AG GROWTH INTERNATIONAL INC.

Annual Information Form

For the Year Ended December 31, 2015

Dated
March 28, 2016

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FORWARD LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements that reflect the expectations of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. Forward-looking statements may contain such words as “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “plans”, “will” or similar expressions suggesting future conditions or events. In particular, the forward-looking statements in this Annual Information Form include statements relating to our business and strategy, including our outlook for our financial and operating performance and the expected closing of AGI's acquisition of NuVision Industries Inc. Such forward-looking statements reflect our current beliefs and are based on information currently available to us, including certain key expectations and assumptions concerning anticipated grain production in our market areas, financial performance, business prospects, strategies, product pricing, our ability to successfully enter new markets and manage our offshore expansion, regulatory developments, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, foreign exchange rates and the cost of materials, labour and services. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking statements, including changes in international, national and local business conditions, weather patterns, crop yields, crop conditions, the timing of harvest and conditions during harvest, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, political and economic risk, the cost and availability of capital, foreign exchange rates, and competition. These risks and uncertainties are described under “Risks and Uncertainties” in this Annual Information Form. These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. We cannot assure readers that actual results will be consistent with these forward-looking statements and we undertake no obligation to update such statements except as expressly required by law.

CORPORATE STRUCTURE

Ag Growth International Inc.

AGI is a corporation existing under the *Canada Business Corporations Act* ("CBCA"). Ag Growth Income Fund (the "Fund"), the predecessor to the Company, was an unincorporated trust established under the laws of the Province of Ontario. On June 3, 2009, the Fund completed a corporate conversion (the "Conversion") by way of a plan of arrangement ("Plan of Arrangement") involving, among others, the Fund and the Company. See "Development of AGI's Business – Significant Developments – 2009 – Conversion to a Corporation".

Information in this Annual Information Form reflects AGI as a corporation on and subsequent to June 3, 2009, and as the Fund prior thereto. All references to "Common Shares" refer collectively to the common shares ("Common Shares") of the Company on and subsequent to June 3, 2009 and to the Fund's trust units prior to the Conversion. All references to "dividends" refer to dividends paid or payable to holders of Common Shares on and subsequent to June 3, 2009 and to distributions paid or payable to Fund unitholders prior to Conversion. All references to "shareholders" refer collectively to holders of Common Shares on and subsequent to June 3, 2009 and to Fund unitholders prior to the Conversion.

The head office of the Company is located at 198 Commerce Drive, Winnipeg, Manitoba, R3P 0Z6.

Intercorporate Relationships

AGI owns 100% of the issued shares of AGX Holdings Inc. ("AGHI"), a company existing under the CBCA. AGI also owns 100% of the issued shares of G.J. Vis Holdings Inc., a Manitoba company, which owns 100% of the issued shares of G.J. Vis Enterprises Inc. and G.J. Vis Properties Inc. In addition, AGI owns 100% of the issued shares of Westeel Canada Inc., a CBCA company that owns 100% of the issued shares of Westeel EMEA S.L., a Spain company, PTM S.R.L. ("PTM"),., an Italy company, 42337133 S.R.L., an Italy company, and Adsteel Limited, a company incorporated in Jebel Ali, Dubai, UAE. 42337133 S.R.L. owns 51% of the issued shares of Frame S.R.L. ("Frame"), an Italy company. AGI also owns 100% of the issued shares of Ag Growth Suomi Oy, a Finland company that owns 100% of the issued shares of Mepu Oy. AGI also indirectly owns 100% of the issued shares of AGI Brasil Comercio de Equipamentos e Montagens Ltda., a Brazil company that owns 100% of the shares of Entringer Industrial S.A., a Brazil company.

AGI and AGHI are the sole partners of Ag Growth Industries Partnership ("AGIP"), a Manitoba general partnership. AGIP owns 100% of the issued shares of Ag Growth Holdings Corp., (“AGHC”) a CBCA company, which owns 100% of the issued shares of AGI Latvia Inc., a Latvian company, and Westfield Distributing (North Dakota) Inc., a North Dakota corporation that owns 100% of the issued shares of Hansen Manufacturing Corp., Union Iron, Inc., Applegate Livestock Equipment, Inc., Applegate Trucking, Inc., Airlanco Inc., Westeel USA LLC, and Tramco, Inc. ("Tramco"). Tramco owns 100% of the issued shares of Tramco Europe Limited, a United Kingdom company, and Euro-Tramco B.V., a Netherlands company.

DEVELOPMENT OF AGI'S BUSINESS

Overview

AGI was established in 1996 to pursue the acquisition of manufacturers of grain handling, storage and conditioning equipment, and has the strategic objectives of geographic and business line diversification and development of a wide-ranging offering of complementary products, to become a preferred supplier of these products to the marketplace.

AGI has made a number of acquisitions in support of this strategy, as detailed in the table below, and has recently reorganized internally into Farm and Commercial divisions to better focus on the nature of products and customers in each sector. In 2015 and 2016, AGI continued to diversify through entry into the fertilizer storage and handling market. While the majority of AGI’s sales are in North America, AGI sells to customers around the world and in 2015 offshore sales represented 25% of total sales (2014 – 19%).

Division	Acquired	Location	Division
Batco	1997	Saskatchewan	Farm
Wheatheart	1998	Saskatchewan	Farm
Westfield	2000	Manitoba	Farm
Edwards	2005	Alberta	Farm
Hi Roller	2006	South Dakota	Commercial
Twister	2007	Alberta	Farm/Commercial

Division	Acquired	Location	Division
Union Iron	2007	Illinois	Commercial
Applegate	2008	Indiana	Other (1)
Mepu	2010	Finland	Other (1)
AGI Metal Fab	2010	Manitoba	Other (2)
Tramco	2010	Kansas / U.K.	Commercial
Airlanco	2011	Nebraska	Commercial
Rem GrainVac	2014	Saskatchewan	Farm
Westeel			
Corrugated storage	2015	Manitoba	Farm
Smoothwall storage	2015	Saskatchewan	Farm/Commercial
Liquid storage	2015	Alberta / Sask.	Farm/Commercial
PTM	2015	Italy	Commercial
Frame	2015	Italy	Commercial
VIS	2015	Winnipeg	Commercial
Entringer	2016	Brazil	Farm/Commercial
NuVision3)	2016	Alberta	Commercial

(1) In 2015, AGI announced it was exploring alternatives to exit the Applegate and Mepu businesses. See Significant Developments"

(2) Formerly Franklin Enterprises Ltd. Franklin was renamed AGI Metal Fab upon completion of its transition to a custom fabrication and welding facility that supports only other AGI divisions.

(3) On March 13, 2016, AGI announced it had entered a binding agreement to acquire NuVision. Completion of the transaction required regulatory and shareholder approval and is expected to close on April 1, 2016.

Significant Developments

2016 – NuVision Industries Acquisition

On March 13, 2016, AGI announced that it had entered into a binding agreement to acquire NuVision Industries Inc. ("NuVision"), a designer and builder of complete turnkey fertilizer blending plants and material handling facilities. The purchase price is based on five times NuVision's average EBITDA for the financial years 2015, 2016, 2017 and 2018, with a maximum purchase price of $26 million. Terms of the transaction include payment of $12 million upon closing with additional amounts payable annually based on achieved EBITDA in 2016, 2017 and 2018. All payments under the agreement are payable 50% in cash and 50% in AGI equipment and the cash amount payable upon closing is expected to be funded from AGI's cash on hand. The transaction is expected to close on April 1, 2016. The acquisition of western Canadian based NuVision represents an additional step in AGI's strategic entry into the fertilizer sector.

2016 – Entringer S.A. Acquisition

Effective March 9, 2016, AGI acquired 100% of the outstanding shares of Entringer Industrial S.A. ("Entringer"), a Brazilian based manufacturer of grain bins, bucket elevators, dryers and cleaners for cash consideration of approximately $15.3 million, $10.2 million of which was paid on closing and the remaining $5.1 million is dependent on Entringer meeting certain EBITDA thresholds. The amount payable on closing was funded from AGI's cash on hand. Entringer provides AGI with a measured entry into the rapidly expanding agricultural sector in Brazil.

2015 – GJ Vis Holdings Acquisition

Effective November 30, 2015, AGI acquired 100% of the outstanding shares of G.J. Vis Holdings Inc. ("VIS"), a manufacturer of commercial fertilizer, feed and grain handling equipment, for a cash consideration of $10.0 million, a contingent consideration of $4.7 million, plus costs related to the acquisition estimated to be $0.1 million less working capital adjustment of $0.7 million. The acquisition and related transaction costs were funded from cash on hand. VIS is a manufacturer of material handling equipment used in the fertilizer, feed and grain sectors.

2015 – Convertible Debenture Financing

In September 2015, the Company issued $75 million aggregate principal amount of convertible unsecured subordinated debentures (the "2015 Debentures") at a price of $1,000 per 2015 Debenture. The 2015 Debentures bear interest at an annual rate of 5.00% payable semi-annually on June 30 and December 31. Each 2015 Debenture is convertible into Common Shares at the option of the holder at a conversion price of $60.00 per share. The maturity date of the 2015 Debentures is December 31, 2020.

2015 –Westeel Acquisition and Associated Financings

AGI completed its acquisition of Vicwest Inc.'s Westeel division on May 20, 2015 (the "Westeel Acquisition"). Headquartered in Winnipeg, Manitoba, Westeel is Canada's leading provider of grain storage solutions offering a wide range of on-farm and commercial products for the agricultural industry. The acquisition included Westeel's foreign sales offices, its 100% interest in Italian subsidiary PTM, a manufacturer of grain handling equipment, and its 51% interest in Frame, an Italian manufacturer of storage bins.

In conjunction with the Westeel Acquisition and for the purposes of partially funding the purchase price, in December 2014, AGI issued 1,112,050 subscription receipts at a price of $46.55 per subscription receipt (subsequently exchanged for 1,112,050 Common Shares) for gross proceeds of approximately $51.76 million and $51.75 million aggregate principal amount of 5.25% extendible convertible unsecured subordinated debentures (the "2014 Debentures") pursuant to a bought deal public offering. The remainder of the Westeel purchase price was funded through expanded credit facilities. See "Capital Structure – 2014 Debentures" and "Capital Structure – Credit Facility and Term Loans A and B ". The Westeel Acquisition was a "significant acquisition" under applicable securities laws for which AGI filed a Business Acquisition Report that is available on SEDAR at www.sedar.com.

2014 – Rem GrainVac Acquisition

Effective February 3, 2014, the Company acquired the operating assets related to the Rem GrainVac product line for cash consideration of $9.5 million plus working capital of approximately $3.0 million. The acquisition and related transaction costs were funded from the Company's cash balance. The Company acquired the Rem GrainVac product line to expand its catalogue of grain handling products.

2013 – Convertible Debenture Financing

On December 17, 2013, AGI issued $75 million aggregate principal amount of 5.25% convertible unsecured subordinated debentures (the "2013 Debentures") pursuant to a bought deal public offering and on December 24, 2013 issued an additional $11.25 million principal amount of 2013 Debentures on the same terms pursuant to the exercise of the underwriters' over-allotment option.

2011 – Airlanco Acquisition

Effective October 4, 2011, the Company acquired substantially all of the operating assets of Airlanco Inc. ("Airlanco"), a manufacturer of aeration and dust collection systems, for cash consideration of $12.2 million, which includes costs related to the acquisition of $0.2 million and a working capital adjustment. The purchase price of the acquisition was funded by long-term debt and cash on hand. The Company acquired Airlanco to expand its catalogue of aeration and dust collection products.

2011 – AGI Nobleford Plant Expansion

In 2011, the Company completed construction of a grain storage bin manufacturing facility and invested in automated storage bin production equipment at its Twister location in Nobleford, Alberta. The investment allows the Company to capitalize on international sales opportunities and to increase sales in North America. Capital expenditures related to the project were $20.9 million.

2010 – Tramco Acquisition

Effective December 20, 2010, AGI acquired 100% of the outstanding shares of Tramco Inc. ("Tramco") for cash consideration of $20.8 million, which includes costs related to the acquisition of $0.6 million. The purchase price of the acquisition was funded by the proceeds from the issue of the 2009 Debentures (as defined below). Tramco manufactures heavy-duty chain conveyors and related handling products at facilities in Wichita, Kansas and Hull, England.

2010 – Franklin Acquisition

Effective October 1, 2010, AGI acquired substantially all of the assets of Franklin Enterprises Ltd. ("Franklin") for cash consideration of $9.2 million. The purchase price of the acquisition was funded by the proceeds from the issue of the 2009 Debentures. Franklin is a custom manufacturer and provides the Company with increased manufacturing expertise, flexibility and capacity. Franklin was renamed AGI Metal Fab in 2015 upon completion of its transition to a custom fabrication and welding facility that supports only other AGI divisions.

2010 – Mepu Acquisition

Effective April 29, 2010, AGI acquired 100% of the outstanding shares of Mepu Oy ("Mepu") for cash consideration of $11.9 million, which includes costs related to the acquisition of $0.6 million. The purchase price of the acquisition was funded by the proceeds from the issue of the 2009 Debentures. Mepu manufactures portable and stationary grain drying systems.

The core business of Mepu has been challenged for several years by an increasingly competitive domestic marketplace and by its customers' reliance on unpredictable EU subsidies to provide funding assistance to acquire Mepu's products. While Mepu was acquired in part to support AGI's 2009 entry into the Russian market, AGI's international business has outgrown Mepu's available resources in Finland and has for several years been supported by a number of other locations throughout the world. Based on the preceding, management is assessing alternatives to exit Mepu's business.

2009 – Convertible Debenture Financing

On October 27, 2009, AGI issued $100 million aggregate principal amount of 7.0% convertible unsecured subordinated debentures (the "2009 Debentures") pursuant to a bought deal public offering and on November 6, 2009 issued an additional $15 million principal amount of 2009 Debentures on the same terms pursuant to the exercise of the underwriters' over-allotment option. All remaining outstanding 2009 Debentures were redeemed by the Company on January 17, 2014, in part from the proceeds from the issue of the 2013 Debentures.

