentage of Trailing Twelve Month Adjusted EBITDA* decreased from 7.88 at June 30, 2018 to 7.59 at September 30, 2018. The decrease from the prior quarter is due to decreased working capital levels and the increase from September 30, 2017 is due to the issuance of the Fairfax preferred securities in August of 2017.

Current assets (excluding derivative assets) were $564.7 million at September 30, 2018 compared to $669.7 million at December 31, 2017. The current asset base is largely accounts receivable and inventory, in addition to deposits related to inventory purchases. It is important to note that accounts receivables are largely insured by Export Development Canada ("**EDC**") or other credit risk mitigation strategies, such as letters of credit, 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 were consistent at $159.8 million at September 30, 2018, compared to $158.4 million at June 30, 2018 and increased when compared to $147.7 million at September 30, 2017 (see table on page 28). The increase from September 30, 2017 is due largely to larger volumes being invoiced in the current period and resulting higher sales out of Canada and Turkey.

Inventory decreased to $255.2 million at September 30, 2018, compared to $279.8 million at June 30, 2018 when compared to $313.8 million at September 30, 2017 (see table on page 28). The decrease is due to lower inventory levels in Turkey and India, reduced prices of some commodities and drought conditions in Australia.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. The inventory value of $255.2 million at September 30, 2018 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, including 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 are 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 or cash against document 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.

Dividends - AGT paid a dividend in October 2018 of $3.6 million ($0.15 per share) in the aggregate to its shareholders of record on September 30, 2018.

It is currently anticipated that, going forward, AGT will continue to pay a quarterly dividend, the amount of which will be determined by AGT's 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 ("**USD**"), Turkish lira ("**TL**"), Australian dollars ("**AUD**"), Pounds Sterling ("**GBP**"), Euros ("**EUR**"), South African rand ("**ZAR**"), Renminbi of the People's Republic of China ("**RMB**") and the Indian Rupee ("**INR**").

Balance sheet accounts of subsidiaries are valued at September 30, 2018 and December 31, 2017 foreign exchange rates as follows [Source: X-Rates]:

	Sept 30, 2018	**Dec 31, 2017**
USD/CDN	1.29007	1.25732
AUD/CDN	0.93197	0.98249
TL/CDN	0.21227	0.33127
GBP/CDN	1.68086	1.69775
EUR/CDN	1.49785	1.50861
ZAR/CDN	0.09096	0.10145
RMB/CDN	0.18784	0.19326
INR/CDN	0.01779	0.01969

For each subsidiary, any difference between the September 30, 2018 exchange rate and the average exchange rate used to record revenues and expenses is recorded as other comprehensive loss on AGT's Unaudited Consolidated Statements of Comprehensive Loss 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 "Dividends" and "Business Outlook" above for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject to 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.agtfoods.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 September 30, 2018, AGT had total operating lines available of $204.4 million (December 31, 2017 - $195.9 million). Included in these facilities are the APP syndicated credit facilities in the amount of $150.0 million (December 31, 2017 – $150.0 million) secured by a general security agreement and security interests against real property owned by APP and AGT and certain of its subsidiaries, maturing in January 2020. At September 30, 2018, $57.2 million (December 31, 2017 - $30.8 million) of the facilities was utilized, leaving $147.2 million (December 31, 2017 - $165.0 million) unutilized. The weighted average interest rate on available operating lines at September 30, 2018 is 4.1% (December 31, 2017 – 3.8%).

The APP 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 short term banker's acceptances or similar instruments 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.

The terms of the APP credit facility include customary conditions, events of default, covenants and representations and warranties. The credit facilities are guaranteed by AGT and a select number of its direct and indirect wholly-owned subsidiaries which includes the operations of APP, AGT Foods USA, Australia Milling Group, AGT CLIC, Mobil and Poortmans ("**APP Group**").

At September 30, 2018, AGT is in compliance with its financial covenants under all credit agreements.

