

Annual Information Form

January 18, 2012



VITERRA INC. – ANNUAL INFORMATION FORM
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1. DEFINITIONS

“ABA”	means Australian Bulk Alliance Pty Limited.
“ABB”	means ABB Grain Ltd.
“ACCC”	means Australian Competition and Consumer Commission.
“agri-business”	means businesses engaged in the purchasing, storage, handling, processing and marketing of agricultural products and supplies and the provision of related services.
“ARO”	means asset retirement obligation.
“AUD”	means Australian Dollars, the lawful currency of Australia.
“Board Grains”	means wheat and barley sold by or on behalf of the CWB into the export market or domestically for human consumption.
“CAD”	means Canadian Dollars, the lawful currency of Canada. Unless otherwise stated, all dollar values contained in this AIF are in CAD.
“CDIs”	means CHESS Depository Interests.
“CFL”	means Canadian Fertilizers Limited.
“CGC”	means the Canadian Grain Commission.
“CWB”	means the Canadian Wheat Board.
“Dakota Growers”	means Dakota Growers Pasta Company, Inc. and its subsidiaries comprising the Dakota Growers group.
“DBRS”	means Dominion Bond Rating Service Limited.
“ESCOSA”	means Essential Services Commission of South Australia.
“ETS”	means emissions trading scheme.
“EU”	means the European Union.
“FDA”	means U.S. Food and Drug Administration.
“food processing”	means a combination of processing farm commodities and marketing the value-added products derived therefrom; for example, rolled oats are processed from raw oats and malt for the brewing industry is made from malt barley.
“GMO”	means genetically modified organism.
“HACCP”	means Hazard Analysis Critical Control Point.

“ISO”	means International Organization for Standardization.
“Moody’s”	means Moody’s Investors Service Inc.
“MSAA”	means the <i>Maritime Services (Access) Act 2000 (South Australia)</i> .
“open market grains”	means all grains not covered by the CWB’s marketing monopoly.
“Prairie Malt”	means Prairie Malt Limited.
“primary elevator”	means a grain elevator licensed by the CGC to purchase and receive grain directly from producers.
“port terminal”	means a grain elevator located at a coastal port (or Great Lakes port in Canada) licensed to receive, clean, dry and process grain and to co-ordinate shipments of grain abroad or for domestic use.
“S&P”	means Standard & Poor’s Financial Services LLC.
“SEDAR”	means the System for Electronic Document Analysis and Retrieval, a document filing system for Canadian public companies.
“SH&E”	means Safety, Health and Environment.
“Viterra” or “Company”	means Viterra Inc., and unless the context otherwise requires, includes subsidiaries, joint ventures and entities which Viterra has an investment accounted for by the equity method.
“Viterra Australia”	means Viterra Australia Pty Ltd and its subsidiaries.
“WEA”	means Wheat Exports Australia.
“U.S.”	means the United States of America.
“USD”	means United States Dollars, the lawful currency of the United States of America.

Forward-Looking Information

This Annual Information Form (“AIF”) contains certain information that is “forward-looking information”, “forward-looking statements” and “future-oriented financial information” (collectively herein referred to as “forward-looking statements”) within the meaning of applicable securities laws. The words “anticipate”, “expect”, “believe”, “may”, “could”, “should”, “estimate”, “plan”, “project”, “intend”, “outlook”, “forecast”, “likely”, “probably” or other similar words are used to identify such forward-looking information. Forward-looking statements in this document are intended to provide Viterra security holders and potential investors with information regarding Viterra and its subsidiaries, including management’s assessment of Viterra’s and its subsidiaries’ future financial and operational plans and outlook. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Viterra and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, anticipated capital projects, construction and completion dates, operating and financial results, critical accounting estimates and expected impact of future commitments and contingent liabilities. All forward-looking statements reflect Viterra’s beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Company’s forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions listed below. Although Viterra believes that these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements. The key assumptions that have been made in connection with the forward-looking statements include the following:

- litigation against the Federal Government regarding the amendment and repeal of the Canadian Wheat Board Act is resolved in favour of the Government of Canada and there is no delay in the implementation of the amendments;
- western Canadian and southern Australian crop production and quality in 2011 and subsequent crop years;
- the volume and quality of grain held on-farm by producer customers in North America;
- movement and sales of Board grains by the CWB;
- the amount of grains and oilseeds purchased by other marketers in Australia;
- demand for and supply of open market grains;
- movement and sale of grain and grain meal in Australia and New Zealand, particularly in the Australian states of South Australia, Victoria and New South Wales;
- agricultural commodity prices;
- general financial conditions for western Canadian and southern Australian agricultural producers;
- demand for seed grain, fertilizer, chemicals and other agri-products;
- market share of grain deliveries and agri-products sales that will be achieved by Viterra;
- extent of customer defaults in connection with credit provided by Viterra, its subsidiaries or a Canadian chartered bank in connection with agri-products and feed product purchases;
- ability of the railways to ship grain to port facilities for export without labour or other service disruptions;
- demand for oat, pasta, canola and malt barley products, and the market share of sales of these products that will be achieved by Viterra;
- ability to maintain existing customer contracts and relationships;
- the availability of feed ingredients for livestock;
- cyclicity of livestock prices;
- demand for wool and the market share of sales of wool production that will be achieved by Viterra’s subsidiaries in Australia;
- the impact of competition;

- environmental and reclamation costs;
- the ability to obtain and maintain existing financing on acceptable terms; and
- currency, exchange and interest rates.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to Viterra. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Viterra to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Company's assets, the availability and price of commodities and regulatory environment, processes and decisions. By its nature, forward-looking information is subject to various risks and uncertainties, including those risks discussed in the "Canadian Regulation" and "Environmental & Sustainability Matters" sections in this AIF, and those factors discussed in the Company's Management's Discussion and Analysis for the year ending October 31, 2011 under the heading "Risks and Risk Management", any of which could cause Viterra's actual results and experience to differ materially from the anticipated results or expectations expressed. Additional information on these and other factors is available in the reports filed by Viterra with Canadian and Australian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this AIF or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Viterra undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

2. INCORPORATION

Viterra Inc. is the product of several corporate combinations and transactions. Its history is briefly described below:

- 1924 - Saskatchewan Wheat Pool Inc. was created as Saskatchewan Wheat Pool on March 25, 1924, pursuant to *An Act to Incorporate Saskatchewan Co-operative Wheat Producers Limited*, a private act of the Saskatchewan legislature. The legislation was subsequently amended and consolidated several times.
- 1994 - Saskatchewan Wheat Pool's share capital was reorganized in July 1994.
- 2005 - On March 31, 2005, Saskatchewan Wheat Pool completed its recapitalization and became a federal corporation governed by the *Canada Business Corporations Act*. As a result, *The Saskatchewan Wheat Pool Act, 1995* no longer applied to Saskatchewan Wheat Pool Inc., and this act was repealed by the Saskatchewan legislature on April 27, 2006.
- 2007 - On June 15, 2007, Saskatchewan Wheat Pool Inc. acquired all of the shares of United Grain Growers Limited, which operated as Agricore United.
- 2007 - On November 1, 2007, Saskatchewan Wheat Pool Inc., United Grain Growers Limited and Pacific Elevators Limited amalgamated and carried on business under the name of "Viterra".

2008 - On March 13, 2008, Saskatchewan Wheat Pool Inc. formally changed its name to “Viterra Inc.”

2008 - On November 1, 2008, Viterra Inc. amalgamated with 6317979 Canada Inc., Can-Oat Milling Inc., AgPro Grain Management Services Ltd., 4496787 Canada Inc. and Westco Fertilizers Inc. (formerly Western Co-operative Fertilizers Limited) and carried on business under the name “Viterra Inc.”.

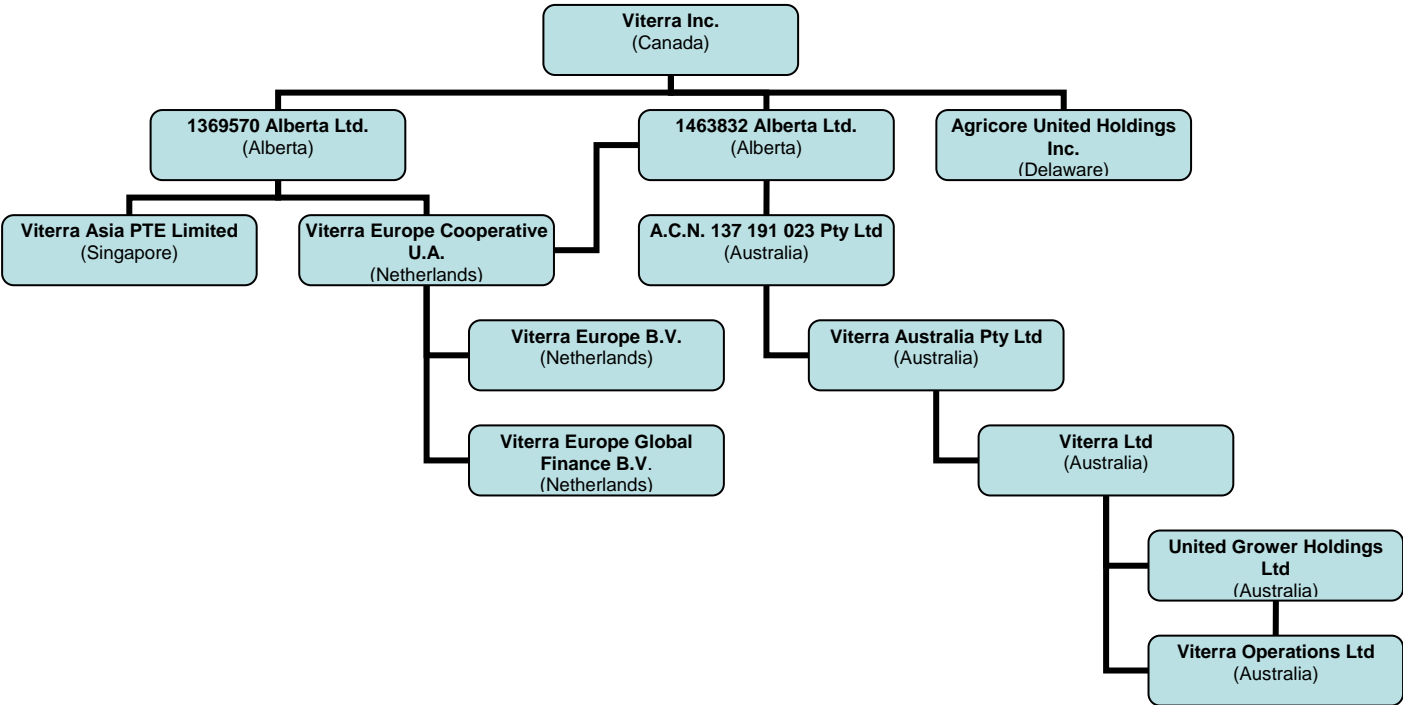
2009 - On September 23, 2009, Viterra Inc. and its wholly-owned subsidiary Viterra Australia Pty Ltd. acquired all of the issued and outstanding shares of ABB Grain Ltd. (ABB) by Scheme of Arrangement under the Australian *Corporations Act 2001*, involving ABB, ABB's shareholders and Viterra.