2009 – Conversion to a Corporation

On June 3, 2009, the Company (at that time, the Fund) completed the Conversion to a corporation. The Conversion was completed pursuant to the Plan of Arrangement whereby, among other things, the Fund's unitholders received one Common Share of the Company in exchange for each trust unit held, resulting in such unitholders becoming shareholders of the Company. The existing trustees and management of the Fund became the Board and management of the Company.

2008 – Applegate Acquisition

Effective January 15, 2008, AGI acquired substantially all of the assets of Applegate Steel Inc. ("Applegate"), for cash consideration of $3.0 million plus costs related to the acquisition. The acquisition was funded from cash flow. Applegate manufactures livestock gates, panels, feeders and stock tanks at locations in Indiana and Iowa, and provided the Company with incremental manufacturing capacity.

Applegate's livestock business is non-core and has been unable to provide sustainable positive EBITDA due in part to abundant production capacity in the industry. Accordingly, management is assessing alternatives to exit livestock equipment manufacturing.

2007 – Union Iron Acquisition

Effective November 19, 2007, AGI acquired 100% of the outstanding shares of Union Iron Inc. ("Union Iron") and the shares and assets of certain related companies of Union Iron, for cash consideration of USD $20.5 million, plus costs related to the acquisition and a working capital adjustment. The purchase price of the acquisition was funded by USD $20.0 million of term debt with remaining costs funded from cash flow. Union Iron manufactures several lines of material handling and storage equipment for the commercial and large-farm market.

2007 – Equity Financing

On October 2, 2007, AGI issued 1,730,000 trust units at a price of $26.00 per trust unit for gross proceeds of $45 million pursuant to a bought deal public offering.

2007 – Twister Acquisition

Effective May 31, 2007, AGI acquired substantially all of the operating assets of Twister Pipe Ltd. ("Twister"), a manufacturer of grain storage bins, bin unload systems, and aeration equipment, for cash consideration of $6.2 million plus costs related to the acquisition and a working capital adjustment. The purchase price of the acquisition was funded by term debt with remaining costs funded from cash flow. The Twister product line was subsequently incorporated into the Edwards division (together often referred to as “AGI Nobleford”).

2006 – Hi Roller Acquisition

Effective December 31, 2006, AGI acquired substantially all of the assets of Hansen Manufacturing Corp. ("Hi Roller"), a manufacturer of enclosed belt conveyors, for cash consideration of USD $18.5 million plus costs related to the acquisition and a working capital adjustment. The purchase price of the acquisition was funded by USD $18.5 million term debt with remaining costs funded from cash flow.

2005 – Edwards Acquisition

Effective April 8, 2005, AGI acquired substantially all of the assets of The Edwards Group of Companies ("Edwards”), a manufacturer of agricultural aeration equipment, for cash consideration of $21.7 million plus costs related to the acquisition and a working capital adjustment. In conjunction with the acquisition, AGI completed a private placement of 1,595,000 trust units priced at $13.50 per unit for gross proceeds of $21.5 million.

2004 – IPO of Ag Growth Income Fund

AGI (at that time, the Fund) completed its initial public offering of trust units and Toronto Stock Exchange ("TSX") listing on May 18, 2004 and indirectly acquired the business of Original AGI.

1997 – IPO of Original AGI

In June 1997, Ag Growth Industries Inc. ("Original AGI"), a predecessor of the Company, completed an initial public offering and began trading on the Alberta Stock Exchange. Over the next three years, Original AGI completed the acquisitions of Batco, Wheatheart and Westfield. Concurrently with its acquisition of Westfield in 2000, Original AGI completed a transaction whereby it terminated its stock exchange listing and ceased to be a reporting issuer.

DESCRIPTION OF AGI'S BUSINESS

AGI is a leading manufacturer of grain handling, conditioning and storage equipment and organizes its business into Farm and Commercial sectors. In 2015, AGI’s sales were weighted 31% in Canada, 44% in the United States and 25% international. The Company’s recent acquisitions in Italy and Brazil are expected to increase AGI’s presence in growing international markets. AGI entered the fertilizer handling and storage sector in 2015 with the acquisition of Westeel’s

Smoothwall storage bin line and the subsequent and pending acquisitions of VIS and NuVision, respectively.

FARM

AGI's Farm business includes the sale of grain handling equipment, aeration products and storage bins, primarily to farmers in North America where on-farm storage practices are conducive to the sale of portable handling equipment and smaller diameter storage bins. Farm product and market characteristics are described more fully below. Key elements of AGI's Farm sector include:

- AGI is the world's largest manufacturer of portable grain handling equipment and the Canadian leader in grain storage bins.
- Demand for Farm equipment is driven primarily by the volume of grain grown.
- The replacement cycle for portable grain handling equipment is approximately five years.
- Farm products typically have a low price point and are less sensitive to commodity prices and farmer net income.
- Farm products are sold through a dealer network based on price list.
- A strong dealer network and an extensive warehousing system to supply product at crucial points in the growing season are important considerations to the end user.

Portable Grain Handling Equipment

Portable grain handling equipment is used by farmers to move grain and other agricultural commodities (oilseeds, lentils, etc.) into and out of storage on the farm, as part of seeding, harvesting, conditioning, or shipping activities. Portable grain handling equipment includes augers, grain vacuums and belt conveyors, which are used as an alternative to augers for commodities that require gentler handling, as well as a variety of smaller grain handling accessories.

Relative to other classes of farm equipment, and in particular larger equipment such as tractors and combines, portable grain handling equipment has some unique characteristics that influence its demand. Compared to the capital cost of other farm equipment, portable grain-handling equipment has a low price point. In addition, portable grain handling equipment is an integral component of the farming process during critical periods (such as seeding and harvesting), and its performance is essential or the entire process can be disrupted. As such, it is promptly replaced if it fails during one of these critical junctures in the process. Finally, relative to other farm equipment, portable grain handling equipment has a shorter replacement cycle, as the abrasion from contact with the commodities being handled, and the wear-and-tear of many moving parts, results in a need to replace the equipment regularly. While equipment lifespan varies by volume handled and commodity type (e.g. corn is more abrasive than wheat), a typical replacement cycle could be 3 to 7 years.

Due to the factors outlined above, portable grain handling equipment is often viewed as a farm 'consumable', and the dynamics for the purchase of portable grain handing equipment are quite different than those for other pieces of farm equipment. More specifically, sales of portable grain handling equipment tend not to be impacted to the same degree by agricultural cycles as compared to sales of larger, more expensive agricultural equipment. Furthermore, the demand for portable grain handling equipment can be somewhat seasonal, with higher demand corresponding to the harvesting period for agricultural production.

Portable grain handling equipment is sold primarily in North America due to the widespread use of on-farm storage. The U.S. market is most significant due to the total number of bushels grown compared to Canada and other regions of the world. A small percentage of portable grain handling equipment is sold to offshore markets, including Western Europe and Australia.

Storage and Conditioning Equipment

Storage products include permanent storage structures such as corrugated flat bottom and hopper bottom bins and storage bin unloading equipment for the agricultural storage of grains, seeds and dry fertilizer. The largest market for smaller capacity storage products is for on-farm use, although they are also used in some commercial applications. AGI's Farm storage business increased significantly with the acquisition of Westeel in 2015 and is focused primarily in Canada.

Corrugated storage bins

AGI is the Canadian market leader in the manufacture, sale and distribution of corrugated steel storage bins. Corrugated bins are most often assembled at the farm of the customer and are used primarily to store grains. On-farm storage allows the farmer to avoid selling into trough pricing at harvest time and may also increase profitability as proper conditioning increases the selling price of the grain. Variability in commodity prices may incentivize farmers to time the sale of their crop and store the grain for longer periods of time. Demand for on-farm storage results from a number of other factors including the volume of grains grown, crop differentiation that requires separate storage and the trend towards farm consolidation and larger farms.

Smoothwall storage bins

Smoothwall storage bins are used primarily to store fertilizer as they are manufactured to withstand its corrosive nature and to clean out completely when the bin is emptied. Smoothwall bins may also be used to store grains and seed. These bins are shipped in final form from the factory and accordingly transport costs result in a geographic limitation to within a certain distance from the manufacturing facility. On-farm storage of fertilizer allows farmers to purchase well in advance thereby ensuring supply when the fertilizer is actually needed and avoiding the peak sales period at the retail network. Fertilizing practices continue to grow in sophistication as farming practices evolve.

Conditioning equipment

Conditioning products include equipment that is used in aeration, heating and drying, including furnaces, heaters and fans. Similar to storage products, the mix of conditioning products sold for on-farm or commercial applications also varies depending on the site design and configuration as well as capacity requirements. Conditioning equipment is often sold with a bin at the point of sale but may also be added to existing storage. Demand for conditioning equipment increases when crops are harvested at higher than optimal moisture levels.

Liquid Storage

The business of Westeel includes the manufacture and sale of portable and stationary liquid fuel containment tanks. These products are used both in farm and industrial settings and are sold primarily through a dealer network that in some cases overlaps with Westeel's Farm distribution network.

COMMERCIAL

AGI's Commercial business includes the sale of high capacity stationary grain and fertilizer handling equipment, aeration products and larger diameter storage bins to corporate end users including large, multi-national grain handlers, regional cooperatives, contractors and fertilizer distributors. Commercial equipment is used at port facilities for both the import and export of grains, inland grain terminals, corporate farms and processing facilities.

Commercial product and market characteristics are described more fully below. Key elements of AGI's Commercial sector include:

- AGI's Commercial business is global in nature:
    - North America – demand is driven largely by capacity and efficiency initiatives in this mature market and by a trend towards higher volumes of grains grown. The dissolution of the Canadian Wheat Board has resulted in increased Commercial activity in Canada.
    - International – a significant infrastructure gap exists in many key grain-growing regions including Brazil and Eastern Europe due to historical underinvestment and increasing crop volumes. Infrastructure requirements in importing countries result from increasing populations and food security considerations.
- International business is often quoted on a project basis allowing AGI to bundle products from several divisions and be a single-source supplier to the end user.
- Commercial products in North America are most often sold through a contractor but it is not unusual to sell directly to the end user. Sales direct to end user are more common internationally.
- AGI's recent acquisitions of Westeel, VIS and NuVision provide the Company with turnkey manufacturing capabilities and an entry point into the commercial fertilizer and storage sector.

<u>Stationary Grain Handling Equipment</u>

Stationary grain handling equipment performs the same core function of handling grain and other agricultural commodities as portable equipment, but tends to do so at much higher volumes. Stationary grain handling equipment is used in a variety of applications, including on large or corporate farms, at grain gathering points such as grain elevators and port facilities, and in food and other industrial processing plants where grains and other commodities are used as an input. Stationary grain handling equipment is installed in these facilities and becomes a permanent part of their infrastructure. Stationary equipment encompasses a wide range of products, including enclosed belt conveyors, under-bin belt conveyors, drag conveyors, bucket elevators and bin unload equipment.

<u>Storage and Conditioning Equipment</u>

Storage products include permanent storage structures such as corrugated flat bottom and hopper bottom bins, temporary structures that typically consist of relocatable, modular perforated panels used to configure short-term storage areas, and storage bin unloading equipment. Larger capacity storage products are geared towards higher capacity corporate farms and commercial applications. Conditioning products include equipment that is used in aeration, heating and drying, including furnaces, heaters and fans. Similar to storage products, the mix of conditioning products sold for on-farm or commercial applications also varies depending on the site design and configuration as well as capacity requirements.

Fertilizer Handling Equipment

The acquisition of VIS in November 2015 provided AGI with new capability and experience in the planning, design and manufacture of high throughput industrial fertilizer handling equipment. This type of equipment is often sold along with commercial Smoothwall storage bins such as those produced at Westeel. The pending acquisition of NuVision, a premier designer and builder of complete turnkey fertilizer blending plants and material handling facilities, is expected to provide AGI a new sales channel for fertilizer distribution sites and bundling opportunities for VIS and Westeel.

Liquid Storage

The business of Westeel includes the manufacture and sale of portable and stationary liquid fuel containment tanks. These tanks are used primarily in industrial settings including at the fuel distribution sites of Westeel's Farm distributors. These products are most often sold directly to the end user.

Drivers of Demand

The demand for grain handling, storage and conditioning equipment is impacted, directly or indirectly, by factors such as crop production volumes and crop mix, commodity prices, agricultural practices, and demand for products manufactured from agricultural commodities.

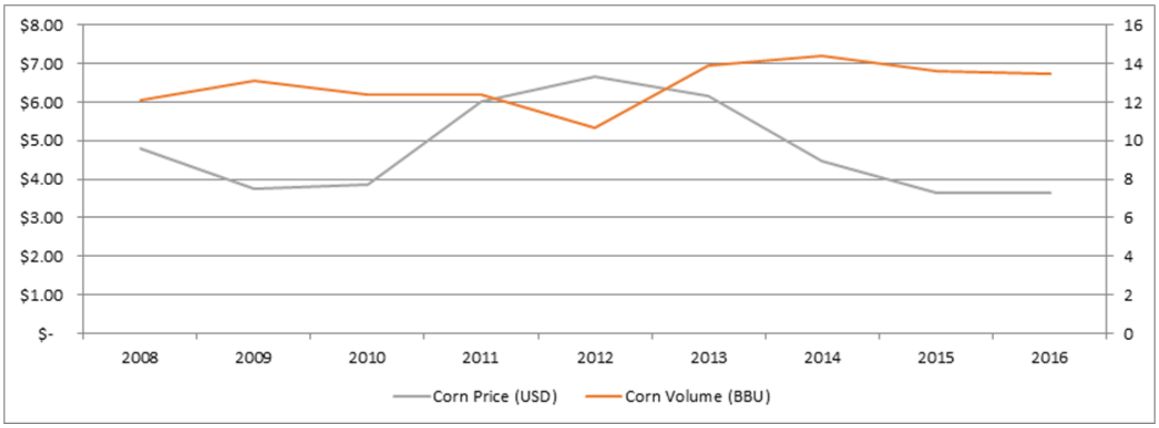
Crop Production Volumes and Crop Mix

The production volume of grain and other agricultural commodities is the primary driver of demand for grain handling, storage and conditioning equipment. Higher production volumes not only influence demand on the farm (both for new and replacement equipment), but also at every point along the distribution chain that moves crops from the farm to their end markets. Higher volumes flowing through grain elevators and port facilities influence replacement cycles of grain handling equipment at existing facilities, as well as the construction of new facilities or the expansion of existing facilities that will require new installations of grain handling, storage and conditioning equipment.

In addition to production volumes, crop mix can have a significant impact on demand. Different crops have different yield characteristics (i.e. volume harvested per acre seeded), therefore resulting in different total production volumes for a given area of land, hence influencing the aggregate amount of grain or other commodities to be handled, stored and conditioned. In addition, different commodities have different abrasiveness characteristics, which impacts the replacement cycle for grain handling equipment. Given these factors, corn is the key commodity influencing demand in the United States, due to the sheer volume of production as well as the fact that it is highly abrasive, followed by soybeans and then cereals (e.g. wheat).

As the chart below indicates, there is a trend towards increased corn production in the United States. Weather events in 2011 and more significantly in 2012 negatively affected yield per acre and total corn production. While production in any given year will fluctuate due to a variety of factors, the data reflects the trend of increased production, which is positive for the grain handling, storage and conditioning market in the United States. The chart also illustrates the trend in United Sates corn prices over the period.

United States Corn Production



Source: USDA/NASS

Commodity Prices

Commodity prices impact farmer planting intentions, including seeded acres and crop mix, as well as the propensity to use fertilizers and other crop inputs to boost yields per acre. This, in turn, impacts crop production volumes on an aggregate basis, and therefore has an impact on the demand for grain handling, storage and conditioning equipment. However, as the impact tends to be more indirect in nature, commodity prices are generally not considered to be a primary driver of demand, but rather a secondary driver.

Commodity prices also impact the financial position of farmers, and in particular farm incomes. Because of the unique demand characteristics of portable grain handling equipment as previously described, the financial position of farmers does not have the same impact on demand for portable grain handling equipment as it does for larger, more expensive pieces of farm equipment, such as tractors or combines. As such, commodity prices are generally not considered to be a primary driver of demand for portable grain handling equipment.

Commodity prices impact farmer decisions regarding on-farm storage of crop post-harvest. AGI's grain handling, storage and conditioning equipment is used more often when farmers store their grain on-farm for a period of time prior to sale. During periods of high commodity prices farmers are more likely to sell their crop rather than store it on the farm resulting in lower demand for AGI equipment. During periods of lower and/or volatile commodity prices it is more likely farmers will store grain on the farm with the intention of capitalizing on higher commodity prices in the future, resulting in higher demand for AGI equipment.

Crop Growing Conditions

Local and regional crop growing conditions, including weather, disease and pest infestations, can have a significant impact on the demand for grain handling, storage and conditioning equipment by virtue of the significant impact they can have on crop production volumes, which are a primary driver of demand. Weather can also have a more direct impact on the demand for certain types of conditioning equipment, especially in the short term. For example, when crops are harvested with high moisture content, which may be the case with a late harvest or one occurring during wet weather conditions, portable grain handling equipment is used more often as farmers will generally dry the grain prior to storage or shipment. Demand for aeration equipment may also increase. In addition, demand for certain portable grain handling equipment increases with a late harvest or one occurring during wet weather conditions as the in-season sales period is extended and because a late harvest is often associated with a higher crop moisture content which increases the wear and tear on certain portable equipment resulting in an increased need for replacement.

Global Agricultural Infrastructure Requirements

Crop production has increased significantly in many regions outside of North America and major crop producing countries are increasingly placing emphasis on the export market as opposed to production for internal consumption. Much of the grain storage, handling and conditioning infrastructure in many grain growing regions outside of North America is generally considered to be inadequate in terms of both capacity and efficiency. As a result, crop loss through spoilage in many of these regions significantly exceeds North American standards and logistical issues in bringing the crop to market results in transportation delays and higher costs, resulting in reduced profitability domestically and a competitive disadvantage in the global market. Investment in agricultural infrastructure to address capacity and efficiency issues presents opportunities for sales of AGI grain handling, storage and conditioning equipment.

The North American market is relatively mature however, the long-term trend towards higher levels of crop production and a continued industry focus on handling efficiency has contributed to increased investment in the commercial grain handling sector.

Farming Practices

Over the longer term, the demand for grain handling, storage and conditioning equipment is influenced by changes in agricultural practices, both as it relates to on-farm activities as well as the storage and distribution infrastructure to move crops from the farm to their end markets. A broad range of factors can influence changes in agricultural practices, including increased sophistication in management and operating practices, the use of technology and automation, farm sizes, dynamics in the grain transportation system and regulatory influences.

End-Product Demand

Demand for the end products for which agricultural commodities are a primary input is also a driver of demand for grain handling, storage and conditioning equipment. For example, for commercial handling equipment used in food processing facilities, demand is directly related to new construction, expansion and replacement of these types of facilities, which in turn is influenced by the demand for the food products produced at these facilities. In a similar manner, demand for commercial equipment used in other industrial processing facilities, such as ethanol production plants, is directly related to the demand for the products produced at those facilities, as it will drive new construction, expansion and replacement activities.

Macroeconomic Factors and Market Trends

The agricultural sector is generally cyclical in nature, with cycles typically influenced by the impact of demographic, macroeconomic and other factors on the supply and demand for agricultural commodities. However, current macroeconomic factors and market trends point to positive performance for the agricultural sector over the long-term.

Population Growth and Demographic Trends

The global population continues to increase and grain production is expected to play a significant role in addressing the nutritional requirements of the expanding population. Population growth rates vary from country to country, with rates in developing countries generally exceeding those in developed countries. In these markets, such as China and India, the impact of the growth in population is amplified by other demographic trends, including a rising level of income, which has led to a change in diet to include more protein. As a result, demand for grains, particularly corn, which is used in the production of protein, has and continues to rise.

Non-food Uses of Agricultural Commodities

The demand for agricultural commodities for food-based uses has been augmented in recent years by the demand for corn and other commodities for other types of industrial production. For example, demand for alternatives to fossil fuels has increased dramatically in recent years due to environmental, health, and political concerns, and agricultural-based products such as ethanol, have benefited. As the production of ethanol in the United States has increased, driven by government-legislated mandates and demand from consumers, the amount of corn used for fuel-based production has increased. In recent years up to 40% of the United States corn crop was consumed for ethanol. As ethanol plants do not typically have storage for the feedstock corn at their facilities, corn for ethanol production is typically stored on-farm, which increases handling and storage requirements in the on-farm market.

Evolution of Farming Practices and Productivity Gains

Advances in farming practices and technology over the past number of decades particularly in North America and other industrialized countries, have been significant. Farms are becoming increasingly sophisticated operations, utilizing the newest technology to generate the highest returns per acre of land, through a combination of increased volumes per acre and higher-value crops. Factors that have driven these gains in productivity include advances in seed technology, continuous cropping, and crop diversification. The increase in production volumes resulting from these advances in farming practices has had a positive impact for grain handling, storage and conditioning equipment.

In addition to becoming more sophisticated in the production of crops, farmers have also become more sophisticated in attempting to maximize the profits from the crops they produce. This can include using on-farm storage to strategically 'time the market' to obtain the maximum price for their crops, as well as conditioning the crops after harvest to obtain better quality grading (i.e.

moisture levels, dockage, etc.) of the product when it is delivered to the purchaser. As a result, demand for on-farm handling, storage and conditioning activities has increased.

As farming practices have become more sophisticated and the use of technology has increased, an accompanying trend has been an evolution towards larger, more capital intensive farms. As the number of people actively involved in farming decreases, manual labour is replaced through the increased use of equipment and automation. In the case of grain handling equipment, larger farms require larger, higher capacity augers and conveyors. To prevent potential costly downtime and to avoid taking the time to move such equipment around the farm, larger farms will often acquire multiple pieces of the same type of grain handling equipment.

The evolution of farming practices in North America has been cited for years as a positive fundamental for the grain storage, handling and conditioning market. Other areas of the world continue to evolve toward western farming practices, including major grain growing regions such as Eastern Europe and South America. Many of the same trends apparent in the North American market have emerged in these markets, and there has been a major effort to modernize infrastructure and utilize more sophisticated farming practices. The evolution of farming practices in these markets is expected to have a positive influence on the demand for grain handling, storage and conditioning equipment.

Modernization of Grain Handling and Storage Infrastructure

The United Nations has estimated that up to 15% of the global harvested crop is destroyed post-harvest due to pests, moisture and other losses. The Food and Agricultural Organization of the United Nations estimates the grain lost in transfer from harvest to the consumer totals at least 48 million tons globally, in large part due to inadequate handling and storage infrastructure. According to the US Agency for International Development, grain storage and processing practices remain primitive in many developing countries. In these countries, the emerging potential for grain storage and handling is driven by the high degree of spoilage from traditional farming practices. Accordingly, many developing markets are embarking on programs to modernize their grain handling, storage and conditioning infrastructure.

Agricultural Subsidies and Support

In the current environment of economic uncertainty, and as governments around the world attempt to establish fiscal restraints as a means of coping, approaches to agriculture subsidies and support are likely to differ. In developed countries, many governments have or are attempting to reduce support as part of their overall deficit reduction initiatives, but may face political pressure from farmers to continue support in some form. Government subsidies and support can have a significant impact on the financial health of farmers, which in turn can impact crop production volumes, as well as demand for agricultural equipment and other production inputs.

In Canada, the recent dissolution of the Canadian Wheat Board (CWB) has presented new challenges and opportunities to industry participants. While no one can yet predict the full nature, scope, magnitude and timing of the impacts, and expectations vary, some predictions include an acceleration of the evolution to larger farms and an increase in demand for on-farm storage (accompanied by more on-farm handling). In addition, the dissolution of the CWB may lead to increased investment in commercial infrastructure as grain handlers erect facilities to compete for crop supply throughout western Canada.

In the United States, the *Agricultural Act of 2014* (the "2014 Farm Bill") was signed into law by President Obama on February 7, 2014. The 2014 Farm Bill is comprehensive legislation to be in effect for the next five years which is intended, among other things, to expand markets for agricultural products in the United States and abroad, strengthen conservation efforts, create new opportunities for local and regional food systems and grow the bio-based economy. The 2014 Farm Bill may strengthen the US agricultural industry and have a positive impact on the financial health of US farmers, which in turn may positively impact crop production volumes, leading to an increased demand for agricultural equipment in both on-farm and commercial applications.

Food Security

Food shortages are a significant concern in many countries. As a result, having secure sources of food has become of increasing concern to governments, particularly for those countries that are significant importers of grains, and are in areas of the world where there is political instability. In some of these markets, the notion of having 'food reserves' has led to increased storage capacity requirements, which in turn has led to an increase in demand for grain storage and handling equipment. Similarly, food security issues are also driving more domestic production in countries that were historically importers, which has the potential to drive demand for on-farm storage and handling equipment.

Operating Companies

As a result of the historical development of the Company being largely driven by acquisitions, as well as the breadth of product offering of grain handling, storage and conditioning equipment, AGI currently has multiple operating entities through which it carries on its business. As of March 28, 2016, AGI had fifteen operating divisions, as detailed below.

Division	**Primary Location(s)**	**Founded**	**Acquired**	**Primary Products**
Batco	Swift Current, SK	1992	1997	Grain handling
REM GrainVac	Swift Current, SK	1985	2014	Grain handling
Wheatheart	Winnipeg, MB	1973	1998	Grain handling and fencing equipment
Westfield	Rosenort, MB	1950	2000	Grain handling
AGI Nobleford	Nobleford, AB	1991	2005	Grain conditioning/storage
Hi Roller	Sioux Falls, SD	1982	2006	Grain handling
Union Iron	Decatur, IL	1852	2007	Grain handling
Applegate	Union City, IN	1955	2008	Grain handling/Livestock
Mepu	Ylane, Finland	1952	2010	Grain conditioning

Division	Primary Location(s)	Founded	Acquired	Primary Products
Tramco	Wichita, KS	1967	2010	Grain handling
Airlanco	Falls City, NE	2000	2011	Grain conditioning and filtration
Westeel	Winnipeg, MB Saskatoon, SK Tisdale, SK Olds, AB	1905	2015	Storage
PTM	Este, Italy	1994	2015	Grain handling
Frame	Ozzano, Italy	1988	2015	Storage
VIS	Winnipeg, MB	2000	2015	Fertilizer handling and storage
Entringer	Assis, Brazil	1988	2016	Grain handling, conditioning and storage

Product Overview

AGI's product offering includes a wide range of grain handling, storage and conditioning equipment that is sold into markets spanning the agricultural commodity production and processing continuum. To meet the needs of its customer base, AGI has acquired or has organically developed products that service a range of capacity requirements. Smaller farms generally handle lower volumes of grain and have relatively low storage requirements. As farms become larger or corporate in nature, more grain storage capacity is required, and higher capacity handling and conditioning equipment is used. Commercial operations, including grain elevators and port facilities, as well as agricultural commodity processing operations, generally have the highest capacity requirements.

AGI's sales are reasonably diversified by product type, end market and geography. The table below describes the principal products manufactured by AGI.

Product Group	Description	Brands
Augers	Used to move grain during seeding, harvesting and conditioning, and at the time grain is shipped to market; Typical capacity: 40 - 265 Metric Tonnes ("MT"); Typical price range: $3,000 - $30,000	Westfield® Wheatheart®
Stationary Conveyors	Designed for installation in grain handling facilities, corn and soy processing facilities, and industrial operations; Typical capacity: 100 - 4,800 MT; Typical price range: $30,000 - $50,000	Hi Roller® Tramco ® PTM® Entringer®

Product Group	Description	Brands
Portable Belt Conveyors	Used as an alternative to augers, particularly for gentle handling applications; Typical capacity: 40 - 380 MT; Typical price range: $6,000 - $35,000	Batco® Westfield®
Grain Vacuums	Used primarily to unload grain from storage bins post-harvest. Typical capacity: 200 -250 MT; Typical price range: $25,000	REM GrainVac
Bucket Elevators; Drag Conveyors	Designed for installation in grain handling facilities, corn and soy processing facilities, large farms and industrial operations; Typical capacity: 25 - 2,000 MT; Typical price range: $20,000 - $75,000	Union Iron® Tramco® PTM® Entringer®
Temporary Grain Storage	Low cost re-locatable bulk grain storage systems, consisting of modular perforated panels that are typically used for short term storage of grain (less than one year) at commercial handling facilities; Typical capacity: 2,000 - 95,000 MT; Typical price range: $50,000 - $200,000	Union Iron® HSI®
Permanent grain storage	Corrugated flat bottom and hopper bottom grain storage bins / silos, welded hopper bottoms; Typical capacity: 45 - 10,210 MT; Typical price range: $3,000 - $50,000	Twister® Grain Guard® Mepu® Westeel® Frame® Entringer®
Fencing Equipment	Line of fencing equipment, including post hole augers and fence post drivers; Typical price range: $2,000 - $15,000	Wheatheart®
Livestock Management	Livestock gates and corral panels, hay feeders, bunk feeders, stock tanks, cold bio boxes, hot bio boxes, etc.; Typical price range: $100 - $25,000	Applegate® Mepu®
Aeration and Conditioning Equipment	Used for grain storage management, aeration, drying and conditioning of grain while in the bin; Typical price range: $1,000 - $100,000	Keho® Grain Guard® Mepu® Airlanco®
Storage Bin Unload Equipment	Used to move grain out of the storage bin; Typical capacity: 65 - 450 MT; Typical price range: $4,800 - $6,800	Applegate®
Other Equipment and Parts	Replacement parts and grain handling accessories. Typical price range: $300 - $20,000	AGI Metal Fab and all other AGI Divisions

Product Group	Description	Brands
Petroleum Storage Products	Fuel tanks from 290 L to over 235,000 L. Typical price range: $670 - $82,800	Westeel®
Fertilizer Handling and Storage Products	Designed for fertilizer handling facilities; Typical capacity: 20 – 750 MT. Typical price range $20,000 - $150,000	VIS®

Operations and Production

Facilities

AGI's facilities for manufacturing, warehousing and distribution are a combination of owned and leased locations.

Owned Facilities

Location	Operating Company	Primary Activity	Square Footage
Rosenort, MB	Westfield	Production	183,000
Swift Current, SK	Batco-Rem	Production	114,000
Nobleford, AB	AGI Nobleford	Production	186,000
Winnipeg, MB	AGI Metal Fab	Production	68,000
Winnipeg, MB	None	Held for sale	23,000
Horace, ND	Various	Warehouse	9,600
Union City, IN	Applegate	Production	160,000
Jefferson, IA	Applegate	Production	20,700
Sioux Falls, SD	Hi Roller	Production	120,000
Decatur, IL	Union Iron	Production	135,000
Decatur, IL	None	Held for sale	80,000
Wichita, KS	Tramco	Production	124,500
Poytya, Finland	Mepu	Production	78,800
Falls City, NE	Airlanco	Production	100,292
Winnipeg, MB	Westeel	Production	145,000
Saskatoon, SK	Westeel	Production	63,000
Olds, AB	Westeel	Production	34,000

Location	Operating Company	Primary Activity	Square Footage
Tisdale, AB	Westeel	Production	72,000
Regina, SK	Westeel	Held for sale	45,120
Este, Italy	PTM	Production	38,000
Oakbluff, MB	VIS	Production	30,000

Leased Facilities

Location	Operating Company	Activity	Square Footage
Exeter, ON	Various	Warehouse	17,000
Saskatoon, SK	Various	Warehouse	12,700
Oak Bluff, MB	AGI Innovation Centre	R&D	13,895
Boone, IA	Various	Warehouse	16,000
Decatur, IL	Union Iron	Production	55,200
Hull, England	Tramco	Production	21,000
Eura, Finland	Various	Warehouse	15,000
Fiesso, Italy	Frame	Production	228,625
Ozzano, Italy	Frame	Production	35,521

Other

In addition to those facilities listed above, AGI has stocking points for Westfield, Batco, Wheatheart and AGI Nobleford products in five Canadian locations and 21 US locations that are under warehousing arrangements with independent dealers.

Production Activities

All 18 of AGI's production facilities undertake similar manufacturing activities, including metal fabrication, welding, painting, sub-assembly, packaging, warehousing and shipping. As such, AGI is able to undertake a substantial amount of inter-divisional manufacturing in order to optimize capacity and minimize production costs. In addition, in larger divisions such as Westfield, AGI has been able to vertically integrate to reduce production costs and enhance gross margins, while also maximizing control over supply, reducing the risks of shipment delays and quality defects that can interrupt production.

AGI utilizes lean manufacturing practices, a manufacturing philosophy that endeavors to increase labour efficiency and production flexibility through the elimination of waste, a reduction in set-up and change-over times, and the empowerment of those on the shop floor to drive continuous improvement.

Many of AGI's production processes do not rely upon complex or expensive machinery. As such, these facilities and equipment are relatively inexpensive to maintain. However, in recent years AGI has invested in certain more expensive equipment including laser cutters and robotics to increase productivity and production capacity.

The bulk of AGI's products are produced and shipped in component form, with final assembly being completed by the distributor, dealer or contractor.

Employees

As of December 31, 2015, AGI had 1,667 employees.

Production Costs

AGI's production costs are reasonably diversified. In 2015, steel purchases totaled 24% of production costs, with significant volumes purchased from several different suppliers based on specific tendering requirements. Other major components such as drivelines, gearboxes, hydraulic motors, valves, winches, gasoline engines and belting represented 31% of production costs, and production labour represented 24% of production costs.

Steel and other inputs may be subject to wide price variations. The high volume of steel and major components purchased provides an opportunity for purchasing efficiencies. AGI manages its exposure to material and component price volatility by planning and negotiating significant purchases on an annual basis, and through the alignment of material input pricing with the terms of contractual sales commitments. AGI endeavours to pass through to customers, most, if not all, of the price volatility. However, there can be no assurance that industry dynamics will allow AGI to continue to reduce its exposure to volatility of production costs by passing through price increases.

Sales, Marketing and Distribution

For 2015, approximately 44% of AGI's sales were made in the United States and approximately 31% were made in Canada, with the remaining 25% of sales generated offshore. AGI's products are sold under well-established brands including Westfield®, Wheatheart®, Hi Roller®, Tramco®, Batco®, Rem®, Rem GrainVac®, Union Iron®, HSI®, Twister®, Grain Guard®, Applegate®, Mepu®, Keho® Airlanco, PTM, Westeel and VIS® and its operating companies have long-standing, positive reputations, which has a positive impact on customers' purchasing decisions. Furthermore, AGI's products are known for their quality and reliability, and are supported by strong after-sales service and support, engendering strong loyalty among the Company's customers, distributors and dealers.

Sales Function and Distribution System

AGI sells grain handling, storage and conditioning equipment to individual farmers, larger or corporate farms and commercial operations. The AGI product that is required to meet the needs of the specific customer is generally a function of the volume of grain or other agricultural commodities that they require to be moved, stored or conditioned.

AGI's products are distributed through dealers or directly to end customers. Lower capacity products that are applicable to individual, smaller farms are most often distributed through a dealer network. Where the application of these products relates to larger farms or commercial operations, the products are often supplied directly by AGI or through an independent contractor. Higher capacity grain handling equipment is often supplied directly by AGI or through an independent contractor, who is most often sourcing a number of products from AGI, including portable and stationary grain handling equipment, conditioning equipment and storage bins.

Through its network of independent dealers and distributors, AGI's product is distributed throughout North American and overseas. AGI has six warehouses in North America and one in Finland, as well as inventory stocking points at 25 strategic locations throughout its market areas to ensure ready supply across its geographically diversified distribution networks.

AGI's divisions have been selling product internationally for a number of years. As international sales are a large part of AGI's business, and are expected to be a key driver of future growth, AGI has a dedicated international sales group with primary responsibility for sales into overseas markets. Sales to these markets are coordinated by the international sales group, whether they be a single product type sold under one of AGI's brands, or a 'bundled' product offering that includes different products sold under different AGI brands. In addition to the Winnipeg based international sales group, AGI maintains sales resources in Finland, Latvia, Russia and Ukraine and has personnel dedicated to Central and South America. AGI insures the majority of its accounts receivable from customers outside of North America through Export Development Canada.

Marketing

AGI’s marketing and advertising strategy builds and maintains awareness of our vision to become the leading manufacturer of grain handling, conditioning and storage equipment. To achieve this vision, AGI uses various mediums to advertise its brands and project portfolio. Consumer advertising mediums include print, radio, outdoor, digital/online, point-of-sale signage, social media and tradeshows.

AGI’s marketing and advertising efforts are used to build brand and product awareness, increase sales and support key partnerships.

In 2015, marketing efforts centered around launching new websites for the majority of AGI’s brands including Batco, Hi Roller, Union Iron, Tramco, Twister, Grain Guard, Applegate and Rem. The new sites provide a customer-centric approach and showcase the most up-to-date technical information, features and benefits. The interactive features allow customers to select equipment that best suits their particular application.

Tradeshows continue to play a significant role in building brand awareness for awareness. AGI participates in approximately 85 tradeshows throughout the world, with a particular focus in North America. Tradeshows provide an excellent opportunity for AGI to generate targeted business leads, gather valuable feedback and ideas from customers (especially on new products), obtain an understanding of industry trends and strengthen AGI’s brand awareness.

Research and Development

AGI has a history of conceiving, designing and introducing attractive new products and enhancements to existing products, and has the capability to move new product concepts from the design phase to commercial implementation on a timely basis. In 2015, AGI leased a facility near Winnipeg, MB and established an Innovation Centre. The primary goals of the Innovation Centre are to improve focus on innovation and development of new technology, help ensure AGI sustains the increased level of product development needed to meet growth targets and capture engineering synergies with newly acquired companies & within existing product lines.

Intellectual Property

AGI regards certain aspects of its products and technology as proprietary. AGI relies on a combination of patents, trademarks and confidentiality agreements to protect its intellectual property. AGI has also entered into non-compete and confidentiality agreements with certain key employees and vendors from whom it has acquired businesses or product lines.

Environmental Matters

AGI’s operations are subject to a broad range of laws and regulations in Canada, the U.S. and offshore governing, among other things, air emissions, the management of contaminants and wastes (including the generation, handling, storage, transportation, treatment and disposal of contaminants and wastes), discharges to water and the remediation of environmental impacts (such as the contamination of soil and water, including groundwater). AGI may, for example, attract liability by operation of law, pursuant to an administrative proceeding or other regulatory control, or from a third party claim (such as from a neighbour) in the event that contaminants have been or are released into the environment, whether on AGI’s own property, or on other property where AGI has caused or permitted such release. AGI may also incur liability as a former owner, operator or person in control or management (such as a tenant) of a property or business operation after the sale or abandonment of the property or operation, for contaminants or wastes transported from, disposed of, deposited or released at, on or from a property or operation during the time that AGI operated or was in management or control of the property or operation. To date, expenditures for environmental matters have not had a material effect upon the business, financial condition, or results of operations of AGI. However, no assurance can be given that all environmental liabilities have been determined or accurately quantified, that AGI is not responsible for a material environmental condition not known to it, or that environmental laws and regulations will not change or be enforced in the future in a manner that will have an adverse effect on the business, financial conditions, or results of operations of AGI.

Competition

AGI faces competition in all aspects of its business, on dimensions that include scope of product offerings, distribution, quality and pricing. AGI's competitors include both large and small manufacturers of grain handling, storage and conditioning equipment. Competitive conditions, primary competitors and AGI's relative position vary along product lines.

The market for portable grain handling equipment is mostly domestic, with key markets and competitors being primarily in North America, particularly in the United States and western Canada. AGI's competition includes a relatively small number of companies, most of which are small and privately owned. AGI is the largest manufacturer of portable grain handling equipment in the world, and its large-scale, geographic diversification and strong manufacturing and distribution capabilities have provided it with a competitive advantage over smaller participants.

As previously discussed, the market for commercial grain handling equipment includes both 'commercial' grain handling operations (e.g. grain elevators and port terminals) as well as food processing operations and other industrial processors. Serving commercial grain handling operations is viewed as a logical extension for companies in the on-farm storage, handling and conditioning business. As a result, a number of companies in the portable grain handling business modify their product offerings or introduce new product offerings aimed at these customers. Commercial grain handling operations are also served by larger, multinational companies and the competition between these companies is generally more global in nature.

Competition in the domestic grain storage and conditioning market, like the portable grain handling market, is primarily North American based, and includes both large and small companies that are generally privately owned. While the North American market is mature, there is potential for significant demand in emerging markets such as CIS and South America as farming practices in these regions evolve to be more similar to North American practices, which includes the use of on-farm storage. These areas represent a significant area of opportunity, particularly for companies that can leverage their manufacturing experience from the North American market. Competition in these markets is primarily from the same North American based companies, although there are also locally based competitors in many of these regions, most significantly in South America.

To date, AGI believes that its focus on its core business and its entrepreneurial nature have positioned it well to compete with larger industry participants, while its large scale, geographic diversification and strong manufacturing and distribution capabilities have provided it with a competitive advantage over smaller participants.

RISKS AND UNCERTAINTIES

Risks Related to AGI's Business

The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of the following risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected.

Industry Cyclicality and General Economic Conditions

Our success depends substantially on the health of the agricultural industry. The performance of the agricultural industry, including the grain handling, storage and conditioning business, is cyclical. Sales of agricultural equipment generally are related to the health of the agricultural industry, which is affected by farm income, farm input costs, debt levels and land values, all of which reflect levels of agricultural commodity prices, acreage planted, crop yields, agricultural product demand, including crops used as renewable energy sources such as ethanol, government policies and government subsidies. Sales also are influenced by economic conditions, interest rate and exchange rate levels, and the availability of distributor and customer financing. Trends in the agricultural industry, such as farm consolidations, may affect the agricultural equipment market. In addition, weather conditions, such as floods, heat waves or droughts, can affect farmers’ buying decisions. Downturns in the agricultural industry due to these or other factors could vary by market and are likely to result in decreases in demand for agricultural equipment, which would adversely affect our sales, growth, results of operations and financial condition.

To the extent that the agricultural industry declines or experiences a downturn, this is likely to have a negative impact on the grain handling, storage and conditioning business, and the business of AGI. Among other things, the agricultural sector has in recent years benefited from an increase in crop production and investment in agricultural infrastructure including outside of North America. To the extent crop production declines or economic conditions result in a decrease in agricultural investment including in offshore markets, this is likely to have a negative impact on the agricultural industry in those markets and the business of AGI. In addition, if the ethanol industry declines or experiences a downturn, due to changes in governmental policies or otherwise, this is may have a negative impact on the demand for and prices of certain crops which may have a negative impact on the grain handling, storage and conditioning industry, and the business of AGI.

Future developments in the North American and global economies may negatively affect the demand for our products. Management cannot estimate the level of growth or contraction of the economy as a whole or of the economy of any particular region or market that we serve. Adverse changes in our financial condition and results of operations may occur as a result of negative economic conditions, declines in stock markets, contraction of credit availability, political instability or other factors affecting economic conditions generally.

Risk of Decreased Crop Yields

Decreased crop yields due to poor or unusual weather conditions, natural disasters or other factors are a significant risk affecting AGI. Both reduced crop volumes and the accompanying decline in farm incomes can negatively affect demand for grain handling, storage and conditioning equipment.

Potential Volatility of Production Costs

Our products include various materials and components purchased from others, some or all of which may be subject to wide price variation. Consistent with industry practice, AGI seeks to manage its exposure to material and component price volatility by planning and negotiating significant purchases on an annual basis, and through the alignment of material input pricing with the terms of contractual sales commitments. AGI endeavours to pass through to customers, most, if not all, material and component price volatility. There can be no assurance, however, that industry conditions will allow AGI to continue to reduce its exposure to volatility of production costs by passing through price increases to its customers. A significant increase in the price of any component or material, such as steel, could adversely affect our profitability.

Foreign Exchange Risk

AGI's consolidated financial statements are presented in Canadian dollars. AGI generates the majority of its sales in U.S. dollars and the remainder in Canadian dollars and other currencies including Euros, but a materially smaller proportion of its expenses are denominated in U.S. dollars and currencies other than the Canadian dollar. In addition, AGI denominates a portion of its long term borrowings in U.S. dollars as part of its foreign currency hedging strategy. Accordingly, fluctuations in the rate of exchange between the Canadian dollar and principally the U.S. dollar may significantly affect the Company’s financial results. If the Canadian dollar strengthens relative to the U.S. dollar, profit and adjusted EBITDA would decline whereas a weakening of the Canadian dollar relative to the U.S. dollar would increase profit and adjusted EBITDA. The Company regularly enters hedging arrangements as part of its foreign currency hedging strategy to partially mitigate the potential effect of fluctuating exchange rates. To the extent AGI enters into such hedging arrangements, it potentially foregoes the benefits that might result from a weakening of the Canadian dollar relative to the U.S. dollar or other currencies in which it generate sales and in addition may realize a loss on its forward foreign exchange contracts to the extent that the relevant exchange rates are above the contract rates at the date of maturity of the contracts. Conversely, to the extent that AGI does not fully hedge its foreign exchange exposure, it remains subject to the risk that a strengthening Canadian dollar relative to the U.S. dollar or other currencies in which it generates sales will adversely affect its financial results, which effects could be material to its business, prospects and financial condition.

Acquisition and Expansion Risk

AGI has historically expanded its operations by increasing the scope or changing the nature of operations at existing facilities and by acquiring or developing additional businesses, products and technologies in existing and new markets. There can be no assurance that the Company will continue to be able to identify, acquire, develop or profitably manage additional businesses, or successfully integrate any acquired business, products, or technologies into AGI's business, or increase the scope or change the nature of operations at existing facilities without substantial expenses, delays or other operational or financial difficulties. The Company's ability to increase the scope, or change the nature of, its operations or acquire or develop additional businesses may be impacted by its cost of capital and access to credit.

Acquisitions and expansions, including the acquisition of businesses or the development of manufacturing capabilities outside of North America, may involve a number of special risks including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, unanticipated market dynamics in new agricultural markets, added political and economic risk in other jurisdictions, risks associated with new market development outside of North America, and legal liabilities, some or all of which could have a material adverse effect on AGI's performance. In emerging markets, some of these (and other) risks can be greater than they might be elsewhere. In addition, there can be no assurance that an increase in the scope or a change in the nature of operations at existing facilities or that acquired or newly developed businesses, products, or technologies will achieve anticipated revenues and income. There is a risk that some or all of the expected benefits will fail to materialize, or may not occur within the time periods anticipated by management. The realization of some or all of such benefits may be affected by a number of factors, many of which are beyond the control of AGI.

The challenges involved in the integration of acquired businesses may include, among other things, the following:

- the necessity of coordinating both geographically disparate and geographically overlapping organizations;
- integration of information technology systems and resources;
- integrating the acquired business into AGI's accounting system and adjusting AGI's internal control environment to cover the operations of the acquired business;
- performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the acquisition; and
- unplanned costs required to integrate the businesses and achieve synergies.

Further, actual cost synergies, the expenses required to realize the cost synergies and the sources of the cost synergies anticipated in connection with acquisitions could differ materially from management's estimates. In light of these significant uncertainties, an investor should not place undue reliance on the estimated cost synergies.

The failure of the Company to manage its acquisition or expansion strategy successfully could have a material adverse effect on AGI’s results of operations and financial condition.

International Sales and Operations

A portion of AGI's sales are generated in overseas markets the majority of which are in emerging markets such as countries in Eastern Europe, including most significantly Ukraine and also Russia and Romania, as well as countries in Central and South America including Brazil, the Middle East and Southeast Asia. An important component of AGI's strategy is to increase its offshore sales and operations in the future. Sales and operations outside of North America, particularly in emerging markets, are subject to various additional risks, including: currency exchange rate fluctuations; foreign economic conditions; trade barriers; competition with North American and international manufacturers and suppliers; exchange controls; restrictions on dividends and the repatriation of funds; national and regional labour strikes; political risks; limitations on foreign investment; sociopolitical instability; fraud; risk of trade embargoes and sanctions prohibiting sales to specific persons or countries; risks of increases in duties; taxes and changes in tax laws; expropriation of property, cancellation or modification of contract rights, unfavourable legal climate for the collection of unpaid accounts; unfavourable political or economic climate limiting or eliminating support from export credit agencies; changes in laws and policies governing operations of foreign-based companies; as well as risks of loss due to civil strife and acts of war.

There is no guarantee that one or more of these factors will not materially adversely affect AGI’s offshore sales and operations in the future, which could have a material adverse effect on AGI’s results of operations and financial condition.

There have also been instances of political turmoil and other instability in some of the countries in which AGI operates, including most recently in Ukraine, which has and is currently experiencing political changes, civil unrest and military action, which are contributing to significant economic uncertainty and volatility. AGI continues to closely monitor the political, economic and military situation in Ukraine, and will seek to take actions to mitigate its exposure to potential risk events. However, AGI has no way to predict outcome of the situation in Ukraine. Continued unrest, military activities, or broader-based trade sanctions or embargoes, should they be implemented, could have a material adverse effect on our sales in Ukraine and Russia and other countries in the region, and a material adverse effect on our sales, growth, results of operations and financial condition.

Anti-Corruption Laws

The Company's business practices must comply with the *Corruption of Public Foreign Officials Act* (Canada) and other applicable similar laws. These anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage regardless of whether those practices are legal or culturally expected in a particular jurisdiction. These risks can be more acute in emerging markets. Recently, there has been a substantial increase in the global enforcement of anti-corruption laws. If violations of these laws were to occur, they could subject us to fines and other penalties as well as increased compliance costs and could have an adverse effect on AGI's reputation, business and results of operations and financial condition.

Agricultural Commodity Prices, International Trade and Political Uncertainty

Prices of agricultural commodities are influenced by a variety of unpredictable factors that are beyond the control of AGI, including weather, government (Canadian, United States and other) farm programs and policies, and changes in global demand or other economic factors. A decrease in agricultural commodity prices could negatively affect the agricultural sector, and the business of AGI. New legislation or amendments to existing legislation, including the *Energy Independence and Security Act in the U.S. of 2007* or the 2014 Farm Bill, may ultimately affect demand for the Company's products. The world grain market is subject to numerous risks and uncertainties, including risks and uncertainties related to international trade and global political conditions.

Competition

AGI experiences competition in the markets in which it operates. Certain of AGI's competitors have greater financial and capital resources than AGI. AGI could face increased competition from newly formed or emerging entities, as well as from established entities that choose to focus (or increase their existing focus) on AGI's primary markets. As the grain handling, storage and conditioning equipment sector is fragmented, there is also a risk that a larger, formidable competitor may be created through a combination of one or more smaller competitors. AGI may also face potential competition from the emergence of new products or technology.

Seasonality of Business

The agricultural equipment business is highly seasonal, which causes our quarterly results and our cash flow to fluctuate during the year. Our sales historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and our cash flow has been lower in the first three quarters of each calendar year, which may affect the ability of the Company to make cash dividends to shareholders, or the quantum of such dividends, if any. No assurance can be given that AGI's credit facility will be sufficient to offset the seasonal variations in AGI's cash flow.

Business Interruption

The operation of AGI's manufacturing facilities are subject to a number of business interruption risks, including delays in obtaining production materials, plant shutdowns, labour disruptions and weather conditions/natural disasters. AGI may suffer damages associated with such events that it cannot insure against or which it may elect not to insure against because of high premium costs or other reasons. For instance, AGI's Rosenort facility is located in an area that is often subject to widespread flooding, and insurance coverage for this type of business interruption is limited. AGI is not able to predict the occurrence of business interruptions.

Litigation

In the ordinary course of its business, AGI may be party to various legal actions, the outcome of which cannot be predicted with certainty. One category of potential legal actions is product liability claims. Farming is an inherently dangerous occupation. Grain handling, storage and conditioning equipment used on farms or in commercial applications may result in product liability claims that require insuring of risk and management of the legal process.

Dependence on Key Personnel
AGI's future business, financial condition, and operating results depend on the continued contributions of certain of AGI's executive officers and other key management and personnel, certain of whom would be difficult to replace.

Labour Costs and Shortages
The success of AGI's business depends on a large number of both hourly and salaried employees. Changes in the general conditions of the employment market could affect the ability of AGI to hire or retain staff at current wage levels. The occurrence of either of these events could have an adverse effect on the Company's results of operations.

Distribution, Sales Representative and Supply Contracts
AGI typically does not enter into written agreements with its dealers, distributors or suppliers in North America. As a result, such parties may, without notice or penalty, terminate their relationship with AGI at any time. In addition, even if such parties should decide to continue their relationship with AGI, there can be no guarantee that the consideration or other terms of such contracts will continue on the same basis.

AGI often enters into supply agreements with customers outside of North America. These contracts may include penalties for non-performance including in relation to product quality, late delivery and in some cases project assembly services. In addition, contractual commitments negotiated with foreign customers conducted in languages other than English may increase the likelihood of disputes with respect to agreed upon commitments. In the event AGI fails to perform to the standards of its contractual commitments, it could suffer a negative financial impact, which in some cases could be material.

Availability of Credit
AGI's credit facility matures on May 19, 2019 and is renewable at the option of the lenders. There can be no guarantee the Company will be able to obtain alternate financing and no guarantee that future credit facilities will have the same terms and conditions as the existing facility. This may have an adverse effect on the Company, its ability to pay dividends and the market value of its Common Shares and other securities. In addition, the business of the Company may be adversely impacted in the event that the Company's customers do not have access to sufficient financing to purchase AGI's products and services. Sales related to the construction of commercial grain handling facilities, sales to developing markets, and sales to North American farmers may be negatively impacted.

Interest Rates
AGI's term and operating credit facilities bear interest at rates that are in part dependent on performance based financial ratios. The Company's cost of borrowing may be impacted to the extent that the ratio calculation results in an increase in the performance based component of the interest rate. To the extent that the Company has term and operating loans where the fluctuations in the cost of borrowing are not mitigated by interest rate swaps, the Company's cost of borrowing may be impacted by fluctuations in market interest rates.

Operating Hazards
AGI's revenue is dependent on the continued operation of its facilities. The operation of facilities involves risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies.

AGI's operations are also subject to various hazards incidental to the production, use, handling, processing, storage and transportation of certain hazardous materials. These hazards can cause fatal personal injury, severe damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or their timing.

Uninsured and Underinsured Losses

AGI uses its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on its assets and operations at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets or cover the cost of a particular claim.

AGI obtains insurance for certain of its accounts receivables outside of North America while assuming a percentage of the risk, most often 10% of the insured amount. In the event that AGI is unable to collect on its accounts receivables outside of North America, the Company will incur financial losses related to the uninsured portion.

Income Tax Matters

Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which AGI operates and judgments as to their interpretation and application to AGI's specific situation. The amount and timing of reversals of temporary differences also depends on AGI's future operating results, acquisitions and dispositions of assets and liabilities. The business and operations of AGI are complex and AGI has executed a number of significant financings, acquisitions, reorganizations and business combinations over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors as well as AGI's interpretation of and compliance with relevant tax legislation and regulations. While AGI believes that its' existing and proposed tax filing positions are probable to be sustained, there are a number of existing and proposed tax filing positions that are or may be the subject of review by taxation authorities. Therefore, it is possible that additional taxes could be payable by AGI and the ultimate value of AGI's income tax assets and liabilities could change in the future and that changes to these amounts could have a material adverse effect on AGI and its financial results.

Leverage, Restrictive Covenants

The degree to which AGI is leveraged could have important consequences to shareholders, including: (i) the ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) a material portion of AGI's cash flow from operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations and to pay dividends; (iii) certain of the borrowings under the Company's credit facility may be at variable rates of interest, which exposes AGI to the risk of increased interest rates; and (iv) AGI may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. AGI's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The ability of AGI to pay dividends or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing its indebtedness, including the Company's credit facility and note purchase agreement. AGI's credit facility and note purchase agreements contain restrictive covenants customary for agreements of this nature, including covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of AGI to incur additional indebtedness, to pay dividends or make certain other payments and to sell or otherwise dispose of material assets. In addition, the credit facility and note purchase agreements contain a number of financial covenants that will require AGI to meet certain financial ratios and financial tests. A failure to comply with these obligations could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness and trigger financial penalties including a make-whole provision in the note purchase agreement. If the indebtedness under the credit facility and/or note purchase agreements were to be accelerated, there can be no assurance that the assets of AGI would be sufficient to repay in full that indebtedness. There can also be no assurance that the credit facility or any other indebtedness of the Company will be able to be refinanced.

Information Systems, Privacy and Data Protection

Security breaches and other disruptions to AGI's information technology infrastructure could interfere with AGI's operations and could compromise AGI's and its customers' and suppliers' information, exposing AGI to liability that would cause AGI's business and reputation to suffer.

In the ordinary course of business, AGI relies upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing and collection of payments from dealers or other purchasers of AGI equipment. AGI uses information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements.

Additionally, AGI collects and stores sensitive data, including intellectual property, proprietary business information and the proprietary business information of AGI's customers and suppliers, as well as personally identifiable information of AGI's customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks and the processing and maintenance of this information is critical to AGI's business operations and strategy. Despite security measures and business continuity plans, AGI's information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise AGI's networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage AGI's reputation, which could adversely affect AGI's business.

Labour Relations

AGI's workforce is comprised of both unionized and non-union employees. With respect to those employees that are covered by collective bargaining agreements, there can be no assurance as to the outcome of any negotiations to renew such agreements on satisfactory terms. Failure to renegotiate collective bargaining agreements could result in strikes, work stoppages or interruptions, and if any of these events were to occur, they could have a material adverse effect on AGI's reputation, operations and financial performance. If non-unionized employees become subject to collective agreements, the terms of any new collective agreements would have implications for the affected operations, and those implications could be material.

Environmental

Due to the nature of its operations, AGI is subject to environmental laws relating to, among other things, air emissions, the management of contaminants and wastes (including the generation, handling, storage, transportation, treatment and disposal of contaminants and wastes), discharges to water and the remediation of environmental impacts. No assurance can be given that all environmental liabilities have been determined or accurately quantified, that AGI is not responsible for a material environmental condition not known to it, or that environmental laws and regulations will not change or be enforced in the future in a manner that will have an adverse effect on the business, financial condition or results of operations of AGI.

Climate Change

AGI recognizes climate change as an important environmental issue facing society. Accordingly, AGI is committed to responsibly managing the regulatory and physical impacts of climate change on its business. AGI believes that it is unlikely that changes to regulations would result in direct material changes to AGI’s operations and/or costs; however, AGI recognizes that environmental risks are important from the perspective of corporate social responsibility. Poorly executed environmental performance could have negative legal or community relations impacts. In addition, AGI recognizes that many of its customers and suppliers operate businesses that will face new regulations in the near future. Changes to suppliers’ operations to comply with new regulations could result in higher material costs to AGI. Physical changes of climate change could cause variations in agricultural yields and growing seasons, which may reduce demand from agricultural customers.

Additional Risks Related to the Common Shares

Cash Dividends are not Guaranteed

Future dividend payments by AGI and the level thereof is uncertain, as AGI's dividend policy and the funds available for the payment of dividends from time to time are dependent upon, among other things, operating cash flow generated by AGI and its subsidiaries, financial requirements for AGI's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond AGI’s control.

AGI May Issue Additional Common Shares Diluting Existing Shareholders’ Interests

The Company is authorized to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Directors without the approval of shareholders, except as may be required by the TSX. In addition, the Company may, at its option, satisfy its obligations with respect to the interest payable on the Debentures and the repayment of the face value of the Debentures through the issuance of Common Shares. Accordingly, holders of Common Shares may suffer dilution.

Assumption of Liabilities, Survivability of Representations and Warranties and Indemnification
AGI assumed certain liabilities arising out of or related to the Westeel Business, and agreed to indemnify the counterparties to the Westeel Acquisition for, among other matters, such liabilities. There also may be liabilities that AGI failed to discover or was unable to quantify during its due diligence and which could have a material adverse effect on AGI's business, financial condition or future prospects. In addition, other than pursuant to certain limited exceptions, none of the representations and warranties of the counterparties under the Arrangement Agreement or the related asset transfer agreement (the "Asset Transfer Agreement") survived closing of the Westeel Acquisition and as such the related indemnifications set forth in the Asset Transfer Agreement may not apply or may be insufficient so as to fully indemnify AGI for a breach of any such representations and warranties. Accordingly, there can be no assurance of adequate recovery by AGI from the counterparties for any breach of their representations, warranties and covenants under the Arrangement Agreement or Asset Transfer Agreement, or that such parties will have the financial ability to satisfy any obligations related to such a breach.

In addition, AGI has agreed to indemnify one of the counterparties to the Westeel Acquisition in certain circumstances for certain tax liabilities that may be incurred in the event the transactions contemplated by the Arrangement Agreement do not result in an increase in the cost amount of certain Westeel entities to their fair market value for purposes of the Income Tax Act (Canada) such that no taxable gain is realized on the sale thereof to AGI in accordance with the Arrangement Agreement as well as for certain potential tax liabilities associated with the Westeel Business. Although AGI and the other parties to the Arrangement Agreement have taken measures to mitigate the possibility of such events and taxes occurring, no assurance can be given that these measures will be successful and that AGI will not be required to indemnify the counterparty, as such indemnification could result from actions, omissions or errors of the counterparties or third parties outside of the control of AGI and the other counterparties.

Additional Risks Related to the Debentures

Market for Debentures
The market price of the 2013, 2014 and 2015 Debentures (collectively, the “Debentures”) may be volatile and subject to wide fluctuations and will be based on a number of factors, including: (i) the prevailing interest rates being paid by companies similar to the Company; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Company; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Common Shares; (viii) changes in the industry in which the Company operates and competition affecting the Company; and (ix) general market and economic conditions in North America and globally. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Prior Ranking Indebtedness
The Debentures are subordinate to all Senior Indebtedness (as defined in the applicable debenture indenture governing the Debentures (each a "Debenture Indenture")) of the Company and to any indebtedness of trade creditors of the Company. The Debentures are also effectively subordinate to claims of creditors of the Company's subsidiaries for payment of which the

Company is responsible or liable, whether absolutely or contingently. Therefore, if the Company becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Company's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

Absence of Covenant Protection
The Debenture Indentures do not restrict the Company from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness. Nor do the Debenture Indentures prohibit or limit the ability of the Company to pay dividends, except where an Event of Default (as defined in the Debenture Indentures) has occurred and such default has not been cured or waived. The Debenture Indentures do not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Company.

Prevailing Yields on Similar Securities
Prevailing yields on similar securities may affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures may decline as prevailing yields for similar securities rise, and may increase as prevailing yields for similar securities decline.

Credit Risk
The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Company and its creditworthiness.

Redemption Prior to Maturity
The Debentures may be redeemed, at the option of the Company, prior to maturity, subject to certain conditions, at a price equal to the principal amount thereof plus accrued and unpaid interest. Holders of Debentures should understand that this redemption option may be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interests of the Company to redeem the Debentures.

Change of Control
The Company will be required to make an offer to purchase all of the outstanding Debentures for cash in the event of certain transactions that would constitute a Change of Control (as defined in the Debenture Indentures). The Company cannot assure holders of Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Company's ability to purchase the Debentures in such an event may be limited by law, by the Debenture Indentures governing the Debentures, by the terms of other present or future agreements relating to the Company's credit facilities and other indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the Company's future debt. The Company's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the Company of the Debentures without the consent of the lenders or other parties thereunder. If the Company's obligation to offer to purchase the Debentures arises at a time when the Company is prohibited from purchasing or redeeming the Debentures, the Company could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Company does not obtain a consent or refinance

these borrowings, the Company could remain prohibited from purchasing the Debentures. The Company's failure to purchase the Debentures would constitute an Event of Default under the Debenture Indentures, which might constitute a default under the terms of the Company's other indebtedness at that time.

In the event that holders of a series of Debentures holding 90% or more of the Debentures of such series have tendered their Debentures for purchase pursuant to the Debenture Offer (as defined in the Debenture Indentures), the Company may redeem the remaining Debentures of such series on the same terms. In such event, the conversion privilege associated with that series of Debentures would be eliminated.

Conversion Following Certain Transactions

Pursuant to the Debenture Indentures, in the event of certain transactions each Debenture will become convertible into the securities, cash or property receivable by a shareholder in accordance with such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Debentures. For example, if the Company were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the Company's future prospects and other factors.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders of Debentures to sell the Debentures at an advantageous price and may result in greater volatility in the market price of the Debentures than would otherwise be expected for non-convertible securities. Market price fluctuations in the Common Shares may be due to actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Company, the Company's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Forward-Looking Statements" and "Risks and Uncertainties". In addition, the market price for securities in the stock markets have at times experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Debentures and the Common Shares.

Change in Tax Laws

The Debenture Indentures do not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that the Company is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. At present, no amount is required to be withheld from such payments to holders of Debentures resident in Canada or in the United States who deal at arm's length with the Company, but no assurance can be given that, in the future, applicable income tax laws or treaties will not be changed in a manner that may require the Company to withhold amounts in respect of tax payable on such amounts.

DIRECTORS AND EXECUTIVE OFFICERS

The name and jurisdiction of residence of each of the Directors and executive officers of the Company (along with their respective positions and offices held with the Company and their respective principal occupation) as of March 28, 2016, is as follows:

Name and Residence	Office and Principal Occupation
Gary Anderson Manitoba, Canada	Director Special advisor to the Company
Tim Close Toronto, Canada	Director President and Chief Executive Officer of AGI
Janet P. Giesselman Colorado, U.S.A.	Director Corporate Director
Bill Lambert Ontario, Canada	Director Chair of the Board Corporate Director
Bill Maslechko Alberta, Canada	Director Partner, Burnet Duckworth & Palmer LLP (a law firm)
Malcolm F. Moore Florida, U.S.A.	Director Executive Vice President – Operations of Twin Disc, Incorporated (a Wisconsin based public company involved with power transmission equipment).
David White, CPA, CA, ICD.D Pennsylvania, U.S.A.	Director CEO, First Call Services LLC (a private holding company and advisory firm).
Steve Sommerfeld, CPA, CA Saskatchewan, Canada	Executive Vice-President, Chief Financial Officer and Corporate Secretary of AGI
Ron Braun Manitoba, Canada	Senior Vice President, Farm of AGI
Dan Donner Manitoba, Canada	Senior Vice President, Commercial of AGI
Paul Franzmann, CPA, CA Manitoba, Canada	Senior Vice President, Special Projects of AGI
Ryan Kipp Manitoba, Canada	Vice President, Legal and General Counsel of AGI

All of the individuals named above have had the same principal occupations with the organizations listed opposite their respective names for the last five years, other than: (i) Mr. Close, who was appointed Chief Executive Officer of the Company on January 1, 2016 and has been President of the Company since March 2015, was Vice President, Strategic Development of the Company from August 2012 to March 2015, and prior thereto was Senior Vice President at Macquarie Capital, a global investment bank, for nine years; (ii) Mr. Anderson, who became special advisor to AGI following his resignation as Chief Executive Officer of the Company effective January 1, 2016; (iii) Mr. Moore, who was Non Executive Chair of Digi-Star Investments LLC ("Digi-Star") from November 2011 to November 2012, Executive Chair of Digi-Star from November 2012 until June 2013, Chief Executive Officer of Digi-star from June 2013 to May 2015, and Executive Vice President – Operations of Twin Disc, Incorporated since July 2015; (iv) Mr. White who was Chief Executive Officer of Transcare Inc. (a medical transportation company) from August 2007 to February 2012; (v) Mr. Kipp, who prior to his appointment as Vice President, Legal and General Counsel of AGI on January 5, 2016, was Counsel at Imperial Oil Limited/ExxonMobil Canada from 2008; (vi) Mr. Braun, who prior to his appointment as Senior Vice-President Farm in November 2015 was Vice-President, Portable Grain Handling at AGI; (vii) Mr. Donner, who prior to his appointment as Senior Vice-President Commercial in November 2015 was Senior Vice-President, Sales and Marketing at AGI; and (viii) Mr. Franzmann, who prior to his appointment as Senior Vice-President, Special Projects in November 2015 was Senior Vice-President, Operations at AGI.

Mr. Anderson was appointed as a Director on May 9, 2006, Mr. Maslechko was appointed a Director on November 9, 2006, Messrs. Lambert and White were appointed Directors on November 27, 2006, Ms. Giesselman and Mr. Moore were appointed as Directors on March 14, 2013 and Mr. Close was appointed as a Director on March 9, 2016**.** The term of office of all Directors expires at the next annual meeting of the Company.

The Directors of the Company have established an Audit Committee (Ms. Giesselman and Messrs. Lambert, Moore and White (Chair)), a Corporate Governance Committee (Ms. Giesselman and Messrs. Moore (Chair) and White) and a Compensation and Human Resources Committee (Ms. Giesselman (Chair) and Messrs. Moore and White).

At March 28, 2016, the Directors and executive officers of AGI beneficially owned or exercised control or direction over, directly or indirectly, 427,339 Common Shares or 2.9% of the issued and outstanding Common Shares.

To the knowledge of the Company, except as set forth below, none of the individuals named above (a) is, as at the date hereof, or has been, within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Prior to the Conversion and its acquisition of all of the outstanding trust units of the Fund, the Company was engaged in a different business and was subject to an order providing creditor protection under the CCAA, which order was discharged in connection with the completion of the Conversion.

To the knowledge of the Company, none of the individuals named above nor any personal holding company owned or controlled by any of them (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

AUDIT COMMITTEE

Audit Committee Charter

The Company's Audit Committee charter is attached as Appendix I to this Annual Information Form.

Composition of the Audit Committee

The Company's Audit Committee is comprised of four Directors, Ms. Giesselman and Messrs. Lambert, Moore and White.

Each member of the Audit Committee is "independent" and "financially literate" for the purposes of National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110").

Education and Experience of the Members of the Audit Committee

The following is a summary of the relevant education and experience of each of the Directors who are members of the Audit Committee.

Ms. Giesselman retired as the President of Dow Oil and Gas, a division of The Dow Chemical Company in December 2010. She has served on the board of directors and/or the audit and finance committees of several other public and private companies, including serving as the audit committee chair. She has more than 30 years' experience working for large international public companies.

Mr. Lambert retired as a Special Partner to Birch Hill Equity, a Canadian private equity investment firm, in December 2009 and serves on the board and/or the audit committee of several other public and private entities. Mr. Lambert has an extensive financial background including a number of years in the banking sector prior to his involvement in private equity.

Mr. Moore is currently the Executive Vice President – Operations of Twin Disc, Incorporated, a Wisconsin based public company involved with power transmission equipment. Prior to this, he was President and CEO of Digi-Star Investments LLC., a portfolio holding of the U. S. based private equity firm Baird Capital. Prior to joining Digi-Star Mr. Moore served as President and CEO of Gehl Company where he also held the position of Chief Financial Officer. He has previously served on the Audit and Finance committees of publicly held Twin Disc Inc. where he remains an active Director. He holds a Masters of Business Administration degree from Northwestern University.

Mr. White has been a chartered accountant since 1978 and received his ICD.D designation from the Institute of Corporate Directors in 2013. He has held a number of senior financial and operating positions in the packaging, transportation and healthcare industries. He is CEO of First Call Services LLC, a private holding company and advisory firm. He also serves as a board advisor of multiple private companies. Prior to First Call Service he was CEO of TransCare Inc., a medical transportation company. Prior to TransCare he was President and Chief Operating officer and a director of Student Transportation of America a TSX listed company where prior to becoming President he was an independent director and served on its audit committee.

The Directors of the Company believe that the education and experience of each of the members of the Audit Committee provide such members with:

- an understanding of the accounting principles used by the Company to prepare its financial statements,
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves,
- experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and
- an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions set out in sections 2.4, 3.2, 3.4, Part 8, subsection 3.3(2) or section 3.6 of NI 52-110, nor has the Company relied on section 3.8 of NI 52-110.

Audit Committee Oversight

Since January 1, 2015, there has been no recommendation of the Audit Committee to nominate or compensate the external auditor of the Company that was not adopted by the Directors of the Company.

Pre-Approval Policies and Procedures

The Company's policy regarding the pre-approval of non-audit engagements performed by its external auditor is set out in Appendix I to this Annual Information Form.

External Audit Service Fees

Audit Fees

The aggregate audit fees charged by the Company's external auditor during the fiscal year ended December 31, 2015 were $989,760 (2014 - $775,695). The charges in both years relate to audit fees for the Company's December 31 financial statements, the review of the March 31, June 30, and September 30 interim quarterly financial statements and statutory audits in Finland.

Audit Related Fees

The aggregate fees charged for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and not reported under "Audit Fees" above during the fiscal year ended December 31, 2015 were $390,000 (2014 - $200,000). The services performed relate to acquisition related procedures and prospectus procedures related to AGI's offerings of Debentures.

Tax Fees

The aggregate fees charged for professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning during the fiscal year ended December 31, 2015 were $224,635 (2013- $390,561). The services performed related to tax planning, the preparation of tax filings and due diligence related to the Company's acquisitions.

All Other Fees

The aggregate fees charged for all other services provided by the Company's external auditor during the fiscal year ended December 31, 2015 were $Nil (2014 - $215,000). The services performed related to due diligence on the Company's acquisitions.

DIVIDENDS

AGI's current dividend policy is to pay cash dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Board reviews financial performance and other factors when assessing dividend levels. An adjustment to dividend levels may be made at such time as the Board determines an adjustment to be in the best interest of the Company. There can be no guarantee that AGI will maintain its current dividend policy. As a CBCA corporation, the Company's dividend policy and any payment of dividends must comply with the requirements of the CBCA, including the satisfaction of the solvency test contained therein.

For the year ended December 31, 2015, AGI declared dividends of $2.40 per Common Share (2014 - $2.40; 2013 - $2.40).

There are restrictions limiting the amount of dividends that can be paid under the Credit Facility and the Secured Notes. Specifically, the Company is restricted from declaring dividends if the financial covenants with its lenders are in default. As at the date hereof, the Company is not in default of any of its financial covenants.

The most significant financial covenants under the Credit Facility are described in the Company's management's discussion and analysis for the year ended December 31, 2015 (the "2015 MD&A")

within the section entitled "Capital Resources"", which is incorporated by reference herein. A copy of the 2015 MD&A is filed on SEDAR at www.sedar.com.

CAPITAL STRUCTURE

Share Capital

The authorized share capital of AGI consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, issuable in series.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares, the First Preferred Shares and the Second Preferred Shares.

Common Shares

Each Common Share entitles the holder to receive notice of, to attend, and to one vote at, all meetings of the shareholders of AGI, except meetings of holders of another class of shares. The holders of Common Shares are, at the discretion of the Board and subject to the preferences accorded to any shares of AGI ranking senior to the Common Shares from time to time with respect to the payment of dividends, entitled to receive any dividends declared by the Board on the Common Shares. The holders of Common Shares are also entitled, subject to the preferences accorded to holders of any shares of AGI ranking senior to the Common Shares from time to time, to share equally, share for share, in any distribution of the assets of AGI upon the liquidation, dissolution, bankruptcy or winding-up of AGI or other distribution of its assets among its shareholders for the purpose of winding-up its affairs (a "Distribution").

Preferred Shares

First Preferred Shares

Subject to certain limitations described below, the Board may at any time and from time to time issue the First Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. The Board may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of First Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a Distribution; the extent, if any, of further participation on a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. No First Preferred Shares of any series shall be issued at any time if, as a result of such issuance: (i) the aggregate number of First Preferred Shares and Second Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of Common Shares then outstanding; or (ii) the maximum aggregate number of Common Shares into which all of the First Preferred Shares and Second Preferred Shares that would then be outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of Common Shares then outstanding; or (iii) the aggregate number of votes which the holders of all of the First Preferred Shares and the holders of all of the Second Preferred Shares that would then be outstanding would be entitled to cast (regardless of any conditions) at any meeting of the shareholders of the Corporation (other than a meeting at which only holders of the First Preferred Shares and/or Second Preferred Shares or any series thereof are entitled to vote) would exceed

20% of the aggregate number of votes which the holders of all of the Common Shares then outstanding would be entitled to cast at any such meeting.

In the event of a Distribution, holders of each series of First Preferred Shares shall be entitled, in priority to holders of Common Shares, Second Preferred Shares and any other shares of the Corporation ranking junior to the First Preferred Shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of First Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution.

The holders of each series of First Preferred Shares shall be entitled, in priority to holders of Common Shares, Second Preferred Shares and any other shares of the Corporation ranking junior to the First Preferred Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of First Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

Second Preferred Shares

Subject to certain limitations described below, the Board may at any time and from time to time issue the Second Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. The Board may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Second Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a Distribution; the extent, if any, of further participation on a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. No Second Preferred Shares of any series shall be issued at any time if, as a result of such issuance: (i) the aggregate number of First Preferred Shares and Second Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of Common Shares then outstanding; or (ii) the maximum aggregate number of Common Shares into which all of the First Preferred Shares and Second Preferred Shares that would then be outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of Common Shares then outstanding; or (iii) the aggregate number of votes which the holders of all of the First Preferred Shares and the holders of all of the Second Preferred Shares that would then be outstanding would be entitled to cast (regardless of any conditions) at any meeting of the shareholders of the Corporation (other than a meeting at which only holders of the Second Preferred Shares and/or First Preferred Shares or any series thereof are entitled to vote) would exceed 20% of the aggregate number of votes which the holders of all of the Common Shares then outstanding would be entitled to cast at any such meeting.

In the event of a Distribution, holders of each series of Second Preferred Shares shall be entitled, subject to the preference accorded to holders of First Preferred Shares but in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Second Preferred Shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of Second Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution.

The holders of each series of Second Preferred Shares shall be entitled, subject to the preference accorded to the holders of First Preferred Shares but in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Second Preferred Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of Second Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

2015 Debentures

In September 2015, the Company issued $75 million aggregate principal amount of convertible unsecured subordinated debentures (the "2015 Debentures") at a price of $1,000 per 2015 Debenture. The 2015 Debentures bear interest at an annual rate of 5.00% payable semi-annually on June 30 and December 31. Each 2015 Debenture is convertible into Common Shares of the Company at the option of the holder at a conversion price of $60.00 per share. The maturity date of the 2015 Debentures is December 31, 2020.

On and after December 31, 2018 and prior to December 31, 2019, the 2019 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2019, the 2015 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, subject to regulatory approval and provided that no event of default has occurred, elect to satisfy its obligation to pay the principal amount of the 2015 Debentures, in whole or in part, by issuing and delivering for each $100 due that number of freely tradeable Common Shares obtained by dividing $100 by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash. The Company may also elect, subject to any required regulatory approval and provided that no event of default has occurred, to satisfy all or part of its obligation to pay interest on the 2015 Debentures by delivering sufficient freely tradeable Common Shares to satisfy its interest obligation.

The 2015 Debentures trade on the TSX under the symbol AFN.DB.C.

2014 Debentures

In December 2014, the Company issued $51.8 million aggregate principal amount of extendible convertible unsecured subordinated debentures (the "2014 Debentures") at a price of $1,000 per 2014 Debenture. The 2014 Debentures bear interest at an annual rate of 5.25% payable semi-annually on June 30 and December 31. Each 2014 Debenture is convertible into Common Shares of the Company at the option of the holder at a conversion price of $65.57 per share.

On and after December 31, 2017 and prior to December 31, 2018, the 2014 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2018, the 2014 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, subject to regulatory approval and provided that no event of default has occurred, elect to satisfy its obligation to pay the principal amount of the 2014 Debentures, in whole or in part, by issuing and delivering for each $100 due that number of freely tradeable Common Shares obtained by dividing $100 by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash. The Company may also elect, subject to any required regulatory approval and provided that no event of default has occurred, to satisfy all or part of its obligation to pay interest on the 2014 Debentures by delivering sufficient freely tradeable Common Shares to satisfy its interest obligation.

The 2014 Debentures trade on the TSX under the symbol AFN.DB.B.

2013 Debentures

In December 2013 the Company issued $86.2 million aggregate principal amount of convertible unsecured subordinated debentures (the "2013 Debentures") at a price of $1,000 per debenture. The 2013 Debentures bear interest at an annual rate of 5.25% payable semi-annually on June 30 and December 31. Each 2013 Debenture is convertible into Common Shares at the option of the holder at a conversion price of $55.00 per Common Share. The maturity date of the 2013 Debentures is December 31, 2018.

On and after December 31, 2016 and prior to December 31, 2017, the 2013 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2017, the 2013 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, subject to regulatory approval and provided that no event of default has occurred, elect to satisfy its obligation to pay the principal amount of the 2013 Debentures, in whole or in part, by issuing and delivering for each $100 due that number of freely tradeable Common Shares obtained by dividing $100 by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash. The Company may also elect, subject to any required regulatory approval and provided that no event of default has occurred, to satisfy all or part of its obligation to pay interest on the 2013 Debentures by delivering sufficient freely tradeable Common Shares to satisfy its interest obligation.

The 2013 Debentures trade on the TSX under the symbol AFN.DB.A.

Secured Notes

The Company has issued US $25.0 million and CAD $25.0 million aggregate principal amount of secured notes through a note purchase and private shelf agreement (the "Series A and Series B Secured Notes"). The Series A Secured Notes were issued on October 29, 2009, are non-amortizing, bear interest at 6.8% payable quarterly and mature on October 29, 2016. The Series B Secured Notes were issued on May 22, 2015, are non-amortizing, bear interest at 4.4% payable quarterly and mature on May 22, 2025. AGI is subject to certain financial covenants in respect of the Series A and Series B Secured Notes, including a maximum leverage ratio and a minimum debt service ratio, and is in compliance with all financial covenants. Collateral for the Secured Notes, the Credit Facility (defined below) and the Term Loans A and B (described below) rank pari passu and include a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

Credit Facility and Term Loans A and B

The Company has a credit facility (the "Credit Facility") with a syndicate of Canadian chartered banks that includes committed revolver facilities of $105.0 million and U.S. $45.0 million and operating facilities of $20.0 million and U.S. $5.0 million . Amounts drawn under the Credit Facility bear interest at prime plus 0.2% to prime plus 1.75% per annum based on performance calculations. As at December 31, 2015, no amounts were outstanding under the Credit Facility. The Credit Facility matures May 19, 2019. Collateral for the Credit Facility ranks pari passu with the Series A and B Secured Notes and the Term A and Term B secured loans and includes a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

The Company also has secured Term Loans A and B with the same chartered banks with which it has the Credit Facility. The Term A secured loan is non-amortizing, was issued on May 20, 2015 and matures on May 19, 2019. The Term A secured loan bears interest at BA plus 2.5% per annum based on performance calculations. Interest on the loan has been fixed at 3.8% through an interest rate swap contract. The Term B secured loan is non-amortizing, was issued on May 20, 2015 and matures on May 19, 2022. The Term B secured loan bears interest at BA plus 2.5% per annum based on performance calculations. Interest on the non-amortizing loan has been fixed at 4.3% through an interest rate swap contract. Collateral for the Term A and Term B secured loans and the Series A and Series B Secured Notes ranks pari passu and includes a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol "AFN". The following table sets out the high and low trading price, and total number of Common Shares traded, during each month in 2015, as reported by the TSX.

	January	February	March	April	May	June
High	57.85	55.05	57.93	53.47	55.04	52.35

Low	51.65	50.26	50.95	48.59	49.30	46.10
Volume	486,109	380,374	1,590,510	738,054	675,627	753,937

	July	August	September	October	November	December
High	48.39	46.65	38.95	38.97	35.06	34.11
Low	44.35	32.76	33.86	34.00	27.41	27.55
Volume	858,192	1,397,375	834,609	855,230	2,528,132	1,430,540

The 2013 Debentures have been listed for trading on the TSX under the symbol "AFN.DB.A" since December 17, 2013. The following table sets out the high and low trading price, and total number of 2013 Debentures traded, during each month in 2015, as reported by the TSX.

	January	February	March	April	May	June
High	114.28	112.50	116.00	112.99	114.94	109.00
Low	107.65	111.00	110.00	107.24	107.64	105.00
Volume	10,600	4,880	5,010	25,040	29,600	7,920

	July	August	September	October	November	December
High	106.00	105.00	102.85	100.50	99.75	97.47
Low	104.00	100.55	99.50	99.01	95.50	95.25
Volume	12,720	38,660	25,790	27,680	64,400	14,920

The 2014 Debentures have been listed for trading on the TSX under the symbol "AFN.DB.B" since December 1, 2014. The following table sets out the high and low trading price, and total number of Debentures traded, during each month in 2015, as reported by the TSX.

	January	February	March	April	May	June
High	106.00	106.51	108.00	105.50	107.51	105.60
Low	103.26	104.06	104.10	102.48	104.16	104.16
Volume	31,520	30,090	25,530	48,420	7,240	6,910

	July	August	September	October	November	December
High	105.00	104.50	102.50	100.00	99.25	97.00
Low	104.26	100.96	99.00	98.21	96.00	93.01
Volume	16,450	7,570	14,900	10,550	4,030	4,530

The 2015 Debentures have been listed for trading on the TSX under the symbol "AFN.DB.C" on September 29, 2015. The following table sets out the high and low trading price, and total number of Debentures traded, during each month from September 2015 to December 2015, as reported by the TSX.

	September	October	November	December
High	98.76	99.70	98.26	94.00
Low	97.00	97.00	93.00	90.99
Volume	39,790	64,260	12,190	15,460

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. at its principal office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares and the Debentures. Computershare Trust Company of Canada is the Debenture Trustee in respect of the Debentures.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time AGI is involved in claims or litigation in the ordinary course of business. Currently, AGI is not involved in any material legal proceedings**.**

There were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business of the Company, AGI has not entered into any material contract in the most recently completed financial year or in the current financial year, and there are no material contracts entered into before the most recently completed financial year which are still in effect, other than the following contracts, all of which are available on www.sedar.com:

- Debenture Indenture dated September 29, 2015, between AGI and Computershare Trust Company of Canada (See "Capital Structure – 2015 Debentures”).

- Debenture Indenture dated December 1, 2014, between AGI and Computershare Trust Company of Canada, as amended (See "Capital Structure – 2014 Debentures").
- Debenture Indenture dated December 17, 2013, between AGI and Computershare Trust Company of Canada (See "Capital Structure – 2013 Debentures").
- Note purchase and private shelf agreement dated October 29, 2009, as amended (See "Capital Structure – Secured Notes").
- Sixth amended and restated loan agreement, dated March 9, 2012, among AGI and its subsidiaries and three Canadian chartered banks, and certain of their affiliates (See "Capital Structure – Credit Facility and Term Loans A and B").

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company, no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the outstanding Common Shares and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company, other than as described in this Annual Information Form.

INTERESTS OF EXPERTS

Ernst & Young LLP are the Company's auditors. Ernst & Young LLP has advised that it is independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Manitoba.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issue under equity compensation plans is contained in the Company's Information Circular for the Company's most recent Annual Meeting.

Additional financial information is contained in the comparative financial statements and related management's discussion and analysis for the year ended December 31, 2015.

The foregoing documents and additional information relating to the Company are available electronically on SEDAR at www.sedar.com.

APPENDIX 'A'

AUDIT COMMITTEE
TERMS OF REFERENCE

ESTABLISHMENT OF THE COMMITTEE

1. Purpose

The purpose of the Audit Committee is to assist the Board of Directors (the "**Board**") of Ag Growth International Inc. (the "**Corporation**") in fulfilling its oversight responsibilities by reviewing the financial information provided to the Corporation's shareholders and others, identifying and monitoring the management of the principal risks that could impact the financial reporting of the Corporation, reviewing the "disclosure controls and procedures" and "internal control over financial reporting" (as such terms are defined in National Instrument 52-109 issued by the Canadian Securities Administrators or its successor instrument) that management has established and monitoring auditor independence and the audit process. The Committee also provides an avenue of communication among the independent auditors, management and the Board.

Management of the Corporation is responsible for preparing the quarterly and annual financial statements of the Corporation and for maintaining a system of risk assessment and internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. The Committee is responsible for reviewing management's actions and has the authority to investigate any activity of the Corporation.

2. Composition of Committee

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three Directors.

Except to the extent that the Board determines that an exemption contained in National Instrument 52-110 issued by the Canadian Securities Administrators or its successor instrument ("**NI 52-110**") is available and determines to rely thereon, all Committee members will be independent within the meaning of NI 52-110.

All Committee members will be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon.

3. Appointment of Committee Members

The members of the Committee shall be appointed by the Board annually at the time of each annual meeting of shareholders, and shall hold office until the next annual meeting, or until they are removed by the Board or until they cease to be Directors of the Corporation.

4. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

5. Committee Chair

The Board shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board.

6. Absence of Chair

If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

7. Secretary of Committee

The Committee shall appoint a Secretary who need not be a Director of the Corporation.

8. Regular Meetings

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times per year.

9. Special Meetings

The Chair, any two members of the Committee, or the President or Chief Executive Officer of the Corporation may call a special meeting of the Committee.

10. Quorum

A majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other, shall constitute a quorum.

11. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12. Agenda

The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

13. Delegation

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it considers appropriate.

14. Access

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Corporation and its subsidiaries.

15. Attendance of Officers at a Meeting

At the invitation of the Chair, one or more officers or employees of the Corporation may, and if required by the Committee shall, attend a meeting of the Committee.

16. Procedure, Records and Reporting

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

17. Outside Consultants or Advisors

When it considers it necessary or advisable to carry out its duties or mandate, the Committee may engage independent counsel and other consultants or advisors. The Committee shall have the sole authority to set and pay, at the Corporation's expense, the compensation of any such counsel, consultants or advisors.

ROLES AND RESPONSIBILITIES

1. Overall Duties and Responsibilities

The overall duties and responsibilities of the Committee shall be as follows:

a) to assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Corporation’s accounting principles, reporting practices and internal controls, including disclosure controls and procedures and internal control over financial reporting;

b) to assist the Board in the discharge of its responsibilities relating to compliance with disclosure requirements under applicable securities laws, including approval of the Corporation’s annual and quarterly financial statements together with the Management’s Discussion and Analysis related thereto;

c) to establish and maintain a direct line of communication with the Corporation’s independent auditors and assess their performance;

d) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal controls, including disclosure controls and procedures and internal control over financial reporting; and

e) to report regularly to the Board on the fulfillment of its duties and responsibilities.

2. <u>Independent Auditors</u>

The duties and responsibilities of the Committee as they relate to the independent auditors shall be as follows:

a) to have a clear understanding with the independent auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditors is to the Committee, as representatives of the shareholders of the Corporation;

b) to recommend to the Board:

   i) the firm of independent auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

   ii) the compensation of such auditors;

c) if there is a plan to change the independent auditors, to review all issues related to the change and the steps planned for an orderly transition;

d) to review, at least annually, with the independent auditors their independence from management, including a review of all other significant relationships the auditors may have with the Corporation and to satisfy itself of the auditors’ independence, the experience and the qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditor;

e) to review and approve the fee, scope, staffing and timing of the audit and other related services rendered by the independent auditors and ensure the rotation of the lead audit partner as required by applicable securities laws;

f) to oversee the work of the independent auditors, including reviewing the audit plan prior to the commencement of the audit;

g) to review the engagement reports of the independent auditors on unaudited financial statements of the Corporation and to review with the independent auditors, upon completion of their audit:

i) contents of their report;

ii) scope and quality of the audit work performed;

iii) adequacy of the Corporation's financial personnel;

iv) co-operation received from the Corporation's personnel during the audit;

v) internal resources used;

vi) significant transactions outside of the normal business of the Corporation;

vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles and management systems;

viii) the quality, acceptability and integrity of the Corporation's accounting policies and principles;

ix) the non-audit services provided by the independent auditors;

x) the effect of accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements;

and report to the Board in respect of the foregoing;

h) to implement structures and procedures to ensure that the Committee meets with the independent auditors on a regular basis in the absence of management in order to review any difficulties encountered by the independent auditors in carrying out the audit and to resolve disagreements between the independent auditors and management; and

i) to pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the independent auditors, including the fee for such services. The Committee may satisfy the pre-approval requirement:

  i) if:

    i) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to its independent auditors during the fiscal year in which the services are provided;

    ii) the services were not recognized by the Corporation or any of its subsidiaries at the time of the engagement as non-audit services; and

    iii) the services are promptly brought to the attention of the Committee and are approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee; or

ii) if it adopts specific policies and procedures for the engagement of the non-audit services, if:

  i) the pre-approval policies and procedures are detailed as to the particular service;

  ii) the audit committee is informed of each non-audit service; and

  iii) the procedures do not include delegation of the audit committee's responsibilities to management.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2(h) provided that the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

The independent auditors shall be given notice of, and have the right to appear before and be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Chair. The Committee will meet regularly with the independent auditors without management present.

3. <u>Internal Control Procedures</u>

The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

a) review the adequacy, appropriateness and effectiveness of the Corporation’s policies and business practices which impact on the integrity, financial or otherwise, of the Corporation, including those relating to disclosure controls and procedures, internal control over financial reporting, internal auditing, insurance, accounting, information services and systems, financial controls, management reporting, and risk management;

b) review reports from management outlining any significant changes in financial risks facing the Corporation and annually, as at the end of the fiscal year, in consultation with management and the independent auditors, evaluate the Corporation’s disclosure controls and procedures and internal control over financial reporting, discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures and review significant findings prepared by the independent auditors together with management’s responses;

c) review compliance with the Corporation's Code of Business Ethics;

d) review the Corporation’s disclosure controls and procedures, and management’s evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;

e) when required by applicable securities laws:

  i) reviews reports from independent auditors on the attestation of management’s internal control report;

ii) review disclosures made to the Committee by the CEO and the CFO during their certification process for any statutory documents about any significant deficiencies or limitations in the design or operation of the Corporation's disclosure controls and procedures and internal control over financial reporting or material weakness therein, and any fraud involving management or other employees who have a significant role in the Corporation's internal control over financial reporting; and

iii) review with management, including the CEO and the CFO, management's internal control report required to be included in any reporting document;

f) review any issues between management and the independent auditors that could affect the financial reporting or internal controls of the Corporation;

g) periodically review the Corporation's accounting and auditing policies, practises and procedures and the extent to which recommendations made by the independent auditors have been implemented; and

h) ratify membership of the Disclosure Committee, as required.

4. <u>Public Filings, Policies and Procedures</u>

The Committee is charged with the responsibility to:

a) review and approve for recommendation to the Board the Corporation's:

i) annual report to shareholders, including the annual audited financial statements, the report of the independent auditors, the Management's Discussion and Analysis and the impact of unusual items and changes in accounting principles and estimates;

ii) interim report to shareholders, including the unaudited financial statements, the Management's Discussion and Analysis and the impact of unusual items and changes in accounting principles and estimates;

iii) earnings press releases;

iv) annual information form;

v) prospectuses; and

vi) other public reports and public filings requiring approval by the Board;

and report to the Board with respect thereto;

b) ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure described in subsections 4(a)(i), (ii) and (iii) above, and must periodically assess the adequacy of such procedures;

c) review with management, the independent auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material affect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

d) review with management and with the independent auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;

e) review with management and with the independent auditors: (i) all critical accounting policies and practises to be used by the Corporation in preparing its financial statements; (ii) all material alternative treatments of financial information within GAAP or International Financial Reporting Standards, as applicable, that have been discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (iii) other material communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences;

f) review general accounting trends and issues of auditing policy, standards and practices which affect or may affect the Corporation;

g) review the appointment of the CFO and any key financial executives involved in the financial reporting process and pre-approve the hiring of any person previously employed by the Corporation's independent auditors or former independent auditors;

h) establish procedures for:

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

   ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

i) review and approve the Corporation's hiring policies regarding partners and employees and former partners and employees of the present and former independent auditors of the Corporation; and

j) review and approve related party transactions.

STANDARDS OF LIABILITY

Nothing contained in these terms of reference is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in these terms of reference are meant to serve as guidelines rather than inflexible rules and, subject to applicable law and the articles and bylaws of the Corporation, the Committee may adopt such additional procedures and standards, as it deems necessary from time to time to fulfill its responsibilities.

TERMS OF REFERENCE AND CALENDAR

The Committee shall review and assess the adequacy of its terms of reference and calendar at least annually and submit any changes to the Board for approval.

Dated: 2015