On April 25, 2018, AGT entered into an asset purchase agreement with ARZ Group Limited and Loblaws Inc. The agreement closed on May 4, 2018. ARZ Group Limited is a wholesale distribution company. The consideration for the purchase of the assets of ARZ Group from Loblaws Inc. was $4 million. Concurrent with closing, AGT, through its subsidiary, AGT CLIC, entered into a 20 year exclusive agreement with Loblaws to supply certain products under the ARZ and successor brands that will be launched by AGT for the middle-eastern market segment of Loblaws retail stores.

On June 29, 2018 APP finalized its $400 million syndicated Amended and Restated Credit Agreement of AGT's wholly-owned operating subsidiary, APP, relating to APP's syndicated credit facilities in the aggregate amount of $400 million (the "**Credit Facilities**"). The Credit Facilities bring the Mobil Group into the Credit Facilities as guarantors. In addition to other conforming amendments, at the AGT consolidated level, the minimum Adjusted EBITDA* to interest expense ratio has been amended to reflect that such ratio for AGT will not be less than 1.25:1.00 for the quarters ending June 30, 2018 and September 30, 2018; not less than 1.50:1.00 for the quarter ending December 31, 2018; not less than 1.75:1.00 for the quarters ending March 31, 2019 and June 30, 2019; not less than 2.00:1.00 for the quarters ending September 30, 2019 and December 31, 2019; and not less than 2.50:1.00 for the quarter ending March 31, 2020 and each quarter thereafter. The financial covenants in respect of APP remain unchanged.

On July 26, 2018, AGT announced that it received the Proposal from the Management Group. Under the Proposal, the Management Group would acquire all of the issued and outstanding common shares of AGT pursuant to a plan of arrangement, other than those held by the Management Group and certain other significant shareholders, for consideration of C$18 in cash for each common share. The Proposal contemplates the Buyer Group will retain their equity interests in AGT and current members of the senior management team will remain in their current management positions with AGT after completion of the transaction. The Management

Group has advised that the Proposal has the financial support of Fairfax to provide financing to the Management Group for the transaction.

On August 7, 2018, the Company announced that the Special Committee had been established to evaluate the Proposal. At that time, the Special Committee had announced that it had retained Goodmans LLP as its independent legal advisor, and has engaged TD as its independent financial advisor to provide financial advice and, if requested, a formal valuation of AGT's common shares as required under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions under applicable Canadian securities laws. The Special Committee and certain members of the Buyer Group agreed to cooperate with each other for a period of 60 days (during which time the Special Committee has agreed not to solicit or consider alternative transactions) to facilitate the Special Committee's evaluation of the Proposal. The Special Committee had been advised that the Buyer Group controlling 27.5% of the Company's outstanding shares and that the buyer group was not prepared to support any alternative transactions.

On October 1, 2018, AGT provided an update on the Proposal announcing that TD, the Special Committee's financial advisor and independent valuator advised the Special Committee that, subject to the assumptions, limitations and qualifications to be set forth in its written formal valuation, the fair market value of AGT's common shares as of October 1, 2018 was between C$17.50 and C$21.50 per share. As at that date, based on all of the information reviewed and analysis undertaken by the Special Committee and its advisors (including TD's formal valuation), and after considering the advice of its independent financial and legal advisors, the Special Committee unanimously determined that it would be prepared to support the going private transaction from the Buyer Group at a price of C$18.00 per share and would recommend that the shareholders of AGT vote in favour of the Proposed Transaction, subject to negotiation of a definitive agreement in form and substance satisfactory to the Special Committee and receipt of a fairness opinion from TD at the time a definitive agreement is entered into.