2010 - On November 1, 2010, Viterra Inc. amalgamated with Manitou Hog Enterprises Ltd., Bear Hills Pork Producers Ltd., Carrot River Valley Pork Producers Ltd. and Horizon Pork Producers Ltd. and carried on business under the name “Viterra Inc.”.

The registered office and head office of the Company are located at 2625 Victoria Avenue, Regina, Saskatchewan, S4T 7T9.

Intercorporate Relationships

The following diagram identifies the name and jurisdiction of incorporation, continuance or formation of Viterra’s principal subsidiaries as at October 31, 2011. Each subsidiary shown has total assets that exceeded 10% of the total consolidated assets of Viterra or revenues that exceeded 10% of the total consolidated revenues of Viterra as at and for the year ended October 31, 2011. Viterra owns, directly or indirectly, 100% of the voting shares in each of these subsidiaries.



3. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Viterra is a vertically integrated global agri-business headquartered in Canada. The Company was founded in 1924 and has extensive operations across Western Canada and Australia, with facilities in the United States, New Zealand and China. The Company's business is managed and reported through three interrelated segments: Grain Handling and Marketing, Agri-products, and Processing. In addition, a Corporate, non-operating segment is reported.

Viterra is involved in other commodity-related businesses through strategic alliances and supply agreements with domestic and international grain traders and food processing companies. The Company markets grain commodities directly to customers in more than 50 countries around the world.

Other Corporate Developments

Other major events and conditions, including significant acquisitions and dispositions, that have influenced the Company's development over the past three years or are expected to have a significant influence on future operations include the following:

Fiscal 2012

- On December 15, 2011, the *Marketing Freedom for Grain Farmers Act*, Bill C-18, received Royal Assent in Canada and will bring about the repeal of the *Canadian Wheat Board Act* on August 1, 2012. (See "4.1 Grain Handling and Marketing – Canadian Regulation" of this AIF.)
- On November 8, 2011, Viterra and Imperial Oil announced an agreement that will see the Company enter the commercial and farm fuel market. Viterra will acquire bulk fuel assets and has entered into a long-term Agreement to serve as a branded reseller, hauler and card lock operator of Esso fuels within Canada's Prairie region.

Fiscal 2011

- During fiscal 2011, the Company expanded its international marketing network in Europe and Asia with the opening of offices in Barcelona, Spain and Ho Chi Minh City, Vietnam. The continued investment is part of the Company's overall strategy to extend its value chain and strategically position itself in areas experiencing growing demand.
- During the fourth quarter of fiscal 2011, the Company's joint venture canola processing facility in southern China became operational. Originally announced in April 2010, the joint venture, known as Fangchenggang Maple Grain & Oil Industrial Co. Ltd., is a canola crushing facility in the province of Guangxi, South China at the port of Fangchenggang. The plant utilizes the hexane oil extraction method to process about 680,000 tonnes of canola annually. Viterra holds a 49% interest in the enterprise, the maximum allowable investment in the market, while its partner Fangchenggang Port Investment Holding Co., Ltd. holds a 51% share.
- On September 30, 2011, the Company received renewal of its existing accreditation to export bulk wheat for the next three years from Wheat Exports Australia (WEA). The decision by WEA followed an announcement by the Australian Competition and Consumer Commission approving the Company's revised 2011 Undertaking for the provision of access to its port terminal services.

- On August 8, 2011, the Company announced a series of organizational changes to formalize its global structure around its three global business lines, Grain Handling and Marketing, Agri-products and Processing, to capitalize and drive value through its integrated worldwide pipeline.
- On July 4, 2011, the Company assumed full operation of the Montreal Port Authority (MPA) Grain Terminal. This followed the signing of a definitive agreement to lease and operate the MPA Grain Terminal on April 21, 2011, and the May 3, 2011 announcement of a new merchandising office in Montreal, Quebec. The MPA Grain Terminal is a Canadian Grain Commission licensed transfer elevator which operates year round and has a storage capacity of 262,000 metric tonnes. The terminal has direct access to both CN and CP rail networks and provides direct shipping routes to various destinations in Canada, the U.S. and Europe. All integration activities were completed in the fourth quarter of fiscal 2011.
- On June 21, 2011, the Company announced the expansion of its Gull Lake terminal, providing a significant increase in grain handling capacity. The Gull Lake terminal previously offered a 56-railcar facility located on the Canadian Pacific (CP) rail line, which has been expanded to 112-car spots to accommodate heavy production in southwestern Saskatchewan. Terminal storage capacity has also been increased by 37%.
- On June 20, 2011, the Company acquired substantially all the assets and inventory of Premier Pulses International Inc., a processor and merchandiser of peas and lentils with a single site facility in Minot, North Dakota and a marketing office in Lewiston, Idaho, for a purchase price of \$8 million CAD. This aligns with the Company's pulse merchandising growth strategy, as strong global demand fundamentals in the Middle East and Asia continue to drive increased pulse acreage.
- On March 24, 2011, the Company announced the expansion of storage at its North Battleford facility by 8,000 tonnes, bringing its overall capacity to 33,800 tonnes. This work is nearly complete. At its Lloydminster elevator, Viterra added 12,000 tonnes of storage for an overall capacity of 27,000 tonnes. The Company also increased its loading capability at Lloydminster, served by Canadian Pacific, to 112 railcars from 56.
- On February 10, 2011, the Company announced an offering in Canada of \$200 million of 6.406% senior unsecured notes due February 16, 2011. The notes were issued due to attractive bond market yields in order to reduce future financing risk and bolster liquidity.

Fiscal 2010

- During fiscal 2010, the Company expanded its international grain business with the opening of offices in Germany, Ukraine and Italy. These sales offices complement the Company's trading hub in Geneva and better position the Company to market essential food ingredients into Europe, North Africa and other destinations.
- On September 23, 2010, the Company reaffirmed its commitment to construct a state-of-the-art malt house and container packing facility 52 kilometers southeast of central Sydney in New South Wales, Australia. The project was initiated by ABB prior to Viterra's acquisition of the Australian agri-business. The plant will add to Viterra's malt position in Australia. The new, efficient malt house will have the capacity to produce approximately 110,000 metric tonnes of malt annually. It will also include an adjacent container packing facility that will handle a further 147,000 tonnes of grain each year. The project aligns with Viterra's strategy to grow its value-added segment and further positions the Company as a global food ingredient manufacturer and

supplier. The new build ensures capacity to service projected long-term growth in Asian malt markets.

- On August 19, 2010, the Company announced the opening of a new high throughput grain terminal near Sexsmith, Alberta, approximately 18 kilometers north of Grande Prairie, to meet growing market demand in the Peace River area. The concrete and steel facility was developed at an estimated capital cost of \$22 million, featuring 30,000 tonnes of grain storage and 104-railcar loading capability.
- On August 17, 2010, the Company acquired all of the issued and outstanding partnership units of 21C Holdings L.P. (21st Century), a U.S.-based processor of oats, wheat, and custom-coated grains, for an all-cash purchase price of \$70.2 million CAD. 21st Century operates two plants in the Central U.S., an oat mill in South Sioux City, Nebraska and a facility that mills wheat near Amarillo, Texas. Formal integration activities began in January 2011, and significant milestones in regard to aligning employee programs took place in the fourth quarter of fiscal 2011.
- On August 4, 2010, the Company announced a private placement of \$400 million USD of 5.95% senior notes due August 1, 2020. The notes were issued at a price of 99.481% and were used to reduce borrowings under Viterra's Global Credit Facility and for general corporate purposes.
- On May 5, 2010, the Company acquired all of the issued and outstanding shares of Dakota Growers Pasta Company, Inc. (Dakota Growers), a leading producer and marketer of dry pasta products in North America. The acquisition represented a total enterprise value of \$240 million USD, which included equity value and anticipated net cash/debt at closing, subject to certain adjustments for transaction costs and other closing adjustments. All integration activities were complete as of October 31, 2011.
- On April 21, 2010, the Company completed the sale of its 50% interest in the Australian Bulk Alliance (ABA) joint venture to Sumitomo. The acquisition price paid was \$8.6 million AUD, which was based on an independent valuation of the assets. ABA's storage network consists of eight country sites in Victoria and New South Wales as well as the ABA grain terminal at the Port of Melbourne.
- On January 20, 2010, the Company officially opened its state-of-the-art deep sea grain terminal at Outer Harbor in South Australia. The Outer Harbor terminal was initiated by ABB in late 2006. The berth is capable of fully loading Panamax size vessels (50,000 to 70,000 tonnes) and part-load Cape size ships (70,000 to 120,000 tonnes). By being Panamax-capable, Outer Harbor delivers considerable savings and largely eliminates the necessity for costly, two port loadings that were necessary when larger ships berthed in Adelaide.
- On December 7, 2009, the Company filed a Business Acquisition Report including financial statements for ABB for the period October 1, 2008 to September 23, 2009, which reflected the Australian business' financial performance prior to Viterra's acquisition.

