Legumex Walker

We are stronger together.

Annual Information Form

March 23, 2013

Table of Contents

ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS 4

1.1. Explanatory Notes 4
1.2. Forward-looking Information 4
1.3. Currency and Exchange Rates 4

ITEM 2. CORPORATE STRUCTURE 5

2.1. Name, Address and Incorporation 5
2.2. Inter-corporate Relationships 5

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS 5

3.1. Three Year History 5
3.2. Significant Acquisitions 7

ITEM 4. DESCRIPTION OF THE BUSINESS 7

4.1. General 7
4.2. Specialized Skill and Knowledge 7
4.3. Special Crops Division 8
4.4. Oilseed Processing Division 12
4.5. Competitive Conditions 13
4.6. Intangible Properties 14
4.7. Seasonality 14
4.8. Economic Dependence 14
4.9. Environmental Protection 15
4.10. Reorganization 15
4.11. Social or Environmental Policies 15
4.12. Employees 15
4.13. Risk Factors 15

ITEM 5. DIVIDENDS 20

ITEM 6. DESCRIPTION OF THE CAPITAL STRUCTURE 20

6.1. Common Shares 21
6.2. Preferred Shares 21
6.3. Options 21
6.4. Warrants 22

ITEM 7. MARKET FOR SECURITIES 23

7.1. Trading Price and Volume 23
7.2. Prior Sales 23

ITEM 8. ESCROWED SECURITIES 23

ITEM 9. DIRECTORS AND OFFICERS 24

9.1. Name, Occupation and Security Holding 24
9.2. Security Holdings of Directors and Executive Officers 25
9.3. Cease Trade Orders, Bankruptcies, Penalties and Sanctions 25
9.4. Penalties or Sanctions 25
9.5. Conflicts of Interest 25

ITEM 10. AUDIT COMMITTEE 26

10.1. Composition of the Audit Committee 26
10.2. Relevant Education and Experience 26
10.3. Reliance on Certain Exemptions 27
10.4. Pre-Approval Policies and Procedures 27
10.5. External Auditor Services Fees 27
10.6. Promoters 27

ITEM 11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS 28

ITEM 12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 28

ITEM 13. TRANSFER AGENT AND REGISTRAR 28

ITEM 14. MATERIAL CONTRACTS 28

14.1. SHS Purchase Agreement 28
14.2. KGL Share Purchase Agreement 29
14.3. PCC Construction Contract 30
14.4. PCC Operating Agreement 30
14.5. Port of Warden Lease 30
14.6. PCC Senior Credit Facility 31
14.7. Farm Credit Canada Credit Facility 31
14.8. HSBC Bank Canada Credit Facility 31
14.9. HSBC Bank USA Credit Facility 32
14.10. Hong Kong and Shanghai Banking Corporation Credit Facility 32

ITEM 15. INTERESTS OF EXPERTS 32

ITEM 16. ADDITIONAL INFORMATION 32

ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1. Explanatory Notes

In this Annual Information Form ("**AIF**"), references to "**LWI**" or to the "**Company**" are to Legumex Walker Inc. and include its subsidiaries, unless the context otherwise requires. Unless otherwise stated in this AIF, the information contained herein is stated as at December 31, 2012. The definitions of certain capitalized terms appear in the Glossary of Terms following Item 16.

This AIF has been prepared as of March 23, 2013.

1.2. Forward-looking Information

This AIF of LWI contains certain forward-looking statements. Forward-looking statements include, but are not limited to, those with respect to the estimated size and quality of future harvests of, and future demand for, pulses and other crops, canola seed, canola oil and meal, the cost of production, expected plant capacity, currency fluctuations, the growth of LWI's business, strategic initiatives, planned capital expenditures, plans and reference to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of LWI (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, timing and cost overrun risks associated with the construction of the PCC plant (as defined herein), risks related to the operation of the PCC plant, product liabilities, erosion in margins realized by the Company on the sale of its products, environmental risks, regulations related to agricultural commodities, weather related risks, the demand for and availability of rail, port and other transportation services, the actual results of harvests, fluctuations in the price of pulses and other crops, canola seed, canola oil and meal, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes, risks relating to the integration of acquisitions, as well as those factors referred to in the section entitled "Risk and Uncertainties" and which should be reviewed in conjunction with this document. Although LWI has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Although LWI believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this AIF. In addition to other assumptions identified in this AIF, assumptions have been made regarding, among other things: Canadian crop production quality in 2013 and subsequent crop years; the volume and quality of crops held on farm by growers in North America; demand for and supply of pulses and special crops globally; margins realized by the Company on the sale of its products being consistent with historical results; agricultural commodity prices; general financial conditions for North American growers; market share of pulses and special crop sales and purchases that will be achieved by LWI; the ability of the railways to ship products without labour or other service disruptions; ability to maintain existing customer contracts and relationships; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms, and currency, exchange and interest rates.

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

1.3. Currency and Exchange Rates

In this AIF, unless otherwise indicated, references to "$" are to Canadian dollars. References to "USD $" or "U.S. dollars" are to the lawful currency of the United States.

On December 31, 2012, the noon buying rate published by the Bank of Canada as reported by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was USD $1.00 = $0.9949.

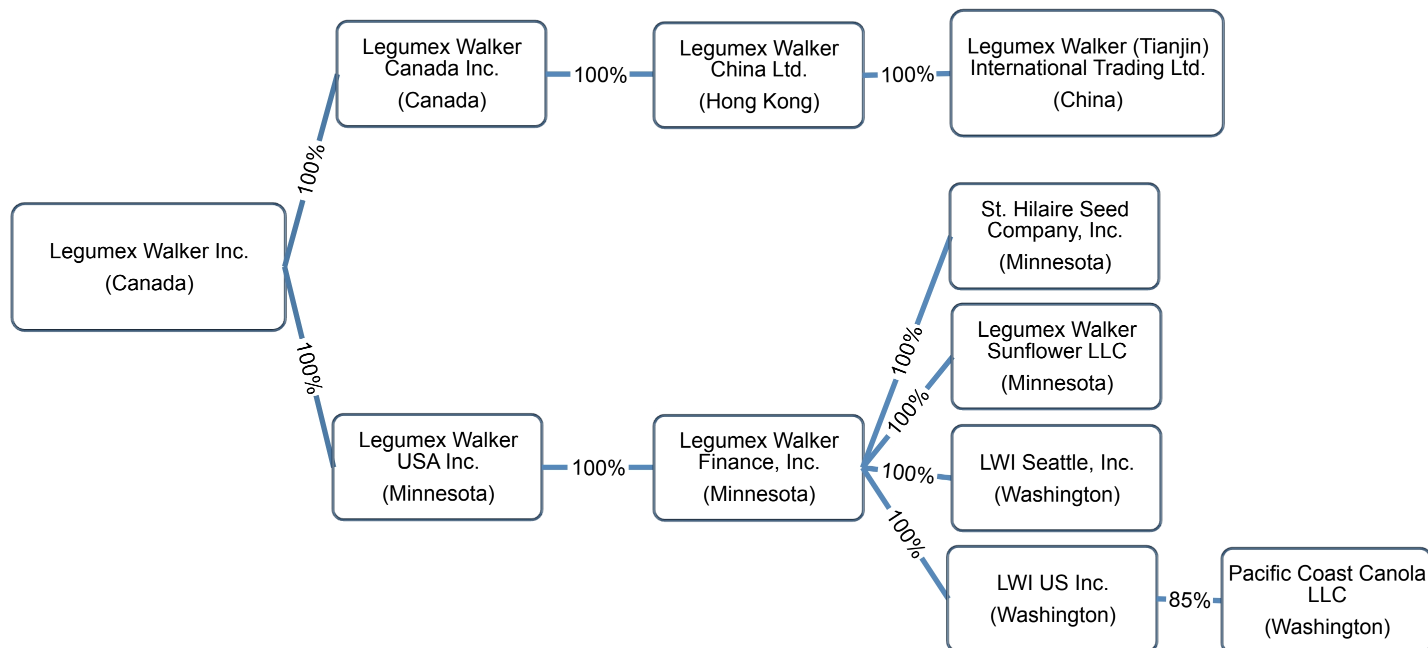
ITEM 2. CORPORATE STRUCTURE

2.1. Name, Address and Incorporation

Legumex Walker Inc. was incorporated on April 20, 2011 under the laws of Canada. The registered and head office of the Company is located at 1345 Kenaston Boulevard, Winnipeg, Manitoba, R3P 2P2.

2.2. Inter-corporate Relationships

The following chart depicts the organizational structure of the Company, its subsidiaries (excluding inactive subsidiaries), the percent of voting securities held and the jurisdiction of incorporation of each entity as of January 1, 2013.



Notes:

(1) In addition to the subsidiaries noted above, the Company holds a 50 percent interest in 0729767 B.C. Ltd. The shares of 0729767 B.C. Ltd. are subject to a unanimous shareholders' agreement, which includes share transfer restrictions and first refusal rights.

(2) The diagram above excludes subsidiaries as of January 1, 2013 in respect of which i) the total assets of the subsidiary did not exceed 10 percent of the consolidated assets of LWI; ii) the revenue of the subsidiary did not exceed 10 percent of the consolidated revenue of LWI; (iii) the aggregated total assets of all such excluded subsidiaries did not exceed 20 percent of the consolidated assets of LWI; and (iv) the aggregated total revenue of all such excluded subsidiaries did not exceed 20 percent of the consolidated revenue of LWI.

(3) St. Hilaire Seed Company, Inc. was acquired by Legumex Walker Finance, Inc. on February 15, 2012.

(4) Legumex Walker Sunflower, LLC acquired certain sunflower processing assets from Anderson Seed Co., Inc. on February 15, 2012 which includes assets located in Minnesota and North Dakota.

(5) Legumex Walker (Tianjin) International Trading Ltd. is subject to a 25 percent profit sharing interest held by a third party.

(6) Keystone Grain Ltd. was acquired on October 1, 2012 and amalgamated into Legumex Walker Canada Inc. on January 1, 2013

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1. Three Year History

The Company was formed on April 20, 2011.

On July 14, 2011, the Company completed an initial public offering of 7,225,000 common shares of LWI ("**Common Shares**") and a concurrent private placement of 555,556 Common Shares at a price of $9.00 per share for gross proceeds of $70,025,000 (the "**IPO**").

The net proceeds received by the Company were approximately $63,000,000 after deducting underwriters' fees and other fees and expenses associated with the IPO. The Common Shares were listed on the Toronto Stock Exchange on July 14, 2011.

In connection with the IPO, on July 14, 2011, the Company acquired all of the issued and outstanding shares of the Roy Legumex Group of Companies ("**RLI**"), a diversified special crop processor and merchandiser headquartered in St. Jean Baptiste, Manitoba and of Walker Seeds Limited ("**WSL**"), a diversified special crop processor and merchandiser headquartered in Saskatoon, Saskatchewan. In addition, the Company's 85 percent subsidiary, Pacific Coast Canola, LLC ("**PCC**") acquired specified assets of Home Grown Oil, LLC ("**HGO**"). The assets of PCC purchased from HGO included both tangible and intangible assets relating to the development of the PCC Plant.

On July 14, 2011, PCC obtained a senior secured credit facility (the "**PCC Senior Credit Facility**") in the amount of USD $59,800,000 from a syndicate of lenders. The Senior Credit Facility consists of a construction loan available in multiple advances over an 18-month period, commencing on July 14, 2011, and then, following completion of construction, converted into a term loan (USD $47,800,000) and a revolving loan (USD $12,000,000).

On August 8, 2011, the underwriters of the IPO exercised the over-allotment option to purchase on August 11, 2011 an additional 166,050 Common Shares at the IPO price of $9.00 per Common Share. Net proceeds received by the Company were approximately $1,380,000 after deducting underwriters' fees and other fees and expenses.

On January 1, 2012, all of the Company's wholly-owned Canadian subsidiaries: 8048835 Canada Ltd. (formerly RECO Holdings Ltd.), 8048606 Canada Inc. (formerly 5530777 Manitoba Ltd.), Roy Legumex Inc., Regina Seed Processors Ltd., Duncan Seeds Ltd., Sabourin Seed Services Ltd., Walker Seeds Ltd. and Shamrock Seeds Ltd, were amalgamated into one federally incorporated corporation named Legumex Walker Canada Inc. ('**LWC**").

On February 15, 2012, the Company, through its wholly-owned subsidiary, Legumex Walker Finance, Inc. ("**Finco**") acquired (the "**SHS Acquisition**") all of the issued and outstanding shares of St. Hilaire Seed Company, Inc. ("**SHS**"), a dry bean processor located in St. Hilaire, Minnesota. Concurrently with the acquisition, Legumex Walker Sunflower, LLC ("**Sunflower**"), a wholly owned subsidiary of the Company, acquired certain sunflower processing assets of Anderson Seed Co., Inc. ("**ASC**") which consisted of a processing facility in Mentor, Minnesota and two receiving stations in North Dakota.

On May 1, 2012, the Company sold its investment in Blue Hills Processors (2003) Ltd. for gross proceeds of $1,800,000 and a gain on disposal of other assets of $1,043,000.

On October 1, 2012, the Company, through its wholly-owned subsidiary, LWC, acquired (the "**KGL Acquisition**") all of the issued and outstanding shares of Manitoba-based Keystone Grain Ltd. ("**KGL**"), a leading Manitoba-based processor and marketer of sunflowers, flax, speciality crops and organic commodities.

On October 25, 2012, the Company completed an offering of 2,135,500 Common Shares on a bought deal basis with a syndicate of underwriters at a price of $7.75 per share for gross proceeds of $16,550,000. The net proceeds after transactions costs and taxes were $15,639,000.

On January 1, 2013, the Company's wholly-owned Canadian subsidiary, KGL, was amalgamated with LWC.

During 2013, the Company expects to complete the integration of SHS, KGL and the sunflower processing assets previously owned by ASC. The Company will continue to focus on improving utilization of its system-wide processing capacity by optimizing distribution of crops among its processing plants.

Substantive portions of the PCC Plant were placed in service in December 2012 and the plant crushed, sold and shipped product by December 31, 2012. The construction and placing in service of the PCC Plant qualified the Company's US operations for approximately $66 million in bonus depreciation for the year ended December 31, 2012 under incentives for capital reinvestment reinstated by the US Congress. This bonus depreciation claim in US operations contributes to a large net operating loss in 2012 which is deductible up to 20 years and may be used by the Company in future years to offset US taxes otherwise payable.

Construction of the PCC Plant was substantially completed in February 2013. On March 19, 2013, the PCC Plant sold and shipped refined, bleached and deodorized ("**RBD**") food grade canola oil. Management of PCC continues to complete the commissioning of the plant and prepare for commencement of commercial level operations, expected by mid-2013.

For a greater discussion of changes expected in the Company's business in 2013, including industry trends and opportunities for the Company, see Section 4 "Outlook" and Section 15 "Forward-looking Information" of the Company's Management's Discussion and Analysis for the period ended December 31, 2012 (which sections are hereby incorporated by reference and available under LWI's profile on SEDAR at www.sedar.com).

3.2. Significant Acquisitions

On February 15, 2012, the Company, through its wholly-owned subsidiary, Finco, acquired all of the issued and outstanding shares of SHS. The total consideration paid for the SHS acquisition was USD $12,000,000, subject to post-closing adjustments. The consideration paid consisted of a cash amount paid at closing and a promissory note in the amount of 1,000,000 Common Shares of the Company. SHS operates one processing plant, which is located in Minnesota and six receiving facilities, five in North Dakota and one in Minnesota. See Item 14.1 for a description of the SHS Purchase Agreement.