As of October 1, 2018, the Buyer Group reaffirmed to the Special Committee that it was prepared to proceed with the Proposed Transaction at a price of $18.00 per share, subject to negotiation of a definitive agreement in form and substance satisfactory to the Buyer Group and finalizing financing arrangements. Further, the Company and the Buyer Group agreed to extend the previously announced cooperation agreement to facilitate continued negotiation of a definitive agreement for the Proposed Transaction and to allow the Buyer Group to finalize its financing arrangements for the Proposed Transaction.

As of the date of this MD&A, neither the Special Committee, nor the Board of Directors of AGT, has approved the Proposed Transaction. The Buyer Group's proposal remains non-binding, and there can be no assurance that the Proposed Transaction will proceed. Neither AGT, nor the

Special Committee, expect to make further public comment regarding these matters until an agreement for the Proposed Transaction is reached or the Proposed Transaction is abandoned.

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 net of cash, 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. $)	Sept 30, 2018 (unaudited)	June 30, 2018 (unaudited)	Dec 31, 2017	Sept 30, 2017 (unaudited)
Long term debt	$ 473,371	$ 474,225	$ 453,963	$ 365,961
Bank indebtedness and current portion of long term debt	65,540	18,937	40,730	38,792
Cash	(28,285)	(28,728)	(21,361)	(18,498)
Net Debt*	**$ 510,626**	**$ 464,434**	**$ 473,332**	**$ 386,255**
Shareholders' equity	225,338	304,112	370,253	438,952
Capital	**$ 735,964**	**$ 768,546**	**$ 843,585**	**$ 825,207**
TTM Adjusted EBITDA*	67,319	58,965	64,874	84,013
Net Debt* to TTM Adjusted EBITDA*	7.59	7.88	7.30	4.60

Selected asset and liability information

(in thousands of Cdn. $)	Sept 30, 2018 (unaudited)	June 30, 2018 (unaudited)	Dec 31, 2017	Sept 30, 2017 (unaudited)
Cash	$ 28,285	$ 28,728	$ 21,361	$ 18,498
Trade accounts receivable	159,793	158,430	211,622	147,724
Inventory	255,198	279,801	328,080	313,849
Prepaid expenses and other	119,050	111,470	104,415	96,402
Bank indebtedness and current portion of long term debt	65,540	18,937	40,730	38,792
Accounts payable, accrued liabilities and deferred revenue	211,738	203,715	228,085	204,981
Long-term debt	473,371	474,225	453,963	365,961
Net Working Capital* calculation				
Trade accounts receivable	159,793	158,430	211,622	147,724
Inventory	255,198	279,801	328,080	313,849
Prepaid expenses and other	119,050	111,470	104,415	96,402
Less: Accounts payable, accrued liabilities and deferred revenue	211,738	203,715	228,085	204,981
Net Working Capital*	322,303	345,986	416,032	352,994
TTM revenue	1,589,582	1,580,007	1,735,287	1,927,022
Net Working Capital* as a percentage TTM Revenue	20.28%	21.90%	23.97%	18.32%

Consolidated capitalization information

Consolidated capitalization information of AGT includes information on the operations of the 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. $)

	Maturity Date	Sept 30, 2018	Dec 31, 2017	Financial Statement Caption
APP Group				
Senior secured APP bank facility	January 2020	$ 46,418	$ 3,733	bank indebtedness
Senior secured APP bank facility	January 2020	245,787	220,652	long term debt
Poortman facility, other	November 2018	13	15,107	bank indebtedness
AGT CLIC mortgage on building and other	August 2036	6,717	7,320	long term debt
Mobil mortgage and debt	Sep 2023 to May 2040	14,887	27,273	long term debt
Note payable for land purchase	November 2024	5,542	-	long term debt
Other		37	1,400	long term debt
		$ 319,401	$ 275,485	
Other Entities (excluding AGT)				
Senior secured Advance Seed facility	May 2019	$ 10,783	$ 11,413	bank indebtedness
Other		-	580	bank indebtedness
Other		275	133	long term debt
		$ 11,058	$ 12,126	
AGT				
Note payable related to Mobil purchase	October 2020	$ 11,305	$ 10,678	long term debt
Notes outstanding	December 2021	196,513	195,798	long term debt
Other		634	606	long term debt
		$ 208,452	$ 207,082	
Total debt		$ 538,911	$ 494,693	
September 30, 2018 financial statements				
Bank indebtedness		$ 57,214	$ 30,833	
Long term debt, including current portion		481,697	463,860	
		$ 538,911	$ 494,693	