Fiscal 2009

- On September 25, 2009, Viterra announced that it entered into an agreement to acquire the assets of Lakeside Fertilizer, a division of XL Foods and southern Alberta's largest independent retailer of fertilizer and agricultural chemicals. It includes six retail outlets in Bow Island, Brooks, Claresholm, Medicine Hat, Taber and Vauxhall, AB. The acquisition increased Viterra's total number of retail sites to 259 across Western Canada.

- On September 23, 2009, Viterra announced the successful implementation of its acquisition of ABB Grain Ltd. (ABB) by a Scheme of Arrangement, pursuant to the implementation agreement between ABB and Viterra signed on May 19, 2009. Viterra and its wholly owned subsidiary Viterra Australia Pty Ltd provided consideration to or for the benefit of ABB shareholders consisting of an aggregate cash amount of \$752 million AUD (\$703 million CAD) and an aggregate of 78,296,645 new shares of Viterra. In exchange, all issued and outstanding shares of ABB were registered in the name of Viterra Australia Pty Ltd. The 56,250,000 subscription receipts of Viterra that were issued by private placement on May 13, 2009 at \$8.00 per subscription receipt were exchanged into common shares of Viterra on September 23, 2009, on the basis of one common share per subscription receipt. Trading on the Toronto Stock Exchange of the 56,250,000 Viterra common shares issued in exchange of the subscription receipts commenced on September 23, 2009. In satisfaction of obligations under the Implementation Agreement, on September 23, 2009, four new directors were appointed to Viterra's Board of Directors. In order to facilitate these appointments, one existing director resigned and sat as a Board observer. All integration activities were complete as of July 31, 2011.
- On June 25, 2009, the Company purchased certain assets of Associated Proteins Limited Partnership of Ste. Agathe, Manitoba, Canada for a total consideration of \$76 million. The acquisition consisted of a canola crush plant with production capacity of 340,000 metric tonnes per year that supplies North American end-use markets.

4. DESCRIPTION OF THE BUSINESS

4.1 GRAIN HANDLING AND MARKETING

The Grain Handling and Marketing operations accumulate, store, transport and market grains, oilseeds and special crops. This business includes grain storage and handling facilities and processing plants strategically located in prime agricultural growing regions of North America and Australia. This segment also includes wholly-owned port export terminals located in Canada and Australia. The International Grain group merchandises grains and oilseeds between origination and offshore destination customers through their global sales offices and sources commodities from locations where Viterra has no assets. Total sales and revenues for Grain Handling and Marketing for the year ended October 31, 2011 were \$8.5 billion (2010 – \$5.7 billion).

Description of the Business - North America

Viterra's North American grain handling and marketing business includes country grain elevators, specialty plants and port terminals.

Country Grain Elevators - Viterra operates a network of country grain elevators consisting of 82 locations, including 66 high throughput elevators with 50- or 100-car spots. In addition to the 82 grain handling facilities, the Company owns/operates 11 special crop facilities, eight of which are located in Western Canada and three of which are located in North Dakota and Minnesota. Grain storage capacity of the grain handling facilities by province is as follows:

Province	High Throughput Elevators		Conventional Elevators*	
	Number	Storage Capacity (in metric tonnes)	Number	Storage Capacity (in metric tonnes)
Manitoba.....	12	220,590	3	39,340
Saskatchewan.....	37	1,042,080	12	101,780
Alberta.....	17	486,010	7	34,300
British Columbia.....	-	-	2	17,700
TOTAL.....	**66	1,748,680	24	193,120

*Viterra's eight special crop facilities which are located in Western Canada have been included in the conventional elevators number and storage capacity figures.

**CMI Terminal Ltd. & Gardiner Dam Terminal Ltd. (Joint Venture/Producer Terminals) included in high throughput total.

Unlike a number of its competitors, the Company has a large, geographically dispersed and strategically located country grain elevator network. The Company believes that the size and scope of its network positions it to be a preferred supplier for end-use grain markets. In addition to competing for grain handling volumes on the basis of price and service, the Company secures additional grain handling volumes by contracting with farmers early in the crop year or even before planting.

Viterra has an agency agreement with the CWB entitling it to handle Board Grains, for which it receives tariffs set by the Company. In the case of open market grains, the farmer receives payment from Viterra based upon a contracted price for the grade reduced by charges levied for freight, elevation, inspection and other fees and services.

The Company strives to handle grain on a "just-in-time" basis; however, there are times when grain may be stored in an elevator for some time before it is shipped to a domestic or international customer. At both the country elevator and the port terminal level, cleaning and blending of grain can occur. Handling, cleaning, blending and storage are key factors under the Company's control that affect margins and profitability. Grade gains are a more variable factor and are derived by blending grains at lower primary standards with higher grades so as to allow the aggregated mix to meet the minimum higher grade standards. The Company may also recover or lose grain through the cleaning process.

From time to time, country grain elevators reconcile the actual inventory by grade with perpetual inventory records. To the degree that weights and grades at the time of the reconciliation differ from the weights and grades at the time of purchase, the Company may realize a gain or loss of revenues. The general level of grain prices and the price differences between grades can also affect the Company's revenues.

Port Terminals - The Company's port terminal business links its country grain elevators with offshore customers, providing processing and logistics services to ensure timely delivery of grain to fulfill the CWB's, the Company's and/or other exporters' sales commitments. The following table sets out information regarding the port terminal operations in which the Company has an interest.

<u>Port Location</u>	<u>Licensed Storage Capacity</u> (in metric tonnes)	<u>Ownership Interest</u>
Vancouver, BC (Cascadia Terminal).....	282,830	100%
Vancouver, BC (Pacific Terminal).....	137,000	100%
Prince Rupert, BC.....	209,510	*52.4%
Thunder Bay, ON (Terminal 7, A & B)...	362,650	100%
Thunder Bay, ON (Terminal C).....	231,030	100%
Montreal, PQ (Montreal Port Authority)	262,000	**100%
TOTAL.....	1,485,020	

*Through a co-tenancy arrangement, the Company has an undivided interest (currently 52.4%), which fluctuates based on usage, in a terminal in the Port of Prince Rupert, BC.

**Viterra has entered into a long-term lease to operate the terminal at the Port of Montreal starting July 4, 2011.

Grain transported by rail from country grain elevators to a port terminal is unloaded, cleaned to export standards (if necessary) and stored prior to being loaded onto ships. The Canadian Grain Commission (CGC) officially weighs and inspects all western Canadian grain that is unloaded at a terminal elevator. Dockage is removed during the cleaning process and cleaning charges are earned by the Company at this time. The material removed during the handling process is passed through a reclamation system to produce byproducts. Some byproducts (feed screenings and mixed feed oats) are sold “as is”, and the remaining refuse screenings are pelletized and sold domestically and/or internationally as feed inputs. Revenues from the sale of byproducts can vary substantially depending on the underlying values of the grain commodities with which they compete. Clean, graded grain is stored until it is required to be loaded onto a vessel. During the shipping process for Canadian grains, CGC officials weigh, inspect and grade the shipment, issuing a *Certificate Final for Canadian Grain* upon completion. The Company collects charges for elevation, cleaning, storage, drying and a variety of other services from the shipper of the grain (CWB for Board Grains, other exporters for open market grains) when the vessel has been loaded.

As is the case with country grain elevators, port terminals have the potential to blend and mix some grades of grain to enhance the overall quality of the grain and its value. The reconciliation of actual inventories to reported stocks occurs at least once every 30 months (as required by CGC regulations unless extended by the CGC).

Grain Marketing - The Company’s grain marketing business focuses on the development of domestic and export markets for grains handled by the Company. The first aspect of this business is primarily a merchandising function consisting of establishing relationships with producers (purchase, control and receipt of grain) and end-use customers (sale, delivery and quality). The Company’s North American and International Grain groups (see “Description of the Business – International”) work with end-use customers to coordinate delivery of the particular type and grade of grain required by the end-use customer at a particular time. The Company has established relationships with numerous end-use customers, both domestically and internationally, as well as thousands of producers across Western Canada and Northern U.S. Viterra, as an accredited exporter, also markets Board Grains on behalf of the CWB.

The second aspect of grain marketing is logistics. The Company’s logistics capabilities permit it to utilize its network of country grain elevators and port terminals to efficiently meet end-use customers’ needs. The Company co-ordinates the timely transportation and delivery of required grains to its strategically located elevators. The Company’s logistics ability and country elevator capacity allow it to load many railcars rapidly and move grain quickly to the port terminals in which the Company has an interest. By shipping most of its grains in multi-car blocks, the Company is able to take advantage of significantly reduced freight rates consistent with shipping greater volumes. This ensures that the

Company is able to fulfill specific market needs and provide customized “just-in-time” service to end-use customers.

The final aspect of grain marketing is risk management in relation to the Company's grain purchases, sales and inventory. This is accomplished primarily by hedging in commodities futures markets and currency markets and by managing the quality of the Company's inventory positions.

Viterra is also a marketer of a number of special crops, including dry beans, mustard, lentils, canary seed, specialty peas and specialty oats. The dry bean business within Viterra is focused in southern Alberta and southern Manitoba. The Alberta facilities at Taber and Bow Island handle a variety of bean types. The Manitoba program is operated through a state-of-the-art facility at Carman, Manitoba which handles a number of bean varieties and processes peas for the split pea market. Lentil and specialty peas are processed through the Ray, North Dakota and Minot, North Dakota facilities. The specialty oat program processes its product at a plant in Camrose, Alberta. The Company also provides producers with a number of flexible contracting options for other special crops, including canary seed and mustard.

