LEGUMEX WALKER

Quarter 3 2011

Management's Discussion and Analysis

November 30, 2011

LEGUMEX WALKER INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

The following management's discussion and analysis ("MD&A") of financial condition and results of operation has been prepared by management to help readers interpret the consolidated financial results of Legumex Walker Inc. ("LWI" or the "Company") for the period ended September 30, 2011. This document should be read in conjunction with LWI's unaudited interim consolidated financial statements and related notes thereto for the period ended September 30, 2011 (the "Interim Financial Statements"). The aforementioned interim consolidated financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS"); they are available, together with additional information relating to LWI, on SEDAR at www.sedar.com.

This MD&A has been prepared as of November 30, 2011. All dollar amounts are in Canadian dollars unless otherwise indicated. All references to LWI include its subsidiaries as applicable.

1 Forward-Looking Information

This MD&A 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 pulses and other crops, the cost of production, 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, 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, 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 Factors" in LWI's Prospectus which is available on SEDAR at www.sedar.com 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 MD&A. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things: Canadian crop production quality in 2011 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; 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 pulses to port facilities for export 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 in accordance with applicable securities laws.

2 Highlights for the Third Quarter of 2011

- Results for the third quarter reflect 79 days of operation for the Special Crops Division;
- Revenue of $41.4 million;
- EBITDA of $1.9 million;[1]
- Net loss of $2.4 million, or $0.22 per share;
- Adjusted Net Earnings of $0.9 million, or $0.08 per share (excludes impact of certain charges related to the acquisition and transaction costs and non-cash foreign exchange);[1]
- Special Crops Division EBITDA of $2.5 million[1]
- Cash Flow from Operations of $1.5 million;[1]
- Incorporated under the laws of Canada and acquired a 100% interest in the Roy Legumex Group of Companies, a 100% interest in Walker Seeds Ltd., and an 85% interest in Pacific Coast Canola, LLC;
- Completed an initial public offering (the "Offering") of common shares generating gross proceeds of $70.0 million and commenced trading on the Toronto Stock Exchange under the symbol "LWP";
- Made substantial progress on the integration of the Roy Legumex Group of Companies and Walker Seeds Ltd., which comprise the Special Crops Division of the Company;
- Broke ground on the Company's tenth processing plant and its first located outside of Canada; a new canola oilseed processing plant in Warden, Washington, the construction of which is proceeding on schedule and on budget.

(1) EBITDA, Cash Flow from Operations and Adjusted Net Earnings are non GAAP measures. See Section 12 "Non GAAP Measures."

3 Integration Progress

Legumex Walker was formed by the strategic business combination of the Roy Legumex Group of Companies (RLI) and Walker Seeds Ltd. (WSL) on July 14, 2011 (the "Acquisition Transaction"). Prior to this date, RLI and WSL were operated as separate and distinct businesses for many years, each with its own management team, sales force and operations. A primary objective for the Legumex Walker management team since its incorporation has been the integration of the two predecessor companies, an objective which Company expects will result in synergies, efficiencies and cost savings for the Special Crops Division in future reporting periods.

During the third quarter of 2011, the Company made significant progress on the integration of a number of key functional areas within the organization, specifically in the areas of merchandising, country operations, plant operations, logistics, information technology, finance and accounting and human resources.

Merchandising – The Company completed an integrated merchandising plan for key markets. The Company will continue to market and sell well-known brands from both Roy Legumex and Walker Seeds. Of particular note in the effort to create an integrated merchandising plan, the Company has developed integrated sales projections by country, by buyer and by merchandiser. In addition, some international markets and buyers have been reassigned to individual merchandisers, a shift that the Company believes will yield benefits to the Company resulting in greater continuity and familiarity with specific markets.

Plant Operations – A primary benefit of the combination of the RLI and WSL is the ability to rationalize operations across the Company's nine current processing plants (including a facility owned by Blue Hills Processors (2003) Ltd., in which the Company has a 20% interest) so as to increase throughput and to increase the lengths of production runs. This optimization of the Company's processing capacity represents a significant opportunity to improve margins and grow cash flow. During the third quarter, the Company integrated its processing facilities under a single management structure and, as a result, has commenced its optimization efforts.

Country Operations – The Company has completed the integration of the grain buying team and realigned personnel by regional focus, which will provide the Company with better knowledge of market conditions, foster the establishment of long-term sourcing relationships and better use of sales and marketing expenditures.

Information Technology – The Company finalized and initiated the implementation of a comprehensive, organization-wide information technology integration plan. The plan includes identification of information technology requirements for 14 locations and approximately 175 staff. The Company plans to implement an advanced Enterprise Resource Planning (ERP) system to integrate and facilitate the flow of information across all business functions within the organization. To this end, during the third quarter, the Company executed service and licensing agreements related to the ERP software.

The Company also upgraded Walker Seeds' existing online sales portal (OSP) and completed transition of the Roy Legumex business to that system. As a result, all Company managers and merchandisers now have access to a robust information source, which provides comprehensive, real-time information on all aspects of the Special Crops Division supply chain.

To support these improvements in its information technology capabilities, the Company purchased and has begun installation of the technology and hardware to support the ERP system as well as the expanded OSP.

Logistics – The use of multimodal transportation and logistical systems to source and deliver bulk and packaged product to clients locally and globally is critical to the Company's business. During the third quarter, the Company completed integration of the logistics and transportation teams of RLI and WSL and leveraged the Company's greater scale to secure more favourable pricing for certain logistical and transportation services.

Finance and Accounting – The Company has completed the integration of the finance and accounting functions and teams of RLI and WSL.

Human Resources – The Company has completed the integration of the majority of the human resources activities of the predecessor companies.

4 Company Overview

Legumex Walker Inc. is a growth-oriented processor and merchandiser of pulses (lentils, peas, beans and chickpeas), other special crops – such as canaryseed, flaxseed and sunflower seed – and canola products. The Company is one of the largest processors of pulses and other special crops in Canada with nine processing facilities (including a facility owned by Blue Hills Processors (2003) Ltd., in which the Company has a 20% interest) strategically located in key growing regions throughout Saskatchewan and Manitoba, global sales, logistics and distribution capabilities and access to multimodal transportation networks.