Cash flow summary (unaudited for the three month period ended)
(in thousands of Cdn. $)

Cash flow from (used in)	3 months ended Sept 30, 2018	3 months ended June 30, 2018	3 months ended Sept 30, 2017	Difference Sept 30, 2018 to Sept 30, 2017
Operating activities	$ (9,908)	$ 58,964	$ (4,357)	$ (5,551)
Financing activities	28,860	(40,836)	23,979	4,881
Investing activities	(6,991)	(8,844)	(16,003)	9,012
Effect of exchange rate changes on cash	(12,404)	(2,552)	(2,988)	(9,416)
Change in cash	$ (443)	$ 6,732	$ 631	$ (1,074)

	3 months ended Sept 30, 2018	3 months ended June 30, 2018	3 months ended Sept 30, 2017	Difference Sept 30, 2018 to Sept 30, 2017
Non-cash working capital	$ (28,541)	$ 46,980	$ (15,098)	$ (13,443)

Cash flow from (used in)	9 months ended Sept 30, 2018	9 months ended Sept 30, 2017	Difference
Operating activities	$ 48,994	$ 47,072	$ 1,922
Financing activities	5,765	(5,797)	11,562
Investing activities	(28,611)	(41,053)	12,442
Effect of exchange rate changes on cash	(19,224)	(10,750)	(8,474)
Change in cash	$ 6,924	$ (10,528)	$ 17,452

	9 months ended Sept 30, 2018	9 months ended Sept 30, 2017	Difference
Non-cash working capital	$ 7,685	$ 8,762	$ (1,077)

Cash flow used in operating activities for the three months ended September 30, 2018 was $9.9 million compared to cash flow from operating activities of $59.0 million for the three months ended June 30, 2018 and was slightly higher when compared to cash flow used in operating activities of $4.4 million for the three months ended September 30, 2017. The change when comparing the three months ended September 30, 2018 is due largely to non-cash working capital used as harvest ramps up in North America, partially offset by utilization of trade finance instruments.

Cash flow from operating activities for the nine months ended September 30, 2018 was $49.0 million and was consistent to cash flow from operating activities of $47.1 million for the nine months ended September 30, 2017.

Cash flow from financing activities for the three months ended September 30, 2018 was $28.9 million compared to cash flow used in financing activities of $40.8 million for the three months ended June 30, 2018 and compared to cash flow from financing activities of $24.0 million for the three months ended September 30, 2017. Cash flow from financing activities was consistent to the prior year but increased when compared to the three months ended June 30, 2018 due to the change in non-cash working capital for the same period.

Cash flow from financing activities was $5.8 million for the nine months ended September 30, 2018 compared to cash used of $5.8 million for the nine months ended September 30, 2017. This was due to cash proceeds from sales used to pay down indebtedness in the prior year, in addition to higher distributions paid in 2018.

Cash flow used in investing activities was $7.0 million for the three months ended September 30, 2018 compared to cash flow used of $8.8 million in the three months ended June 30, 2018 and compared to cash used in investing activities of $16.0 million for the three months ended September 30, 2017. The current period includes capital expenditures and is offset by sales of equipment.

Cash used in investing activities was $28.6 million for the nine months ended September 30, 2018 compared to cash used of $41.1 million for the nine months ended September 30, 2017. This is due to fewer capital expenditures, as well as proceeds from equipment sales throughout 2018.