Viterra is a North American contractor, processor and marketer of mustard worldwide. Viterra currently has four mustard seed processing facilities across North America: Warner, Alberta; Moose Jaw, Saskatchewan; Melville, Saskatchewan and Minneapolis, Minnesota. These facilities clean and process mustard purchased from a network of producers across the Great Plains of North America for sale to consumers of yellow, brown and oriental mustard. The Company produces a whole ground yellow mustard at Minneapolis and a deheated, ground yellow mustard at Warner, Alberta.

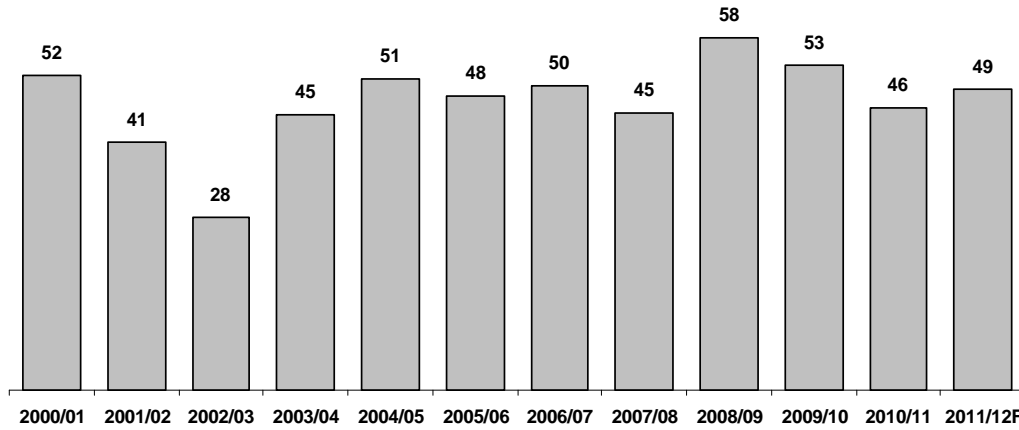
The Company's Grain Handling and Marketing earnings fluctuate in relation to the amount of grain handled, the destination (export or domestic), the margins earned on merchandising open market grains and operational performance (blends, rail incentives, terminal loading efficiency).

Viterra has historically had grain volume insurance to protect the cash flow of the Company from significant declines in grain volumes as a result of drought or other weather-related events. For 2011, the Company had \$75 million of coverage in place for Canadian and Australian exposure. The Company intends to place similar coverage for 2012.

Description of the Industry – North America

Canada is a significant producer and exporter of grains, with about a 12.6% share of the world wheat trade for the 2010-11 year. Canada is the world's second largest exporter of grains and oilseeds, with the bulk of productive capacity in Western Canada. Typically, 93% (50.4 million metric tonnes) of Canada's average production of the “six major” grains (wheat, barley, canola, oats, flax and peas) comes from this region.

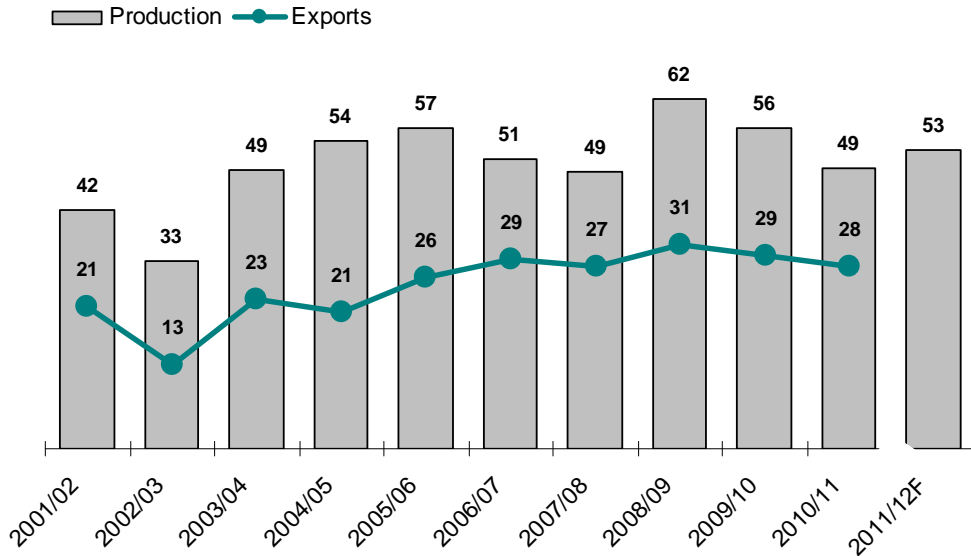
**Western Canadian Production of Six Major Grains (millions of metric tonnes)
For periods ended July 31**



Source: Statistics Canada, Field Crop Reporting Series

On average, about 60% to 66% of this total (30 to 33 million tonnes), in addition to a variety of other special crops, is delivered into the Prairie primary elevator system to grain handling companies such as Viterra. About 75% to 80%, or 24 million tonnes, of grain handled through the primary elevator network is exported by rail or ocean-going vessels through the ports of Vancouver and Prince Rupert, British Columbia, Thunder Bay, Ontario, Churchill, Manitoba and the St. Lawrence Seaway. Grain that is not handled through the primary elevator network is sold by producers domestically to millers, maltsters, crushers or feed manufacturers or is used on-farm or placed into farm storage.

**Canadian Production of Six Major Grains vs. Exports (millions of metric tonnes)
For periods ended July 31**



Source: Statistics Canada, Field Crop Reporting Series & Canadian Grain Commission

Handling begins with the transportation of grain from the farm to the country (or primary) elevator. Either the farmer or the grain handling company arranges transportation of grain by truck to the country elevator where grain is purchased. The grain is weighed, graded and dockage is assessed. (Dockage is an estimate of foreign material, such as weeds, seeds, broken kernels and other grains.) The farmer is then issued a cheque for saleable grain delivered, based upon contracted price for the grade reduced by charges levied for freight, elevation, inspection and other fees and services. Grain may be stored in the country elevator before it is shipped to a domestic customer such as a flour mill, feed mill, maltster or to a port terminal. At unload at the port terminal, all western Canadian grain is again weighed and inspected and an official weight and grade is assessed by the CGC. It is also cleaned to export standard, if necessary, and stored until transported to end-use customers. Grain can also be cleaned to export standard at the country elevator. If the grain is shipped for export from a country elevator, it is similarly weighed and inspected by CGC staff as it is loaded onto railcars. The certificate for western Canadian grain issued for each shipment of grain is internationally recognized and accepted as the CGC's guarantee of grain quality and quantity.

The Company's Grain Handling and Marketing business in Canada has numerous competitors, including Richardson International (Pioneer), Cargill Incorporated, Paterson Global Foods Inc., Parrish & Heimbecker Limited, Louis Dreyfus and other smaller companies. Unlike a number of the Company's competitors, the Company's elevators are geographically dispersed across Western Canada, broadening its access to the market, the variety of grains it can source and minimizing its risk from poor weather in particular regions. The Company believes the principal factors on which its grain handling and marketing business competes are price and service. Viterra believes that it competes favorably with respect to these factors.

Canadian Regulation

Canadian agriculture in general, and the western Canadian grain industry in particular, are highly regulated. While provincial regulation plays a role, most of the regulation affecting the grain industry is federal. The principal Canadian federal statutes are the *Canadian Wheat Board Act* (amended through the *Marketing Freedom for Grain Farmers Act* on December 15, 2011 and to be repealed on August 1, 2012), the *Canada Grain Act* and the *Canada Transportation Act*. Farming and agribusiness are also affected by Canadian federal and provincial environmental laws, which impact the distribution and retailing of fertilizer and crop protection products.

The Canadian Wheat Board – As per the *Marketing Freedom for Grain Farmers Act*, as of August 1, 2012 all grains become open market grains.

Under the current legislation, the principal mandate of the CWB is to market in an orderly manner, for domestic and export trade, wheat and barley grown in Western Canada. The precise role of the CWB varies by commodity and by the market into which the commodity is sold. The CWB has a monopoly over the export sale of wheat, durum and barley and domestic sale of western Canadian wheat used for human consumption and barley used for malting purposes. The grains regulated by the CWB are known as Board Grains. Grains not regulated by the CWB (principally oats, flax, rye, canola, domestically consumed feed barley, feed wheat, peas and other special crops) are known as open market grains. Canola, soybeans and flax are also known as oilseeds because they are principally used in the production (also known as crushing) of edible and non-edible oils.

The CWB arranges the sale of Board Grains to domestic and international customers, either directly or through an accredited exporter such as Viterra. Once sales have been confirmed, it is the CWB's responsibility to ensure that the proper quantity and quality of Board Grains is available for the purchaser at an agreed upon location, principally either at port terminals in Thunder Bay, Ontario or Churchill, Manitoba, one of several transfer elevators along the St. Lawrence Seaway, or port

terminals in Vancouver or Prince Rupert, British Columbia, or at another location specified by domestic, U.S. or Mexican end-use customers.

The CWB undertakes many activities aimed at managing the flow of Board Grains from farmer to purchaser, including delivery management (through the administration of contract calls for Board Grains), the determination of the quantity and quality of Board Grains available for sale at the port terminals or other locations at which it could be sold, and the co-ordination of the movement of Board Grains by rail to port terminals and domestic or foreign end-use customers (including the allocation of railcars to grain handling companies so they may ship Board Grains).