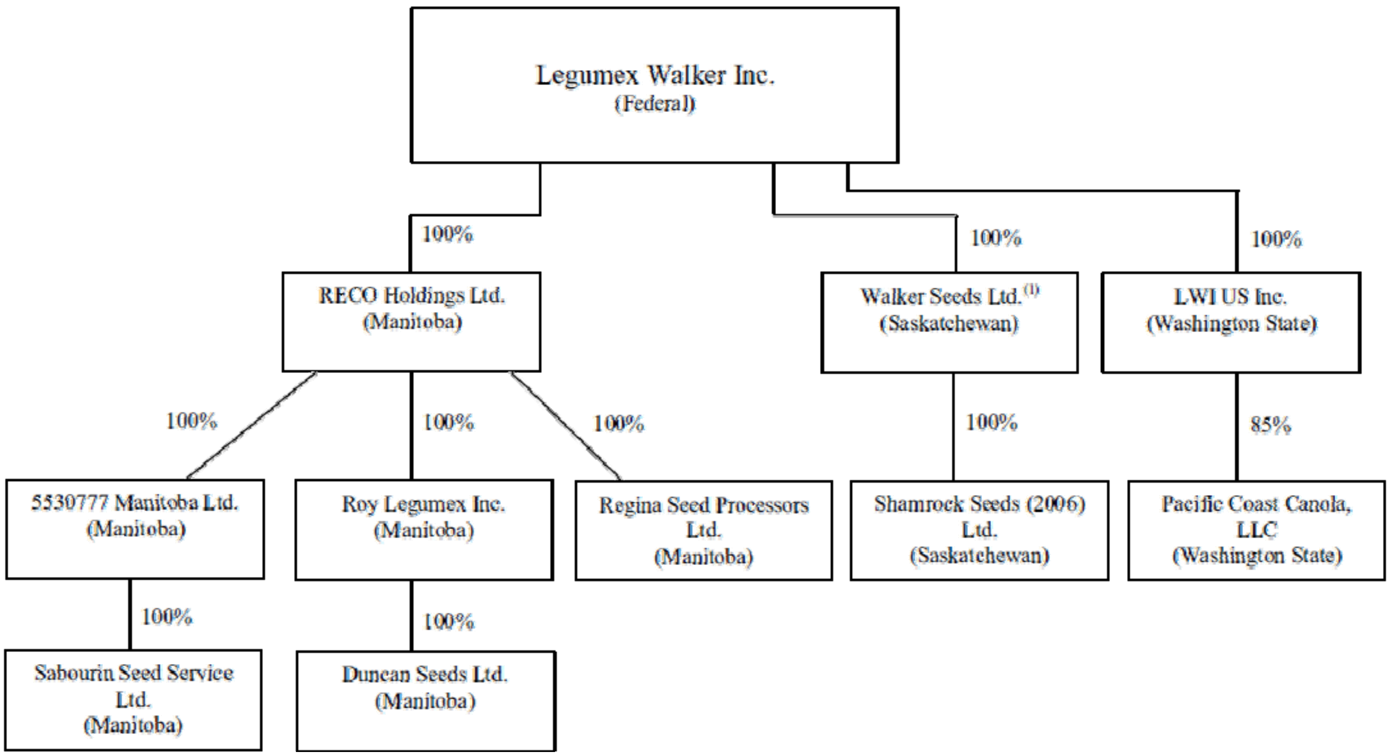
Through its 85% interest in Pacific Coast Canola, LLC ("**PCC**"), a Company which is constructing and will operate an 1,100 metric tonnes ("**MT**") per day canola oilseed processing facility in Washington State (the "**PCC Plant**"), the Company will expand into canola processing, further increasing its geographic and product diversification. The investment in PCC presents the Company with an opportunity to expand its business into key growing regions in the United States and the Company will benefit from significant cost advantages in accessing United States West Coast markets and key consumptive markets in Asia and the Indian Sub-Continent.

The Company has approximately 90 years of combined operating history and its brands are highly recognized by customers for the excellent product quality and service provided. The Company has developed a network of more than 18,000 growers to source products and it sells processed pulses and other special crops for human consumption and animal feed to an established customer base in over 70 countries.

For the twelve months ended December 31, 2010, RLI and WSL (which were acquired by the Company on July 14, 2011) generated *pro forma* revenues of approximately $288 million and sold approximately 400,000 MT of pulse and other special crops products to customers around the globe.

Company Structure

The following corporate chart sets out the current ownership of the Company's principal subsidiaries.[1]



Notes:
(1) In addition to the subsidiaries noted above, the Company indirectly holds a 50% interest in 0729767 B.C. LTD., a 20% interest in Blue Hills Processors (2003) Ltd. The shares of 0729767 B.C. LTD. are subject to unanimous shareholders' agreement, which includes share transfer restrictions and first refusal rights. The shares of Blue Hills Processors (2003) Ltd. are subject to a unanimous shareholders' agreement, which includes share transfer restrictions, board representation and first refusal rights. The other subsidiaries of the Companies – LWI Seattle Inc., Legumex Walker China Ltd. and Silverock Holdings Inc. – each of which are wholly owned are not considered principal subsidiaries.

History of the Company

LWI was incorporated under the laws of Canada to acquire (i) a 100% interest in RLI; (ii) a 100% interest in WSL; and (iii) an 85% interest in PCC, a Company which is constructing and operate the PCC Plant.

RLI was formed in 1948 and is one of the oldest and most diversified special crop processors and merchandisers in Canada. Headquartered in St. Jean Baptiste, Manitoba, RLI has developed worldwide brand recognition for two of its brands, “Roy Brand” and “Sabourin Seeds”. RLI derives its revenue from sourcing, processing, marketing and distributing special crops to a global client base in over 45 countries. WSL was incorporated in 1985 and is one of Canada's largest special crop processors and merchandisers.

Like RLI, WSL sources, processes, markets and distributes special crops throughout North America and globally with sales to more than 70 countries. Both RLI and WSL have remained family-owned businesses throughout their history and have grown both organically and through a number of successful acquisitions.

The PCC Plant will produce edible canola oil products for sale to food processors and food service customers and canola meal for sale to livestock and animal feed producers in both domestic and international markets. The Company has agreements with a team of key industry players to build and operate the PCC facility which management believes will provide the Company with competitive advantages in the global canola marketplace. PCC has entered into a guaranteed maximum price construction contract with Industrial Construction Group, Inc. (“**ICG**”), an affiliate of McKinstry Co., LLC (“**McKinstry**”), and a supply agreement with CHS Inc. (“**CHS**”), a United States Fortune 500 agricultural Company, to commence construction, operate and supply the PCC facility. Glencore Grain Investment LLC (“**Glencore**”), an indirect subsidiary of Glencore International plc, one of the largest agricultural commodities traders in the world, holds a 15% interest in PCC.