Cash Flow Information – Non-Cash Working Capital

Non-cash working capital decreased by $28.6 million for the three months ended September 30, 2018 compared to an increase of $47.0 million for the three months ended June 30, 2018 and compared to a decrease of $15.1 million for the three months ended September 30, 2017. The change when comparing the three months ended September 30, 2018 to the three months ended June 30, 2018 is due to reductions in accounts receivable and inventory during the Q2 2018 period which began to ramp up again during the Q3 2018 period.

Non-cash working capital increased by $7.7 million for the nine months ended September 30, 2018 and was consistent when compared to an increase of $8.8 million for the nine months ended September 30, 2017.

Accounts Payable, accrued liabilities and deferred revenue

Accounts payable, accrued liabilities and deferred revenue increased from $203.7 million at June 30, 2018 and decreased from $228.1 million at December 31, 2017 to $211.7 million at September 30, 2018. This is largely due to North American harvest, and partially offset by lower volumes in Australia.

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:

		Sept 30, 2018		Sept 30, 2017
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	2,203	$	3,250
Post employment benefits (RRSP)		98		98
Share based compensation		1,312		761
	$	3,613	$	4,109

		Sept 30, 2018		Dec 31, 2017
Accounts receivable	$	4,702	$	2,873
Accounts payable		746		1,084

The accounts receivable in the table above relates to employee amounts primarily related to the exercise of options. The accounts payable in the table above relates to deferred compensation.

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

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.

		Sept 30, 2018		Dec 31, 2017
Accounts receivable	$	3	$	80
Accounts payable	$	33	$	-
Purchase of land	$	5,277	$	-

		Sept 30, 2018		Sept 30, 2017
Purchases	$	-	$	435

Purchases in the above include a land purchase from a company owned by certain of AGT's key management for $5.3 million. This land purchase was done at prevailing market rates and the transaction was approved by the Board of Directors. The acquisition was done with a non-interest bearing note payable with seven annual payments of $0.9 million commencing November 2018.

In addition to the transactions above, AGT completed a swap of land in 2017 with a company owned by certain of AGT's key management for a carrying value of $0.2 million. This transfer was done on a one to one basis for land of similar nature and value. This transaction was approved by the Board of Directors.

There were no other transactions with key management during the quarter.

Transactions with other related parties

	Sept 30, 2018	Dec 31, 2017
Accounts payable	$ 59	$ 185

	Sept 30, 2018	Sept 30, 2017
Purchases	$ 1,901	$ 1,257

The items in the above table relate primarily to transactions with companies which AGT owns part of but does exhibit the definitions of control and are therefore not consolidated in AGT's overall results.

Off Balance Sheet Arrangements and Derivative Instruments

The nature of AGT's off balance sheet arrangements and derivative instruments are disclosed in Note 10 and Note 11 of AGT's September 30, 2018 unaudited condensed consolidated interim financial statements. AGT has no other off balance sheet arrangements.

Critical Accounting Estimates

The critical judgements and estimates applied in the preparation of AGT's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 are consistent with those applied and disclosed in Note 2 of AGT's audited consolidated financial statements for the year ended December 31, 2017.

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.

Certain prior period comparative figures have been restated to conform to the current year's method of presentation.

Significant Accounting Policies

The accounting policies applied in the preparation of AGT's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in AGT's audited consolidated financial statements for the year ended December 31, 2017 except as noted in Note 3 of the September 30, 2018 unaudited condensed consolidated interim financial statements.

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*" ("**National Instrument 52-109**"), 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 September 30, 2018 and concluded that AGT's Disclosure Controls were effective.

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 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 2013 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 and operating effectiveness of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at September 30, 2018, ICFR (as defined in NI 52-109) were designed effectively.

There were no changes in our ICFR during the three month period ended September 30, 2018 that have materially affected, or are reasonably likely to affect our ICFR.