Grain handling companies, including Viterra, act as agents of the CWB, with Board Grains representing about 50% of Viterra's total grain volume handled. An area of importance to both farmers and the grain handling companies is the manner in which prices are set and payment is made for Board Grains. Each year, on or before August 1, the CWB, by way of a Government of Canada Order-in-Council, announces the initial price (Initial Price) for Board Grains. The Initial Price is a form of partial payment to farmers, paid per metric tonne of grain delivered. Pursuant to a handling agreement (Handling Agreement) with the CWB, grain handling companies determine the price paid to farmers for Board Grains by taking the Initial Price and deducting freight, elevation, inspection and other fees and services. Grain handling companies also collect storage revenue from the CWB for the period of time the Board Grains are stored in their facilities.

Payment of the Initial Price is financed by grain handling companies and paid to farmers on behalf of the CWB. The grain handling companies, in turn, are reimbursed for their financing costs by the CWB once the grain is unloaded at the port terminal or at a CWB domestic, U.S. or Mexican end-user facility. The CWB sells Board Grains throughout the crop year and when a final accounting is done, remits a final payment (Final Payment) to farmers. The Final Payment represents the net price achieved from all sales made for a given Board Grain of a particular grade throughout the year, on an average or pooled basis, less the Initial Price and the CWB's own operating costs. In the event that the price received by the CWB is lower than the Initial Price paid, the Government of Canada is required to bridge the shortfall.

The CWB also issues tenders for a portion of its export program for wheat and barley. The current target is equal to 20%. The CWB calls for tenders from grain handling companies once a week for Board Grains, and it may accept bids on any portion of the grain that it puts out to tender. Grain handlers may respond to the tender by indicating how many tonnes of the current requirement they will supply and what tariff or fees for service in supplying the tonnes would be applicable. The lowest grain handling tariff bid is expected to be accepted, subject to the size of the amount tendered (e.g., the CWB may prefer to allocate certain minimum quantities to be delivered to a ship from a single port terminal) and past performance of the company tendering. The successful bidders will receive railcar allocations sufficient to transport the Board Grains from their country grain elevators to the port terminal.

Under its railcar general allocation policy, the CWB allocates railcars to grain handling companies on a zone basis for the delivery of non-tendered Board Grains. The allocation is based on a weighting of (i) the weighted average of the grain handling company's Board Grain receipts during the prior 18 weeks and (ii) the undelivered portion of producer contracts with the CWB for delivery to a particular grain handling company, providing the undelivered portion does not exceed the eighteen-week average of receipts. There are 13 geographic areas that make up the different zones and it is up to the companies to allocate awarded railcars among country grain elevators within each zone. The allocation process consists of General Car Awards and Advanced Car Awards, the difference being the notice period that the grain handling company receives before the cars are spotted for loading at the country grain elevators. Advanced Car Awards are made prior to General Car Awards and make

up 20% of the total 80% railcar allotment. General Car Awards make up the remaining 60% of the total 80% railcar allotment. The CWB permits domestic end-use customers to designate the grain handling company that will handle the Board Grains they purchase. In the event that particular grain handling companies have not been provided sufficient railcars to deliver the Board Grains that have been accepted, the CWB has retained the right to allocate railcars by train run or station.

Canadian Wheat Board Act - The *Marketing Freedom for Grain Farmers Act* caused the *Canadian Wheat Board Act* to be amended on December 15, 2011 and will bring about its repeal on August 1, 2012.

On October 18, 2011, Bill C-18, the *Marketing Freedom for Grain Farmers Act* was tabled by the Government of Canada in the House of Commons. The Bill passed Third Reading in the House of Commons on November 28 and subsequently passed through the Senate and received Royal Assent on December 15, 2011.

In the first phase of the *Marketing Freedom for Grain Farmers Act*, which takes place between Royal Assent and August 1, 2012, the existing *Canadian Wheat Board Act* is amended. The CWB will operate 2011-12 pools under the current legislation, the CWB and other industry participants may begin forward contracting for 2012-13 sales to be executed after August 1, 2012, and the Board of Directors of the CWB is to prepare for a new regulatory environment of voluntary marketing.

In the second phase of the *Marketing Freedom for Grain Farmers Act*, which begins on August 1, 2012, the *Canadian Wheat Board Act* is repealed (along with their monopoly and powers to direct grain), while the *Canadian Wheat Board Interim Operations Act* is enacted. The interim CWB might exist for up to five years with the Government of Canada providing borrowing and initial payment guarantees over the transition period. It must submit a commercialization plan to the Minister of Agriculture within four years of August 1, 2012, and the interim CWB will then be privatized (incorporated outside of government jurisdiction).

Viterra is supportive of the Government's legislative changes and is confident in the Company's ability to operate effectively in this new open wheat and barley market. Despite a legal challenge from opponents of the legislation, Viterra remains confident that as of August 1, 2012, growers in Western Canada will market their wheat, barley and durum to buyers of their choice. Viterra has already commenced purchasing grain for delivery after that date. With greater marketing choice, there will be new contracting opportunities and additional risk management tools, which is beneficial for growers and the broader sector.

Viterra forecasts that the *Marketing Freedom for Grain Farmers Act* will provide opportunities for the Company to increase its earnings by expanding market share and increasing its operational efficiency. Viterra anticipates there will be additional throughput at primary grain elevators and port terminals, generating improved turn rates at facilities, additional merchandising margin, and improving transportation and logistical efficiencies. Viterra expects to begin realizing modest benefits in the fourth quarter of 2012, with more significant impacts in 2013 and beyond.

The Company is committed to working with the Government, industry and farmers to ensure the Canadian grain industry remains a vibrant and competitive source for agricultural products. Viterra continues to participate in the process to promote an orderly transition with positive, sustainable change for the benefit of the western Canadian agricultural industry.

Canadian Grain Commission - The CGC is an agency of the Government of Canada, established under the *Canada Grain Act*. The principal objectives of the CGC and the *Canada Grain Act* are the regulation of grain handling in Canada and the establishment and maintenance of quality standards

for Board Grains and open market grains. The *Canada Grain Act* and the regulations under that act set out parameters for the licensing of grain dealers and licensing the operation of grain handling facilities (“primary elevators”), including such matters as the weighing, grading and treatment of grain, monitoring the condition of inspection equipment and facilities, the certification of grain for export purposes, the regulation of allowable charges (including maximum permitted levels) and financial integrity standards. Operators of grain handling facilities must obtain a licence from the CGC.

Canada Transportation Act - Under the *Canada Transportation Act*, the railways are subject to a limit or “cap” on the total revenues they can generate on the transport of wheat, barley, oats, flax, rye and canola (and pulses and other special crops) to port terminals. The cap is adjusted annually depending on the volume of grain transported, the average length of haul and inflation. The railways are free to establish freight rates within this overall revenue cap.

In December 2008, the railways increased the multiple car block freight incentives, favouring those companies that can load in 50- and 100-car blocks depending on the commodity being shipped and the railway’s ability to supply 50- or 100-car blocks. Viterra expects to maximize rail incentives from the railways by shipping about 72% of total export shipments in 100-car trains, with a target of 85% in 50- and 100-car blocks combined. The remaining shipments would not otherwise be eligible for rail incentives as these shipments relate primarily to inter-provincial and/or U.S. movements of grains where customer facilities are not equipped to handle multi-car blocks and to movements of specialty crop commodities which may not be shipped in 50- or 100-car loads.

On October 31, 2011, the Government of Canada announced a six-month facilitation process to enhance rail freight service. It also, “intends to table legislation to give shippers the right to service agreements with the railways and provide a process to establish such agreements when commercial negotiations fail.” The Company believes the process could create positive efficiencies in the transportation sector.

Open Market Grains - Open market grains (which will be all grains as of August 1, 2012 as per the *Marketing Freedom for Grain Farmers Act*) are subject to the *Canada Grain Act* and by and large fall under the *Canada Transportation Act* ‘revenue cap’. Current open market grains, oilseeds and pulses are not subject to the *Canadian Wheat Board Act*. As a result, the price paid by grain handling companies to farmers for open market grains is determined directly by market forces. Grain handling companies make arrangements for the rail transportation of open market grains to port terminals or directly to end-use customers.

Description of the Business - Australia

Country Grain Elevators - Viterra owns and operates a network of 109 grain storage and handling facilities (106 in South Australia and three, including the Dooen facility opened in November 2011, in Victoria) which direct grain into the South Australia grain export terminals, with a total non-export terminal storage capacity of 7.0 million tonnes. When combined with the storage capacity of the export terminals, Viterra has a total of 10.4 million tonnes of storage capacity. Numerous grain companies utilize Viterra’s storage and handling network, providing marketing choice for growers who choose to deliver to the bulk handling system.

Approximately 51% of Viterra South Australian storage facilities are concrete silos and steel sheds, while 49% are on-ground bunkers. During late 2011, the Company added an additional 0.2 million tonnes of bunker capacity in Victoria to service the expanded container packing facility in Dooen.

Grain Export Terminals - Viterra owns and operates eight bulk grain export terminals in the state of South Australia. Three of these terminals can fully load Panamax-size vessels (52,000 to 75,000 deadweight tonnes). The eight terminals have a combined storage capacity of 3 million tonnes. The export terminal located at the Outer Harbor of Port Adelaide (completed in 2009) provides the previously unavailable service of fully loading Panamax-size vessels in the Port Adelaide port zone, delivering economic advantage to its owner and users.

Viterra is the sole provider of such services to the grain industry in South Australia. The vast majority of grain grown in that state is destined for the export market and all bulk export grain from South Australia passes through a Viterra grain export terminal on its way to an export market. Viterra provides port terminal access to third party exporters under terms that meet the requirements of Australia's competition law and current wheat marketing arrangements (see "Wheat Export Marketing Act 2008 (Commonwealth of Australia)" of this AIF). In the 2010/11 marketing year, almost 8 million tonnes of grain was shipped from Viterra's port terminals by 15 different exporters and more than two thirds of all grain from South Australia was shipped by companies other than Viterra.