The acquisition of SHS was considered a "significant acquisition" as defined under National Instrument 51-102 and accordingly a Business Acquisition Report was filed with Canadian Securities Administrators on April 30, 2012 and is available under LWI's profile on SEDAR at www.sedar.com.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1. General

The Company is a growth oriented processor and merchandiser of pulses, other special crops, and with the completion of the canola seed processing facility in Washington State (the "**PCC Plant**"), canola products. The Company derives its revenue from sourcing, processing, marketing and distributing special crops, canola and associated food products to a global client base. The Company has operations in Canada (which are carried on principally through Legumex Walker Canada Inc.), in the U.S. (which are carried on principally through the subsidiaries of Legumex Walker Finance Inc. (see chart in section 2.2 Inter-corporate Relationships), and in China (which are carried on principally through subsidiaries of Legumex Walker Canada Inc). The Company is one of the largest processors of pulses and other special crops in Canada and as of the date of this document the Special Crops Division has an annual processing capacity of approximately 477,000 tonnes. In 2012, the Company sold approximately 349,000 tonnes of pulse and other special crop products to an established customer base in over 70 countries.

The Company's portfolio of products includes various grades of pulses, including, lentils, whole and split peas, edible beans and chickpeas, as well as other special crops, such as canaryseed, flaxseed and sunflower seed, and following the completion of the PCC Plant, canola oil and canola meal. The Company sources product from a network of over 18,000 growers primarily in Canada but also in the United States and China and processes these crops at its 15 processing facilities located in key growing regions throughout the Canadian prairies, the American Midwest and China.

The Company is focused on the segments of the agricultural processing industry that are demonstrating the highest growth in demand and output.

The Company has developed long-term relationships in the major consumptive markets of the Indian Subcontinent, Asia, the Middle East, the Americas and Europe. The Company's product portfolio is diverse, providing a single source for distributors and wholesalers globally as well as a single, trusted buyer for growers who typically grow a diversified set of special crops as part of an economic crop rotation program designed to maximize yield and diversify revenues.

The Company has an 85 percent interest in PCC. The PCC Plant is a 1,100 tonne per day canola seed processing facility located in Washington State. The PCC Plant is expected to produce approximately 137,000 MT of canola oil and approximately 220,000 MT of canola meal per year. Construction of the PCC Plant started in the third quarter of 2011, was placed in service in December 2012 and substantially completed in February 2013. The PCC Plant is expected to enter into commercial level production by mid-2013. Supply agreements have been secured for the PCC Plant, including an agreement with CHS Inc. ("**CHS**"), a United States Fortune 500 agricultural company, for the supply of the necessary canola seed and off-take of all canola meal and some canola oil, both for at least five years.

4.2. Specialized Skill and Knowledge

Management believes that the Company benefits from certain specialized skills and knowledge, that support its market position, as summarized below.

Recognized Brands and Relationships

The Company is well established and has developed recognized brands with both producers and end use customers in the global special crops industry. The Company has developed strong relationships with over 18,000 growers, many of which extend over generations.

Diversified Global Sales Platform and Product Offerings

Management believes that the Company offers one of the most diverse product offerings and geographic sales footprint of any North American pulse and special crops processor. The Company's global sales platform provides the Company with significant advantages relative to its competitors, both in terms of selling products at the highest value and sourcing product cost effectively. The Company's sales and logistics teams are multi-lingual, have extensive knowledge of international markets and customs, and have developed long term relationships in major consumptive markets around the globe. The Company currently markets its products to over 70 countries. Special crops are not traded on an exchange and the Company's global insight provides critical pricing knowledge.

Significant Scale and Logistics Advantages

The Company is one of the largest processors of pulses and other special crops in Canada with five receiving stations and fourteen processing facilities strategically located in key growing regions throughout Saskatchewan, Manitoba, Minnesota, North Dakota and China with multimodal transportation and logistics capabilities to source and deliver bulk and packaged product to clients locally and globally by truck, rail, vessel or intermodal freight. The PCC Plant is the only commercial scale canola seed processing facility west of the Rocky Mountains, located in the middle of fertile canola and special crop growing regions of the Pacific Northwest.

4.3. Special Crops Division

As a result of the acquisition of RLI and WSL, SHS, KGL and certain assets of ASC, LWI is one of the largest processors and exporters of pulses and other special crops in Canada. LWI's portfolio of special crop products includes various grades of pulses, including lentils, whole and split peas, beans and chickpeas, as well as other special crops, such as canaryseed, flaxseed and sunflower seed.

LWI sources product from a network of over 18,000 growers predominately in the Canadian prairies, the American Midwest and China and processes these crops at fourteen processing facilities strategically located in key growing regions throughout the Canadian prairies, the American Midwest and China.

LWI derives its revenue from sourcing, processing, marketing and distributing special crops to a global client base that is comprised of importers, canners, packaging companies, wholesalers and distributors located in over 70 countries worldwide. LWI has a long history in the major consumptive markets of the Indian Subcontinent, Asia, the Middle East, the Americas and Europe and enjoys long-term relationships with buyers in each market. After the acquisition of SHS and certain assets from ASC, LWI has strengthened its position in the North American special crop industry with an increased focus on dry beans and dehulled sunflower seeds. In addition, the two acquisitions are expected to bring important new relationships with grower communities in Minnesota, North Dakota and South Dakota. LWI further strengthened its position in sunflower, flax and birdfood with the acquisition of KGL.

During the fourth quarter, the Company reorganized its Special Crops business into three operating divisions:

- the Edible Bean Division comprising the bean plants located in Morden and Plum Coulee, Manitoba, St. Hilaire, Minnesota and China with aggregate annual processing capacity of about 96,000 tonnes;
- the Sunflower, Flax and Birdfood Division comprising the operating plants of KGL located in Winkler and Winnipeg, MB, the Sabourin Seed plant located in St. Jean, MB and the LWS plants located in Mentor, MN with aggregate annual processing capacity of about 141,000 tonnes; and
- the Pea, Lentil and Canaryseed Division comprising the operating plants located in Saskatchewan and a plant in St. Jean, MB with aggregate annual processing capacity of about 240,000 tonnes.

Organizing processing plants handling similar products into these three divisions will allow each general manager to focus on safety, quality and overall efficiency and profitability of these operations. Concurrently, responsibility for merchandising and position management was also centralized and reorganized along product lines rather than being attached to specific operating plants or legal entities.

Products – Special Crops

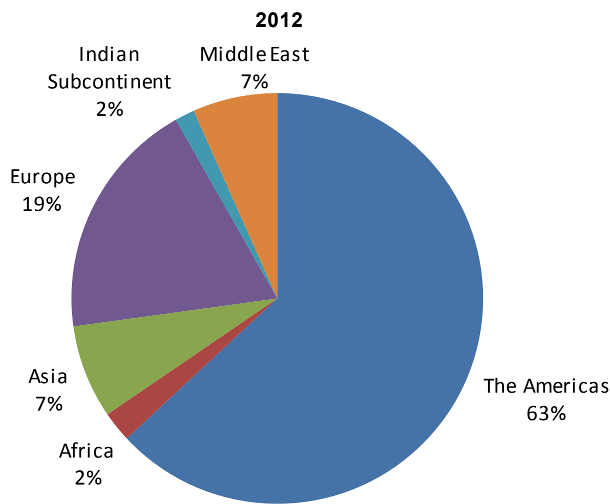
As indicated in the chart below, the Company's portfolio of products includes various grades of pulses, including, lentils, whole and split peas, beans and chickpeas, as well as other special crops, such as canaryseed, flaxseed and sunflower seed.

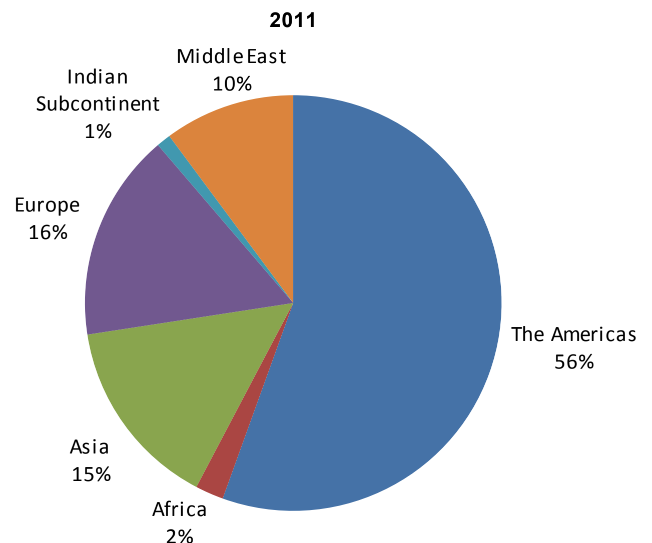
Product Focus				
Crop	Description	Primary Export Markets	Sales Volume 2012 (000's tonnes)	Sales Volume 2011 [(1)] (000's tonnes)
Beans	Beans are used in a variety of salads, soups, and ethnic cuisines. There is strong demand for niche and organic bean varieties.	Americas, Europe	107,311	15,716
Peas	Whole and split green and yellow peas as well as other niche varieties used primarily for food and feed.	India, Europe, Asia	83,387	44,745
Lentils	Whole green lentils as well as whole and split red lentils primarily used for human consumption as a protein source in soups, stews and vegetarian dishes.	Europe, Middle East, Americas, India	74,407	48,934
Sunflower, flax and bird food	Sunflower seed is used for both bird food mixtures and for human consumption.	Americas, Middle East	41,123	2,073
Canaryseed	Canaryseed is used almost exclusively in commercially prepared bird food mixtures.	Americas, Europe	16,768	9,720
Chickpeas	Variations of chickpeas include desi, kabuli, and chana dhal (split desi chickpeas). Chickpeas are a staple in Middle Eastern and Indian cooking.	India, Middle East, Americas, Europe	6,806	3,444
Other	Includes seed mixes, feed, garlic, flaxseed and other special crops.	Americas, Asia, Middle East	19,544	24,060
Total			349,346	148,692

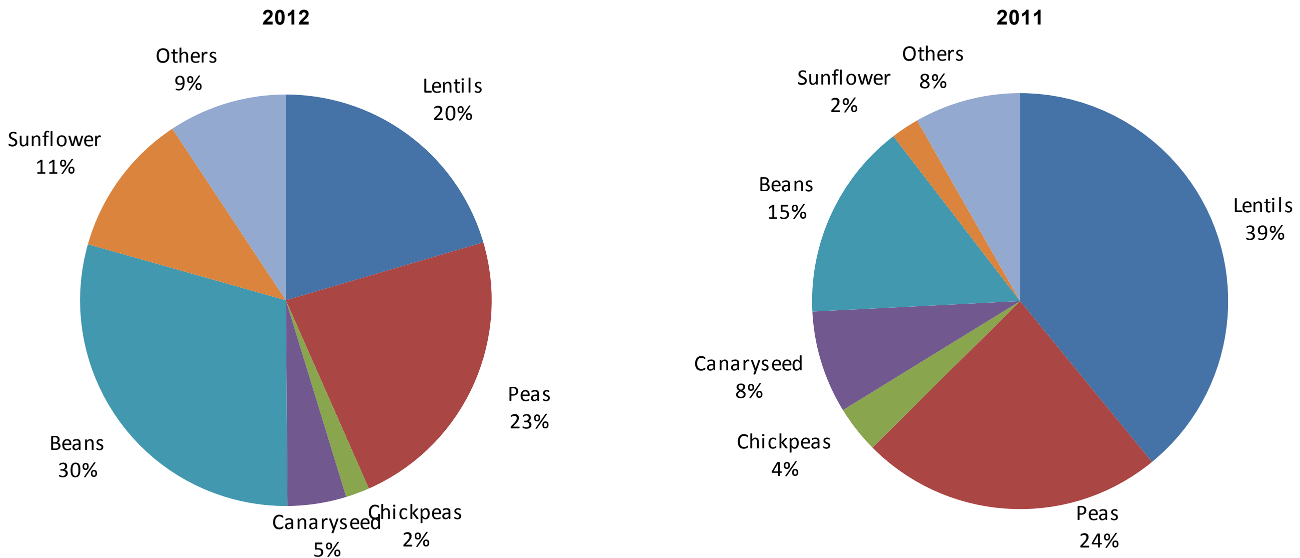
[(1)] For the period of July 14, 2011 to December 31, 2011.

The Company's special crops product portfolio and sales by product are among the most diverse in Canada. The Company provides a single source for distributors and wholesalers globally, and a single buyer for growers who typically grow a diversified set of special crops as part of an economic crop rotation program designed to maximize yield and diversify revenues. The following diagrams illustrate the approximate geographical and product breakdown of the Company's special crops revenue for the twelve months ended December 31, 2011 and December 31, 2012.

Sales by Region







Sourcing and Suppliers – Special Crops

The Company purchases special crops from producers throughout the year. The Company purchases its inventory primarily from Canadian growers, with the balance from producers in the United States and China. The Company sources crops from a broad network of approximately 18,000 growers predominately in the Canadian Prairies, the American Midwest and China.

Product is sourced either by its dedicated team of grain buyers or is obtained through intermediaries such as brokers or the dealer trade. Special crops are purchased on the basis of their quality which is measured by grading standards established by the Canadian Grain Commission. Grading factors include seed colour, size and damage. Price differentials exist between the various grades of a product that create arbitrage and blending opportunities for processors and exporters. When crops are purchased by its grain buyers or through brokers, the Company enters into a purchase contract directly with the producer. If the Company purchases product from the dealer trade, a contract is made with the counter party dealer typically under the trade rules established by the Canadian Special Crop Association. This sourcing strategy gives the Company a broad and detailed view of market and crop conditions which assists the Company's merchandisers, providing them with current market intelligence and appropriate pricing benchmarks to facilitate sales transactions.

A significant portion of the purchase contracts executed by the Company with producers are deferred delivery contracts that provide the Company the option to call in crops during a specified future delivery period for a fixed price and quantity. The Company establishes a regular bid price for producers usually on a freight-on-board farm basis (i.e. the Company arranges the trucking to bring product from the farm to its processing facilities). The balance of the Company's purchases are made under production contracts or via a voluntary marketing pool established by the Company for certain niche products.

Processing and Splitting Operations – Special Crops

The Company is engaged in primary and secondary processing of special crops at its fourteen processing facilities.

Colour sorting technology is currently employed at six of the Company's facilities. This technology is used to separate seeds by appearance for allocation to certain food markets. Product quality is controlled during the processing steps through the Company's quality assurance program. In addition, the Company's Saskatoon facility has been certified as an organic processing facility by the Organic Crop Improvement Association (OCIA) and the Company's products processed at the Winkler facility have been certified Organic by Pro-Cert Organic Systems Ltd. The Company's Morden and Winkler facilities have been Hazard Analysis Critical Control Point (HACCP) certified. The Company's Winkler facility has also been certified as Kosher and conforms to the standards of Bio Suisse (the Association of Swiss Organic Agriculture Organizations).

Facilities – Special Crops

Below is a list of the Company's facilities as of the date of this AIF, which unless otherwise noted are wholly-owned. The Company's facilities are located throughout Saskatchewan, Manitoba, Minnesota, North Dakota and China with access to rail, container, and truck transportation services. The Company invests in all of its plants on an on-going basis in order to optimize returns.

Operating Facilities				
Location	Capacity by Function			Product Focus
	Processing (MT/year)	Splitting (MT/year)	Storage (MT)	
Runciman, Saskatchewan	100,000	28,400	16,000	Peas, Chickpeas, Lentils, Canaryseed, Fababeans
Brooksby, Saskatchewan	52,800	-	6,000	Peas, Flax, Lentils
Saskatoon, Saskatchewan	52,800	-	4,000	Organic Pulses, Organic Flax, Peas
Regina, Saskatchewan	24,960	-	2,400	Lentils, Canaryseed
St. Jean, Manitoba	9,600	9,600	6,000	Peas, Chickpeas, Lentils, Beans
Morden, Manitoba	16,800	-	7,500	Beans
Plum Coulee, Manitoba	24,000	-	13,500	Beans
St. Hilaire, Minnesota	45,000	-	25,000	Beans
Tianjin, China	10,000	-	3,000	Beans
Argyle, Minnesota	-	-	3,100	Beans
Garkse, North Dakota	-	-	7,000	Beans
Grafton, North Dakota	-	-	6,400	Beans
Grafton, North Dakota	-	-	5,400	Corn
Keystone, Winkler	40,000	-	-	Sunflower
Keystone, Winkler	11,500	-	-	Flax
Keystone, Winnipeg	11,500	-	-	Birdfood
St. Jean, Manitoba	38,400	-	3,300	Sunflower, Flax, Canola
Mentor, Minnesota	40,000	-	-	Sunflower
Durbin, North Dakota	-	-	3,500	Sunflower
Selz, North Dakota	-	-	3,100	Sunflower
Total	477,360	38,000	115,200	

Transportation and Logistics – Special Crops

Transportation and logistics is a key component of the special crops supply chain. The Company has multimodal transportation and logistics capabilities at each of its processing facilities. Most facilities have direct rail links with either CN or CP rail, and are capable of shipping product in bagged form loaded into boxcars, containers or intermodal vans or in bulk form loaded into containers or bulk hopper cars. The Company utilizes container loading facilities in the ports of Montreal, Toronto, Vancouver and Seattle. These provide the Company with additional shipping capabilities and strategic access to containers on the East and West Coast of North America.

The Company maintains three experienced teams dedicated to logistics, traffic, and ocean freight. The Company's logistics group is responsible for allocating sales orders to the Company owned plants or its third party network based on cost, availability of product and availability of transportation equipment. The Company's traffic group manages the execution of the sale from the time the shipment leaves the processing facility to the invoicing of the customer. The Company's ocean freight group provides coverage of the Company's ocean freight transport program and maintains relationships with steam ship lines and freight forwarders.

Customers and Merchandising – Special Crops

The Company exports its products to an established customer base with long standing buyer relationships in over 70 countries worldwide. The vast majority of the Company's products are sold directly to importers, canners, packaging companies, wholesalers and distributors located in North America and globally.

The Company's merchandising efforts are focused by geography and commodity. To staff its merchandising team, the Company employs individuals from the major consumptive markets – the Indian Subcontinent, China, the Middle East and Latin America. These merchandisers are multi-lingual and generally have knowledge of cultural, market and trading practices in their assigned sales regions. In addition to geographic responsibilities, each merchandiser is given the responsibility to manage the Company's overall position in a specific basket of commodities.

Most of the Company's products are traded and priced directly with customers as no formal market exchange exists for the majority of special crops. Customer prices are established based on the underlying commodity price, and include transportation costs, foreign exchange, packaging fees, and a target margin. Prices are generally set in U.S. dollars, with currency hedging typically established at the time of the sale. Vertical integration as a processor, logistics provider, and exporter is intended to offer the Company greater flexibility in selling prices and exercising control of its margins.

While the Company exports its products to markets worldwide, the Company is focused on maintaining a diverse customer base to mitigate risk in any particular international market. Orders are typically settled upon delivery of documents, and for larger orders the Company may require that the customer post letters of credit.

As a result of having a foundation of small order sizes spread over a broad geographic footprint, the Company does not have significant revenue concentration risk by customer or geography. For the period ended December 31, 2012, no individual customer exceeded 5 percent of the Company's sales.

Foreign Operations – Special Crops

The only operations located outside Canada and the United States are a Hong Kong subsidiary (Legumex Walker China Ltd.), which was formed for the purpose of selling and sourcing products in Asia, sales and logistics operations in Beijing, China and a 10,000 MT per year processing facility in Tianjin, China (Legumex Walker Tianjin Ltd.).

4.4. Oilseed Processing Division

Through its 85 percent investment in PCC, the Company will operate a canola oilseed processing facility designed to process 1,100 MT per day that will operate 345 days per year and be capable of producing approximately 137,000 MT of canola oil and approximately 220,000 MT of canola meal per year. Construction on the PCC Plant commenced in the third quarter of 2011, was placed in service in December 2012 and was substantially completed in February 2013. Commissioning of the plant commenced in December 2012 with the first sale of super-gummed oil and canola meal in December 2012 and the first processing, sale and shipment of food grade canola oil in March 2013. Commercial level production is expected to commence by mid-2013. The PCC Plant is located on a 52 acre site in Warden, Washington, approximately 200 miles southeast of Seattle and 100 miles southwest of Spokane. Warden, located in Grant County, and is well positioned for transportation in and out of the PCC Plant through the local shortline Columbia Basin Railroad ("**CBRR**") and existing roadway systems. The PCC Plant connects to the CBRR via a spur line on its site. In turn, the CBRR connects to the Burlington Northern Santa Fe ("**BNSF**") mainline 30 miles southeast in Connell, Washington, and through nearby Interstate 90 and US 395.

Oilseed Processing

The PCC Plant uses expeller press technology widely used in Europe, rather than solvent extraction technology. PCC's facility is the larger of two commercial-sized canola expeller-press plants in North America. This mechanical crushing process differentiates PCC from the rest of the canola processing industry that uses a chemical extraction process. PCC's expeller-pressed canola oil allows the Company to enter the health conscious natural food segment of the market that is rapidly growing in North America. An expeller press produces less canola oil and its canola meal has a higher oil content (and higher energy levels) which generally commands a higher price than that produced using solvent extraction systems. Canola meal is valued as a high-quality livestock feed and is widely used a component in hog, poultry and cattle rations. The expeller presses to be used by the PCC Plant were provided by Crown Iron Works Company ("**CIW**").

Suppliers – Oilseed Processing

PCC has entered into a five-year agreement for canola procurement, meal and some oil sales and position management dated May 16, 2011 with CHS (the "**PCC Supply Agreement**") which will be automatically renewed for one year terms unless terminated by PCC or CHS. CHS is a large and significant player in the Pacific Northwest agriculture industry and has an active oilseed marketing program in the Midwest. CHS is a diversified energy, grains and foods company committed to providing the essential resources that enrich lives around the world. A Fortune 500 company, CHS is owned by farmers, ranchers and cooperatives, along with thousands of preferred stockholders, across the United States. CHS is the largest farmer cooperative in North America and a large United States independent canola trader. CHS will also assist PCC in its efforts to increase the growth of canola as a crop in the Pacific Northwest.

Under the PCC Supply Agreement, CHS will be required to provide PCC with 100 percent of the canola seed necessary to operate the PCC Plant. The sales price and delivery terms will be agreed upon by PCC and CHS in advance for each sales contract. PCC may purchase a portion of its canola seed requirements from a third-party seller provided the sales price and/or delivery terms are better than offered by CHS and CHS has chosen not to match those terms. CHS will also be required to market and sell on behalf of PCC all the canola meal and some oil produced at the PCC Plant, while also remaining responsible to PCC for seed and meal truck and rail logistics. CHS will recover the costs it incurs procuring seed and marketing meal on behalf of PCC, and in exchange for its strategic partnering and consulting to PCC, CHS will also earn a 4 percent share of PCC's annual earnings before tax once the PCC Plant becomes profitable. In the event of termination of the PCC Supply Agreement, the Company would be required to source its canola supply from other sources, growers or through brokers at then current negotiated or market prices.

Based on average historical harvested yields per acre, approximately 300,000 acres of local production (being within a 500 mile radius of the PCC Plant) would be required if PCC were to use 100 percent locally grown canola seed in the PCC Plant. In 2012, it is estimated that there were approximately 100,000 acres seeded for local canola production compared with 44,000 in 2011. CHS is expected to source such seed both locally and from other regions as required, whatever is most economical.

Customers – Oilseed Processing

The Pacific Northwest is home to a $28 billion food processing industry. There is growing demand from secondary food processing participants in the Pacific Northwest as well as a number of distribution opportunities both along the West Coast and the Pacific Rim. The PCC Plant will be located directly adjacent to or near many of the largest potato processors and users of canola oil in the United States. As such, PCC believes it is in a strong position to take advantage of the opportunities presented by this agricultural processing community and its associated diverse industry cluster by providing a local source trans fat-free canola oil.

PCC anticipates selling much of its product directly to these local food processors and to other customers outside of the immediate area. PCC will be the closest canola seed processor to California, which banned trans fatty acids in 2010. The PCC Plant is the nearest commercial scale canola seed processor to the Port of Vancouver, British Columbia, which ships canola oil to growing Asian markets. Additionally, the PCC Plant is in close proximity to a large percentage of the United States dairy production, for the sale of its canola meal.

Contractors and Equipment Suppliers – Oilseed Processing

PCC entered into a guaranteed maximum price construction contract with Industrial Construction Group, Inc. ("**ICG**"), an affiliate of McKinstry Co., LLC ("**McKinstry**"). CIW will, as the technology provider, provide the expeller presses and related equipment for the PCC Plant.

ICG has significant design-build experience, focusing on the design and construction of heavy industrial projects, including the food and beverage industry. ICG routinely partners with industry experts to supply process equipment and process design expertise and then utilizes its design-build expertise to deliver projects.

Transportation and Distribution Channels – Oilseed Processing

Canola seed is transported to the PCC Plant by rail cars and semi-truck. Canola oil and meal are also transported via rail line and truck for purchase by buyers. The amount of canola seed transported by truck is expected to increase over time, as PCC will increasingly source canola from the local area and adjacent states and provinces.

Storage – Oilseed Processing

The PCC Plant site design includes 500,000 bushels (13,605 MT) of existing storage capacity. This storage represents approximately ten days of PCC Plant seed supply requirements. The PCC Plant site plan includes space anticipated for the eventual development of an additional 500,000 bushels (13,605 MT) of on-site seed storage capacity. PCC has entered into a short-term storage agreement with Wilson Creek Union Grain to store canola for PCC. Wilson Creek Union Grain has 3 locations all located approximately 50 miles from the PCC plant in Warden. PCC has the ability to renew this agreement if market conditions dictate.

4.5. Competitive Conditions

The special crops industry in North America has begun to consolidate over the past ten years, following the initial growth of the industry which occurred over the prior three decades. The special crops industry in Canada remains somewhat fragmented in terms of market share by product. The Company is one of the largest special crops processors in Canada, and other than two large scale competitors, the balance of the industry is characterized primarily by family owned operations which generally lack significant global sales volumes, and may process product for larger participants such as the Company. Competition is based on product price (both to growers and to consumers), dependability, logistics and specialized processing capabilities, product line diversity and scale. Products are not exchange traded, requiring relationships and expertise in various global markets to determine regional pricing for products.

The Company distributes its products in more than 70 countries globally, competing with pulse processors and distributors in North America, as well as in other countries around the world. The global pulse industry continues to evolve, with a number of countries outside North America recently increasing pulse production. Some of these countries may experience pricing advantages relative to North America due to local sourcing, less expensive labour and lower transportation costs due to proximity to some international markets. Currency fluctuations also have a bearing on the global competitive landscape. The globalization of the pulse industry is expected to present significant opportunities for North American companies.

The canola industry in North America has generally enjoyed positive margins (crush margins represent canola oil and canola meal revenues FOB plant less the canola seed cost delivered to the plant) over time. Given the lack of significant alternative uses for canola seed, other than oil and meal, there has been a high degree of correlation between seed and oil pricing as canola seed prices are generally, although not immediately, passed through to end users of canola oil. The other processors are located primarily in key canola growing regions, including the Prairie Provinces and in the United States in North Dakota. As demand has increased in North America due to a shift to healthier oils, market participants have added capacity, while maintaining high capacity utilization across the industry. At the same time, more land is being allocated to canola production and traditional growing regions are expanding. Competition is

based on product quality, service, delivery and price. Canola seed is an exchange-traded commodity with pricing well known throughout the industry, with profitability determined based on asset efficiency, transportation and logistics. PCC's capacity will represent approximately 3 percent of the North American crushing capacity and is strategically positioned as the only commercial scale canola processing facility west of the Rocky Mountains. The closest commercial scale competitor is located over 1,200 kilometres away. This location is expected to provide the Company with a competitive advantage with respect to shipping costs and customer service to customers on the West Coast of the United States as well as to the Pacific Rim export markets. Further, the PCC Plant has been designed with infrastructure to enable lower-cost expansion of the PCC Plant.

4.6. Intangible Properties

The Company's products are sold under various brand names, including "WSL", "Roy Brand", "White Mountain Pinto Beans", "Shamrock Seeds", "Sabourin Seeds", "Emerald Mills" and "Pure Origins". "White Mountain Pinto Beans", "Keystone Grain", "Emerald Farms" and "Canwest" are Canadian registered trademarks. In addition, "Pacific Coast Canola" is a registered trademark in Canada and an application has been made for trademark approval in the United States.

4.7. Seasonality

Special Crops

In Canada and the United States, the growing season for major agricultural commodities spans from May to October. Pulses and other special crops are typically seeded in May, harvested in late-August to early October and marketed throughout the year. The timing and volume of sales and shipments in a given year may be influenced by factors such as global supply and demand conditions, timing of harvest, crop size and quality, expectations of commodity prices in the near- and long-term, foreign exchange rates and the cost and availability of transportation equipment (railcars, trucks and ocean containers) required to get product to market.

Oilseed Processing Division

Canola producers in the Pacific Northwest have the option of growing the crop as either a spring or a winter type. Spring canola is generally seeded in April and harvested in September, whereas winter canola is generally seeded in September and harvested in July. Harvested canola is consolidated in large storage terminals and is stored until needed. PCC expects to draw on stored canola supplies to meet its daily crushing needs. Operations commenced in February 2013. The canola processing facility is expected to operate on a fixed crushing schedule and is expected to produce product for sale on a daily basis. While PCC will be required to address the issue of seasonality for crop purchases, it is expected that product sales will remain stable throughout the year.

4.8. Economic Dependence

The following are descriptions of contracts upon which the Company's business may be considered to be substantially dependent at the date hereof.

PCC Construction Contract

The PCC Plant which was constructed pursuant to the PCC Construction Contract, will be the Company's only canola seed processing facility in the near term, thereby providing all of the Company's operating revenue and cash flows with respect to its canola oil business. Consequently, a delay in the commissioning or difficulty encountered in the operations of the PCC Plant could materially and adversely affect the Company's financial condition and financial sustainability. See Item 14.3 for a description of the PCC Construction Contract.

Port of Warden Lease

The Port of Warden Lease provides for the 52-acre site in Warden, Washington upon which PCC Plant is being constructed. The initial term of the Port of Warden Lease is 50 years, with a renewal option of up to 30 years that is unilaterally exercisable by PCC. The location provides PCC with strategic access to the CBRR spur line for shipping purposes and also allows access to locally grown canola seed for processing. A required move of the processing facilities to another site may result in increased transportation costs and decreased access to suppliers of canola seed. See Item 14.5 for a description of the Port of Warden Lease.

In addition to the above, with the substantial completion of the PCC Plant in February 2013, the Oilseed Processing Division of the Company will rely primarily on CHS to supply canola to the PCC Plant. In the event of termination of the PCC Supply Agreement or non-performance by CHS of such agreement, the Company would be required to source its canola supply from a number of other growers or through brokers at then current negotiated or market prices which may be affected by factors beyond the control of PCC or the Company. This, in turn, may affect the Company's ability to continue to have readily available access to low-cost canola seed. In addition, the Company would need to contract with a number of other suppliers to source the volume of canola seed that CHS has contracted to supply, resulting in increased logistical and employee costs being diverted to sourcing canola seed, which could have a material adverse effect on the Company's canola margin. See Item 4.4 for a description of the PCC Supply Agreement.

4.9. Environmental Protection

The Company recognizes and values the importance of responsible environmental stewardship. The Company's environmental programs focus on preventing adverse environmental impact and adopting appropriate remediation strategies when required. The Company is committed to conducting its business in a way that respects the environment and protects the health and safety of the Company's employees and communities. As part of this commitment, the Company strives to conduct its operations in accordance with all applicable legislation and regulation. The Company's operations are subject to various environmental laws and regulations that establish compliance and remediation obligations.

4.10. Reorganization

On January 1, 2012, the Company amalgamated all its Canadian wholly-owned subsidiaries (the "**Amalgamation**") to form one federally incorporated company named Legumex Walker Canada Inc. The amalgamated subsidiaries included 8048835 Canada Ltd. (formerly RECO Holdings Ltd.) ("**RECO**"), 8048606 Canada Inc. (formerly 5530777 Manitoba Ltd.), Roy Legumex Inc., Regina Seed Processors Ltd., Duncan Seeds Ltd., Sabourin Seed Services Ltd., Walker Seeds Ltd. and Shamrock Seeds Ltd. The purpose of the amalgamation was to integrate and simplify the Canadian operations of the Company following the acquisitions of RLI and WSL.

On January 1, 2013, the Company amalgamated KGL with LWC.

4.11. Social or Environmental Policies

The Company has a Code of Business Conduct and Ethics (the "**Code**") which sets out standards of behaviour required by all employees, directors, officers and contractors of the Company in conducting business and affairs of LWI. Those who are subject to the Code are expected to maintain and enhance the Company's standing as a vigorous and ethical member of the business community, and are therefore accountable for compliance with it. Among other things, the Code sets out standards of behaviour in relation to employees, business ethics, the environment, financial reporting, insider trading, prohibited substances, confidentiality and Company use of e-mail and Internet. A copy of the Code can be obtained for review under LWI's website at www.legumexwalker.com or under LWI's profile on SEDAR at www.sedar.com.

4.12. Employees

As of the date of this AIF, the Company employs 410 people, which includes 37 independent contractors who devote a substantial portion of their time to the Company, in several functional areas, including special crops operations and production, canola crushing operations, grain buying, grain merchandising, logistics, finance, and documentation. The Company believes that its dedicated and experienced management team is a key element of the Company's success.

4.13. Risk Factors

LWI is a processor and merchandiser of pulses, other special crops and canola products, 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 LWI's business and its industry.

Risk Factors Relating to the Agricultural Industry

Wholesale Price Volatility – The pulse, grain, canola 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 the Company's control. The Company will export the majority of the products it processes and will be subject to the inconsistencies of the global marketplace. The world market for pulses, special crops, canola oil and canola meal is subject to numerous risks and uncertainties, including risks related to international trade and global political conditions. In the event of a sudden and sharp increase in the wholesale price of pulses, grains, canola and special crops, in order to stay competitive, the Company 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 the Company, including causing it to suffer lower profits. A portion of the Company's crop purchases will be made through production contracts, which fix a price at which the Company may purchase pulse crops from a producer over the course of the selling season. In addition, a portion of the Company's crop purchases is 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 the Company to sell the processed products at expected levels, the margins realized by the Company on such products could be lower than expected. If, after the Company purchases crops, their sale price falls below the price at which the Company purchased them, the Company could realize a lower than expected margin on sales, or even have unprofitable sales.

As a result of fluctuations in wholesale prices of crops, sale prices of processed special crops and processing costs, the Company's Special Crop segment may experience margins on sales which are significantly lower than margins realized historically. In addition, as a result of fluctuations in the wholesale price of canola seed and sale price of canola oil and canola meal, and production and transportation costs, the Company's Oil Seed Processing Division may experience margins on sales of canola oil and canola meal which are significantly lower than historical industry margins.

Risk Related to Size of the Harvest – 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 the Company. Significant increases or decreases in the total harvest will impact the Company's sales and the gross profits realized on sales of its products and, consequently, the results of its operations. A good harvest usually results in lower prices for products (due to high supply relative to demand), but higher volume of sales. A poor harvest usually results in higher prices for products (due to low supply relative to demand) but lower volume of sales. To mitigate this risk, the Company uses splitting and colour sorting equipment to assist in its efforts to extract the maximum value 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 an issue in production. Such decreases in volume or price could have a material adverse effect on the business, financial condition and results of operations of the Company.

Product Quality and Contamination – The Company is subject to risks which include, but are not limited to, spoilage, product quality or contamination; tampering or other adulteration of products, product recalls, shifting consumer preferences; federal, state and local food processing regulations; socially unacceptable farming practices; environmental, health and safety regulations; and customer product liability claims. Certain of the Company's merchandised commodities and finished products will be used as ingredients in livestock and poultry feed. The Company is subject to risks associated with the outbreak of disease in livestock and poultry and the outbreak of disease could adversely affect demand for the Company's products used as ingredients in livestock and poultry feed. A decrease in demand for these products could adversely affect the Company's revenues and operating results.

Product Liability – As a producer of food products, the Company is subject to potential product liabilities connected with its operations and the marketing and distribution of its special crop products, and upon completion of the PCC Plant, canola oil products, including liabilities and expenses associated with contaminated or unsafe product. There can be no assurance that the insurance against all such potential liabilities maintained by the Company will be adequate in all cases. In addition, even if a product liability claim was not successful or was not fully pursued, the negative publicity surrounding any such assertion could harm the Company's reputation with its customers. The consequences of any of the foregoing events may have a material adverse effect on the Company's financial condition and results of operations.

Environmental Risks – The current and future operations of the Company will be subject to laws and regulations governing pesticides, airborne emissions, pollution, occupational health, waste disposal, protection and remediation of the environment, toxic substances and other similar matters. The production of the Company's products will require the use of materials which can create emissions of certain regulated substances including greenhouse gas emissions. Failure to comply with these regulations can have serious consequences, including civil and administrative penalties as well as a negative impact on the Company's reputation, business, cash flows, and results of operations. In addition, any change in or increase to environmental protection regulations and requirements may require the Company to modify existing processing facilities and/or processes or modify the design of the PCC Plant, which could significantly increase operating costs and negatively impact operating results. Such changes could have a material effect on the capital expenditures, earnings and competitive position of the Company.

Risk Factors Relating to the Company's Business

Agricultural Commodities and Markets – The availability and prices of agricultural commodities such as peas, lentils, chickpeas, beans, canaryseed, flax, other pulses, special crops and canola are subject to wide fluctuations due to factors beyond the Company's control including but not limited to changes in weather conditions, crop failures, reduced harvests, disease, farmer planting decisions, government programs and policies, competition, changes in the biofuels industry, changes in global demand resulting from population growth and changes in standards of living, changes in eating patterns and global production of similar and competitive crops. These factors have historically caused volatility in agricultural commodity prices and markets and it is expected they will continue to do so. Reduced supply of agricultural commodities due to weather-related factors or other reasons could adversely affect the Company's profitability by increasing the cost of raw materials and/or limit the Company's ability to procure, transport, store, process, and merchandise agricultural commodities in an efficient manner.

Weather Related Risks – The Company is subject to risks inherent in the agricultural business, such as weather and similar risks. Poor weather conditions or climate change may adversely affect the Company's operational results. The success of agricultural production is highly dependent on favourable weather conditions during the growing season. In particular, a lack of adequate rainfall or incidents of frost may adversely affect crop yield and therefore revenue and operational results. There can be no assurance that these natural elements will not have a material adverse effect on the Company.

Processing and Crushing Facilities – The Company currently has an annual processing capacity of approximately 477,000 tonnes of special crops at its processing facilities in Saskatchewan, Manitoba, Minnesota, North Dakota and China. The operation of these facilities and the 400,000 tonnes of processing capacity at the PCC Plant will involve certain risks, including the failure or substandard performance of equipment, natural disasters, 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, the Company is exposed to workplace health and safety and workers' compensation claims. 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 the Company.

Transportation and Product Shipments **–** The Company is highly dependent on local and international third party transportation providers for the transportation of its products. The Company's products are transported by rail, ocean going containers or trucks either from source or via trans-load facilities. As the majority of the Company's products will be exported, the Company will also rely on these transportation companies for space and availability. 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 transportation companies to be used by the Company, and limited container availability, may have a material adverse effect on the business, financial condition and results of operations of the Company. The Company negotiates prices for the provision of these transportation services in circumstances where it may not have viable alternatives to using specific providers. Any increase in the cost of shipping the Company's products may have a material adverse effect on the Company's operations and financial condition. Contractual disputes, demurrage charges, rail and port capacity issues, availability of vessels and rail cars, weather problems or other factors can have a material adverse effect on the Company's ability to transport its products according to schedules and contractual commitments.

Supply Contracts **–** The Company will purchase pulses and special crops from growers throughout the year but may 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 the Company at any time. In addition, even if such parties should decide to continue their relationship with the Company, there can be no guarantee that the consideration or other terms of such contracts will continue on the same basis. If one or more of the Company's key distributors or suppliers terminates or otherwise alters the terms of its relationship with the Company and/or if a number of smaller distributors or suppliers concurrently were to terminate or otherwise alter the terms of their relationship with the Company, that could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company will rely primarily on CHS Inc. ("CHS") to supply canola to the PCC Plant. In the event of termination of the PCC Supply Agreement or non-performance by CHS of such agreement, the Company would be required to source its canola supply from a number of other growers or through brokers at then current negotiated or market prices which may be affected by factors beyond the control of PCC or the Company. This, in turn, may affect the Company's ability to continue to have readily available access to low-cost canola seed. In addition, the Company would need to contract with a number of other suppliers to source the volume of canola seed that CHS has contracted to supply, resulting in increased logistical and employee costs being diverted to sourcing canola seed, which could have a material adverse effect on the Company's canola margin.

Credit Worthiness of Suppliers - The Company purchases pulses, other special crops and canola from a significant number of suppliers. The payment terms generally require payment on or following delivery to the Company's facilities or to a supplier's warehouse. In circumstances where a supplier is insolvent at the time of delivery or has insufficient inventory, the Company may be unable to take delivery of product from a supplier's warehouse or may be unable to recover amounts previously paid. In March 2013, the Company filed a lawsuit against a former supplier seeking damages in the amount of $1.7 million, plus costs, in respect to an inventory loss. There is no certainty that the Company will be successful in its claim or that it will be able to recover any damages awarded. In addition, the receipt of product purchased from an insolvent supplier may be subject to a possible lien in favour of producers. Specifically, a U.S. subsidiary of the Company was advised by the North Dakota Public Service Commission ("NDPSC") in July 2012 that a shipment of sunflower seeds previously delivered to the Company's subsidiary by a now insolvent supplier may be subject to such a lien. The Company has advised the NDPSC that it does not believe the sunflower seed shipment is the subject of a valid lien in favour of producers. However, there is no certainty that the NDPSC will not assert a claim for the value of the seeds, being $1.6 million. In addition to other possible remedies, the Company has about $500,000 otherwise due to the supplier as a holdback against final payment pending resolution of this possible claim.

Distribution and Customer Contracts – Pursuant to the PCC Supply Agreement, CHS has agreed to market and sell on PCC's behalf all of the canola meal and some oil produced at the PCC Plant. If CHS were to default on its obligations, there is no guarantee that the Company will be able to find other buyers for the canola meal it produces, which could have a material adverse effect on the business, financial condition and results of operations of the Company.

Sales by the Special Crops Division are generally not made pursuant to long-term contracts, but rather are made through purchase order for one time delivery. Accordingly, the Company's Special Crops Division does not have the benefit of long-term purchase orders.

Customer Concentration **–** Although the Company's Special Crops Division sells its products to a significant number of customers, a limited number of customers may, from time to time, account for a relatively significant percent of sales. For the year ended December 31, 2012 no one individual customer exceeded 5 percent of the Company's sales. There is no certainty that in future periods sales will not be more concentrated. The loss of a significant customer may negatively impact revenue.

Seasonality – The Company's operations are subject to the seasonality of its customers' product markets, and as a result the Company's operating results vary from quarter to quarter. Customers in the agriculture markets are typically busiest through the second and third quarters of the calendar year, which coincides with key produce growing seasons in Canada. The Company typically experiences its lowest revenue in the first quarter of each fiscal year when demand for special crops and canola declines before the

start of the growing season. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year. While certain variable costs can be managed to match seasonal patterns, a significant portion of costs cannot be adjusted for seasonality, which could have a material adverse effect on the Company. In addition, no assurance can be given that the Company's credit facilities will be sufficient to offset the seasonal variations in the Company's cash flow.

The Company currently purchases the vast majority of its pulses and other special crops from a broad network of approximately 18,000 growers, a significant number of which are in Saskatchewan and Manitoba, which are subject to short growing seasons. As a consequence, the Company's processing, marketing and distribution operations are concentrated during the growing season of its Canadian growers.

Commissioning of the PCC Plant – PCC entered into a guaranteed maximum price construction contract in May 2011 with ICG, an affiliate of McKinstry, to build the PCC Plant. Construction of the PCC Plant commenced in the third quarter of 2011 and was substantially completed in February 2013 with a total project cost of US$80.9 million (including US$80.9 million paid or accrued to December 31, 2012), subject to presentation of final invoices for approved scope improvements. Commissioning of the plant commenced in December 2012 and is expected to be completed in the second quarter of 2013. The PCC Plant is expected to produce approximately 142,500 tonnes of canola oil and approximately 227,000 tonnes of canola meal per year. Issues relating to the design, specifications, construction and/or physical layout of the PCC Plant may arise during commissioning due to unforeseen engineering, physical, geological or other circumstances. The resolution of these issues may require a change to the plan, design, specifications, layouts and/or locations. Any such changes may delay the overall operation of the PCC Plant and will increase (possibly significantly) the costs associated therewith. If significant additional costs are incurred, PCC will require additional debt or equity financing. In addition, since the PCC Plant will not operate at capacity during commissioning, delays will result in higher costs of commissioning and lower earnings. Further, the delay, costs and alterations required may potentially adversely affect the expected output of the PCC Plant. The lead time required to build and commission the PCC Plant and any capacity expansion or reduction will impact PCC's ability to respond to market demand for processed oilseed products such as canola oil and meal. A temporary imbalance between the supply and demand for the PCC Plant's output of oilseed meal and canola oil may arise, which may negatively impact oilseed processing and operating results.

Dependence on the Operation of the PCC Plant **–** While the Company may invest in additional canola crushing facilities in the future, the PCC Plant is likely to be the Company's only canola crushing facility in the near term, thereby providing all of the Company's operating revenue and cash flows with respect to its canola oil business. Consequently, a delay or difficulty encountered in the operations of the PCC Plant could materially and adversely affect the Company's financial condition and financial sustainability.

Dependence on Credit Facilities – The Company is subject to fluctuations in its working capital on a month-to-month basis. Consistent with its past practice, the Company may draw down on revolving credit facilities available under its credit facilities. There can be no assurance that the Company will continue to have access to appropriate credit facilities on reasonable terms and conditions, if at all. An inability to draw down upon credit facilities could have a material adverse effect on the Company's business, financial condition and results of operations.

Terms of the Credit Facilities – The PCC Senior Credit Facility, the FCC Credit Facility and the HSBC Credit Facility (the "Credit Facilities") subject the Company to a number of restrictive covenants that will limit the discretion of management with respect to certain business matters and maintain certain financial ratios. The covenants limit the Company's ability to create liens or other encumbrances, to pay dividends or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. Any failure of the Company to maintain the financial ratios provided for by the Credit Facilities or otherwise fulfill its obligations under the Credit Facilities could result in the acceleration of the indebtedness. If the indebtedness under any of the Credit Facilities is accelerated there can be no assurance that the assets of the Company or PCC, as the case may be would be sufficient to repay in full that indebtedness. Any failure of the Company to comply with the covenants of the Credit Facilities could have a material adverse effect on the Company.

Competitive Environment and Customer Retention – The Company will face significant competition in each of its businesses and will have numerous competitors. Pricing of the Company's products is partly dependent upon industry processing capacity, which is impacted by competitor actions to bring on-line idled capacity or build new production capacity. Many of the products bought and sold by the Company are global commodities or are derived from global commodities. The markets for global commodities are highly price competitive and in many cases the commodities are subject to substitution. Competition could increase the Company's costs to purchase raw materials, lower selling prices of its products, or reduce the Company's market share, which may result in lower and more inefficient operating rates. Certain competitors may have greater financial and capital resources than the Company. The Company 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 the Company's primary markets and product lines. If the Company 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 its business, financial condition and results of operations.

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

Employees – The success of the Company'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 the Company to hire or retain staff at competitive wage levels, which could have an adverse effect on the Company's business, financial condition and results of operations. There is no assurance that some or all of the employees of the Company will not unionize in the future. Unionization of the workforce could increase labour costs and thereby have an adverse effect on the Company's business, financial condition and results of operations.

Reliance on Key Personnel – The Company's operations are dependent on the abilities, experience and efforts of its management team. Should any of these persons be unable or unwilling to continue providing services to the Company, the business prospects and operating results of the Company could be materially adversely affected. The future success of the Company 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. The Company 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 the Company's inability to hire, executives or key employees could have a material adverse effect on the Company's growth, business, financial condition and results of operations.

Uninsured and Underinsured Losses **–** The Company 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 relating to product liability and food safety matters, 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 the Company. It is also difficult to insure against every possible loss or liability. The assets and operations of the Company could be subject to extensive property damage and business disruption from various events which include, but are not limited to, acts of terrorism or war, natural disasters and severe weather conditions, accidents, explosions, and fires. The potential effects of these conditions could impact the Company's revenues and operating results.

Economic Condition and Capital Markets – The Company is subject to global and regional economic downturns and risks relating to turmoil in global financial markets**.** As a result of the weakened global economic situation, the demand for the Company's products may decline and the Company may experience restricted access to capital and increased borrowing costs as the lending capacity of all financial institutions has diminished. The Company's working capital requirements are directly affected by the price of agricultural commodities, which may fluctuate significantly and change quickly. The Company's ability to generate sufficient cash flows or raise adequate external financing to invest in its business, make acquisitions or otherwise pursue its growth strategy is dependent on, among other factors, the overall state of the capital markets and investor demand for investments in the commodities industry. Weak global economic conditions and turmoil in global financial markets, including constraints on the availability of credit, have in the past adversely affected, and may in the future continue to adversely affect, the financial condition and creditworthiness of some of the Company's customers, suppliers and other counterparties, which in turn may negatively impact the Company's financial condition and results of operations. Worsening economic conditions could have a direct material adverse effect on the business, financial condition and results of operations of the Company, and may have an adverse effect on the Company's business indirectly, through pressure on the liquidity of its business partners and the intermediaries necessary to bring product to market.

Foreign Exchange Risk – While most of the Company's costs are incurred in Canadian dollars, most of its revenues are earned in U.S. dollars. As a result, the Company is exposed to currency exchange rate risks. A change in the currency exchange rate may increase or decrease the Canadian dollar amounts received by the Company. The Company may enter into certain foreign exchange contracts to manage risks associated with entering into new sales contracts denominated in U.S. dollars but there can be no assurance that currency fluctuations will not have a material adverse effect on the Company. In addition, should the Company enter into foreign exchange contracts, the Company could be exposed to risk of default by the counterparties to those contracts, which could have a material effect on the Company's business.

Counterparty and Export Risk – Trade receivables comprise a significant amount of the Company's outstanding accounts receivable. As a result, the business is exposed to the credit risk associated with certain of its customers. The Company will manage 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. Negative credit experience with the Company's counterparties or customers could have a material adverse effect on the Company's financial results, business prospects and financial condition. There is also the risk that goods may be lost in transit before a foreign buyer can take delivery and before they are paid for in full, 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, which could lead to residual costs to the Company affecting its profitability. The Company'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 Company's customers are located all around the world, many in jurisdictions which may not adopt comparable business and legal practices that are customary in Canada. Exposure to differing laws, administration, enforcement and diverse political entities may increase the risk of doing business in these countries, including having a material adverse effect on the business, financial condition and results of operations of the Company. The Company also sells and distributes its products to over 70 countries in the Indian Subcontinent, Asia, the Middle East, the Americas and Europe. The ability to carry on business in these regions could be affected by political or economic instability in those countries due to changes or shifts in their political attitude. Unfavourable legal or tax treatment could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company may face restricted access to the markets it services, as a result of ongoing interruptions and trade barriers due to policies and tariffs of individual countries, and the actions of certain interest groups to restrict the import of certain commodities. Although there are currently no significant trade barriers existing or impending of which the Company is aware that do, or could, materially affect its access to certain markets, there can be no assurance that its access to these markets will not be restricted in the future.

Government Regulations – Agricultural production and trade flows are subject to government policies and regulations. Government policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies, incentives, and import and export restrictions on agricultural commodities and commodity products, including policies related to genetically modified organisms, renewable fuel, and low carbon fuel mandates, can influence the planting of certain crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, the volume and types of imports and exports, the availability and competitiveness of feedstocks as raw materials, the viability and volume of production of certain of the Company's products, and industry profitability. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. Future government policies may adversely affect the supply of, demand for, and prices of the Company's products, restrict the Company's ability to do business in its existing and target markets, and could negatively impact the Company's revenues and operating results.

Control Risk – As of December 31, 2012, the Company's directors and executive officers, as a group, beneficially own or exercise control or direction over 2,362,657 Common Shares, representing 14.5 percent of the then issued and outstanding Common Shares (including Common Shares owned or controlled by associates of members of the Company's senior management and their affiliates). As a result, members of management may be in a position to influence the outcome of shareholder votes relating to certain matters, including 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 the Company.

Strategic Acquisitions and Investments – The Company intends to consider strategic acquisitions or investments as a means of pursuing its corporate strategy. It is possible that the Company may not identify suitable opportunities, or if it does identify suitable opportunities, that it may not complete those transactions on terms commercially acceptable to the Company or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions could materially and adversely affect the Company's competitiveness and growth prospects. In the event the Company successfully completes an acquisition or investment, it could face difficulties managing the investment or integrating the acquisition into its operations. There can be no assurance that the Company will be able to achieve the strategic purpose of such an acquisition or investment. These difficulties could disrupt the Company's ongoing business, distract its management and employees, and increase its expenses, any of which could materially and adversely affect the Company's business and results of operations.

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

Dependence on Key Relationships – The Company is highly dependent on its relationships with ICG (an affiliate of McKinstry), Crown Iron Works ("CIW") and CHS for the timely construction of the PCC Plant in accordance to specifications, the sourcing of canola seed and sale of canola meal, as the case may be. ICG, CIW and CHS possess highly specialized skills, technical capabilities, a history of success and, in the case of CHS, the large-scale capability to source canola seed. Such skills and capabilities are not easily replaceable and there is no guarantee that if such services and capabilities could be replaced, that they could be replaced in a timely manner or on commercially reasonable terms. As a consequence, any failure of ICG, CIW or CHS to meet its obligations under their respective contracts with the Company could adversely affect the Company's ability to construct the PCC Plant on time and in accordance to specifications, or once the PCC Plant is in operation, obtain a quantity and quality of canola seed at competitive markets prices to optimize the Company's margins and utilization of the PCC Plant, or sell 100 percent of the canola meal it produces.

ITEM 5. DIVIDENDS

The Company has not declared or paid any dividends since its incorporation. The payment of dividends in the future will be dependent on the Company's earnings, financial condition, compliance with the Credit Facilities and such other factors as the Board considers appropriate. The Company currently does not anticipate paying any dividends in the foreseeable future due to the stage of development of the Company.

ITEM 6. DESCRIPTION OF THE CAPITAL STRUCTURE

As at December 31, 2012, there were 16,294,635 issued and outstanding Common Shares. There were also outstanding options to acquire up to 270,500 Common Shares at a price of $9.00 per share, 792,000 Common Shares at a price of $6.43 per share, 82,500 Common Shares at a price of $8.32 and 150,000 Common Shares at a price of $8.38 under the Company's stock incentive plan, and outstanding compensation options to acquire 443,463 Common Shares at a price of $9.00 per share. The Company also has 660,000

outstanding warrants to acquire one Common Share for each warrant at $9.50 per share. The total number of Common Shares authorized to be issued by the Company is unlimited. In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, of which none are outstanding.

6.1. Common Shares

The Common Shares have no par or nominal value. Holders of the Common Shares are entitled to one vote for each share on all matters to be voted on by Company shareholders at meetings of the shareholders (except matters requiring the vote of a specified class or series voting separately as a class or series). Holders of the Common Shares will be entitled to receive such dividends, if, as and when declared by the Board out of profits, capital or otherwise (subject to the prior rights of the holders of the Preferred Shares). All dividends which the Board may declare shall be declared and paid in such amounts as shall be determined by the Board in their sole discretion. On liquidation, dissolution or winding up of the Company, the holders of the Common Shares will be entitled to receive the property of the Company remaining after payment of all outstanding debts on a pro rata basis, but subject to the rights, privileges, restrictions and conditions of the holders of the Preferred Shares. There are no pre-emptive, redemption or conversion rights attaching to the Common Shares.

6.2. Preferred Shares

The Preferred Shares may at any time and from time to time be issued in one or more series. Before any Preferred Shares of a particular series are issued, the Board may fix the number of Preferred Shares in such series and shall determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares in such series. Each holder of Preferred Shares shall be entitled to one vote for each share at any special meeting of, or upon any separate vote at a special meeting of, the Company shareholders. The holders of Preferred Shares will be entitled to receive, in priority to the holders of the Common Shares, such dividends, if, as and when declared by the Board out of profits, capital or otherwise. On liquidation, dissolution or winding up of the Company, the holders of the Preferred Shares will be entitled to receive, in priority to the holders of the Common Shares, the property of the Company, set out in the conditions attaching to the Preferred Shares, remaining after payment of all outstanding debts on a pro rata basis. There are no pre-emptive, redemption or conversion rights attaching to the Preferred Shares.

6.3. Options

The following table shows the number of options to purchase Common Shares that were outstanding as at December 31, 2012.

Options				
As of December 31, 2012	Options Outstanding	Exercise Price and Market and Market Value on Grant Date	Issue Date	Expiration Date
Incentive Plan [(1)]				
Employees, Management and Directors	270,500	9.00	July 14, 2011	July 14, 2016[(1)]
Employees, Management and Directors	792,000	6.43	May 25, 2012	May 25, 2017
Employees, Management and Directors	82,500	8.32	August 24, 2012	August 24, 2017
Employees, Management and Directors	150,000	8.38	October 1, 2012	October 1, 2017
Total Incentive Options	1,295,000			
Compensation Options				
Underwriters	433,500	9.00	July 14, 2011	January 14, 2013[(2)]
Underwriters	9,962	9.00	August 11, 2011	February 11, 2013[(3)]

(1) The options pursuant to the Company's stock incentive plan ("Stock Options") have a term of five years and will vest one third on each of the first anniversary of the grant date, the second anniversary of the grant date and the third anniversary of the grant date.

(2) The Compensation Options were issued to the Underwriters on July 14, 2011 pursuant to the IPO and were exercisable for a term of 18 months from the date of issuance. These Options were not exercised.

(3) The Compensation Options were issued to the Underwriters on August 11, 2011 pursuant to the IPO and were exercisable for a term of 18 months from the date of issuance. These Options were not exercised.

6.4. Warrants

The following table shows the number of warrants to purchase Common Shares that were outstanding as at December 31, 2012.

Warrants						
As of December 31, 2012	Warrants Outstanding	Warrants Vested	Exercise Price and Market Value on Grant Date	Issue Date	Vesting Date	Expiration Date
KGL Vendors	660,000	660,000	9.50	October 1, 2012	October 1, 2012	October 1, 2014

ITEM 7. MARKET FOR SECURITIES

7.1. Trading Price and Volume

The Common Shares are traded publicly on the Toronto Stock Exchange under the stock symbol "LWP". The price range and trading volume for the Common Shares for the months noted below were as follows:

LWI Share Price on Toronto Stock Exchange						
Month of 2012		High	Low	Close	Monthly Volume	Average Daily Volume
January		$7.17	$5.45	$7.05	427,763	19,444
February		$9.00	$7.05	$8.25	121,271	5,775
March		$9.00	$8.05	$8.80	622,194	28,282
April		$8.80	$7.00	$7.00	90,435	4,306
May		$7.40	$6.01	$6.39	197,319	8,579
June		$6.60	$5.90	$6.00	126,499	6,024
July		$6.74	$5.85	$6.65	582,500	26,477
August		$8.33	$6.00	$8.33	211,490	9,195
September		$8.59	$6.50	$8.29	97,595	4,880
October		$8.30	$6.99	$7.25	447,711	19,466
November		$7.40	$5.47	$5.93	520,250	23,648
December		$6.65	$5.29	$6.45	280,031	13,335

7.2. Prior Sales

The only securities of the Company that are outstanding but not listed or quoted on a marketplace are the options disclosed above under Item 6.3 and warrants under Item 6.4.

ITEM 8. ESCROWED SECURITIES

No Common Shares are held, to the Company's knowledge, in escrow or are subject to contractual restrictions on transfer as at the date of this document, other than as described below.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer		
Designation of class	**Number of Common Shares held in escrow or that are subject to contractual restriction on transfer**	**Percentage of class[3]**
Common Shares[1]	587,437	3.6%
Common Shares[2]	769,514	4.7%

Notes:

(1) Under the terms of the KGL Share Purchase Agreement each of the vendors agreed to pledge all of their Common Shares received as consideration for the benefit of LWC in support of any claim which may be made by LWC in respect of indemnity obligations in the KGL Share Purchase Agreement during the period of 12 months from October 1, 2012.

(2) Under the terms of the SHS Purchase Agreement and the ASC asset purchase agreement, each of the shareholders of SHS agreed to pledge all of their Common Shares received as consideration for the benefit of Finco in support of any claim which may be made by Finco in respect of indemnity and guaranty obligations in those purchase agreements, related pledge agreements and indemnification agreements entered into by the shareholders, during the period of twelve months from February 15, 2012. This escrow agreement has been extended to February 27, 2013 and the agent cannot release shares without written direction from the Company. As of the date of this document the Common Shares mentioned here have not been released.

(3) As of the date of this AIF.

ITEM 9. DIRECTORS AND OFFICERS

9.1. Name, Occupation and Security Holding

The following table sets forth information as at December 31, 2012 regarding the Company's directors and executive officers including the name, province or state and country of residence, position held with the Company, principal occupation and the date on which such individual was appointed to their office. The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of each executive officer expires at the discretion of the Board.

Directors and Executive Officers of the Company

Name and Place of Residence	Position with the Company	Position Held Since [3]	Principle Occupation	Committee Member
Joel Horn, Washington State, USA	President, Chief Executive Officer and Director	2011	President and Chief Executive Officer of the Company	-
Anthony Kulbacki, Saskatchewan, Canada	Vice-President and Chief Operating Officer	2004 [1]	Vice-President and Chief Operating Officer	-
David Carefoot, Manitoba, Canada	Secretary and Chief Financial Officer	2012 [1]	Secretary and Chief Financial Officer	-
Matt Upmeyer, Washington State, USA	General Manager	2012	General Manager, Pacific Coast Canola, LLC	-
Robert Lafond, Manitoba, Canada	Vice-President	1977 [1]	Vice-President of Company	-
Ivan Sabourin, Manitoba, Canada	Vice President and Director	1994 [1]	Vice President and Director	-
Bruce Scherr, Tennessee, USA	Chairman and Director	2011	Chairman and Chief Executive Officer of Informa Economics, Inc (Market Research Analysis)	Audit
Chris Schnarr, Ontario Canada	Director	2011	Chief Executive Officer of BioExx Specialty Proteins, Ltd. (Specialty Protein Development)	Audit, Governance, Compensation
Martin Thrasher, Ontario Canada	Director	2011	President of FMT Consulting (Consulting Company)	Audit, Governance, Compensation
Peter Williams, New York, USA	Director	2011	President and Chief Executive Officer of ACE Group, Inc (Financial Services)	Governance and Compensation

(1) Represents the date of first employment with RLI or WSL

(2) Each director and executive officer has held the principal occupations noted above for the five preceding years; Mr. Horn who was Managing Member of HGO until July 14, 2011; Mr. Kulbacki who was Chief Financial Officer of WSL until July 14, 2011 and Chief Financial Officer of LWI until September 30, 2012; Mr. Carefoot who was Chief Financial Officer of Viterra Inc. from June 2007 to March 2008, Chief Financial Officer of Empire Industries from November 2008 to December 2010, Chief Financial Officer of Ducks Unlimited Canada from December 2010 to October 1, 2012; Mr. Sabourin who was President of RLI until July 14, 2011; Bob Lafond who was Vice President of RLI until July 14, 2011; Matt Upmeyer who was Risk Manager for FC Stone until October 2012; Chris Schnarr who was the Chief Financial Officer of BioExx Specialty Proteins Ltd. until November 2011; and Mr. Williams who was an Executive Director with CIBC World Markets/Oppenheimer & Co. until 2009.

(3) Each director is elected annually to serve until the Company's next annual meeting.

9.2. Security Holdings of Directors and Executive Officers

As of December 31, 2012, the Company's directors and executive officers, as a group, beneficially own or exercise control or direction over 2,362,657 Common Shares, representing 14.5 percent of the then issued and outstanding Common Shares (including Common Shares owned or controlled by associates of members of the Company's senior management and their affiliates).

9.3. Cease Trade Orders, Bankruptcies, Penalties and Sanctions

None of the Company's directors or officers is, or within the ten years prior to the date of this AIF, has been, a director, chief executive officer or chief financial officer of any company that:

(a) 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 while such person was acting in that capacity; or

(b) 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 which resulted from an event that occurred while such person was acting in that capacity.

Other than as disclosed below in this AIF, none of the Company's directors or officers is, or within the ten years prior to the date of this AIF, has been, a director or executive officer of any company that while that person was acting in that capacity or within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Up until February 2012, Mr. Thrasher was a member of the Board of Directors of New Food Classics Inc. which filed for creditor protection in January, 2012 under the *Companies' Creditors Arrangement Act*.

No director or officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has individually, within the ten years prior to the date of this AIF, 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 its assets.

9.4. Penalties or Sanctions

To the Company's knowledge, no director or officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company have been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

9.5. Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed in this AIF (including the Business Acquisition Report dated August 10, 2011) in respect of the interest of certain of the directors and officers as vendors under the Acquisition Transaction, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of our directors, officers and managers serve as directors, officers and managers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director, officer or manager of such other companies. In addition, a company controlled by Peter Williams, one of the directors of the Company, has provided consulting services to the Company under the terms of a consulting agreement, which terminated during the second quarter of 2012.

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 LWI is comprised of Bruce A. Scherr, Chris Schnarr and Martin Thrasher. Mr. Schnarr is the Chairman of the Audit Committee. Each of the members of the Audit Committee is financially literate, as that term is described in Companion Policy 52-110CP to National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

Mr. Schnarr, Dr. Scherr and Mr. Thrasher are independent within the meaning of NI 52-110.

10.2. Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set out as follows:

Bruce A. Scherr – Director and Member of Audit Committee

Dr. Scherr has been with Informa Economics, Inc. (formerly Sparks Companies, Inc.) since 1987 in several executive capacities including President and CEO. In addition, he was an Advisor for Metalmark Capital LLC, a private equity fund. Formerly he was president of Sparks, Jacobs, Scherr, Inc. (SJS), a sister company to Sparks, and president of Agri-Commodities, Inc., an agriculture consulting firm based in Andover, Massachusetts, which was acquired by SJS. Prior to forming Agri-Commodities, Dr. Scherr was a divisional vice president at Data Resources, Inc., where he developed and utilized for the public and private sectors the first commercially available econometric model for US agriculture. Dr. Scherr received his bachelor's degree from Rutgers University and his M.S. and Ph.D. from Purdue University, all in agricultural economics. Currently, he is a member of the Board of Trustees of the North American Electric Reliability Corporation; E. Ritter & Company; Santa Energy Company; and Chairman of the Board of Legumex Walker, Inc. In addition, he served as a member of the Global Strategy Institute Advisory Council of the Center for Strategic and International Studies; as a member of the Board of Directors for Desert STAR Inc., an electrical transmission Independent System Operator for the Desert Southwest from January 2000 through February 2002; and as a member of The University of Tennessee's (UT) Institute of Agriculture Agricultural Development Board and UT's Committee for the Future. He was named a 2007 Distinguished Agriculture Alumni from Purdue University and he is a member of several honorary research and agricultural societies, a member of the National FFA Foundation Sponsors' Board 2000 through 2001 and a former advisor to the President's Council of Economic Advisers and National Aeronautics and Space Administration.

Chris Schnarr – Director and Chair of Audit Committee

Mr. Schnarr was Chief Financial Officer and Director of BioExx Specialty Proteins Ltd. since 2006, and has been Chief Executive Officer and Director since November 2011. Mr. Schnarr has 20 years of experience founding, managing, and advising successful high growth companies, including strategy, corporate finance, capital markets, corporate development, and operations.

Mr. Schnarr was a founder of Wireless Matrix Company in 1993. During his tenure with Wireless Matrix, he served as Treasurer, Chief Financial Officer, Executive Vice-President, President, and as a Director of the company. Mr. Schnarr was responsible over various periods for accounting, corporate finance, capital markets, corporate strategy, mergers and acquisitions, strategic alliances, corporate governance, operations, and administration. Mr. Schnarr resigned from Wireless Matrix in September 2002.

Mr. Schnarr is also the founder, President, and a Director of Endura Capital Inc., a private tax, risk advisory, and wealth management firm with offices in Toronto and Montreal. Mr. Schnarr holds an MBA (finance) from University of British Columbia, and a Bachelor of Business Administration degree with a Minor in Economics, from Wilfrid Laurier University.

Martin Thrasher – Director and Member of Audit Committee

Mr. Thrasher has been the President of FMT Consulting, a boutique advisory and consulting firm, since 2004. From 2005 to 2007, Mr. Thrasher was a trustee of E.D. Smith Income Fund and interim Chief Executive Officer (2007) of E.D. Smith & Sons, Limited. Prior to forming FMT Consulting, Mr. Thrasher spent over 30 years working around the globe for companies such as General Foods (1973 to 1977), McCormick & Co. (1977 to 1988), Campbell Soup Company (1989 to 2001) and ConAgra Foods Inc. (2001 to 2004). During his tenure at McCormick & Co., Mr. Thrasher served as VP Sales & Marketing, Director of Sales, National Sales Manager and Marketing Manager. His responsibilities with Campbell Soup Co. included positions as President, International Grocery and President, North America Grocery. At ConAgra Foods Inc., he was President of the Retail Products Co, a $9 billion consumer products business with over 30,000 employees. Mr. Thrasher has lived and worked in Canada, USA, Australia and Europe.

Mr. Thrasher sits on the Board of Directors of Tribute Pharmaceuticals, formerly Stellar Pharmaceuticals, and the London Economic Development Corporation, and the advisory boards of the Richard Ivey School of Business and Mother Parkers Coffee and Tea Company. He received a B.A. (Honours) in business administration from the Richard Ivey School of Business at the University of Western Ontario in 1973.

10.3. Reliance on Certain Exemptions

The Company has not relied on any exemptions set out in section 3 of NI 52-110.

10.4. Pre-Approval Policies and Procedures

Pursuant to the Charter and unless otherwise permitted by NI 52-110, the Audit Committee of the Board must pre-approve any non-audit services to be provided to the Company or its subsidiaries by the external auditors of the Company. The Audit Committee may delegate to one or more of its independent members authority to pre-approve non-audit services, but no such delegation may be made to management of the Company. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

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

10.5. External Auditor Services Fees

The following table sets out the aggregate fees billed by the external auditor MNP LLP to the Company:

Fees Billed by External Auditor		
For the year ended December 31	2012	2011
Audit Fees [1]	208,000	185,000
Audit-Related Fees [2]	286,500	80,000
Tax Fees [3]	114,000	50,200
All Other Fees [4]	378,000	90,000
Total	986,000	405,200

(1) Aggregate fees billed for audit services.

(2) Aggregate fees billed for assurance and related services that reasonably relate to the performance of the review of LWI's quarterly financial statements and are not reported under "Audit Fees".

(3) Aggregate fees billed for advice related to tax compliance, tax advice and tax planning.

(4) Aggregate fees billed for services not included in the categories of "Audit Fees", "Audit-Related Fees" and "Tax Fees". Includes advice related to the initial public offering of the Company and the equity issue of October 25, 2012.

10.6. Promoters

In connection with the Company's initial public offering completed on July 14, 2011, Agcom Services Ltd. and Ivan Sabourin Family Trust were each considered to be a promoter of the Company within the meaning of applicable securities legislation by reason of their initiative and involvement in the formation and establishment of the Company, including the acquisition of RLI, WSL, HGO and Silverock (the "**IPO Acquisition Transaction**").

Consideration Paid to Promoters

Agcom Services Ltd. and Ivan Sabourin Family Trust were paid the following consideration in connection with the IPO Acquisition Transaction:

Promoters				
Name	Cash Payment made by LWI in connection with the Acquisition Transaction	Number of Common Shares issued in connection with the Acquisition Transaction	Number of Common Shares owned or controlled as at December 31, 2012	Percentage of outstanding Common Shares as of the date of this AIF
Fiscal 2011				
Agcom Services Ltd [(1)]	1,775,465	683,933	- [(1)]	- [(1)]
Ivan Sabourin Family Trust [(2)]	2,250,000	619,251	619,251	3.8%

(1) Agcom Services Ltd. was a shareholder of WSL. Agcom Services Ltd. was at the time of the IPO Acquisition Transaction, a corporation controlled by the spouse of David Walker, a director of LWI. In addition to the above cash payment, Agcom Services Ltd. received a dividend declared by WSL prior to the WSL Acquisition, in the amount of $1,350,684. David Walker resigned as a director and officer of the Company on May 14, 2012. The Company does not have knowledge of the number of Common Shares owned by Agcom Services Ltd.

(2) The Ivan Sabourin Family Trust was a shareholder of RECO. Ivan Sabourin, a director of LWI, was at the time of the IPO Acquisition Transaction, a trustee and beneficiary of the Ivan Sabourin Family Trust. In addition to the above cash payment, (i) Ivan Sabourin received a redemption price payment of $531,250 from RECO upon the redemption of his 100,000 Class A preference shares in the capital stock of RECO in connection with the "**RLI Pre-Closing Transaction**", and (ii) the Ivan Sabourin Family Trust will receive, once paid, the dividend declared by RECO prior to the RECO Acquisition, estimated at $3.17 million.

ITEM 11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters in not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. These matters do not involve claims for amounts exceeding the thresholds set out under Item 12.1 of Form 51-102F2 to National Instrument 51-102 *Continuous Disclosure Obligations*.

ITEM 12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF (including the Business Acquisition Report dated August 10, 2011), none of the Company's directors or officers or any shareholder holding, on record or beneficially, directly or indirectly, more than 10 percent of the issued Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any transaction with the Company within the three years preceding the date of this AIF that has materially affected or is reasonably expected to materially affect the Company or any subsidiary of the Company.

ITEM 13. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company, Toronto, Ontario.

ITEM 14. MATERIAL CONTRACTS

The following are the material contracts[1] other than contracts in the ordinary course of business, and material contracts in the ordinary course of business required to be filed, that the Company or a subsidiary of the Company has entered into since January 1, 2012 or prior thereto but still in effect:

14.1. SHS Purchase Agreement

Finco and all of the shareholders of SHS ("**SHS Vendors**") entered into a share purchase agreement dated February 15, 2012 (the "**SHS Purchase Agreement**"). Pursuant to the SHS Purchase Agreement, Finco agreed to acquire, and the SHS Vendors agreed to sell, all of the outstanding shares of SHS for aggregate consideration of USD $12,000,000, consisting of USD $2,360,000 cash paid to the Vendors, a USD $2,640,000 promissory note from Finco to the Vendors, and 1,000,000 Common Shares fixed at a price of USD $7.00 per Common Share. In the fourth quarter of 2012, the purchase price and goodwill were reduced by USD $1,613,000. The adjustments resulted in 230,486 shares being recalled and cancelled. As a result of such acquisition including shares recalled and

[1] Other than the Credit Agreement listed under Item 14.10

cancelled, the SHS Vendors now hold 4.7 percent of the issued and outstanding Common Shares as of the date of this AIF. The following is a summary of the material provisions of the SHS Purchase Agreement, which is subject to, and qualified in its entirety by reference to, the provisions of the SHS Purchase Agreement.

Representations and Warranties

Under the terms of the SHS Purchase Agreement, each of the former shareholders of SHS made certain representations and warranties for the benefit of Finco with respect to their ownership of the shares of SHS. In addition, the shareholders of SHS made certain representations and warranties with respect to the corporate existence, share capital, business, operations, assets, liabilities, taxes and financial statements of SHS. Finco has made (i) certain representations and warranties with respect to the corporate existence and outstanding share capital, assets and liabilities of Finco. The SHS Purchase Agreement provides for the survival of its representations and warranties for a period of one year with the exception of certain representations and warranties which survive for the term of the relevant limitation periods, (ii) certain environmental representations and warranties which survive for a period of three years and (iii) employee related representations and warranties which survive for a period of five years.

The SHS Purchase Agreement includes post-closing purchase price adjustment provisions contemplating an adjustment of the purchase price on a "dollar-for-dollar" basis to the extent the "Working Capital" (as defined in the SHS Purchase Agreement) of SHS at closing of the SHS Acquisition is greater or less than USD $3,250,000 and/or the "Funded Debt" (as defined in the SHS Purchase Agreement) of SHS is greater of less than USD $2,467,510 based on a balance sheet to be delivered within 90 days of the closing date of the SHS Acquisition. To the extent the Working Capital is less than or the Funded Debt is greater than the respective thresholds, the SHS Share Purchase Agreement provides for a corresponding reduction in the SHS Vendors' Common Shares. To the extent the Working Capital is greater than or the Funded Debt is less than the respective thresholds, the SHS Purchase Agreement requires Finco to pay the difference to the SHS Vendors. In the fourth quarter of 2012, and in accordance with these provisions of the SHS Share Purchase Agreement, the purchase price and goodwill were reduced by USD $1,613,000. The adjustments resulted in 230,486 of the SHS Vendors' Common Shares being recalled and cancelled.

Indemnities

The SHS Vendors have provided several limited indemnities to the extent Finco suffers a loss resulting from a breach of their respective representations, warranties and covenants. The SHS Vendors have agreed to pledge their Common Shares with a total value of USD $2,000,000 for twelve months as security for their indemnity and guarantee obligations under the SHS Purchase Agreement. The indemnity provisions of the SHS Purchase Agreement limit the aggregate value of claims by the Company against the SHS Vendors to the amount of USD $2,000,000, provided that the limitation does not apply with respect to certain claims against the SHS Vendors, including a claim for a breach of a representation involving fraud, fraudulent misrepresentation or intentional misrepresentation by the SHS Vendors.

14.2. KGL Share Purchase Agreement

LWC and all of the shareholders of KGL ("**KGL Vendors**") entered into a share purchase agreement dated October 1, 2012 (the "**KGL Share Purchase Agreement**"). Pursuant to the KGL Share Purchase Agreement, LWC agreed to acquire, and the KGL Vendors agreed to sell, all of the outstanding shares of KGL for aggregate consideration of $7,676,875 consisting of $1,284,530 paid in cash, $4,940,345 paid by the issuance of 587,437 Common Shares of the Company and $1,452,000 paid by the issuance of 660,000 warrants. The warrants were issued at $9.50 per share and will expire two years from the date of closing of the transaction. As a result of such acquisition, the KGL Vendors now hold 3.6 percent of the issued and outstanding Common Shares as of the date of this AIF. The following is a summary of the material provisions of the KGL Share Purchase Agreement, which is subject to, and qualified in its entirety by reference to, the provisions of the KGL Share Purchase Agreement.

Representations and Warranties

Under the terms of the KGL Share Purchase Agreement dated October 1, 2012, each of the KGL Vendors made certain representations and warranties for the benefit of LWC with respect to their ownership of the shares of KGL and its subsidiaries, KGL Transport Ltd.and 3290663 Manitoba Ltd. In addition, the KGL Vendors made certain representations and warranties with respect to the corporate existence share capital, business, operations, assets, liabilities, taxes and financial statements of KGL. LWC has made certain representations and warranties with respect to the corporate existence of LWC and LWI and the outstanding share capital of LWI. The KGL Share Purchase Agreement provides for the survival of its representations and warranties for a period of two years with the exception of certain representations and warranties which survive for the term of the relevant limitation periods and certain tax matters representations and warranties which survive 180 days after expiration of applicable tax assessment or reassessment periods.

The KGL Share Purchase Agreement includes post-closing purchase price adjustment provisions contemplating an adjustment of the purchase price on a "dollar-for-dollar" basis to the extent the "Working Capital" (as defined in the **KGL Share Purchase Agreement**) of KGL at closing of the KGL Acquisition is greater or less than $4,000,000 or the "Funded Debt" (as defined in the KGL Share Purchase Agreement) of KGL is greater or less than $4,779,000 based on a balance sheet to be delivered within 120 days of the closing date of the KGL Acquisition. To the extent the Working Capital is less than or the Funded Debt is greater than the respective thresholds, KGL Vendors are required by the KGL Share Purchase Agreement to first pay the difference from proceeds of cash consideration. If cash

consideration is less than difference in this circumstance, there is to be a reduction in the KGL Vendors' Common Shares consideration. To the extent the Working Capital is greater than or the Funded Debt is less than the respective thresholds, however LWC is obligated to pay the difference to the KGL Vendors. In March 2013, the Company finalized the purchase price allocation for the assets and liabilities. The purchase price was increased by $2,325,093 due to post-closing Working Capital and Funded Debt adjustments. The increase will be paid in cash.

Indemnities

The KGL Vendors have provided several limited indemnities to the extent LWC suffers a loss resulting from a breach of their respective representations, warranties and covenants. The KGL Vendors have agreed to pledge their Common Shares with a total value of $4,940,345 for twelve months as security for their indemnity and guarantee obligations under the KGL Share Purchase Agreement. The indemnity provisions of the KGL Share Purchase Agreement limit the aggregate value of claims by the Company against the KGL Vendors to the amount of $7,676,875.

14.3. PCC Construction Contract

PCC entered into a guaranteed maximum price construction contract dated May 27, 2011 with ICG (the "**PCC Construction Contract**"). The PCC Construction Contract is a design-build agreement pursuant to which ICG will provide both the design and construction of the PCC Plant for a guaranteed maximum price of USD $80,875,000, subject to additions and deductions as a result of changes in the design, construction and services required by the PCC Construction Contract. Costs which would cause the guaranteed maximum price to be exceeded shall be paid by ICG, without reimbursement by PCC. PCC is required to pay ICG, on a monthly basis based on the percent of completion of the PCC Plant, the actual cost of construction plus a fee, the total of which will not exceed the guaranteed maximum price. The PCC Construction Contract is unconditionally and irrevocably guaranteed by McKinstry, an established full service design-build firm, which is affiliated with ICG.

The PCC Construction Contract provides that the PCC Plant will be substantially completed no later than 18 months from the date of commencement of construction. Commencement of construction took place in the third quarter of 2011. Under the PCC Construction Contract, PCC is permitted to make a change order which amends the PCC Construction Contract to reflect the change, any additional costs and any extension of time to complete the PCC Plant. If construction of the PCC Plant is completed ahead of schedule, ICG will qualify for an early completion bonus to be paid by PCC. In addition, any savings that are realized by such early completion bonus will be shared between PCC and ICG. If construction of the PCC Plant is delayed beyond the anticipated date of substantial completion, ICG will be required to pay PCC a sum representing the liquidated damages, unless such delay is caused by conditions beyond the control of either PCC or ICG, including, but not limited to Acts of God, government restrictions, wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

The PCC Construction Contract provides that ICG has agreed to purchase expeller presses and related equipment for the PCC Plant from CIW.

The PCC Plant was placed in service in December 2012 and substantial completion was achieved in February 2013.

14.4. PCC Operating Agreement

Glencore and LWI US Inc. entered into an amended and restated limited liability company agreement dated June 15, 2011 (the "**PCC Operating Agreement**"). The PCC Operating Agreement sets out matters relating to the capital, governance and transfer of membership interests. The PCC Operating Agreement provides that the Board of Directors of PCC will consist of three directors, two of whom will be nominated by LWI US Inc. and one of whom will be nominated by Glencore. Members of PCC are required to comply with certain rights of first refusal in favour of the other members prior to the transfer of membership interests to a third party. The PCC Operating Agreement also provides certain "tag along" rights by members in connection with the sale of membership interests by a member. In addition, the PCC Operating Agreement contains "drag along" rights pursuant to which members which own more than 66⅔ percent of the membership interests may require the sale by other members to a third party offer, provided that in certain cases, Glencore will have the right of first refusal in respect of the sale of membership interests by LWI US Inc. The PCC Operating Agreement provides that approval of certain fundamental matters and certain matters relating to the business and capital of PCC and borrowing by PCC requires the unanimous approval of the PCC Board of Directors.

14.5. Port of Warden Lease

PCC is party to a lease with the Port of Warden (the "**Port of Warden Lease**") for a 52-acre site in Warden, Washington on which the PCC Plant is being built. The initial term of the Port of Warden Lease is 50 years, with a renewal option of up to 30 years that is unilaterally exercisable by PCC. The CBRR spur line, which is located on the PCC Plant site, connects to the BNSF mainline at Connell, Washington, 30 miles southeast of the PCC Plant.

14.6. PCC Senior Credit Facility

The total project cost of the PCC Plant is being funded from equity and a USD $59.8 million senior secured credit facility (the "**PCC Senior Credit Facility**"). In addition, the Port of Warden has drawn on a USD $3.2 million loan from the State of Washington which has funded a part of the construction of the PCC Plant.

The PCC Senior Credit Facility consisted of a construction loan available in multiple advances over an 18-month period, which commenced on the closing of the IPO, and then, following completion of construction, was converted into a term loan and a revolving loan. The principle amount of the term loan is USD $47.8 million and will mature in 2021, with first principal payment deferred until January 1, 2014. The revolving loan is in the principal amount of USD $12 million and will mature in 2021. The term loan is payable in equal quarterly principal payments plus accrued interest. The revolving loan is payable in full at maturity, with interest payable monthly. In addition, 20 percent of annual free cash flow (as defined in the loan agreement) is required to be applied to additional principal payments of the term loan. The PCC Senior Credit Facility has a maturity of ten years after closing of the IPO.

Interest payable on the term loan and the revolving loan is calculated based on a variable rate of LIBOR plus 5.5 percent.

The PCC Senior Credit Facility may be prepaid, subject to a prepayment fee ranging from 1 percent to 3 percent. The PCC Senior Credit Facility was fully drawn in February 2013.

The PCC Senior Credit Facility is subject to a number of financial and business covenants, including: (i) PCC maintaining working capital of USD $10 million at the end of 2014, increasing to USD $12 million at the end of 2015; (ii) PCC maintaining a minimum tangible net worth (together with subordinated debt approved by the lenders) of USD $58 million at the end of the 2014; (iii) the equity of PCC plus approved government loans must represent at all times at least 50 percent of PCC's assets; (iv) the equity of PCC plus approved government loans must not be less than USD $59.8 million, including cash, assets or organization and development costs; and (v) PCC complying with fixed charge coverage ratios. PCC's ongoing capital expenditures other than those relating to the construction of the PCC Plant will be limited to USD $1 million per year, without prior consent of the lenders. Dividends declared by PCC must not exceed 50 percent of pre-tax net income during the first year of operation, increasing to 75 percent of pre-tax net income each year thereafter, provided covenants are met and achieved and there does not exist an event of default. The financial covenants are in effect as long as any balance remains outstanding on the loan and begin on the last day of the first full year following substantial completion of the PCC plant on February 14, 2013.

The PCC Senior Credit Facility is secured by a first security interest in the PCC Plant and assets, including the equipment and buildings, lease-hold mortgage on the land, all non-seed inventories and receivables, and an assignment of all contracts and permits. PCC was required to fund a US$2.0 million replenishing debt-service reserve fund. The Company provided, and the syndicate of lenders accepted, a US$2 million letter of credit on behalf of the PCC Plant in lieu of funding the debt-service reserve fund. In addition, PCC may be required to request LWI US Inc. (and any other owner) to contribute additional capital to PCC if the failure to do so would result in PCC not meeting the loan covenants.

14.7. Farm Credit Canada Credit Facility

Legumex Walker Canada Inc. ("**LWC**") has entered into a $25 million credit facility (the "**FCC Credit Facility**") with Farm Credit Canada ("**FCC**"). The terms of the FCC Credit Facility are set out in a facility letter agreement dated December 19, 2011.

$20,445,000 of the FCC Credit Facility was drawn down to repay previous loans of certain subsidiaries of the Company prior to the amalgamation of those subsidiaries into LWC and to pay for current and future capital expenditures of LWC. The borrowed funds were issued by FCC as multiple loans. Two of the loans amounting to $20 million in aggregate, each have a term of 5 years, accrue an interest at FCC's Variable Mortgage Rate, with blended payments required to be paid on a monthly basis. A remaining loan of $445,000 has a term of 5 years and interest at FCC's variable mortgage rate plus 0.25 percent.

As part of the acquisition of KGL on October 1, 2012, the Company assumed several loans payable by KGL to FCC with an outstanding aggregate balance at December 31, 2012 of $3.1 million.

The FCC Credit Facility is guaranteed by the Company and is secured by a general security agreement in favour of FCC and a first charge mortgage on several owned and leased properties of LWC.

The FCC Credit Facility requires LWC to maintain a specified current ratio, debt to service coverage ratio, debt to equity ratio and Funded Debt/EBITDA ratio (as defined in the FCC Credit Facility).

14.8. HSBC Bank Canada Credit Facility

LWC has entered into a $99 million credit facility (the "**HSBC Bank Canada Credit Facility**") with HSBC Bank Canada ("**HSBC**") to finance various aspects of its operations. The terms of the HSBC Bank Canada Credit Facility are set out in a facility letter dated February 13, 2012.

The HSBC Bank Canada Credit Facility consists of a USD $17 million acquisition loan of which USD $12.2 million was drawn down to assist LWC in the financing of the acquisition of SHS and assets of ASC. All amounts outstanding under the acquisition loan are to be repaid on demand by HSBC. Interest only is to be paid for the first six months of the loan, followed by equal monthly instalments of principal and interest amortized over 15 years.

The HSBC Bank Canada Credit Facility also consists of an operating loan of up to $42 million (including a sublimit for a $5 million import loan), available in multiple advances to refinance amounts owing under a previous operating facility and to assist in financing day-to-day operating requirements.

Under the terms of the HSBC Bank Canada Credit Facility, a foreign exchange loan of up to $26 million is available to LWC in order to hedge against currency fluctuations in connection with export sales; a capital lease line of $2 million to assist in financing the acquisition of capital assets; a $10.1 million bridge loan; a $5 million import loan; and a $12 million demand revolving line to issue letter of guarantees in support of LWC's security requirements with the Canadian Grain Commission.

The $10.1 million bridge loan was repaid in full on February 29, 2012 from the proceeds of the FCC Credit Facility.

As part of the acquisition of KGL on October 1, 2012, the Company also assumed a further $5 million credit facility to finance normal and ongoing operations of KGL.

The HSBC Bank Canada Credit Facility requires LWC to maintain a specified debt to tangible net worth ratio; a specified current ratio, a specified ratio of cash flow to debt service and certain cross default provisions. The HSBC Credit Facility is guaranteed by LWI and is secured by a general security agreement in favour of HSBC.

14.9. HSBC Bank USA Credit Facility

On October 19, 2012, SHS entered into a variable interest rate USD $15 million credit facility (the "**HSBC Bank USA Credit Facility**") with HSBC Bank USA ("**HSBC USA**") to finance various aspects of SHS's operations. The HSBC Bank USA Credit Facility is guaranteed by LWI and is secured by a first priority lien on all of the personal property of SHS in favour of HSBC USA. Interest is payable based on three-month LIBOR plus 3 percent.

Copies of the above material contracts are filed on SEDAR and are available at www.sedar.com

14.10. Hong Kong and Shanghai Banking Corporation Credit Facility

In addition, Legumex Walker China Ltd. entered into a credit agreement dated March 28, 2012 in respect of a USD $4.75 million combined credit facility with The Hong Kong and Shanghai Banking Corporation Limited, including a sublimit for an overdraft of up to HKD$6 million. LWC guaranteed the obligations of Legumex Walker China Limited due to The Hong Kong and Shanghai Banking Corporation Limited of up to USD $5 million.

ITEM 15. INTERESTS OF EXPERTS

The independent auditor of the Company is MNP LLP, Chartered Accountants, Winnipeg, Manitoba.

To the best knowledge of the Company, the "designated professionals" (as defined in Form 51-102F2 to National Instrument 51-102 *Continuous Disclosure Obligations*) of MNP LLP, Chartered Accountants, beneficially own, directly or indirectly, less than 1 percent of the securities of the Company.

ITEM 16. ADDITIONAL INFORMATION

Additional information, relating to the Company is available on SEDAR under the Company's name at www.sedar.com and on the Company's website at www.legumexwalker.com. Additional financial information is contained in the Company's financial statements for the period ended December 31, 2012 and the Company's Management's Discussion and Analysis for the period ended December 31, 2012 relating to the same. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's Management Information Circular to be prepared in connection with its annual meeting of shareholders that will be held in the second quarter of 2013. Shareholders may contact Marin Landis, Investor Relations, telephone (206) 535-2427 or email marinl@legumexwalker.com to request copies of any of the foregoing documents once available.

GLOSSARY OF TERMS

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

"**Amalgamation**" means the amalgamation on January 1, 2012 of 8048835 Canada Ltd. (formerly RECO Holdings Ltd.), 8048606 Canada Inc. (formerly 5530777 Manitoba Ltd.), Roy Legumex Inc., Regina Seed Processors Ltd., Duncan Seeds Ltd., Sabourin Seed Services Ltd., Walker Seeds Ltd. and Shamrock Seeds Ltd. to form Legumex Walker Canada Inc.

"**ASC**" means Anderson Seed Co., Inc., a corporation incorporated under the laws of Minnesota.

"**Board**" means the Board of Directors of the Company.

"**CBRR**" means the Columbia Basin Railroad.

"**Charter**" means the Charter of the Audit Committee of the Company.

"**CHS**" means CHS Inc.

"**CIW**" means Crown Iron Works Company.

"**Closing**" means the closing of the IPO.

"**Closing Date**" means July 14, 2011, the closing date of the Offering.

"**Common Shares**" means common shares in the capital of the Company.

"**Company**" means Legumex Walker Inc. including its subsidiaries, unless the context otherwise requires.

"**Code**" means the Code of Business Conduct and Ethics of the Company.

"**Credit Facilities**" means collectively, the PCC Senior Credit Facility, the FCC Credit Facility, the HSBC Bank Canada Credit Facility, the HSBC Bank USA Credit Facility and the Hong Kong and Shanghai Banking Corporation Credit Facility.

"**FCC**" means Farm Credit Canada.

"**FCC Credit Facility**" means the credit facility entered into between LWC and FCC pursuant to the terms of a facility letter dated December 19, 2011.

"**Finco**" means Legumex Walker Finance, Inc., a corporation incorporated under the laws of Minnesota.

"**Glencore**" means Glencore Grain Investment LLC, an indirect subsidiary of Glencore International plc.

"**HGO**" means Home Grown Oil, LLC, a limited liability company organized under the laws of Washington State.

"**HSBC Bank Canada Credit Facility**" means the credit facility entered into between LWC and HSBC pursuant to the terms of a facility letter dated February 13, 2012.

"**HSBC Bank USA Credit Facility**" means the credit facility entered into between SHS and HSBC Bank USA pursuant to the terms of a facility letter dated October 19, 2012.

"Hong Kong and Shanghai Banking Corporation Credit Facility" means the credit facility entered into between Legumex Walker China Ltd. and Hong Kong and Shanghai Banking Corporation pursuant to the terms of a facility letter dated March, 2012.

"**ICG**" means Industrial Construction Group, Inc., an affiliate of McKinstry.

"**IPO"** means the Company's initial public offering of Common Stock on July 14, 2011.

"**IPO Acquisition Transaction**" means, collectively, (i) the acquisition of the Roy Legumex Group of Companies; (ii) the acquisition of Walker Seeds Ltd.; (iii) the acquisition of assets and the assumption of certain liabilities of HGO; (iv) the subscription of an 85 percent interest in PCC; and (v) the acquisition of all of the shares of Silverock.

“**KGL**” means Keystone Grain Ltd., a corporation incorporated under the laws of Manitoba.

“**KGL Share Purchase Agreement**” means the agreement between LWC and KGL Vendors dated October 1, 2012.

“**KGL Vendors**” means the Dead Horse Trading Co. Ltd., 4964293 Manitoba Ltd., 3985742 Manitoba Ltd., Southbend Farm Ltd. and 4588950 Manitoba Ltd.

“**LWI**” means Legumex Walker Inc. including its subsidiaries, unless the context otherwise requires.

“**LWC**” means Legumex Walker Canada Inc., a wholly-owned subsidiary of the Company.

“**McKinstry**” means McKinstry Co., LLC.

“**MT**” means metric tonne(s).

“**PCC**” means, collectively, LWI US Inc. and Pacific Coast Canola, LLC, a limited liability company organized under the laws of Washington State.

“**PCC Construction Contract**” means the guaranteed maximum price construction contract between PCC and ICG dated May 27, 2011.

“**PCC Operating Agreement**” means the amended and restated limited liability company agreement between LWI US Inc. and Glencore dated June 15, 2011.

“**PCC Plant**” means an 1,100 MT per day canola oilseed processing facility in Washington State.

“**PCC Senior Credit Facility**” means the senior credit facility obtained by PCC in connection with the project costs of the PCC Plant.

“**PCC Supply Agreement**” means the five-year agreement for canola procurement, meal sales and position management entered into between CHS and PCC dated May 16, 2011.

“**Port of Warden Lease**” means the second amended and restated lease agreement entered into between the Port of Warden and PCC dated September 30, 2010, including all addendums thereto.

“**Prairie Provinces**” means, collectively, Saskatchewan, Manitoba and Alberta.

“**Preferred Shares**” means preferred shares in the capital of the Company, issuable in series.

“**RBD**” means refined, bleached and deodorized food grade canola oil.

“**RECO**” means 8048835 Canada Ltd. (formerly RECO Holdings Ltd.).

“**RECO Acquisition**” means the series of transactions pursuant to the RECO Purchase Agreement that resulted in LWI acquiring, and the shareholders of RECO selling, all of the outstanding common shares and preference shares of RECO for aggregate consideration consisting of 2,395,942 Common Shares and $5 million in cash.

“**RECO Purchase Agreement**” means the share purchase agreement between the Company and the shareholders of RECO dated June 2, 2011.

“**RLI**” means, collectively prior to the Amalgamation, 8048835 Canada Ltd. (formerly RECO Holdings Ltd.), and its wholly-owned subsidiary, Roy Legumex Inc., and the following corporations: Duncan Seeds Ltd., 5530777 Manitoba Ltd. (and its wholly-owned subsidiary, Sabourin Seed Service Ltd.) and Regina Seed Processors Ltd.

“**RLI Pre-Closing Transaction**” means the acquisition of the RLI companies on July 14, 2011.

“**SHS**” means St. Hilaire Seed Company, Inc., a corporation incorporated under the laws of Minnesota.

“**SHS Acquisition**” means the acquisition of SHS by Finco that resulted in Finco acquiring, and the shareholders of SHS selling, all of the outstanding shares of SHS for aggregate consideration of USD $12,000,000.

“**SHS Purchase Agreement**” means the purchase agreement between Finco and the SHS Vendors dated February 15, 2012.

“**SHS Vendors**” means the shareholders of St. Hilaire Seed Company, Inc., immediately before the completion of the SHS Acquisition.

“**Silverock**” means Silverock Holdings Inc., a corporation incorporated under the laws of British Columbia.

“**Sunflower**” means Legumex Walker Sunflower, LLC, a Minnesota limited liability company.

“**Vendors**” means, collectively, HGO and the former shareholders of RECO, WSL and Silverock immediately prior to the July 14, 2011 IPO closing date.

“**Warrants**” means warrants to purchase Common Shares.

“**WSL**” means, collectively, Walker Seeds Ltd. and its wholly-owned subsidiary, Shamrock Seeds (2006) Ltd.

“**WSL Acquisition**” means the series of transactions pursuant to the WSL Purchase Agreement that resulted in LWI acquiring, and the shareholders of WSL selling, all of the outstanding common shares of WSL for aggregate consideration consisting of 1,960,941 Common Shares and $5 million in cash.

“**WSL Purchase Agreement**” means the share purchase agreement between the Company and the shareholders of WSL dated June 2, 2011.

SCHEDULE A – CHARTER OF THE AUDIT COMMITTEE
OF
LEGUMEX WALKER INC.

1. DEFINITIONS

In this Charter:

"**Auditor**" means the external auditors of the Company;

"**Board**" means the Board of Directors of the Company;

"**Committee**" means the audit committee of the Board;

"**Company**" means Legumex Walker Inc.; and

"**NI 52-110**" means National Instrument 52-110 *Audit Committees.*

2. PURPOSE

Without prejudice to the specific duties of the Committee detailed below, the primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process and to oversee the Company's relationship with the Auditor.

3. SPECIFIC DUTIES

The Committee shall perform the following duties for the Company.

3.1 Financial Disclosure Reporting

3.1.1 The Committee shall review and discuss with management and the Auditor:

(a) the Company's annual audited financial statements and related documents prior to their filing or distribution, including:

(i) the annual financial statements, related footnotes and management's discussion and analysis ("**MD&A**"), significant issues regarding accounting principles, practices and significant management estimates and judgements, any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies;

(ii) the use of off-balance sheet financing including management's risk assessment and adequacy of disclosure;

(iii) any significant changes to the Company's accounting policies; and

(iv) the Auditor's audit report on the financial statements; and

(b) the Company's interim financial reports and related documents prior to their filing or distribution, including:

(i) interim financial reports and related documents, MD&A, significant issues regarding accounting principles, practices and significant management estimates and judgements, any significant changes in the Company's selection or application of accounting principles,

any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies;

(ii) if applicable, the Auditor's report of its review of the interim financial reports;

(iii) the use of off-balance sheet financing including management's risk assessment and adequacy of disclosure; and

(iv) any significant changes to the Company's accounting policies.

3.1.2 The Committee shall review:

(a) the Company's Annual Information Form, or other similar report filed with securities regulatory authorities, as to financial information;

(b) any prospectus, offering memorandum and information circular of the Company as to financial information;

(c) the Company's financial statements, MD&A and annual and interim earnings press releases before the Company discloses this information; and

(d) any financial information contained in any other formal announcement or other document.

3.1.3 The Committee shall review:

(a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;

(b) the methods used to account for significant or unusual transactions where different approaches are possible;

(c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Auditor;

(d) the Company's reporting practices; and

(e) all significant financial reporting issues and all judgements which they contain.

3.1.4 The Committee shall review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than disclosure referred to in section 3.1.2 above, and periodically assess the adequacy of those procedures.

3.1.5 The Committee shall recommend to the Board the approval of the annual financial statements and related documents and either approve the interim financial reports and related documents or recommend to the Board such financial statements and documents for approval.

3.2 Internal Controls and Risk Management Systems

3.2.1 The Committee shall:

(a) keep under review the effectiveness of the Company's internal controls and risk management systems; and

(b) review and approve any statements to be included in the Company's annual report and accounts concerning internal controls and risk management.

3.3 Ethics Reporting

3.3.1 The Committee is responsible for the establishment of a policy and procedures for:

(a) the receipt, retention and treatment of any complaint received by the Company regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.

3.3.2 The Committee will be responsible for investigating fraud, illegal acts or conflicts of interest.

3.4 Internal Audit

The Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board accordingly. In the event that an internal audit function is introduced, the Board shall extend as appropriate the terms of reference to include, inter alia, monitoring and reviewing the effectiveness of the internal audit function, senior appointments and removals in respect of that function, resourcing of that function, meetings with the internal auditors and reviewing executive management's responsiveness to findings and recommendations of the internal audit function.

3.5 External Audit

3.5.1 The Committee shall consider and recommend to the Board:

(a) the Auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(b) the compensation of the Auditor.

3.5.2 The Committee shall oversee the Company's relationship with the Auditor including (but not limited to):

(a) approval of their remuneration, including fees for audit or non-audit services and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;

(b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(c) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;

(d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the Auditor and the Company (other than in the ordinary course of business) or any other conflicts of interest;

(e) reviewing and approving the Company's policy on the employment of current and former partners and employees of the Auditor;

(f) ensuring receipt, at least annually, from the external auditor of a formal written statement delineating all relationships between the Auditor and the Company, including non-audit services provided to the Company;

(g) monitoring the Auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

(h) assessing annually the qualifications, expertise and resources of the Auditor and the effectiveness of the audit process, which shall include a report from the Auditor on their own internal quality procedures;

(i) overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor;

(j) meeting regularly with the Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the Auditor at least once a year, without executive management being present, to discuss their mandate and any issues arising from the audit;

(k) reviewing and approving the annual external audit plan and ensuring that it is consistent with the scope of the audit engagement;

(l) reviewing the findings of the audit with the Auditor;

(m) reviewing any representation letter(s) requested by the Auditor before they are signed by the executive management;

(n) reviewing the executive management letter and executive management's response to the Auditor's findings and recommendations;

(o) giving consideration to the rotation of the audit partner on a periodic basis;

(p) reviewing any related findings and recommendations of the Auditor together with management's responses including the status of previous recommendations;

(q) reviewing any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the Auditor's work or access to required information; and

(r) reviewing any other matters related to the conduct of the external audit, which are to be communicated to the Committee by the Auditor under generally accepted auditing standards.

3.5.3 Unless otherwise permitted by NI 52-110, the Committee must pre-approve any non-audit services to be provided to the Company or its subsidiaries by the Auditor. The Committee may delegate to one or more of its independent members authority to pre-approve non-audit services, but no such delegation may be made to management of the Company. The pre-approval of non-audit services by any member to whom authority has been delegated hereunder must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.6 Other Matters

The Committee shall:

(a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;

(b) be provided with appropriate and timely training, both in the form of an introduction programme for new members and on an ongoing basis for all members; and

(c) oversee any investigation of activities which are within its terms of reference.

4. REPORTING

4.1 The Auditor must report directly to the Committee.

4.2 The chair of the Committee shall report to the Board generally on its proceedings after each meeting.

4.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any matter within its mandate where action or improvement is needed.

4.4 The Committee's Charter shall be available on request and shall be available on the Company's website (if any).

5. REGULATORY DUTIES

In carrying out its duties the Committee shall:

(a) give due regard to:

(i) all relevant legal and regulatory requirements; and

(ii) the rules of any stock exchange or which the Company's securities may be listed; and

(b) ensure that it has such information as it considers necessary or desirable to fulfil its duties as set out in this Charter.

6. MEMBERSHIP

6.1 Members of the Committee shall be appointed from time to time by the Board, in consultation with the chair of the Committee.

6.2 The Committee shall be made up of at least three members each of whom shall be a member of the Board.

6.3 All members of the Committee shall be "independent" as that term is defined in NI 52-110 and the standards of any stock exchange on which the Company's securities are listed, subject to any permitted transitional provisions.

6.4 Members shall serve one-year terms and may serve consecutive terms to ensure continuity of experience. Members shall be appointed each year to the Committee by the Board at the Board meeting that coincides with the annual shareholder meeting. A member of the Committee shall automatically cease to be a member upon ceasing to be a director of the Company. Any member may resign or be removed by the Board from membership on the Committee or as Chair of the Committee.

6.5 All members of the Committee must be "financially literate", as that term is defined in NI 52-110, or must acquire such literacy within a reasonable period of time after joining the Committee.

6.6 The Board shall appoint the chair of the Committee who shall be a non-executive director of the Company. In the absence of the Chair, the remaining members of the Committee present at a fully convened Committee meeting may elect one of their number to chair the meeting. The Board shall determine the period for which the chair of the Committee holds office.

6.7 The Board may from time to time remove members from the Committee.

7. SECRETARY

The Board shall designate from time to time the secretary of the Committee from one of the members of the Committee or, failing that, the Company's corporate secretary shall act as secretary of the Committee, unless otherwise determined by the Committee.

8. MEETINGS

8.1 The Committee shall meet at least four times in each year at appropriate times in the reporting and audit cycle and may call special meetings as required.

8.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any member of the Committee or at the request of the Auditor or any internal auditor if they consider it necessary.

8.3 Unless otherwise agreed, at least three (3) working days notice shall be given of each meeting of the Committee.

8.4 Unless otherwise agreed, notice of each meeting of the Committee shall:

(a) confirm the venue, time and date of the meeting;

(b) include an agenda of items to be discussed at the meeting; and

(c) be sent to each member of the Committee, the secretary, the Auditor and any other person required, invited or entitled to attend the meeting.

8.5 Supporting papers shall be sent to members of the Committee and to other attendees at the same time as the relevant notice.

8.6 The quorum necessary for the transaction of business by the Committee shall be two members of the Committee and a duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8.7 Only members of the Committee shall have the right to attend meetings of the Committee. However, others (such as the other directors, representatives from the finance function of the Company and external advisers) may be invited to attend and speak at (but not vote at) a meeting of the Committee as and when appropriate.

8.8 The Auditor shall be invited to attend and speak at meetings of the Committee on a regular basis but shall not be entitled to vote at such meetings.

8.9 Meetings of the Committee may be held by conference telephone or similar communications equipment whereby all members participating in the meeting can hear each other; provided always however that at least once per annum a direct meeting shall be held between the Committee and the Auditor where a quorum of the members of the Committee and the Auditor are present in person at the same location.

8.10 Matters for decision by the Committee shall be decided by a majority decision of the members. In the case of an equality of votes, the Chair of the Committee will not be entitled to a casting vote.

9. MINUTES

9.1 The secretary of the Committee shall minute the proceedings and resolutions of Committee meetings and record the names of those present and in attendance.

9.2 The secretary of the Committee shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Following each meeting of the Committee, the secretary shall circulate, for comment, draft minutes to each member who was present at the meeting.

9.4 After approval and signing of the minutes by the chair of the Committee meeting, the secretary shall circulate copies of the minutes to all members of the Board (unless a conflict of interest exists).

10. AUTHORITY

10.1 The Committee is a committee of the Board and as such exercises such powers of the Board as have been delegated to it.

10.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.

10.3 The Committee is authorised to:

(a) seek any information it requires (including from any employee of the Company) in order to perform its duties;

(b) engage independent counsel and other advisors as the Committee determines necessary to carry out its duties;

(c) set and pay the compensation for any advisors employed by the Committee;

(d) communicate directly with the Auditor and the internal auditors;

(e) commission any reports or surveys, which it deems necessary, to help it fulfil its obligations;

(f) secure the attendance of external advisors at its meetings (if it considers it necessary); and

(g) call any employee to be questioned at a meeting of the Committee as and when required, all at the Company's expense.

11. OWN PERFORMANCE

At least once a year, the Committee shall review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.