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 Standard	Description	Effective Date	Expected Impact
IFRS 16 Leases	The new standard requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors	Fiscal years beginning on or after January 1, 2019, applied retrospectively	To be determined
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments	Fiscal years beginning on or after January 1, 2019, applied prospectively	To be determined
IAS 28 Investments in Associates and Joint Ventures	The amendment clarifies that long-term interests in associates and joint ventures, to which the equity method is not applied, are in the scope of both IFRS 9 Financial Instruments and IAS 28	Fiscal years beginning on or after January 1, 2019. Early adoption is permitted	To be determined
Annual Improvements to IFRS Standards IFRS 3 Business Combinations IFRS 11 Joint Arrangements IAS 12 Income Taxes IAS 23 Borrowing Costs	The amendments clarify how to account for increasing an interest in a joint operation that meets the definition of a business (IFRS 3 and IFRS 11); that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits (IAS 12); that specific borrowings to finance the construction of a qualifying asset, should be transferred to the general borrowings once the construction of the asset has been completed (IAS 23)	Fiscal years beginning on or after January 1, 2019. Early application is permitted	To be determined

Management is assessing the potential impact of standards, amendments and interpretations effective in future years for impacts on both quantitative and qualitative disclosure. AGT expects to adopt these standards on their respective effective dates.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 24,236,536 common shares and 5,714,286 warrants 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.agtfoods.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, political risk, 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 exposure, 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 period ended September 30, 2018.

Commitments and Contingencies

The nature of AGT's commitments and contingencies are disclosed in Note 18 of AGT's September 30, 2018 unaudited condensed consolidated interim financial statements.

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.

AGT is exposed to interest rate fluctuations on its variable-rate debt. Changes in market interest rates cause the fair value of long term debt with fixed interest rates to fluctuate but do not affect net earnings as AGT's debt is carried at amortized cost and the carrying value does not change as interest rate changes.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. AGT's sales are routinely denominated in USD while processing and production costs are largely denominated in the functional currency of the country in which the subsidiary operates.

AGT manages foreign currency risk by matching foreign currency denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required. AGT has also entered into certain foreign exchange contracts with maturities of less than two years to manage risks associated with entering into new sales contracts denominated in USD, EUR, GBP and AUD. AGT's foreign exchange contracts are not designated as hedges and are recorded at fair value with changes in fair value recognized in earnings. AGT has also entered into a cross currency swap as part of the management of the high-yield unsecured notes.

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.

Reconciliation of Net Earnings, Adjusted Net Earnings*, Adjusted Net Earnings Per Share* and Adjusted EBITDA*

(in thousands of CDN $ except as indicated, unaudited)

	3 Months Ended		9 Months Ended	
	Sept 30, 2018	Sept 30, 2017	Sept 30, 2018	Sept 30, 2017
Revenue	$ 332,916	$ 323,341	$ 1,130,454	$ 1,276,159
Less: cost of sales[1]	299,625	300,398	1,041,468	1,188,420
Gross profit	33,291	22,943	88,986	87,739
Add back: depreciation in cost of sales	6,689	6,444	20,631	18,873
Adjusted gross profit*	**39,980**	**29,387**	**109,617**	**106,612**
Deduct: General and administrative and marketing, sales and distribution expenses	(32,286)	(23,437)	(75,286)	(68,896)
Deduct: Non cash foreign exchange effect	(14,165)	(10,936)	(37,909)	(22,458)
Add: Amortization in general and administrative expense	1,139	1,030	3,688	4,280
EBITDA	(5,332)	(3,956)	110	19,538
Add: Non-recurring and other expenses [2]	9,652	3,151	13,733	7,311
Add: Non cash foreign exchange effect	14,165	10,936	37,909	22,458
Adjusted EBITDA [*]	**18,485**	**10,131**	**51,752**	**49,307**
Deduct: Finance expense	(8,648)	(7,802)	(26,516)	(24,934)
Deduct: Depreciation and amortization	(7,828)	(7,474)	(24,319)	(23,153)
Add: Recovery of income taxes	3,992	3,777	12,414	6,477
Adjusted net earnings [*]	**6,001**	**(1,368)**	**13,331**	**7,697**
Adjusted basic net earnings per share*	0.25	(0.06)	0.55	0.32
Adjusted diluted net earnings per share*	0.25	(0.06)	0.55	0.32
Non-recurring and other expenses [2]	(9,652)	(3,151)	(13,733)	(7,311)
Deduct: Non cash foreign exchange effect	(14,165)	(10,936)	(37,909)	(22,458)
Net loss per financial statements	**(17,816)**	**(15,455)**	**(38,311)**	**(22,072)**
Distributions on preferred securities net of tax	(1,879)	(613)	(5,576)	(613)
Net loss for earnings per share calculation	(19,695)	(16,068)	(43,887)	(22,685)
Basic net loss per share	(0.81)	(0.66)	(1.81)	(0.94)
Diluted net loss per share	(0.81)	(0.66)	(1.81)	(0.94)
Basic weighted average number of shares outstanding	24,236,536	24,236,536	24,236,536	24,151,646
Diluted weighted average number of shares outstanding	24,236,536	24,236,536	24,236,536	24,151,646