ABB had a 55-year history of providing grain exporters open access to its infrastructure, and this has been further emphasized with recent ACCC approval of Viterra's 2011 Undertaking for the provision of access to its port terminal services (2011 Undertaking). The new Undertaking provides marketers with greater flexibility to change shipping slots, incentives for early cancellation of slots, greater information provision and the introduction of an auction system mid-2012 (see "Wheat Export Marketing Act 2008 (Commonwealth of Australia)" of this AIF).

The Company also provides an array of services to assist vessels and performs cargo operations in port including ship agency services, stevedoring services for the loading of grain export cargoes and, in some instances, stevedoring for non-grain import cargoes such as fertilizer and meal. The Company provided grain stevedoring services in South Australia for the almost 8.0 million tonnes of grain loaded through Viterra's export terminals in 2010-2011.

Container Packing Operations - Viterra has a container packing business which packs grain into shipping containers on behalf of grain traders/marketers who choose not to export their grain in bulk. This business is headquartered at Laverton, Victoria, adjacent to the Port of Melbourne, Australia's busiest container port. The Company operates out of four locations in Australia (two in Victoria and two in South Australia) and is in the process of constructing a new container packing operation at Minto, New South Wales. Completion of the new plant is expected in the first half of fiscal 2012.

In addition to packing containers, the Company offers grain cleaning services. Viterra's customers are Australia's leading grain exporters. As noted above, the packing facility at Dooen in Victoria has been expanded to include bunker storage of 0.2 million tonnes to enable direct grower delivery.

Grain Marketing - Viterra accumulates grain from growers and traders and then carries and consolidates this grain into saleable parcels for on-sale to domestic customers and Viterra's International Grain group. Viterra supplies cereals (wheat, barley, oats, sorghum), legumes (peas, beans, lentils) and oilseeds (canola). In addition to grain, the Company also supplies agri-feed commodities and proteins (soy meal, palm kernel expeller). Viterra deals in the freight market, endeavouring to provide the commodity to the customer on a delivered basis. By doing this, Viterra achieves greater control over the ultimate service provided to the customer and provides the opportunity to earn a margin on the freight as well as the grain. Credit terms tend to be on the basis of 30 days from delivery for domestic business while export cargoes are paid for at the time of shipping with a Letter of Credit.

Freight Agreement - Rail freight is provided to Viterra's storage business in South Australia via a five-year Grain Rail Haulage Supply and Retailing Agreement that was entered into in November, 2008. Standard gauge rail assets have the ability to service key sites in Victoria and New South Wales located on standard gauge rail track and Victorian ports. Road freight is provided to Viterra via many contractors.

Description of the Industry - Australia

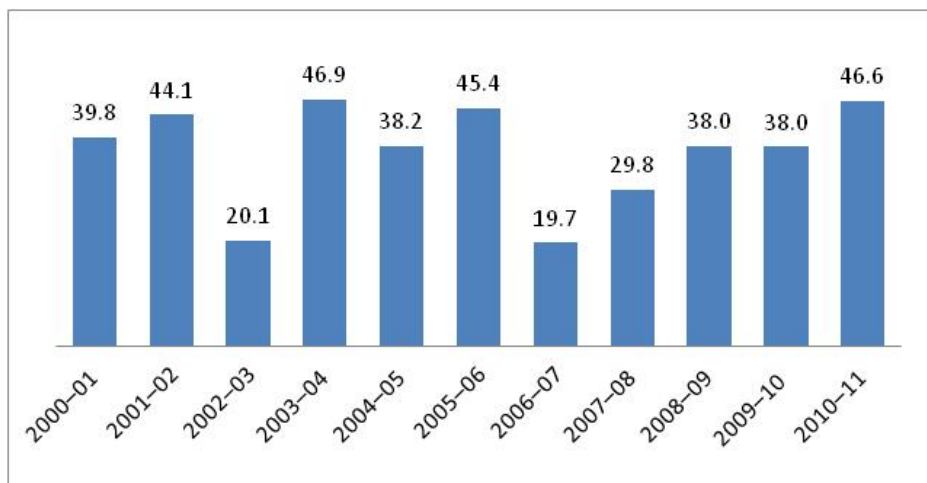
Grain handling in Australia, as in Canada, begins with the movement of the commodity from the farm to the country elevator receival network where the product is weighed, graded, and prepared for shipment. Grain is then shipped from the country elevator to domestic customers (such as a flour mill, maltster or feed facility) or to a port terminal. Unlike the Canadian system, there is little on-farm storage in South Australia. Growers in this region use Viterra's storage and handling system, paying warehousing fees until such time as they choose to sell their grain into the market. Various marketers bid on growers' grain through the year. As such, inventory turns are low, typically less than one turn.

There has been a steady stream of consolidation in the Australia grain industry over the past 20 years, broadly coinciding with the onset of domestic deregulation. This has resulted in a marked increase in the competitiveness of the grain industry, evidenced most visibly by the increase in wheat exporters from one company prior to deregulation (AWB International Ltd) to 25 companies in 2010-11. Since deregulation in July 2008, 25 companies have been accredited by WEA, the governing body, to export wheat in bulk from Australia. Viterra's accreditation was recently affirmed by WEA.

Since 2000-01, Australia has sown between 20.6 and 24.0 million hectares (one hectare equals 2.471 acres) of crop per year, with 23.5 million hectares sown in 2010-11. Area sown has averaged 22.6 million hectares over the last 10 years.

Since 2000-01, Australia has annually produced between 20 and 47 million tonnes of grain, averaging 37 million tonnes per annum over the last 10 years. Since 2000-01, South Australia has annually produced between 2.8 and 9.8 million tonnes of grain, averaging 6.3 million tonnes per annum over the last 10 years.

**Total Australian Grain Production
(millions of metric tonnes)**

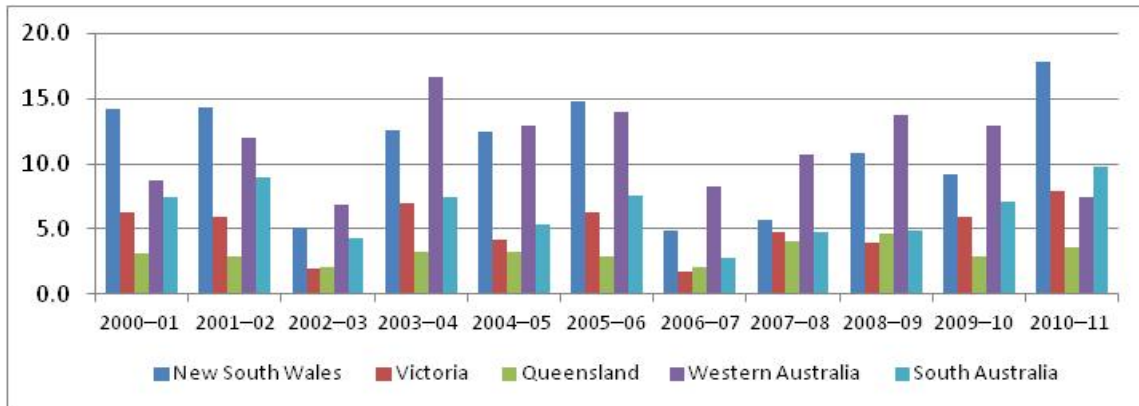


Source: Australian Bureau of Agricultural and Resource Economics

On a nationwide basis, wheat is the largest crop, averaging 18.8 million tonnes, followed by barley (7.3 million tonnes), sorghum (2.3 million tonnes), canola (1.5 million tonnes) and oats (1.2 million tonnes). Together, wheat and barley represent 75% of Australian grain production.

Geographically, Western Australia is the largest grain growing state in Australia, producing 32% of the crop on a 10-year average basis. Next largest is New South Wales at 29%, followed by South Australia at 17%, Victoria at 13% and Queensland at 9%.

**Australian Grain Production by State
(millions of metric tonnes)**

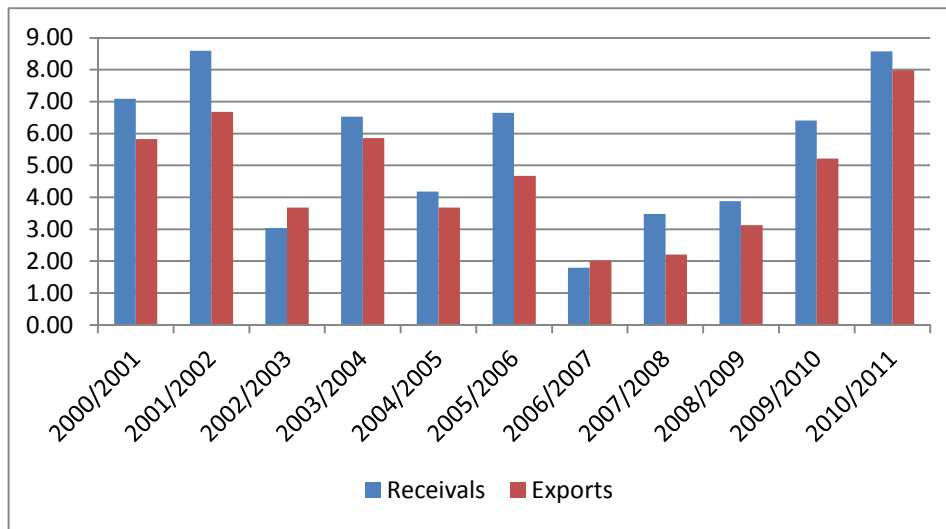


Source: Australian Bureau of Agricultural and Resource Economics

On average, Australia exports over 18 million tonnes of grain produced, representing over 70% of all grain received into corporate grain storage and handling facilities. Corporate storage and handling facilities are defined as those operated by the CBH Group (Western Australia), GrainCorp (South Australia, Queensland, New South Wales & Victoria), AWB/Cargill (Queensland, New South Wales, Victoria & South Australia), Australian Bulk Alliance (New South Wales & Victoria) and Viterro (South Australia & Victoria). Combined they account for approximately 50 million tonnes of storage and handling capacity across Australia.