Business Strategy

The Company is focused on three strategic objectives:

- Organic growth and integration of the combined businesses
- Strategic acquisitions
- The construction and operation of a canola crushing plant in Warden, WA

The objectives are discussed in more detail below.

The combination of RLI and WSL has created significant economies of scale that should support organic growth. The Company is focused on maintaining the advantage provided from the increased scale of operations with an ability to be flexible and adjust to changes in the industry and operating environment.

The Company is focused on achieving cost rationalization at its Special Crops Division and synergies through the combination of RLI and WSL while pursuing organic growth. Accordingly, the Company evaluates on an on-going basis new or expanded product lines that may fit with the Company’s unique capabilities. The addition of new products will better position the Company to service a global customer base, to provide greater utility to growers and allow it to better leverage its supply chain, global sales network and risk management capabilities.

Additionally, management sees a significant opportunity to increase the overall utilization of its systemwide processing capacity by improving how it distributes crops among its processing plants. The nine LWI processing facilities provide the Company with significantly greater flexibility in this area than either predecessor Company enjoyed and allows it to increase both the length and the number of production runs and to minimize down time caused by equipment changeovers. These improvements should allow the Company to increase utilization of its existing capacity and to significantly reduce the need to employ third-party processing during peak operational periods. As a result, the Company expects to realize improved margins.

The Company also intends to consider strategic acquisitions that both increase revenues and generate higher margins through revenue and/or cost synergies. The Company's criteria for such acquisitions include factors such as fit with existing product lines and processing activities, increased scope of operations either through geography or product, operating history, profitability history, strength of the target Company's management team and the likelihood of retaining that team.

The Company's investment in PCC is expected to be a key driver to its growth once the plant begins operations in 2013. This investment provides a unique opportunity for the Company to enter into canola crushing operations, historically a higher margin market than special crop processing and merchandising, in order to further diversify its sales portfolio, develop strategic relationships with key industry players, leverage and expand its grower relationships and increase cash flow. Construction of the PCC plant is continuing on schedule and on budget, with completion scheduled for early 2013.

5 Summary and Analysis of Consolidated Results

LWI became a reporting issuer under the securities laws of a number of Canadian provinces and territories on June 30, 2011. The Company has a December 31st fiscal year end and prepares and presents its financial statements in accordance with International Financial Reporting Standards ("IFRS").

LWI is required to file under applicable securities legislation an interim financial report for the period ended September 30, 2011. As LWI was not in existence prior to April 20, 2011, the financial report for the period ended September 30, 2011 does not include financial statements for the comparative period ended September 30, 2010. See section 5.1 "Select Quarterly Information" for a further explanation.

LWI is also required to include in its MD&A a discussion of its analysis of the current quarter and year-to-date results. As LWI was not in existence prior to April 20, 2011, LWI is not required under IFRS to provide interim consolidated financial statements for the period ended September 30, 2010. Accordingly, a comparison to a comparative period has not been included in this analysis. Moreover, information relating to financial performance of the Company is not available for the interim period ended September 30, 2010.

The Company did not conduct any commercial operations and had no employees during the period from its inception on April 20, 2011 to the end of the reporting period June 30, 2011. The Acquisition Transaction and the Offering are reflected in LWI's September 30, 2011 unaudited interim consolidated financial statements from the closing date of the transactions which was July 14, 2011. Therefore, the financial statements include 79 days of operations rather than a full quarter of results.

5.1 Selected Quarterly Information

As LWI was not in existence during the three-month period ended September 30, 2010 and the merger of the predecessor companies does not constitute a continuation of the business for accounting purposes, the Company's financial results for the three-month period ended September 30, 2011 are presented without comparative results for the same period in the prior year. Furthermore, it is the opinion of the management that the creation of *pro forma* financial statements for the comparative period would require significant accounting adjustments and arbitrary assumptions to be made with respect to business decisions that might or might not have been made under a combined business. As a result, the management believes any such *pro forma* financial statements would not constitute a reasonable representation of the combined business for comparative purposes and would not provide readers with meaningful information.

Summary of Quarterly Results (in thousands of Cdn $ except as indicated - unaudited)	
Sales	41,399
Cost of sales	36,984
Gross margin	**4,415**
Less: Loss from investment in associates	8
Less: Selling, general and administrative costs	2,555
EBITDA[1]	**1,852**
Less: Amortization	1,332
EBIT[1]	**520**
Less: Financing costs	441
Less: Provision for (recovery of) income taxes	(800)
Adjusted Net Earnings[1]	**879**
Less: Non cash foreign exchange	2,270
Less: Write down of investment	1,000
Less: (Gain) loss on disposal of property, plant, equipment	1
Add: Finance income	12
Net loss per financial statements	**(2,380)**
Attributable to:	
Non-controlling interests	(7)
Shareholders of the Company	(2,373)
Total net earnings (loss)	**(2,380)**

Basic weighted average number of shares (000s)	**10,945**
Net earnings (loss) per share	**(0.22)**
Adjusted Net Earnings Per Share[1]	**0.08**

Total assets	**$206,349**
Non-current portion of long-term debt	**$16,349**

(1) EBITDA, EBIT, Adjusted Net Earnings and Adjusted Net Earnings per Share are non-GAAP measures. See Section 12 “Non-GAAP Measures”

Sales

Total consolidated revenue for the three months ended September 30, 2011 was $41.4 million. Revenue was generated entirely by the Special Crops Division through the sale of pulse and other special crops. As is further discussed in Section 6.1, market factors, including the European financial crisis, currency fluctuations and political instability in some of our traditional markets, contributed to the reluctance of buyers to purchase additional product and negatively impacted revenue.

Cost of sales and gross margin

Cost of sales, which includes the cost of special crops, internal processing costs, third-party processing costs and freight, for the three-month period ended September 30, 2011 was $37.0 million, resulting in a gross margin of $4.4 million

(10.6% of sales). Gross margin percentage will vary from year to year and quarter to quarter based on the strength of demand, product mix, as well as the timing and location of purchases by LWI of pulses and other special crops.

Selling, general, and administrative expenses

Selling, general, and administrative expenses for the three-month period ended September 30, 2011 was $2.6 million (6.3% of sales). Category expenses reflect the relatively fixed nature of the Company's indirect costs which consist primarily of personnel salaries and benefits, professional fees, insurance, property and business taxes and utilities. The Company believes that a portion of its selling, general and administrative costs during the quarter were attributable to events and factors related to the commencement of business as a going concern, the start of the PCC Plant construction project and integration activities.

Earnings Before Interest, Taxes, Depreciation and Amortization[1]

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the three-month period ended September 30, 2011 was $1.9 million.

1) EBITDA is a non-GAAP measure. See Section 12 "Non-GAAP Measures"

Amortization

Amortization of plant and equipment during the three-month period ended September 30, 2011 was $1.3 million and reflects a fair value adjustment made to the property, plant and equipment of WSL at the date of acquisition which increased their value by $6,000,000.

Financing costs

Financing costs for the three-month period ended September 30, 2011 was $441,000. Finance costs are comprised of interest on operating lines of credit, interest on senior debt and other bank and finance costs.

Write-down of investment

During the period, the Company took a valuation allowance of $1,000,000 against its investment in Silverock Holdings, Inc. For more detail, see Section 7.2 below.

Income Taxes

Recovery of income tax of $0.8 million was reported for the three-month period ended September 30, 2011. The major components of the recovery of income taxes are described in Note 17 to the unaudited interim financial statements.

Non-cash foreign exchange

The Company enters into sales transactions denominated in United States currency for which the related accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As the majority of the Company's sales are denominated in U.S. dollars, and it has committed future sales contracts denominated in United States currency, the Company has entered into foreign exchange contracts and options to try to manage risk. These foreign exchange contracts and options have not been designated as hedges under the Company's accounting policies. Therefore, these contracts are marked to market at each financial statement date and changes in the fair value over the prior period have been included in current period earnings.

Non-cash foreign exchange loss of $2.3 million for the reporting period was largely driven by the mark to market of forward foreign exchange contracts and options and foreign denominated working capital consisting of primarily U.S.-denominated receivables and payable.

Net earnings and earnings per share

Net loss for the three-month period ended September 30, 2011 was $2.4 million, or $0.22 per share. Excluding the impact of certain charges related to the acquisition and transaction costs and non-cash foreign exchange, Adjusted Net Earnings were $879,000 or $0.08 per share.

6 Segment Results

The Company's three reportable business segments are the Special Crops Division, the Oilseed Processing Division and Corporate. Segmented financial information for the three months ended September 30, 2011 is set out below.

Selected Financial Results[1,2] Three Months Ended September 30, 2011 (in thousands)				
	Special Crops	Oilseed Processing	Corporate	Total
Sales	41,399			41,399
Cost of sales	36,984			36,984
Gross margin	**4,415**			**4,415**
Less: Loss from investment in associates	8			8
Less: Selling, general and administrative costs	1,870	46	639	2,555
EBITDA[1]	**2,537**	**(46)**	**(639)**	**1,852**
Less: Amortization	1,332			1,332
EBIT[1]	**1,205**	**(46)**	**(639)**	**520**

(1) EBITDA and EBIT are non-GAAP measures. See Section 12 "Non GAAP Measures"

(2) As the Acquisition Transaction was completed on July 14, 2011 and did not result in a continuity of operations for accounting purposes, quarterly information is only available for periods commencing with the three months ended September 30, 2011.

6.1 Special Crops Division

As a result of the acquisition of RLI and WSL, 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 primarily in Canada and processes these crops at nine processing facilities strategically located in key growing regions throughout Saskatchewan and Manitoba

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 Sub-Continent, Asia, the Middle East, the Americas and Europe and enjoys long-term relationships with buyers in each market.

Seasonality

In the United States and Canada, the growing season for major agricultural commodities spans from May to October. Pulses and other special crops are typically seeded in May, harvested in mid- to late-August to early September 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 (rail cars, trucks and ocean containers) required to get product to market.

Prospectively, LWI's strategy is to continue to diversify its pulses and grain product mix, and its international sources of supply.

Operating Results

LWI has determined that both the RLI and WSL acquisitions are business combinations under IFRS 3 and will be accounted for by applying the acquisition method as described in Note 4 to the unaudited interim financial statements. The operating results of RLI and WSL have been fully consolidated in LWI's third quarter from the date control was fully transferred to LWI which was July 14, 2011. Sales for RLI and WSL prior to July 14, 2011 will not be included in LWI's sales for any period. If the combination had taken place as at April 1, 2011, sales would have increased to $104.8 million (an increase of $63.4 million) and earnings before other items and income taxes would have increased to $5.01 million (an increase of $2.5 million).

Cost of sales, which includes the cost of special crops, internal processing costs, third-party processing costs and freight, for the 79-day period ended September 30, 2011 was $37.0 million, resulting in a gross margin of $4.4 million (10.6% of sales). Gross margin percentage will vary from year to year and quarter to quarter based on the strength of demand, product mix, as well as the timing and location of purchases by LWI of pulses and other special crops.

EBITDA generated by the Special Crops Division for the 79 days of operation was $2.5 million.

Market Conditions and Outlook

The Special Crops Division derives its revenue from the sale of pulses and other special crops purchased and processed by the Company. As the Company does not grow its own crops, increases or decreases in the output or yield of crops does not necessarily result in an increase or decrease in revenue for the Company. However, crop results do impact on the profitability of the Company's sales of a particular product from the relevant crop.

Lentils

Although 2010-11 saw near-record yield levels for lentils, production dropped 18% in 2011-12 according to Stat Publishing. The reduction in production is due to a 24% reduction in harvested area. However, 2011-12 carry-in stocks more than offset the decline in production, providing a 17% increase in beginning stocks for all lentil classes. The increase in beginning stocks of lentils are primarily stock increases of low-quality red lentils. Demand from India has been below normal.

Beans

Total domestic production of dried beans is expected to decrease by 43% to 146 thousand metric tonnes (KT) due to reduced acreage in central and western Canada. Total harvested area fell 40% due to strong competition from competing crops. Exports are estimated to fall to 190 KT, while US production is forecast by the USDA to fall 37% to below 900 KT due to lower production of pinto, white pea and black bean types.

Chickpeas

Chickpea production is expected to decrease by 58% to 54 KT in 2011-12 due to lower harvested area, though average yields are expected to be above the 5-year average. Total supply is estimated to fall sharply, resulting in declining exports. Carry-out stocks are expected to fall sharply as well. US chickpea production is also expected to fall by 10% to 80 KT due to lower harvested area.

Peas

Industry analysts indicate that the low pea crop levels estimated by StatsCan for 2011 may create a slowdown in exports going forward despite a strong showing so far this autumn. By the end of October, farmers had already delivered 34% of estimated available peas compared to a 21-22% average for the same period over the last five years. Demand from India, traditionally the largest importer of Canadian peas, has decreased due to a reported sharp increase in production in that country combined with a loss of purchasing power of the Indian rupee in late summer. Increased imports may be necessary if demand is to be met, but much will depend on weather conditions during the rabi crop (October through March). Meanwhile, China, the second-largest importer of Canadian peas, has increased imports, as has the third-largest importer, Bangladesh.

Canaryseed

Observers of the canaryseed market reported in early November that normal annual shipping patterns to Europe in the autumn have been slow to emerge, with only a single bulk export of 2,000 MT leaving Thunder Bay in September, whereas October is the normal peak shipping period, averaging more than 8,000 MT, and November averaging more than 7,000 MT. The 2011 Canadian canary-seed crop was the smallest in 23 years, so it is likely that assembling the usual 8-10,000 MT shipments is proving more difficult. Another factor that may be impacting canaryseed exports is competition in the sizeable Brazilian market by an increased Argentinean crop. Despite these negative indicators, observers indicated that there was still ample time and opportunity for exports to reach normal levels for autumn. Canaryseed mixture levels in birdfeed mixes will be partially replaced by lower-priced millet and other bird food ingredients.

Flax

In the flax market, Chinese demand for Canadian exports has cooled slightly due to increased competition from European sources. Meanwhile, US demand for flax has been steady, with bids trending generally higher than normal with only a slight dip showing in early November. The prime period for exports of flax to the US is December. Domestic use is forecast to fall slightly for 2011-12 and remain below the 10-year average. Carry-out stocks are forecast to decrease to below the 5-year average.

Impact on LWI

Economic turmoil in Europe and its impact on the world financial and currency markets appears to be having a negative short-term impact on the global pulse industry as growers and buyers postpone their selling and buying activities amidst volatile and uncertain market conditions. While these conditions have had a limited negative impact on LWI's revenues in the short term, the Company has been able to offset some of the impact by diversifying into other origins for beans and chickpeas for example. It is the experience of LWI's management team that such conditions will cause producers and buyers to postpone their selling and buying activities until there is better visibility and lower risk in the market or until internal pressures – reduced inventories for buyers and revenue constraints for producers – overcome the unsettled conditions of the market. The Company is confident in its ability to monitor changes in the marketplace and to act effectively in such conditions.

Although Canada is expected to experience an overall decrease in pulse volumes in 2011-12, this reduction should have a larger impact on bulk conventional shipping programs which do not constitute a meaningful proportion of LWI's business. The Company sources its product from a broad base of Saskatchewan and Manitoba producers and enjoys with many of those producers a longstanding and preferred relationship that helps the Company's buyers secure adequate supplies to meet demand. This diversity of suppliers is also reflected in the Company's diverse product offerings which allows the Company to better respond to disruptions in any specific products. The Company had access in the current period, and believes it will be able to continue to have access, to reasonable volume and quality of product to supply the demand from buyers as it arises.

Despite the forecasted reduction in pulse acres in Canada for 2011-12, world demand is expected to remain strong. Over the long term, rising incomes and population growth in developing regions and shifts to healthier eating in the developed world will continue to drive demand for LWI's products. Many of the countries in developing regions are projected to have the world's highest rates of population growth. These regions often have a limited supply of arable land and rely on imported products, such as protein-rich pulse crops, to meet the nutritional needs of their populace. Many in these regions cannot afford higher-cost protein products, such as meat, and rely on pulse crops as their primary protein source. Developing regions of the world represent approximately 85% of global pulse consumption.

LWI is focused on market segments that are demonstrating the highest growth in demand and output. Over the long term, the Company is committed to expanding its sourcing region for pulse crops outside of Canada to maintain its existing customer requirements and to create new opportunities that complement the existing business model. The Company pursues new product lines that are good fits with its existing businesses and operations. In addition, the Company will continue to seek new product offerings to facilitate two-way trade from various geographies in which it operates. The addition of new products will better position the Company to service a global client base as well as its growers, leverage its supply chain, global sales network and risk management capabilities.

6.2 Oilseed Processing Division

Oilseed Processing Division

Through its 85% investment in PCC, the Company will own, construct and operate the PCC Plant, a 1,100MT per day canola oilseed processing facility that is expected to operate 345 days per year and be capable of producing approximately 137,400 MT of canola oil and approximately 220,500 MT of canola meal per year. The PCC Plant will be 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, is in the heart of a multi-state region that is ideal for canola production. Products will move in and out of the PCC Plant through the local short-line 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.

Seasonality

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. Once operations commence in early 2013, the crushing 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.

Operating Results

Construction on the PCC Plant commenced during the reporting period. Plant operations are expected to commence in early 2013. PCC incurred approximately $46,000 in operating expenses during the reporting period. The majority of costs incurred by PCC are capitalized as PCC Plant costs. As discussed in Section 7.2, the Company acquired an 85% interest in PCC during the reporting period. As such, operating results have been consolidated in LWI's third quarter from the date PCC was acquired by LWI (July 14, 2011).

Outlook

Construction on the PCC Plant is progressing on schedule and on budget. 67% of construction costs had been contracted as of September 30, 2011 and approximately 72% of construction costs had been contracted to date. Demolition and site preparation work is completed and foundation work is scheduled to begin mid-November. The PCC Plant is scheduled for completion in early 2013.

Various state governments and municipalities in the United States, such as New York City, Philadelphia and the State of California, have recently banned trans-fatty acids or are in the process of enacting such legislation. This regulatory environment has contributed to a shift away from primarily hydrogenated soy oil, which has historically represented the bulk of edible oil consumed in the United States, to canola oil. As a result of this trend, many food processors have also begun shifting to healthier oils such as canola.

The Pacific Northwest is home to a multi-billion dollar 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. PCC, the only commercial-scale canola crusher west of the Rocky Mountains, should have significant cost and service advantages in addressing this growing market following the completion of the PCC Plant. 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.

Canola meal is valued as a high-quality, high-protein livestock feed and is widely used as a component in hog, poultry and cattle rations.

6.3 Corporate Expenses

Corporate expenses were $639,000 for the period ended September 30, 2011. These are cost related to activities such as the listing and compliance costs of the TSX, governance and other corporate development costs and the integration of the WSL and RLI.

7 Liquidity and Capital Resources

7.1 Cash Flow Information

Cash Flow from Operations[1,2] Three Months Ended September 30, 2011 (in thousands)	
EBITDA	1,852
Stock-based compensation	88
Loss from investment in associates	8
Loss on the disposal of property, plant, equipment	1
Finance income	12
Income taxes (paid) recovered	-
Maintenance capital expenditure	(422)
Cash Flow from Operations	1,539

(1) Cash Flow from Operations was entirely generated by the Special Crops Division

(2) Cash Flow from Operations and EBITDA are non-GAAP measures. See Section 12 "Non-GAAP Measures"

7.2 Investing Activities

On July 14, 2011, the Company acquired all of the issued and outstanding shares of the RLI, a diversified special crop processor and merchandiser headquartered in St. Jean Baptiste, Manitoba. RLI derives its revenue from sourcing, processing, marketing and distributing special crops to a global client base in over 45 countries. The aggregate purchase price was $26,563,478, of which $5,000,000 was paid in cash and $21,563,478 was paid by the issuance of 2,395,942 Common Shares of LWI at a price of $9.00 per Common Share.

The RLI share purchase agreement included post-closing purchase price adjustment provisions for an increase of the purchase price on a "dollar for dollar" basis to the extent the "working capital" (as defined in the RLI share purchase agreement) of RLI at closing of the RLI acquisition is greater than $11 million or the "funded debt" (as defined in the RLI share purchase agreement) of RLI is less than $10.5 million based on a balance sheet to be delivered within 90 days of the closing date. This post closing price adjustment is $3,168,037 and is reflected as Notes payable to related parties on the consolidated balance sheet.

On July 14, 2011, the Company acquired all of the issued and outstanding shares of WSL, a diversified special crop processor and merchandiser headquartered in Saskatoon, Saskatchewan. Like RLI, WSL sources, processes, markets and distributes special crops throughout North America and globally with sales to more than 70 countries. The aggregate purchase price was $22,648,478, of which $5,000,000 was paid in cash and $17,648,478 was paid by the issuance of 1,960,942 Common Shares of LWI at a price of $9.00 per Common Share.

The WSL share purchase agreement included post-closing purchase price adjustment provisions for an increase of the purchase price on a "dollar for dollar" basis to the extent the "working capital" (as defined in the WSL share purchase agreement) of WSL at closing of the WSL acquisition is greater than $8 million or the "funded debt" (as defined in the WSL share purchase agreement) of WSL is less than $14.85 million based on a balance sheet to be delivered within 90 days of the closing date. This post closing price adjustment is $3,872,745 and is reflected as Notes payable to related parties on the consolidated balance sheet.

On July 14, 2011, the Company completed a series of transactions pursuant to an asset purchase agreement entered into with Home Grown Oil, LLC ("HGO") and PCC that resulted in HGO agreeing to convey specified assets that it owned to PCC. As consideration for these assets, PCC assumed certain liabilities of HGO and HGO will receive 415,362 Common Shares of LWI, which are to be delivered to an escrow agent eight months following the closing date of the asset purchase transaction, to be released from escrow on the first anniversary of the closing date of the asset purchase transaction. In addition, LWI through a wholly owned subsidiary invested US$42.1 million in PCC for an 85% interest in PCC concurrently with Glencore Grain Investment LLC ("Glencore"), which invested US$8.5 million for a 15% interest in PCC.

On July 14, 2011, the Company acquired all of the issued and outstanding shares of Silverock Holdings Inc. ("Silverock") from the sole shareholder of Silverock who is also a Director of the Company. The aggregate purchase price was $1,000,000, of which $250,000 was paid in cash and $750,000 was paid by the issuance of 83,333 Common Shares of LWI at a price of $9.00 per Common Share. Silverock is an inactive British Columbia corporation whose sole assets and liabilities consist of market data and analysis and rights and obligations with financial, economic and legal advisors relating to capital markets transactions to be undertaken by RLI and WSL. Under the terms of the share purchase agreement, LWI also agreed to assume Silverock's transaction expenses in an amount of approximately $151,000 and certain disbursements incurred in connection with the transactions related to the development and financing of the PCC Plant. A valuation allowance of $1 million was taken against the Silverock investment during the reporting period.

LWI's property, plant and equipment expenditures for the period ended September 30, 2011 were $8,673,000. Capital expenditures reflect a number of improvements and upgrades undertaken in the ordinary course of business in the Special Crops segment $422,000 and the construction of the oil seed crushing facility in Warden, Washington ($8.6 million).

7.3 Non-Cash Working Capital

The table below sets out the Company's changes to non-cash working capital during the three months ended September 30, 2011.

Changes to Non-Cash Working Capital Three Months Ended September 30, 2011	
Account receivable	(9,332,002)
Inventory	(9,996,017)
Income taxes receivable	24,316
Prepaid expenses	(7,654,385)
Accounts payable and accrued liabilities	7,153,900
Income taxes payable	(111,700)
Deferred revenue	81,760
	(19,834,128)

Accounts receivable at September 30, 2011 was $32,663,722. Of this amount, $5,254,583 was greater than 90 days due. $3,470,502 of the receivables greater than 90 days due was collected subsequent to September 30, 2011.Trade accounts receivable in aggregate collected to the date of issuance were $12,292,065. The Company's allowance for doubtful accounts for the period ended September 30, 2011 was $914,815.

Prepaid expenses and other assets of $7,924,007 includes $1,454,388 in advances to the Port of Warden for site improvements related to the PCC construction project and $2,959,723 in loan commitment fees paid by PCC in respect of its senior credit facility. No funds had been drawn down on this facility as at September 30, 2011.

7.4 Financing Activities

On July 14, 2011, the Company completed an initial public offering of 7,225,000 common shares and a concurrent private placement of 555,556 common shares at a price of $9.00 per share for gross proceeds of $70,025,004 (the "Offering").The net proceeds received by the Company were approximately $63,000,000 after deducting underwriters' fees and other fees and expenses associated with the Offering.

In connection with the Offering, the Company granted its syndicate of underwriters (the “Underwriters”):

i. an option (“Over-Allotment Option”) exercisable in whole or in part and for a period of 30 days after the completion of the Offering to purchase up to an additional 1,083,750 common shares at a price of $9.00 per share; and
ii. options (the “Compensation Options”) to acquire such aggregate number of common shares as is equal to 6% of the total number of common shares sold under the Offering (including any common shares sold upon exercise of the Over-Allotment Option) at a price per common share of $9.00 exercisable for a period of eighteen months from the date of closing of the Offering.

On August 8, 2011, the underwriters exercised their over-allotment option to purchase on August 11, 2011 an additional 166,050 common shares at the Offering price of $9.00 per common share. Net proceeds to be received by the Company will be approximately $1,380,000 after deducting underwriters’ fees and other fees and expenses.

Taking into consideration the shares acquired under the over-allotment option on August 11, 2011, the aggregate number of common shares that could be acquired by the Underwriters upon exercise of all of their Compensation Options would be 443,463 common shares. Of this total, Compensation Options to acquire 433,500 common shares have an expiry date of January 14, 2013 and Compensation Options to acquire 9,963 common shares have an expiry date of February 11, 2013.

In addition to the above noted options, the Company granted options to directors, officers, senior management and key employees of LWI to acquire 280,000 common shares at a price of $9.00 per share under its stock incentive plan. These options were granted effective July 14, 2011 and vest on each anniversary of the grant date in equal increments over a three-year period and expire on July 13, 2016 (5 years from the date of grant).

On July 14, 2011, PCC obtained a senior secured credit facility (the “Senior Credit Facility”) in the amount of $59,800,000 million from a syndicate of lenders. The Senior Credit Facility consists of a construction loan available in multiple advances over an eighteen-month period, commencing on July 14, 2011, and then, following completion of construction, converting into a term loan (US$47,800,000) and a revolving loan ($US12,000,000). Interest payable on amounts advanced under the Senior Credit Facility will be calculated based on alternative formulas ranging from a variable rate of LIBOR plus 6% for the construction loan and revolving loan to a variable rate of LIBOR (or other base rate) plus 5.5% for the term loan. Quarterly principal and interest payments are required to be made on amounts drawn down on the construction loan beginning six months following completion of the PCC Plant. Repayment of the loan will be made over eight years in 32 equal quarterly payments. .

The Senior Credit Facility is subject to a number of financial and business covenants, including: (i) PCC maintaining minimum working capital requirements and debt-to-equity levels and (ii) PCC complying with fixed-charge coverage ratios and limitations on capital expenditures and the amounts of dividends that can be declared in the first two years of operations. 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 of operations.

The 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 is required to fund, no later than three months before commencement of production, a US$2,000,000 replenishing debt-service reserve fund to be pledged as security for the Senior Credit Facility. This debt-service reserve fund is only required to be maintained for 9 months providing PCC is in compliance with its debt covenants.

As a requirement of the Senior Credit Facility, Industrial Construction Group, Inc. (“ICG”) obtained a US$10,000,000 payment and performance bond from an approved lender, such facility to be available to be drawn down to fund construction costs, contingencies and certain financial obligations, if necessary.

There are no borrowings on the Senior Credit Facility as of September 30, 2011. PCC is in compliance with all current loan requirements.

On July 29, 2011, the Company used $5,000,000 of proceeds from the Offering to pay down amounts due by WSL to Farm Credit Canada.

The Special Crops Division has available operating lines of credit from various lenders to a maximum of $50,358,340 against which $20,099,687 has been advanced as at the balance sheet date. These operating loans are subject to certain financial covenants with respect to debt-to-tangible net worth and working capital ratios. As at September 30, 2011, the division was in compliance with these covenants. The interest rates and terms applicable to these operating lines of credit are disclosed in Note 11 of the Interim Financial Statements. In addition to these operating lines of credit, the Special Crops Division had $19,884,374 in total term loans with various lenders, the interest rates and terms of which are disclosed in Note 12 of the Interim Financial Statements. The maturity dates of these term loans are analyzed in Section 7.5 "Contractual Obligations" below.

7.5 Contractual Obligations

PCC entered into a guaranteed maximum price construction contract (the "PCC Construction Contract") dated May 27, 2011 with Industrial Construction Group, Inc. (ICG). 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 US$80,875,481, subject to additions and deductions. The PCC Construction Contract is unconditionally and irrevocably guaranteed by McKinstry Co. LLC ("McKinstry"), an established full service design-build firm, which is affiliated with ICG. As part of the Offering, McKinstry invested $5,000,004 in the Company by way of a private placement.

Total project cost of the PCC Plant is estimated at approximately US$109,600,000 (including US$6,000,000 incurred to date), plus working capital of US$10,000,000, and includes site development, plant construction, staffing, interest costs and fees along with inventory reserves and contingency costs.

PCC gave ICG notice to proceed on construction of the PCC Plant on July 14, 2011. The PCC Construction Contract provides that the PCC Plant will be substantially completed in early 2013.

The following table details the Company's contractual obligations in addition to those related to PCC described above.

	Total	Less than 12 months	12 to 24 months	2 to 4 years	After 4 years
Bank indebtedness	$25,508,094	$25,508,094			$-
Accounts payable and accrued liabilities	$20,415,253	$20,415,253			$-
Income taxes payable	$311,561	$311,561			$-
Notes payable to related parties	$7,040,782	$7,040,782			$-
Long-term debt	$19,852,690	$3,503,657	$1,651,346	$3,939,563	$10,758,124
Subordinated debenture	$452,546	$452,546			
Operating leases	$3,929,507	$705,668	$1,194,710	$775,187	$1,253,942
Total	$77,510,433	$57,937,561	$2,846,056	$4,714,750	$12,012,066

7.6 Capital Resources

As at September 30, 2011, there were no commitments for capital expenditures other than those disclosed in Section 7.2"Investing Activities" and Section 7.5"Contractual Obligations" above. The financing resources available to LWI were those listed in Section 7.4 "Financing Activities" above.

7.7 Off-Balance Sheet Arrangements

LWI did not enter into any Off-Balance sheet arrangements during this reporting period.

8 Outstanding Share Data

As at September 30, 2011, there were 12,386,822 issued and outstanding common shares. As per Section 7.4 "Financing Activities" above, there are also outstanding options to acquire 280,000 common shares at a price of $9.00 per share under LWI's stock incentive plan and outstanding Compensation Options to acquire 443,463 common shares at a price of $9.00 per share. The total of all issued and outstanding common shares and options to acquire common shares is 13,110,285. 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.

9 Other Matters

9.1 Accounting Policy Changes

Standards issued, but not yet effective up to the date of issuance of the Company's financial statements, are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective:

Income taxes ["IAS 12"]

IAS 12 removes subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012.

As of January 1, 2013, the Company will be required to adopt certain standards and amendments issued by the IASB as described below, for which the Company is currently assessing the impact.

Joint Arrangements ["IFRS 11"]

IFRS 11 is the result of the IASB's project to replace IAS 31, "Interest in Joint Ventures." The new standard redefines "joint operations" and "joint ventures" and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted.

Fair Value Measurement ["IFRS 13"]

IFRS 13 provides a common definition of fair value, establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements.