(1) Cost of sales includes depreciation on equipment used to process inventory and certain non-recurring costs. Total depreciation and certain non-recurring costs are added back for Adjusted EBITDA*.

(2) Non-recurring and other expenses deemed by management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs, share-based payments, effects of governmental regulatory changes or political unrest or war on existing sales, or other, predominantly reported within general and administrative expenses or cost of sales.

Reconciliation of Net Working Capital* and Net Debt*

(in thousands of CDN $)

	Sept 30, 2018 (unaudited)	Dec 31, 2017
Trade accounts receivable	$ 159,793	$ 211,622
Inventory	255,198	328,080
Prepaid expenses and other	119,050	104,415
Less: Accounts payable, accrued liabilities and deferred revenue	211,738	228,085
Net Working Capital*	$ 322,303	$ 416,032

Long term debt	$ 473,371	$ 453,963
Bank indebtedness and current portion of long term debt	65,540	40,730
Cash	(28,285)	(21,361)
Net Debt*	$ 510,626	$ 473,332

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 Adjusted Gross Profit (gross profit plus depreciation in cost of sales), Adjusted 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*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Net Earnings* per share (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*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Net Earnings* per share do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Earnings* per share, 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 Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Earnings* per share. Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Basic Net

Earnings* per share, Adjusted Diluted Net Earnings* per share, 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. Adjusted Gross Profit*, Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share, Adjusted Diluted Net Earnings* per share, 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 Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Basic Net Earnings* per share and Adjusted Diluted Earnings* per share, see the table on page 38.

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.

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 performance of certain of AGT's segments, including without limitation, margin pressures, export levels, production quality, conditions, timing of harvest, demand, capacity utilization, capital expenditures utilization, yields, sales volumes, margins, supply, capital expenditures and growth expectations, allocation of certain corporate and operating costs between segments and AGT's corporate cost structure, mt levels, and supply constraints; global supplies; global demand; demand fundamentals, market conditions, market dynamics and anticipated disclosures with respect to the Proposed Transaction; expected tax rates; sales opportunities; AGT's dividend policy; and internal controls over financial reporting. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", “viewed”, “in the opinion of”, "is expected", “if realized”, “is seen as likely”, "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", “is optimistic”, “not expected” or variations of such words and phrases, or statements that certain actions, events or results, “grows”, “develop”, “opportunity”, “boding well”, “are viewed”, “appear”, “potential”, “can have”, "may", "could", "would", 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.agtfoods.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, 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; agricultural commodity prices; demand for crop products and the market share of these products that will be achieved; general financial conditions for Western Canadian, U.S., Turkish and Australian agricultural producers; 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.