On average (over the last 10 years), South Australia exports 4.5 million of the 5.3 million tonnes of grain received by Viterro and the 6.3 million tonnes grown in the state. This equates to 85% of Viterro receivables being exported and 71% of the entire crop being produced in South Australia.

South Australian Exports and Receivals (millions of metric tonnes)



Source: Viterra estimates based on internal company information and grain company annual reports.

Australian Regulation

Australian agriculture has moved to liberalize its grain markets by abolishing the single desks for the export of all grains. As a transitional measure, legislation such as the *Wheat Export Marketing Act, 2008* (Commonwealth of Australia) requires exporters to hold accreditation to export bulk wheat from Australia. Viterra has attained accreditation renewal under the *Wheat Export Marketing Act, 2008* until September 30, 2014. (See below.)

As outlined below, Viterra's port terminal operations are regulated via a combination of State and Federal bodies including the Essential Services Commission of South Australia (ESCOSA), Wheat Exports Australia (WEA) and the Australian Competition and Consumer Commission (ACCC).

Wheat Export Marketing Act, 2008 (Commonwealth of Australia) - The *Wheat Export Marketing Act 2008* (Commonwealth of Australia) requires that companies wishing to export bulk wheat from Australia must be accredited by WEA. In order to be accredited, WEA must conclude that the exporter is a fit and proper person based on a number of specified criteria including adequate financial resources and sound risk management practices. Additional accreditation requirements are imposed on Viterra as its subsidiary, Viterra Operations Ltd, operates port terminal services in respect to the export of bulk wheat.

In addition, if as in the case of Viterra, the exporter or an associated entity operates a port grain terminal, the port operator must pass an "access test". The access test requires that on and from October 1, 2009, the port operator has disclosed on its website daily shipping stem (shipping schedule) information and that the ACCC has accepted a port access Undertaking pursuant to Division 6 of Part IIIA of the *Competition and Consumer Act 2010* (CCA) (Commonwealth of Australia). Until September 30, 2011, Viterra operated under the terms of an Undertaking as submitted to the ACCC on September 24, 2009. Viterra submitted a revised Undertaking to the ACCC on September 22, 2011 for operation from October 1, 2011.

On September 28, 2011, the ACCC accepted the 2011 Undertaking provided by Viterra to meet the access test provisions required for accreditation by WEA. The 2011 Undertaking relates to the

provision of access to port terminal services to accredited wheat exporters for purposes relating to the export of bulk wheat and will be applicable for three years from October 1, 2011.

The new access arrangements will be in place until September 30, 2014 and require:

- Viterra not to discriminate or hinder access to port terminal services;
- clear and transparent Port Loading Protocols to manage demand for port terminal services;
- Viterra to negotiate in good faith with eligible wheat exporters for access to port terminal services; and
- wheat exporters to have access to dispute mediation or arbitration on terms of access.

The new undertaking also requires Viterra to introduce an auction system for the allocation of bookings on the shipping stem from mid-2012. In developing the auction business rules, Viterra must consult with third party exporters and gain ACCC approval in early-2012.

On September 23, 2011, the Australian Minister for Agriculture, Senator the Hon. Joe Ludwig, announced the Government's intention to move to full deregulation of the Australian wheat industry by late 2014 through a staged transition. The Government adopted recommendations from the 2010 Productivity Commission review of wheat marketing arrangements, including the abolition of WEA and requirement for accreditation from September 30, 2012. This will effectively move export bulk wheat exports in line with other agricultural commodities. From October 1, 2014, the market will be fully deregulated and port access issues will be governed by a code of conduct and general competition law. Until the legislation has been amended or repealed, Viterra will be required to maintain WEA accreditation to export bulk wheat.

Maritime Services (Access) Act 2000 (SA) - The MSAA contains a regulatory framework for specified port services in South Australia. Following the purchase by ABB of the shipping belts and shiploaders from the Government of South Australia in 1997, access to those assets was declared a Regulated Service under the MSAA. Part 3 of the MSAA provides a framework for the negotiation of access. It is administered by ESCOSA and provides for conciliation and arbitration to occur for disputes over access to Regulated Services that cannot otherwise be resolved between the service provider and access seeker.

Parliamentary Inquiries (Australia) - Since March 2011, two separate Parliamentary inquiries have been established to investigate issues arising from the operation of vertically integrated wheat exports/ bulk handling companies such as Viterra:

- in South Australia, the current inquiry by the Senate Select Committee of the House of Assembly of the Parliament of South Australia to investigate the Grain Handling Industry; and
- in Federal Parliament, the current inquiry by the Senate Rural Affairs and Transport References Committee to investigate 'Operational Issues Arising in the Export Grain Storage, Transport, Handling and Shipping Network' in Australia.

To date, Viterra has provided extensive written submissions and given evidence before public hearings at both inquiries respectively. Viterra has placed on record its role in facilitating record shipments from South Australia and outlined its substantial and continuing investment in the region. The 2010-11 Viterra Post Harvest Review has been a key reference to support Viterra's evidence, due to the strong overlap with the terms of reference of both Parliamentary inquiries. Each inquiry is due to report to its respective Parliament in early-mid 2012.

Description of the Business - International

The role of the International Grain group is to optimize Viterra's grain pipeline by managing trade flows and relationships between points of origination and key destination markets. The International

Grain group accomplishes this by developing and maintaining strong customer relationships in destination markets as well as by seeking out international value-added processing opportunities.

The group also coordinates with Viterra's North American and Australian grain handling and marketing operations to maximize throughput for origination assets by relaying global demand information from destination markets back to origination markets. By marrying both supply and demand information, the International Grain group is developing market insights that enable the Company to effectively coordinate global logistics and grain flows, thereby linking customer with supplier and maximizing value in the grain pipeline.

Additional value is derived by the International Grain group from capitalizing on pricing relationships that exist between commodities and across different locations and times. By developing a shared global mindset, having access to both supply and demand information and having access to Viterra's Canadian and Australian grain accumulation networks, the International Grain group can profit from inconsistencies that arise in these pricing relationships by directing Viterra's grain flow accordingly. The International Grain group is taking increasing responsibility for shipping and logistics activities which are crucial in moving grain from areas of surplus to areas of need in order to capture this value.

The International Grain group is relatively new and expanding in markets where it competes with companies that vary significantly on size, scale and operations. It currently operates offices in Vancouver, Singapore, New Delhi, Naples, Geneva, Barcelona, Tokyo, Kiev, Hamburg, Shanghai, Beijing, and Ho Chi Minh City.

4.2 AGRI-PRODUCTS

Viterra is involved in the sale of seed, crop protection products, fertilizer and equipment to producers, as well as the operation of a wool brokering and export business. Viterra's Agri-products operations also include an ownership interest in a nitrogen fertilizer manufacturer and a network of retail locations. Total sales for Agri-products for the year ended October 31, 2011, were \$2.4 billion (2010 - \$1.8 billion).

Description of the Business – Canada

Viterra's Canadian Agri-products segment operates a network of 258 retail locations throughout Western Canada. The locations are geographically distributed relative to the crop production (growing) regions of the Prairie Provinces. Each retail facility is involved in the specialized sales of crop inputs such as bulk fertilizer, bagged seed, crop protection products and agricultural equipment, such as grain storage bins. Many locations also store and sell anhydrous ammonia, a cost-effective form of nitrogen fertilizer. Product distribution is supported by a series of two central warehouses, located in Saskatchewan and Alberta and registered to International Organization for Standardization (ISO) 9001:2000 standards. The Company's Agri-products segment also provides extensive agronomic information and advice to its customers, enabling and better equipping them to make informed crop input decisions, offers customized application of crop input products and arranges for financing services for customers purchasing crop inputs from the Company.

Fertilizer - Viterra is a major distributor of fertilizer in Western Canada. The Company also has an investment in fertilizer manufacturing and access to a stable source of fertilizer supply through its joint venture, Canadian Fertilizers Ltd. (CFL). CFL manufactures fertilizer at a world-scale urea and ammonia plant located in Medicine Hat, Alberta, supplying about 30% of the fertilizer needs of Viterra's customers. Viterra is entitled to receive approximately 500,000 metric tonnes of CFL's merchant-produced fertilizer product, split equally between granular urea and anhydrous ammonia.

Viterra is committed to the Canadian Fertilizer Institute's Ammonia Code of Practice in its handling and storage of ammonia.

The Company distributes fertilizer throughout Western Canada through its network of country grain elevators and agri-products retail facilities. Dry fertilizer is a commodity that is sold on an unbranded basis. Typically, fertilizer is purchased in standard or "straight" grades and then blended to meet the various specific nutrient requirements of the customer. These requirements vary depending on a number of factors including past fertilization practices, natural soil fertility and crop rotations. Requirements are determined through soil sampling and analysis conducted with and/or for the customer. Competitive prices and the ability to secure a stable source of supply are key competitive factors.

Crop Protection Products - Viterra is a significant distributor of crop protection products in Western Canada. The Company offers a large number of crop protection products including herbicides, insecticides, fungicides and seed treatments through its network of agri-products retail facilities across Western Canada. While most crop protection products are sold directly to customers through the Company's retail network, Viterra in some cases also provides custom application services to its customers using chemical application equipment owned or leased by the Company. Viterra complies with the environmental protection standards of the Agricultural Warehousing Standards Association (AWSA) in its storage and handling of crop protection products, through its network of AWSA-compliant warehouses at its agri-products retail facilities.

While new and improved crop protection products continue to be marketed in Canada, downward price pressure has occurred due to a high number of products coming off patent. Viterra has introduced a number of private label branded crop protection products in order to compete with the increased number of generic products available in the market and to maintain and grow its market share. Farmers have changed some of their buying habits and are using the savings on purchasing herbicides to increase spending on products like fungicides. The overall effect is the crop protection market is flat to slightly down. Major grain handling companies and independent agri-product retailers compete in this segment.

Seed - The seed industry consists of seed breeding, development, production, processing, treatment, distribution and retailing. Viterra is one of the largest distributors of seed products in Western Canada, marketing, distributing and selling numerous proprietary and publicly available seed varieties. The Company maintains an in-house seed breeding and development operation and is involved in varietal and proprietary seed development. This includes research and development through a seed laboratory at Innovation Place located in Saskatoon at the University of Saskatchewan and through several strategic alliances or other arrangements with leading seed breeding companies. The Company's business strategy focuses on retail distribution of seed while continuing to access seed technology through new and existing strategic relationships.

Agricultural Equipment - The agricultural equipment market in Western Canada includes grain handling, storage and aeration equipment. The value chain is based on manufacturers producing equipment and then selling the equipment directly to retailers, such as Viterra, who in turn sell equipment to agricultural producers.

Financial Products - Through Viterra Financial™, the Company acts as an agent for a Canadian chartered bank that extends trade credit at competitive rates to customers of the Company's Agri-products business. Approximately 46% of Viterra Financial™ approved credit is unsecured, with the remaining balance secured by crops and proceeds. The sale of crop inputs peaks in May and June as new crops are sown, with a significant portion being credit sales. Depending on underlying customer credit ratings, payment terms typically extend to October 23 of the same year and

February 23 of the following year to coincide with settlement from the proceeds of crops harvested and delivered into the country elevator system. As a result, eligible customers benefit from financial products that accommodate their cash flow requirements. The Company continues to directly manage the customer relationship and receives an agency fee for performing front-end credit review and management services. During fiscal 2011, the approved credit offered under this financing vehicle exceeded \$1.6 billion, with customer usage peaking at \$672 million in July 2011.

Viterra Financial™ offers loans to feed products customers to purchase feeder cattle as well as related feed inputs, with terms that do not require payment until the livestock is sold. During fiscal 2011, the approved credit offered under this financing vehicle exceeded \$96 million, with customer usage peaking at \$62 million in April 2011.

Description of the Industry – Canada

The total market size in Western Canada is represented by the total seeded acreage, which has remained at about 60 million acres over the last decade. Although seeded acreage has remained relatively stable, input usage has climbed. The Company estimates that the overall market (excluding equipment sales) grew from about \$2.9 billion in sales in 2000 to about \$4.6 billion in 2009 and then dropped to approximately \$4.0 billion in 2010 due to significant unseeded acres as a result of excessive moisture in Western Canada. During 2011, Viterra's internal estimate is that the market climbed back to approximately \$4.7 billion. Higher fertilizer prices and canola acreage contributed to the increase, offsetting the fact that in 2011 there were again significant unseeded acres, primarily in southwestern Manitoba and southeastern Saskatchewan.

The Company's Agri-products business competes against the agri-products businesses of other grain handling companies, co-operatives and numerous independent retailers in supplying fertilizer products, crop protection products and seed to agricultural producers. The competitive landscape in Western Canada is a mature and highly fragmented market, made up of over 250 competitors servicing over approximately 900 locations throughout the region. Viterra operates 258 retail locations in Western Canada. Independent retailers collectively comprise about another 30% of the market, followed by a number of major grain handling companies, which sell seed, fertilizer, crop protection products and/or small agricultural equipment. Unlike the grain handling segment, deregulation, globalization and consolidation have had little effect on the crop input distribution and retail network.

Description of the Business - Australia

Viterra's Australian Agri-products segment operates 17 depots across South Australia and Victoria through which it sells fertilizer, seed and crop protection products. The Company also has six fertilizer warehouses in the region (five in South Australia and one in Victoria) and operates a wool brokering and export business.

Wool - Viterra's wool operation, an important link in the Company's relationship with growers in Australia, extends to South Australia, Western Australia and Victoria. The Company's wool business has two components, domestic and export. Domestically, Viterra moves wool from the farm to sell at auction. For about 60% of the volume Viterra acts as a broker for the wool grower, and for 40% of the volume the Company acts as the principal buyer either selling into auction or supplying to end-use customers or exporters. Internationally, wool is sold to destination customers in countries such as China, India and Italy from its Australian export wool operations.

Fertilizer - Viterra is an importer, blender, wholesaler and retail distributor of fertilizer in South Australia, Victoria and New South Wales. Wholesale distribution in Victoria, New South Wales and South Australia is via a third party agent/dealer network and retail tonnes are sold through Viterra's

depots in South Australia and Victoria. Viterra sells approximately 140,000 tonnes per annum (60% ammonium phosphates and 40% nitrogen-based fertilizer).

Seed – Viterra manages a portfolio of 18 field crop seed varieties, with the majority being barley and wheat varieties. The Company participates in research and development through an equity ownership in the University of Adelaide Barley Breeding Program, which allows Viterra the first right of refusal over all new barley varieties. Viterra also has an agreement with the South Australian Research and Development Institute for commercialization rights to the National Oat Breeding Program for milling oat varieties. In addition, the Company operates a Research and Development program for canola seed based in Horsham with the support of funding from the Grains Research & Development Corporation.

Description of the Industry – Australia

The average area sown to field crops in Australia over the past five years is approximately 23 million hectares (57 million acres). The Australian cropping industry fertilizer market in 2010 was \$2.1 billion AUD. The total Australian crop protection products market was worth \$1.5 billion AUD in 2010. Herbicides make up 69% of this market, 19% is insecticides and 12% includes fungicides and plant growth regulators. Market size of the seed business in Australia is estimated by the Australian Seed Federation to be around \$1.2 billion AUD. The overall Australian agri-products market is estimated at \$5 billion AUD (Viterra estimate).

Australia is the largest global producer and exporter of wool, accounting for over 20% of global production, and the source of 65% of global exports. Approximately 98% of Australia's wool is exported, with China being the dominant destination and taking 77% of Australia's wool exports. The volume of Australia's wool production has been in decline over the last 20 years. During that time, the number of sheep has dropped from roughly 170 million to 70 million. Australia's wool production has decreased while Chinese production has increased to a point where they are now broadly equivalent.

4.3 PROCESSING

Viterra's Processing segment is an important component of the Company's value chain. Overall, this segment extends the Company's pipeline by producing food ingredients for consumer products companies and food processors around the world. This segment also consists of feed manufacturing operations that provide feed and nutritional supplements to the feed industries, primarily in Canada, the U.S. and New Zealand. Total sales for Processing for the year ended October 31, 2011, were \$1.6 billion (2010 - \$1.3 billion).

Description of the Business – North America

Viterra operates pasta processing, wheat milling, oat processing, canola processing and feed mill facilities across Canada and the U.S. In addition, Viterra has a minority interest in a Canadian malting facility.

Pasta - Viterra operates a vertically integrated, state-of-the-art durum wheat milling and pasta production facility in Carrington, North Dakota and a pasta production plant in New Hope, Minnesota. The Company purchases wheat to be processed through its milling facility into semolina and wheat flours that are then used to produce dry pasta products. The business operates 340,000 metric tonnes of wheat milling capacity producing up to 254,000 metric tonnes of pasta per year.

Pasta production consists of a mixing, extrusion and drying process. The primary ingredients are semolina and water, although egg, tomato, spinach or other ingredients may be added to produce

certain products. The finished dry pasta is packed to meet different market and customer requirements.

The pasta products manufactured by the Company consist of over 100 different shapes and are sold to customers in all markets, retail and institutional. In addition to the dry pasta produced, the Company purchases additional dry pasta shapes from other manufacturers and resells them. This practice is widely followed by many pasta manufacturers for efficiency and production capacity reasons, allowing distribution of wider product lines to customers. Outside purchases of pasta comprised less than 2% of sales volume for the period November 1, 2010 through October 31, 2011.

The Carrington, North Dakota facilities are certified by the Organic Crop Improvement Association, which allows these facilities to offer 100% organic pasta and semolina. These facilities allow for the isolation of the durum, semolina and pasta to enable this certification.

The Company's pasta products are manufactured using a comprehensive Hazard Analysis Critical Control Point program, which requires strict monitoring in all aspects of the manufacturing process to ensure food quality and safety. The Company undergoes external food safety and product quality audits (BRC Global Standards audits, customer audits, etc) at various times throughout the year and consistently receives high scores.

In addition to its pasta products, the Company markets semolina, durum wheat flour and other flour blends to other food product manufacturers as market conditions allow. Lower grade second clear flours and millfeed byproducts of the durum milling process are sold primarily for animal feed.

Oat & Specialty Grain Milling - Viterra's oat and specialty grain milling business operates 540,000 metric tonnes of oat milling capacity and 100,000 tonnes of wheat milling capacity. The Company manufactures oat-based food ingredients for the industrial market at its mills in Manitoba, Saskatchewan, Alberta, and Nebraska, as well as wheat-based food ingredients for the industrial and retail market at its mill in Texas, and coated and clustered grain-based food ingredients for the industrial market at its manufacturing plant in Nebraska.

The primary target geography for all plants is the United States, but there are also some marketing efforts in Mexico and Central and South America. Food ingredients are transported to North American destinations by truck and rail, while offshore markets are accessed by ocean going vessel. With close to 90% of Canada's oat production occurring in the Prairie Provinces, Viterra's Canadian oat mills are well positioned as origin mills (mills are situated where the product is grown) in the heart of the oat production region. The Company's Nebraska mill, with raw material supplied by its Canadian grain handling assets, is competitively positioned as a destination mill (the mill is situated closer to the customers and the raw product is shipped in), enjoying strong local demand for byproducts and shorter ingredient delivery distances. The Texas wheat mill has the advantage of being both an origin mill relative to U.S. winter wheat production and a destination mill relative to its target market.

Canola - Viterra operates a canola crushing plant located in Ste. