ANNUAL INFORMATION FORM

Year Ended December 31, 2009

March 30, 2010

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this Annual Information Form ("**AIF**"), references to the "**AGTI**" are to Alliance Grain Traders Inc. and include its subsidiaries, unless the context otherwise requires. Unless otherwise stated in this AIF, the information contained herein is stated as at December 31, 2009.

1.2 Forward-Looking Information

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

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

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

1.3 Non-GAAP Earnings Measures

This AIF and other public disclosure by AGTI, including Management's discussion and analysis ("**MD&A**") of AGTI's results of operations and cash flows accompanying AGTI's annual audited financial statements for the year ended December 31, 2009, contain references to the "**EBITDA**" of AGTI. EBITDA (Earnings Before Interest, Income Taxes, Depreciation and Amortization) is a financial measure used by many investors to compare companies on the basis of operating results, asset value and the ability to incur and service debt. EBITDA is used because AGTI's net income alone does not give an accurate picture of AGTI's cash-generating potential. Management believes that EBITDA is an important measure in evaluating the performance of AGTI and in determining whether to invest in AGTI. However, EBITDA is not a recognized earnings measure under Canadian generally-accepted accounting principles ("**GAAP**") and does not have a standardized meaning prescribed by GAAP. EBITDA is not intended to represent cash flow or results of operations in accordance with GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of AGTI's performance or to cash flows from operating, investing and financing activities of liquidity and cash flows. For a reconciliation of net income determined in accordance with GAAP to EBITDA, see the table on page 24 of the MD&A for the year ended December 31, 2009.

1.4 Industry and Market Data

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

1.5 Currency and Exchange Rates

AGTI's financial statements are presented in Canadian dollars, but AGTI's operating companies earn revenues and incur expenses in several currencies, including U.S. dollars ("**US$**"), Turkish lira ("**TL**"), Australian dollars ("**A$**") and Euros ("**€**"). All references to "**dollars**" and "**$**" herein are expressed in Canadian dollars unless specifically stated otherwise. As at December 31, 2009, the closing buying rates for the currencies in which AGTI operates, as reported by x-rates.com, were as set forth in the following table.

US$1.00 = $1.05012	$1.00 = US$0.952272
A$1.00 = $0.945032	$1.00 = A$1.05816
€1.00 = $1.5128	$1.00 = €0.661024
TL1.00 = $0.702093	$1.00 = TL1.42431

ITEM 2. CORPORATE STRUCTURE

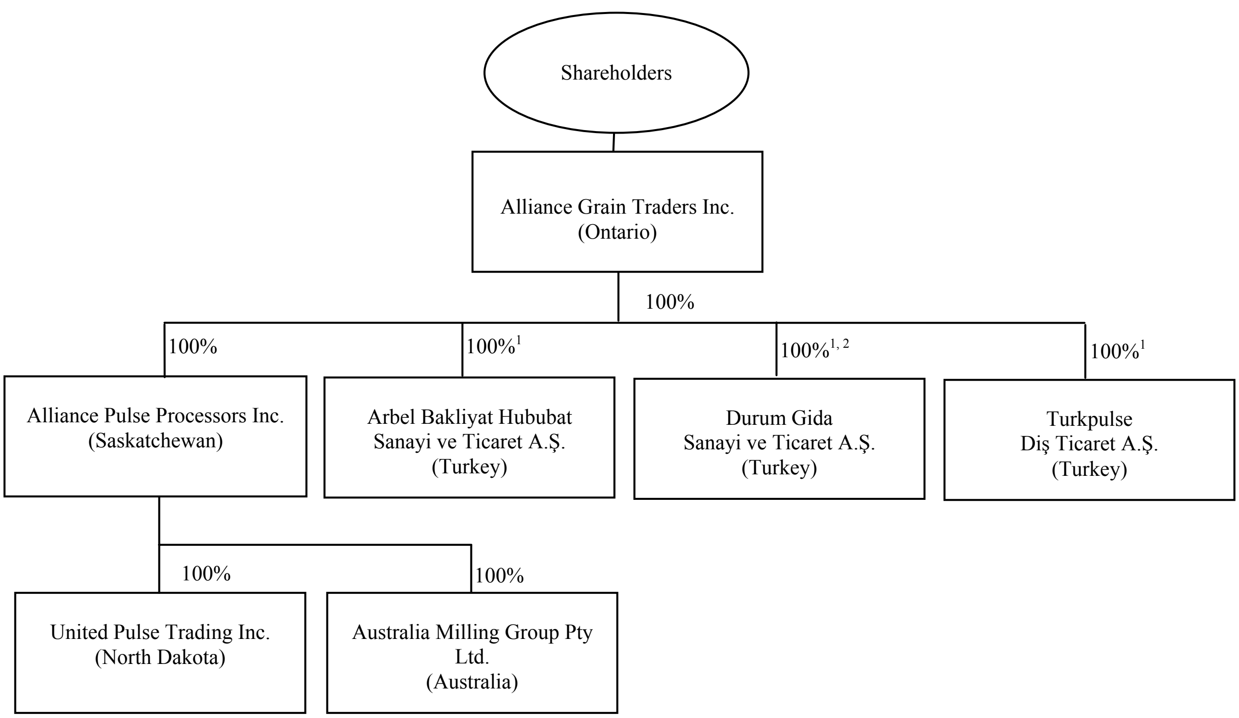
2.1 Name, Address and Incorporation

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

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

2.2 Inter-corporate Relationships

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



(1) Turkish law requires a Turkish corporation to have at least five shareholders, accordingly a nominal number of shares are held by four other subsidiaries of AGTI.
(2) Combines direct and indirect ownership for simplicity of presentation. Arbel owns 30% of the outstanding shares of Durum.

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 History

Miscellaneous Acquisitions

The business of AGTI has developed through organic growth and through the acquisition of a number of other operating businesses. The following is a summary of various acquisitions that AGTI and its predecessor completed within the past three years.