Financial Instruments ["IFRS 9"]

IFRS 9 is the result of the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement." The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Consolidated Financial Statements ["IFRS 10"]

IFRS 10 is the result of the IASB's project to replace Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27, "Consolidated and Separate Financial Statements." The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This principle applies to all investees, including structured entities.

Disclosure of Interests in Other Entities [“IFRS 12”]

IFRS 12 outlines the required disclosures for interests in subsidiaries and joint arrangements. The new standard requires disclosure of information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity’s interests in subsidiaries and joint arrangements. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity.

Amendments to IAS 1, Presentation of Financial Statements

The amendments to IAS 1, Presentation of Financial Statements, issued by the IASB in June 2011, requires companies preparing financial statements to group together items within other comprehensive income (“OCI”) on the basis of whether they may be reclassified to the profit or loss section of the statement of comprehensive income. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

9.2 Critical Accounting Estimates

Note 4 to LWI’s Interim Financial Statements for the period ended September 30, 2011, describes LWI’s significant accounting policies.

The preparation of LWI’s interim consolidated financial statements in accordance with IFRS may require Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The following is an analysis of the critical accounting estimates that depend most heavily on such Management estimates, assumptions and judgments, any changes, which may have a material impact on the Company’s financial condition or results of operations.

Allowance for Doubtful Accounts

Due to the nature of LWI’s business and the credit terms it provides to its customers, estimates and judgments are inherent in the on-going assessment of the recoverability of some accounts receivable. LWI maintains an allowance for doubtful accounts to reflect expected credit losses. Judgment is required to assess the ultimate realization of accounts receivable and these judgments must be continuously evaluated and updated. LWI is not able to predict changes in the financial conditions of its customers and the Company’s judgment related to the recoverability of accounts receivable may be materially impacted if the financial condition of the Company’s customers deteriorates.

Valuation of Inventory

Assessments and judgments are inherent in the determination of the net realizable value of inventories. The cost of inventories may not be fully recoverable if they are damaged or if the selling price of the inventory is less than its cost. LWI regularly reviews its inventory quantities and reduces the cost attributed to inventory no longer deemed to be fully recoverable. Judgment related to the determination of net realizable value may be impacted by a number of factors including market conditions.

10 Related Party Transactions

Details concerning related party transactions are contain in Note 14 of the Company's unaudited interim financial statements for the reporting period.

11 Risks and Uncertainties

Information relating to the risks and uncertainties of LWI and its subsidiaries is summarized in LWI's Prospectus dated June 30, 2011, which is available, together with additional information relating to LWI, on SEDAR at www.sedar.com.

12 Non-GAAP Measures

This MD&A contains references to "EBIT" "EBITDA," "Cash Flow from Operations" and "Adjusted Net Earnings." EBIT is defined for the purposes of this MD&A as earnings from operations before interest and taxes. EBITDA is defined for the purposes of this MD&A as earnings from operations before other income (expenses), amortization financings costs and income taxes.

Cash Flow from Operations is defined for the purposes of this MD&A as the cash from (or used in) operating activities excluding non cash working capital changes. Management believes excluding the seasonal swings of non cash working capital assists in evaluation of long term liquidity.

Adjusted Net Earnings is defined for the purposes of this MD&A as EBIT less financing costs and income taxes.

Management believes that EBIT, EBITDA, Cash Flow from Operations and Adjusted Net Earnings are useful supplemental measures of cash flow prior to debt service, capital expenditures, income taxes and other non-cash items included in earnings. Management uses Cash Flow from Operations as a financial measure of liquidity.

EBIT, EBITDA, Cash Flow from Operations and Adjusted Net Earnings are not recognized earnings measures under Canadian Generally Accepted Accounting Principles or IFRS (collectively referred to herein as "Canadian GAAP") and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBIT, EBITDA, Cash Flow from Operations and Adjusted Net Earnings may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBIT, EBITDA, Cash Flow from Operations and Adjusted Net Earnings should not be construed as an alternative to net income or loss (which are determined in accordance with Canadian GAAP) as an indicator of the performance of the Company or as a measure of liquidity and cash flows.

The Company's method of calculating EBIT, EBITDA, Cash Flow from Operations and Adjusted Net Earnings may differ materially from the methods used by other public companies and, accordingly, may not be comparable to similarly titled measures used by other public companies.

Reconciliation of each of these terms to IFRS measures is provided in the table below:

Non-IFRS Terms, Reconciliations and Calculations	
Sales	41,399
Cost of sales	36,984
Gross margin	4,415
Less: Loss from investment in associates	8
Less: Selling, general and administrative costs	2,555
EBITDA	**1,852**
Less: Amortization	1,332
EBIT	**520**
Less: Financing costs	441
Less: Provision for (recovery of) income taxes	(800)
Adjusted net earnings (loss)	**879**
Less: Non cash foreign exchange	2,270
Less: Write down of investment	1,000
Less: (Gain) loss on disposal of property, plant, equipment	1
Add: Finance income	12
Net earnings (loss) per financial statements	**(2,380)**
EBITDA	1,852
Stock based compensation	88
Loss from investment in associates	8
(Gain) loss on disposal of property, plant, equipment	1
Finance income	12
Income taxes (paid) recovered	-
Maintenance capital expenditure	(422)
Cash Flow from Operations	**1,539**
Financing costs	(441)
Foreign exchange	1,601
Income taxes	(69)
Financing activities	64,383
Investing activities (net of maintenance capital expenditure)	(23,304)
Minority interest	7
Cash flow prior to working capital changes	**43,716**
Increase (decrease) in cash resources per financial statements	23,882
Add: Net changes in working capital accounts	19,834
Cash flow prior to working capital changes per financial statements	**43,716**

13 Evaluation of Disclosure and Procedures

Management, including the President & Chief Executive Officer and Chief Financial Officer, has evaluated the design of LWI's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") (as defined in National Policy Instrument 52-109 of the Canadian Securities Administrators) as of September 30, 2011. Management has concluded that, as of September 30, 2011, LWI's disclosure controls and procedures and internal controls over financial reporting are designed effectively to provide reasonable assurance that material information relating to LWI and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this report was being prepared, except as noted below in the scope limitation that exists as a result of the purchase of RLI, WSL and PCC.

In accordance with National Instrument 52-109 3.3(1)(b), LWI has limited its design of DC&P or ICFR to exclude controls, policies and procedures of RLI, WSL and PCC, each of which were acquired within 365 days before the end of the recent reporting period.