On August 1, 2007, the Fund acquired all of the issued and outstanding voting shares of Saskcan Pulse Trading Inc. ("**Saskcan**"), a global food processor based in Saskatchewan. At the time of the acquisition, Saskcan owned three pulse and special crops processing plants in Saskatchewan (of which one was owned indirectly through Saskcan's 55% interest in Saskcan Horizon Trading Inc.) and one processing plant in North Dakota (through United Pulse Trading Inc.), and focused its business on buying, processing, splitting and exporting red and green lentils, chickpeas and peas. Following such acquisition, Murad Al-Katib, the Chief Executive Officer ("**CEO**") of Saskcan, was appointed by the Fund's board of trustees as a trustee and assumed the role of President and CEO of the Fund's operating subsidiary, Alliance.

On October 3, 2007, the Fund acquired the assets of Harvest Grain Australia which was based in the city of Horsham in Victoria State, Australia. At such time, the Fund incorporated a new operating company under Alliance, Australia Milling Group Pty. Ltd. ("**Australia Milling Group**"), to hold and operate the newly-acquired assets. The acquisition was funded through the conclusion of a $2,500,000 million credit facility to Alliance by Farm Credit Canada ("**FCC**").

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

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

Change of Senior Management

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

Acquisition of the Arbel Group

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

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

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

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

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

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

Conversion to a Corporation

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

3.2 Credit Facilities

On February 14, 2008, Alliance concluded a credit facility with the Bank of Nova Scotia for an operating line of credit of up to $25 million. The credit facility was guaranteed by the Fund, and as additional security, a general security agreement over all present and after acquired property of Alliance and the Fund was entered into in favour of the Bank of Nova Scotia. On August 6, 2008, this facility was increased to $50 million. The Bank of Nova Scotia extended additional letter of credit facilities in the amount of $35 million to back the Fund's license with the Canadian Grain Commission ("**CGC**"), foreign exchange forward contract hedging facilities and lease credit lines.

On September 24, 2008, the Fund also finalized an agreement with FCC that provided for debt financing of up to $20,000,000 ($12,000,000 as a revolving loan and a further $8,000,000 as a term loan). This facility replaced an earlier $7,000,000 revolving loan facility between Alliance and FCC. Following the Conversion, AGTI took over the obligations of the Fund under all such credit facilities and the related security agreements.

The Arbel Group has credit facilities with 8 banks for up to US$140 million, of which approximately US$24.3 million has been drawn down as of March 15, 2010. Of these facilities, the US$10 million long term commodity borrowing base credit facility with ABN AMRO Bank N.V. ("**ABN AMRO**") is secured by a pledge of the Arbel Group's products, collection accounts and receivables up to a maximum amount of 85% of the amount advanced under the credit facility. ABN AMRO also has a lease over one of the Arbel Group's warehouses, in order to perfect its security interest in the Arbel Group's products under Turkish law. The other credit facilities are not secured due to their short term structure of less than 372 days maturity.

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

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

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

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

2009 Sales Breakdown by Product Category

Category	**Percentage Sales**
Pulse and Specialty Crops	93.50%
Milled Grains: Pasta, Semolina and Bulgar	3.00%
Rice	1.75%
Other Commodities	1.75%
Total	100.0%

Principal Markets - 2008 and 2009

Area	**2009**	**2008**
Americas/Caribbean	$81,597,778	$60,076,049
Asia/Pacific Rim	$134,220,273	$63,652,601
Europe/Middle East/North Africa	$172,069,448	$204,943,642
Total	$387,887,499	$328,672,293

AGTI's operations currently focus on value added processing and splitting of lentils, chickpeas, beans, peas and other specialty crops; approximately 85% of its revenues are derived from its global operations in these commodities. Through its Turkish subsidiaries, AGTI is also engaged in pasta and semolina production, bulgur wheat processing and medium grain rice processing. AGTI owns twelve processing plants in Canada, one in the U.S. (owned through United Pulse) and one in Australia (owned through Australia Milling Group). Canadian operating divisions include Saskcan Pulse Trading, Saskcan Rosetown, Saskcan Agtech, Saskcan Milestone, Saskcan Parent, Finora Wilkie, Saskcan Assiniboia, Saskcan Gibbons, Saskcan Horizon and Saskcan Pulse Depot (all owned through Alliance). In Turkey, the Arbel Group owns and operates a 71,884 square metre storage and processing complex near Mersin, Turkey. The complex contains 70,000 tonnes of horizontal (warehouse) storage capacity, 50,000 tonnes of vertical (silo) storage, a semolina production facility, a pasta factory with four production lines (two for long-cut pasta and two for short-cut pasta), three pulse and grain processing facilities (including cleaning, calibration, peeling, splitting and color sorting lines), a bulgur factory and a steam generation facility to generate the steam needed for pasta production.

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

Facilities Capacity Breakdown

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

4.2 Products and Suppliers

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

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

The Arbel Group procures raw materials from various countries including Turkey, Canada, the U.S., Australia, Egypt, Syria and Kyrgyzstan. Given its practice of sourcing products from diverse global origins, imports are important for the operations of the Arbel Group. The pursuit of this practice in the past several years resulted in an increase in the number of countries that the Arbel Group imports from. In 2009 the Arbel Group imported significant volumes of product from Italy, Canada, the U.S. and Egypt. In 2008 and 2009 crop years, Turkish local production was significantly below the average production of the past ten years. As a result, importing was a common method of procuring the raw materials needed for Arbel's sales program; however the bulk of Arbel's imported pulses originate in one of Alliance's factories in Canada, the U.S. or Australia. In years of average production, this reliance on imports diminishes in favour of local spot purchases from Turkish farmers.

The majority of AGTI's purchases are done on a spot basis, thereby allowing AGTI to mitigate commodity risk through back-to-back grower purchases and sales to international clients. AGTI's roster of suppliers is fairly diversified and no one supplier accounts for more than 1% of purchases. In addition, AGTI endeavours to mitigate the effects of high wholesale crop prices through the use of value-adding technologies (splitting and colour-sorting equipment) to produce a higher margin food product from the raw commodity. Margins may also be preserved through product and market diversification allowing AGTI to pursue sales in products that have demonstrated more price stability and margin stability. The entire product and market diversification strategy of AGTI is aimed at mitigating price risk to margin risk correlation. Margin erosion is combated by negotiating lower prices from growers, negotiating better freight rates, and charging higher end client prices.

4.3 Pulse Crop Industry Trends

Pulse Crop Overview

Pulse crops include peas, beans, lentils, and chickpeas, which produce edible seeds, called pulses. Pulses are an important part of dietary requirements, particularly in developing countries, and represent a significant world protein source. In terms of 2008 world production, beans topped the list at approximately 20.4 million metric tonnes ("**MT**"), followed by peas (approximately 9.8 million MT) and then chickpeas (approximately 8.7 million MT).

Pulse Crop Production

The chart below sets out the top five producing countries per crop in 2008.

World Pulse Production (Thousands of MT) 2008

Dry Pea Production		Lentil Production		Dry Bean Production		Chickpea Production	
Canada	3,571	Canada	1,043	India	3,930	India	5,749
Russia	1,257	India	910	Brazil	3,461	Turkey	518
China	900	Turkey	540	Myanmar	2,500	Pakistan	475
India	800	Nepal	161	U.S.	1,159	Australia	378
U.S.	557	Australia	153	Mexico	1,123	Iran	320
Total	9,828	Total	3,543	Total	20,395	Total	8,780

Source: Food and Agriculture Organization of the United Nations

In Canada, the pulse industry is centered in Saskatchewan; according to the Saskatchewan Pulse Growers, the province produces approximately 99%, 80% and 88% of the Canadian lentil, pea and chickpea crops, respectively. Pulse production volumes in Turkey rose in the early part of the past decade, but have declined during the past two years due to successive years of droughts. According to the Food and Agriculture Organization of the United Nations, total pulse production in Turkey grew from 1,316,487 tonnes to 1,606,160 tonnes between 2000 and 2006, but then declined to 1,385,377 tonnes in 2007 and 1,369,140 tonnes in 2008. According to the Turkish Statistics Institute data, lentils and chickpeas comprised more than two-thirds of the total production in 2007, however, decreased lentil production saw chickpea production account for more than 50% of total pulse production in 2008. The decrease in production volumes as well as the consumption rationalization of lentils (due to the drought) was a large contributor to the sharp price increases seen in the lentil market during 2007 and 2008.

According to the statistics branch at Agriculture Canada in its report of March 2010, Agriculture Canada is forecasting an overall increase in pulse and specialty crop seeded area in Canada in 2010, with a jump in lentil area more than offsetting expected declines in field peas. For 2010-11, total area seeded is forecast to increase by 8% from 2009-10. The areas seeded to lentils, chickpeas, canary seed, sunflower and dry beans are also expected to increase. The areas seeded to dry peas and mustard seed are expected to decline. Average yields are generally expected to decrease to a trend level for both western and eastern Canada. Total production in Canada is forecast to decrease slightly to 5.5 million MT but supply is expected to increase slightly to 6.6 million MT due to high carry-in stocks. Exports and domestic use are forecast to rise slightly due to the higher supply. Average prices are generally forecast to fall, except for chickpeas which remain unchanged. The main factors to watch are: commodity prices, input costs, the Canada-US dollar exchange rate and planting progress in major producing regions, especially the Indian subcontinent, the U.S., the E.U., Australia and the Middle East. (Source Agriculture Canada and Stat Communications Report March 12, 2010.)

Pulse Crop Demand

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

World Imports (Thousands of MT) 2007

Dry Pea Imports		Lentil Imports		Dry Bean Imports		Chickpea Imports	
India	1,738	India	231	India	486	India	146
Bangladesh	317	Bangladesh	138	U.S.	171	Pakistan	137
China	282	Sri Lanka	103	Cuba	127	Bangladesh	63
Belgium	160	Pakistan	89	U.K.	123	Spain	61
Pakistan	121	Egypt	84	Japan	123	Algeria	49
Total	3,926	Total	1,521	Total	2,966	Total	855

Source: Food and Agriculture Organization of the United Nations

The Lentil Market

Canada, led by Saskatchewan, has emerged as a major source of the world's lentil supplies. In 2008, Canada provided approximately two-thirds of the total world lentil exports according to AAFC data sourced from Global Trade Atlas. In the 2009 crop year, Canada is estimated by STAT Market Research based on data from Statistics Canada to have produced over 1.5 million MT of lentils, of which more than two-thirds was exported.

Export volume (excluding products) is forecast by Agriculture and Agri-Food Canada ("**AAFC**") to be approximately 1.2 million tonnes for both of the 2009/10 and 2010/11 crop years. In terms of global destinations, the majority of Canada's lentils are exported to countries in the Pacific Rim and Middle East/North Africa regions. Over the last four years, over 800,000 MT of lentils were exported from Canada per annum. With the global population growing, especially in developing countries, Management does not expect Canada's lentil exports to decline.

According to AAFC, Canadian lentil exports and carry-out stocks are forecasted to increase sharply in 2009/10 due to increased supply and in 2010/11 supply is forecasted to increase slightly as higher carry-in stocks are predicted to offset lower production and exports are expected to remain near record levels at 1.2 million MT. According to AAFC, the average price per tonne is forecasted to fall marginally in 2009/10 due to the increased supply, but tempered with strong demand; however, the average price per tonne is expected to fall significantly in 2010/11 due to higher world and Canadian supply.

The following table sets out the Canadian lentil supply-demand estimates for the period 2006-2010.

Canadian Lentil Supply-Demand Estimates (acres, MT)

Year	**2006**	**2007**	**2008**	**2009**	**2010**
Acreage	1,285,770	1,335,000	1,745,000	2,400,000	3,200,000
Yield (lbs)	1,188	1,212	1,318	1,387	1,159
Available Stocks					
Production	692,800	733,900	1,043,200	1,510,200	1,682,100
Carry-In	485,000	199,000	51,000	32,000	210,000
Imports	5,273	4,697	4,000	4,000	4,000
Stocks	**1,183,073**	**937,597**	**1,098,200**	**1,546,200**	**1,896,100**
Total Export	**852,584**	**811,180**	**973,273**	**1,216,800**	**1,257,900**
Other Usage					
Seed	44,200	58,100	79,200	102,800	75,300
Other Domestic	87,290	17,317	13,727	16,600	52,900
Total Usage	**984,073**	**886,597**	**1,066,200**	**1,336,200**	**1,386,100**
Ending Stock	**199,000**	**51,000**	**32,000**	**210,000**	**510,000**
Stock/Use	20.2%	5.8%	3.0%	15.7%	36.8%

Source: Forecasts by STAT Market Research based on data from Statistics Canada (as of March 11, 2010).

As indicated in the table below, the production of lentils in Turkey decreased significantly in 2008/09 due to drought conditions, however production is expected to rebound slightly in 2009/10. The following table sets out the Turkish lentil supply-demand estimates for the period 2006-2010.

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

Year	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
Area	424,147	389,470	310,000	304,900	390,400
Yield (kg/ha)	1,468	1,374	257	967	1,066
Available Stocks					
Production	622,684	535,181	79,677	294,780	415,991
Carry-In	6,400	9,200	9,000	10,800	12,700
Imports	68,910	92,700	262,990	199,100	108,600
Stocks	**697,994**	**637,081**	**351,667**	**504,679**	**537,291**
Exports	**147,100**	**129,500**	**25,400**	**43,700**	**68,500**
Other Usage					
Clean Out	36,900	31,800	4,700	17,500	24,800
Split Losses	35,100	30,900	5,900	10,300	16,200
Seed	32,700	26,000	25,600	32,800	24,900
Domestic	436,994	409,881	279,267	387,679	388,291
Total Usage	**688,794**	**628,081**	**340,867**	**491,979**	**522,691**
Carryover	**9,200**	**9,000**	**10,800**	**12,700**	**14,600**
Stocks/Usage	1.3%	1.4%	3.2%	2.6%	2.8%

Source: Forecasts by STAT Market Research based on data from the TMO, USDA and private trade sources (as of March 19, 2010).

With respect to Turkish production in the 2010-2011 crop year, Management estimates that seeded area has returned to average levels and that moisture conditions as of March 15, 2010 are tracking at average to above average levels. Barring weather occurrences in April and May, the Turkish harvest is projected to return to average levels.

The Dry Pea Market

Canada is the leading producer and exporter of dry peas in the world, with a 54% share of the export market in 2008 according to AAFC data sourced from Global Trade Atlas. A cool season crop, production is heavily weighted in Saskatchewan, which, according to Statistics Canada and the Saskatchewan Ministry of Agriculture produced approximately 2.6 million tonnes in 2009. Over the past ten years, production has shifted in Canada to dry peas as a diversification out of traditional grains.

The majority of the dry peas produced in Canada are exported, largely to Asia; according to the Saskatchewan Ministry of Agriculture, Statistics Canada data indicates that in the 2007-2008 and 2008/09 crop seasons, the largest importers were India, Bangladesh and China. Canada is the largest exporter to India, accounting for over 70% of India's total imports in both 2007 and 2008 according to AAFC data sourced from Statistics Canada and Global Trade Atlas.

The following table sets out the Canadian field pea supply-demand estimates for the period 2006-2010.

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

Year	**2006**	**2007**	**2008**	**2009**	**2010**
Acreage	3,115,515	3,630,000	3,995,000	3,760,000	3,343,000
Yield (lbs)	1,783	1,782	1,971	1,981	1,901
Available Stocks					
Production	2,519,900	2,934,800	3,571,300	3,379,400	2,882,000
Carry-In	363,000	167,000	255,000	445,000	550,000
Imports	29,680	32,915	18,334	48,500	49,000
Stocks	**2,912,579**	**3,134,715**	**3,844,634**	**3,872,900**	**3,481,000**
Export	**1,989,401**	**2,198,723**	**2,819,810**	**2,615,000**	**2,575,000**
Other Usage					
Seed	255,216	280,879	264,400	235,000	250,000
Feed & Waste	426,263	325,114	240,424	397,900	281,000
Domestic	74,700	75,000	75,000	75,000	75,000
Total Usage	**2,745,580**	**2,879,715**	**3,399,634**	**3,322,900**	**3,181,000**
Ending Stock	**167,000**	**255,000**	**445,000**	**550,000**	**300,000**
Stocks/Use	6.1%	8.9%	13.1%	16.6%	9.4%

Source: Forecasts by STAT Market Research based on data from Statistics Canada (as of March 11, 2010).

Turkey is not a significant producer of dry peas, according to the Turkish Statistical Institute and the Food and Agriculture Organization of the United Nations, producing less than 5,000 tonnes annually since 2000.

The Chickpea Market

According to the Saskatchewan Pulse Growers, Canadian chickpea production peaked in the 2001/02 growing year at 450,000 tonnes. However, a combination of low prices, disease problems and poor weather discouraged producers from planting chickpeas and production dropped to 50,000 tonnes in 2004. Although acreage has increased since 2004 due to improved prices and the introduction of new adapted varieties with improved foliar disease resistance, chickpea production was significantly lower in 2008 (a year where Canada provided only 8% of the world's chickpea exports according to AAFC data sourced from Global Trade Atlas).

The following table sets out the Canadian chickpea supply-demand estimates for the period 2006-2010.

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

Year	**2006**	**2007**	**2008**	**2009**	**2010**
Area	318,950	430,000	140,000	105,000	90,000
Yield (lbs/acre)	1,128	1,153	1,055	1,585	1,225
Available Stocks					
Production	163,200	224,800	67,000	75,500	50,000
Carry-In	17,000	10,000	92,000	62,000	30,000
Imports	4,000	4,000	5,000	4,000	4,000
Stocks	**184,200**	**238,800**	**164,000**	**141,500**	**84,000**
Exports	**115,272**	**69,500**	**54,303**	**69,700**	**38,700**
Other Usage					
Seed	29,100	10,600	7,700	6,500	7,500
Feed & Waste	25,228	56,400	24,030	19,100	16,400
Other Domestic	4,600	10,300	15,967	16,200	16,400
Total Usage	**174,200**	**146,800**	**102,000**	**111,500**	**79,000**
Ending Stock	**10,000**	**92,000**	**62,000**	**30,000**	**5,000**
Stock/Use	5.7%	62.7%	60.8%	26.9%	6.3%

Source: Forecasts by STAT Market Research based on data from Statistics Canada (as of March 11, 2010).

Turkey, however, is a significant producer and exporter of chickpeas. In 2008, Turkey provided 14% of the world's chick pea exports according to AAFC data sourced from Global Trade Atlas and since 2000 has consistently produced over 500,000 tonnes of chickpeas each year according to the Turkish Statistical Institute. Management expects that chickpea acreage in the 2010-2011 crop year, harvested in August 2010, will remain at average levels.

The Dry Bean Market

Canada is a significant participant in the world bean industry, providing 11% of the world's dry bean exports in 2008 according to AAFC data sourced from Global Trade Atlas. The Food and Agriculture Organization of the United Nations indicates that Canada produced 276,700 tonnes and 266,200 tonnes, respectively, in 2007 and 2008 and, according to AAFC, although production and exports are forecast to decrease in the 2009/10 crop season they are forecast to increase in the 2010/11 crop season.

Turkey is both a production and import distribution point for beans with a focus on white beans and barbunya red beans. According to the Turkish Union of Exporters data, Turkey consistently produces approximately 190,000 metric tonnes of beans and, in 2009, exported only 19,000 metric tonnes indicating a strong local bean consumption market. The Turkish industry has been active importers of beans from North America, Central Asia, Argentina and China.

4.4 Grain and Pasta Industry Trends - Turkey

Historically, grains have been one of the major agricultural products of Turkey. Wheat, barley, maize, oats, rye, rice, millet, spelt, canary grass and mixed grains are the major grains cultivated in Turkey. Wheat and barley are the most common crops among cultivated grains. Since 2000, total annual grain production in Turkey has been in the 29-37 million tonnes range according to the Turkish Statistics Institute. Turkey's total grain production was approximately 29.3 million tonnes in 2008, of which wheat accounted for approximately 17.8 million tonnes.

Turkey's annual grain production in 2009 included approximately 3.0 million tonnes of durum wheat according to the International Grains Council (IGC). Durum wheat is the raw material for semolina, which in turn is the main raw material for pasta. Pasta production in Turkey has been continually growing since 1999; according to the Association of Turkish Pasta Manufacturers, the pasta sector has shown a 5.35% compound annual growth rate from 1992 to 2008. Total pasta production reached approximately 606,000 MT in 2008. Exports in 2008 accounted for approximately 176,000 MT. In the Turkish domestic market, the average consumption of pasta is 6 kg per capita.

4.5 Foreign Operations

The majority of AGTI's products are exported, with over 95% of its sales destined to buyers outside of Canada and the U.S. AGTI has assets located outside of Canada, in Turkey, the U.S. and Australia.

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

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

Aside from sales, AGTI's operations through Alliance do not rely on foreign operations to a material extent. With respect to AGTI's Turkish operations, the majority of sales are made through wholesale distribution networks. Although the Arbel Group's sales have focused on export markets historically, the focus has increasingly shifted to domestic sales in the last two years due to the 2008 and 2009 droughts in Turkey. Approximately 60% of the Arbel Group's 2009 sales were in the Turkish domestic market in its main product lines: pulses, Arbella pasta, bulgur and rice. In addition, the Arbel Group's pasta business can be dependent on imports of wheat and other raw materials.

4.6 Sales and Distribution

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

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

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

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

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

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

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

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

4.7 Competitive Conditions

There are many processing plants located throughout the pulse-growing regions of Canada, the U.S., Turkey and Australia. AGTI has competitors located throughout Canada, the U.S., Turkey and Australia and elsewhere in the world, in each of their product segments. Most of AGTI's competitors are smaller regional players who tend to handle a multitude of specialty crops with one or two products as their primary product. In lentils, the market in Canada is dominated by family companies such as Walker Seeds, Simpson Seeds, Prairie Pulse and JK International as well as a large number of small trading houses. In pulses, the market in Turkey is dominated by family-owned companies such as Tiryaki Agro Foods Co., DMN Company, Goze Tarim Urunleri Pazarlama Sanayi ve Ticaret, A.Ş. and Memisler Group. In the pasta market, other established brand competitors include Ankara Makarna, Filiz and Selva and the largest pasta company in the world is Barilla.

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

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

Unexpected drought conditions in Turkey and India have created a global shortage of lentils, turning these regions from competitors to customers for 2010. Continued adverse crop conditions in India have created a shortage of pulse crops, which is expected to be advantageous to AGTI in light of its multi-origin production strategy. With the increased acreage in Canada and U.S. and improved crop prospects for June 2010 in Turkey, Indian subcontinent demand is essential to move a larger global crop. Positive demand fundamentals will allow AGTI to drive its efforts to better utilize its global capacity to execute its global sales plans. Extra demand and the absence of regional competition in the Indian subcontinent, with a continued governmental ban on Indian origin exports, is expected to allow AGTI to benefit from an opportunity to ship more product to this region at continued good margins. The acquisition of the Arbel Group has been completed and its facilities, warehousing and distribution are expected to significantly assist AGTI's penetration of this regional market.

The Australian harvest in December 2009 continued the trend of disappointment for Australian farmers. The crop looked to be the best in nearly a decade when widespread heat hit in November 2009 dramatically affecting both yields and crop quality. In Victoria, near AGTI's factory in Horsham, the lentil and pulse crops were hit hard with temperatures that were 18-20 degrees celsius above seasonal norms. However, crops in South Australia fared better with some yield losses and quality effects visible with the presence of green and shrivelled lentil kernels a norm. AGTI's splitting and colour sorting lines were commissioned in November 2009 allowing AGTI to deal with sub-standard quality and reduced yields by adding value and extracting margin from the limited crop supplies.

AGTI is well positioned to capitalize on the opportunities of the 2009-2010 crop years. The forecast for 2009-2010 stocks in North America is high, which leads Management to be optimistic about the prospects for AGTI's sales. With the acquisitions in Turkey, the U.S. and Australia, AGTI has broadly expanded its global reach, client base and product mix.

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

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

Economic slowdown in the world is positively affecting consumption of pulse crops, pasta and rice because consumption is rising in developing nations as consumers switch back to traditional lower cost vegetable proteins and starches. Demand for pulse crops, lentils, peas, chickpeas and beans, the staple protein consumed by hundreds of millions of consumers daily in all corners of the globe remains high.

4.8 Seasonality

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

While sales and purchases are fairly evenly spread out during AGTI's fiscal year, they do tend to be slightly higher in the last half of the fiscal year (July 1 to December 31), which is the period of peak demand. This seasonal effect is mitigated by AGTI's increasing shift to branded products (whose longer shelf life makes them more resistant to seasonal pressures), a more diversified product mix, and, in Turkey, its strategy of diversifying its sources of product worldwide. Alliance regularly ships product to Turkey for processing to augment available crop supplies and allow Arbel to satisfy its market opportunities. With geographic diversity of markets (AGTI exports to over 85 countries actively), seasonality is not a significant concern.

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

4.9 Regulations

The CGC is the public monopoly marketing board for grains in Canada. Although the CGC does not market pulses, it does regulate some aspects of the pulse business. A Grain Dealer's Licence from the CGC is required to purchase pulse crops, including lentils, directly from producers. Licence holders are subject to rigorous bonding requirements of at least $150,000 and spot audits. Alliance is a fully licensed and bonded grain dealer, and is currently in good standing. As required by CGC rules, Alliance has posted a performance bond of $35 million with the CGC. The licence enables Alliance to negotiate purchase terms directly with producers and thus obtain, or offer, better terms. Alliance is also bonded with the North Dakota and Montana state governments as a requirement of its operations there. There are no licensing requirements in Turkey or Australia.

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

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

4.10 Employees

As at December 31, 2009, immediately prior to the acquisitions of Parent Seed and Finora, AGTI and its subsidiaries had approximately 402 employees worldwide.

4.11 Intangible Property

AGTI believes that its trademarks are important to its competitive position. Alliance owns a number of registered and unregistered trademarks in Canada, including: "Alliance Pulse Processors", "United Pulse Trading", "Saskcan", "Agtech", "Saskcan Pulse Trading and design", and "Saskcan Disc design". In addition, Alliance has applied to both the Canadian Intellectual Property Office ("**CIPO**") and the U.S. Patent and Trademark Office ("**USPTO**") to register "Alliance" as a trademark.

Alliance has also been awarded the worldwide commercialization rights until 2018 for three new varieties of pulse developed at the University of Saskatchewan by the Saskatchewan Pulse Growers, an industry organization representing over 18,000 pulse crop growers in Saskatchewan. These include the King Red lentil variety (a bold red lentil grown in Western Canada), the Queen Green Lentil (a green cotyledon lentil) and large Food Type Faba Bean. Alliance has also applied to the CIPO and the USPTO to register as trademarks "King Red" and "Queen Green". Alliance also signed an agreement in March 2009 with Terramax Grains of Saskatchewan to develop two proprietary varieties of Navy Beans, the Skyline (a 92 days maturing Navy Bean for Saskatchewan) and the Octane (a variety for Manitoba and North Dakota), and the B-90 chickpea. All of these programs are under commercialization and 2010 production of the aforementioned varieties is underway.

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

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

AGTI’s intangible assets are an important part of its business. AGTI benefits from the goodwill established for its brand names and protects it proprietary information, including its trademarks, through trademark laws, contractual provisions and confidentiality procedures.

4.12 Risk Factors

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

Operating Requirements

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

The success of AGTI’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 AGTI to hire or retain staff at competitive wage levels, which could have an adverse effect on AGTI’s business, financial condition and results of operations. At the Finora Wilkie site, which was acquired on December 31, 2009, there is a collective agreement governing 25 employees in place, which expires on June 30, 2010. (A site-specific certification order was issued by the Canadian Labour Relations Board granting collective bargaining rights to the Grain Services Union.) There is no assurance that further or all of the employees of AGTI will not unionize in the future. If successful, such an occurrence could increase labour costs and thereby have an adverse affect on AGTI’s business, financial condition and results of operations.

Volume Risk

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

Transportation and Transloading

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

Distribution and Supply Contracts

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

Customer Retention and Competitive Environment

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

Integration of Acquisitions

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

Realization of Benefits from Acquisitions

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

Acquisition and Expansion Risk

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

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

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

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

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

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

Reliance on Key Personnel

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

Localized Decision Making

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

Potential Undisclosed Liabilities

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

Uninsured and Underinsured Losses

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

Global Financial Crisis and General Economic Conditions

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

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

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

Wholesale Price Volatility

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

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

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

AGTI purchases crops, their sale price falls below the price at which AGTI purchased them, AGTI could realize a lower than expected margin on sales, or even have unprofitable sales.

Capital Markets

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

Leverage and Capital Requirements

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

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

Financing Risks and Credit Facilities

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

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

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

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

Liquidity Risk

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

Reduced Dividend Payment

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

International Agricultural Trade Risks

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

Foreign Exchange Exposure

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

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

Counterparty and Export Risk

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

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

Geographic and Political Exposure

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

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

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

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

Environmental Protection

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

Regulatory Oversight

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

Control of AGTI

Mr. Hüseyin Arslan, and other members of his family, collectively own approximately 31% of the outstanding Common Shares of AGTI. As a result, Mr. Arslan and the other members of his family, collectively, could exercise their voting rights in the Common Shares to make significant changes to AGTI and its business. Such changes could include, among other things, the composition of the Board or Management, approving or disapproving of certain future transactions and other material decisions, each of which may conflict with, or have an adverse effect upon, the interests of the other Shareholders of AGTI.

Dilution of Shareholders

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

ITEM 5. DISTRIBUTIONS

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

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

Record Date for Distribution	Dividend per Common Share
December 31, 2009	$0.135
September 30, 2009	$0.135

The following table sets out the distributions per Unit paid by the Fund to Unitholders for the years 2007, 2008 and 2009.

Record Date for Distribution	Distribution per Unit
June 30, 2009	$0.135996
March 31, 2009	$0.137511
December 31, 2008	$0.137511
September 30, 2008	$0.1326403[(1)]
June 30, 2008	$0.138766
March 31, 2008	$0.13898
December 31, 2007	$0.135
September 30, 2007	$0.125
June 30, 2007	$0.125
March 31, 2007	$0.125

ITEM 6. DESCRIPTION OF THE CAPITAL STRUCTURE

AGTI is authorized to issue an unlimited number of Common Shares and an unlimited number of Class A shares, issuable in series (the "**Class A Shares**"). The rights, privileges and restrictions attaching to the Common Shares and the Class A Shares are as set out below. As of March 15, 2010, there were 17,103,246 Common Shares and no Class A Shares issued and outstanding.

Common Shares

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

Class A Shares

The Class A Shares may at any time, and from time to time, be issued in one or more series, in accordance with and subject to the provisions of applicable laws. The number of shares in, and the designation, rights, privileges, restrictions and conditions attaching to the Class A Shares of, any series of

Class A Shares must be fixed by the Board before the issue of any Class A Shares of any series. The determinations of the Board are subject to applicable laws, AGTI's articles and any conditions attaching to any outstanding series of Class A Shares.

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

Other Securities

As at March 15, 2010, options ("**Options**") to acquire an aggregate 520,000 Common Shares were issued and outstanding. Each Option is exercisable for one Common Share at a price of $9.00 per Common Share until April 21, 2013. Such Options were granted to the trustees and officers of the Fund and key employees of Alliance and its subsidiaries at the time of the grant, and vest in equal annual increments over a three year period, beginning on April 21, 2011 or, for independent directors, April 21, 2009.

ITEM 7. MARKET FOR SECURITIES

The Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "AGT". Prior to the Conversion, the Units were listed on Tier 2 of the TSX Venture Exchange (the "**TSXV**") under the symbol "AGT.UN".

The following table sets forth the price ranges and volume of trading of the Common Shares on the TSX for each month from and including September 15, 2009 during the year ended December 31, 2009:

Month of 2009	High	Low	Volume
December	$30.45	$25.40	766,304
November	$27.40	$22.75	882,047
October	$23.90	$19.15	799,921
September 15-30	$21.75	$19.74	385,591

The following table sets forth the price ranges and volume of trading of the Units on the TSXV for each month to and including September 14, 2009 during the year ended December 31, 2009:

Month of 2009	High	Low	Volume
September 1-14	$20.90	$20.50	198,170
August	$22.10	$19.24	383,387
July	$20.90	$17.86	769,346
June	$18.36	$14.70	1,114,333

Month of 2009	High	Low	Volume
May	$15.00	$13.00	999,186
April	$14.00	$11.89	278,461
March	$11.79	$7.87	369,245
February	$8.54	$8.08	212,653
January	$9.25	$8.29	83,873

ITEM 8. ESCROWED SECURITIES

Designation of Class	Number of Common Shares Held in Escrow	Percentage of Class
Common Shares(1)	285,044 Common Shares	1.67%
Common Shares(2)	1,924,060 Common Shares	10.83%
Common Shares(3)	45,350 Common Shares	0.27%

(1) These Common Shares are held in escrow by Gerrand Rath Johnson pursuant to the terms of the Acquisition Agreements, until the later of one year from the completion of the Arbel Acquisition and the final resolution of any claim made by AGTI under the indemnification provisions of the Acquisition Agreements.

(2) These Common Shares are held in escrow by Equity Transfer & Trust Company pursuant to the terms of the Acquisition Agreements, one third of which will be released from escrow on each of September 15, 2010, March 15, 2011 and September 15, 2011.

(3) These Common Shares are held in escrow by Gerrand Rath Johnson pursuant to the terms of the asset purchase agreement between Parent Seed and Alliance dated December 31, 2009, 25% of which will be released from escrow on each of June 30, 2010, December 31, 2011, June 30, 2011 and December 31, 2012.

ITEM 9. DIRECTORS AND OFFICERS OF AGTI

9.1 Name, Occupation and Security Holding

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

Name and Province and Country of Residence	Position with AGTI	Trustee/Officer of the Fund Since	Number of Common Shares Beneficially Owned or Controlled or Directed (as at March 15, 2010)	Principal Occupation
Murad Al-Katib Regina, Saskatchewan, Canada	President and Chief Executive Officer Director	August 1, 2007	295,326[3]	President and Chief Executive Officer of AGTI; President and CEO, Alliance Pulse Processors Inc.
Hüseyin Arslan Mersin, Turkey	Executive Chairman Director	January 31, 2008	2,334,796	Executive Chairman of AGTI and President, Arbel Group
Howard N. Rosen[1][2] Ontario, Canada	Vice-Chairman Director	November 30, 2004	10,000[4]	Senior Managing Director, FTI Consulting
Jeffrey W. Renwick[1][2] Ontario, Canada	Director	November 30, 2004	4,600	President, Standard Biochem Inc.
Denis C. Arsenault[1][2] Ontario, Canada	Director	November 30, 2004	8,000	Consultant, Chartered Accountant
Lori Ireland Saskatchewan, Canada	Chief Financial Officer	August 1, 2007	13,600	Chief Financial Officer of AGTI
Gaetan Bourassa Saskatchewan, Canada	Chief Operating Officer	August 1, 2007	34,700	Chief Operating Officer of AGTI; Vice-President of Alliance

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) 124,956 Common Shares are held by Mr. Al-Katib directly, and 170,370 Common Shares are held by Al-Katib Consulting Inc., a corporation controlled by Mr. Al-Katib.
(4) 5,000 Common Shares are held by Mr. Rosen directly, and 5,000 are held by Randy Rosen, Mr. Rosen's wife.

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

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

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

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

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

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

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

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

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

9.2 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

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

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

No director or executive officer of AGTI is, or within the ten years prior to the date hereof has been, subject to any penalties or sanctions imposed by a court or regulatory body.

9.3 Conflicts of Interest

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

ITEM 10. AUDIT COMMITTEE

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

10.1 Composition of the Audit Committee

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

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

10.2 Relevant Education and Experience

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

10.3 Pre-Approval Policies and Procedures

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

10.4 External Auditor Services Fees

The following table sets out the aggregate fees billed by the external auditor to the Fund and/or AGTI, as applicable, for the years 2008 and 2009:

Category of Fees	**Year Ended December 31, 2009**	**Year Ended December 31, 2008**
Audit Fees(1)	$65,000	$43,000
Audit-Related Fees(2)	$1,500	$5,500
Tax Fees(3)	Nil	Nil
All Other Fees(4)	$43,175	$1,250

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

ITEM 11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

ITEM 12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

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

ITEM 13. TRANSFER AGENT AND REGISTRAR

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

ITEM 14. MATERIAL CONTRACTS

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

ITEM 15. INTERESTS OF EXPERTS

Virtus Group LLP, Chartered Accountants in Regina, Saskatchewan, are the auditors of AGTI and have advised that they are independent with respect to AGTI in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

ATA Uluslararası Bağimsiz ve Serbet Muhasebeci Mali Müşavirlik A.Ş., Chartered Accountants, Licensed Public Accountants, in Istanbul, Turkey, are the auditors of the Arbel Group.

Campbell Valuation Partners Limited, in Toronto, Ontario prepared a valuation report and fairness opinion in connection with the Arbel Acquisition.

Each of Virtus Group LLP and ATA Uluslararası Bağimsiz ve Serbet Muhasebeci Mali Müşavirlik A.Ş. consented to the incorporation by reference of certain auditor reports regarding the Fund and the Arbel Group, respectively, in the Fund's management information circular, dated July 20, 2009. Campbell Valuation Partners Limited consented to the incorporation of its valuation report and fairness opinion relating to the Arbel Acquisition in the aforementioned management information circular.

The partners of Campbell Valuation Partners Limited owned, directly or indirectly, less than 1% of the securities of the Fund as of the date of its valuation report and fairness opinion.

ITEM 16. ADDITIONAL INFORMATION

Additional information relating to AGTI, including directors' and officer's remuneration and indebtedness, principal holders of AGTI's securities and securities authorized for issuance under equity compensation plans, are contained in AGTI's management information circular, dated April 13, 2009, prepared in connection with AGTI's annual meeting of Shareholders held on May 14, 2019, which is available under AGTI's profile on SEDAR at www.sedar.com.

Financial information is provided in AGTI's financial statements and MD&A for the financial year ended December 31, 2009, which is posted on AGTI's website, www.alliancegrain.com, and under AGTI's profile on SEDAR. Shareholders may request, and receive free of charge, copies of such financial statements and MD&A by sending a request to AGTI's transfer agent, Equity Transfer & Trust Corporation, at 200 University Ave, Suite 400, Toronto, Ontario M5H 4H1, Fax: (416) 361-0470.

GLOSSARY OF CERTAIN TERMS

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

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

"**ABN AMRO**" means ABN AMRO Bank N.V.;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Management**" means management of AGTI;

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

"**MT**" means metric tonnes;

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

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

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

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

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

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

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

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

"**TSXV**" means the TSX Venture Exchange;

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

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

"**Units**" means units of means Alliance Grain Traders Income Fund;

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

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

SCHEDULE A

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

The Role of the Audit Committee

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

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

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

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

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

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

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

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

Responsibilities

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

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

1. Financial Reporting Process and Financial Statements

The Audit Committee shall:

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

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

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

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

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

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

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

2. External Auditors

The Audit Committee shall:

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

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

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

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

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

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

3. Accounting Systems and Internal Controls

The Audit Committee shall:

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

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

4. Legal and Regulatory Requirements

The Audit Committee shall:

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

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

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

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

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

5. Additional Responsibilities

The Audit Committee shall:

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

(b) establish procedures and policies for the following:

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

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

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

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

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

Resources and Authority

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

Audit Committee – Proposed Corporation Meeting Schedule

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

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

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

Pre-Year End Audit/Miscellaneous Meeting

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

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

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

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

Risk management could be reviewed at this meeting.

Post-Year End Audit Meeting

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

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

(b) Management to review financial statements/disclosure;

(c) The Audit Committee is to question;

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

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

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

(iv) transactions with related parties;

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

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

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

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

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

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

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

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

Special Telephone Meetings may be scheduled to:

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

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

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

Limitation on the Oversight Role of the Audit Committee

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

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

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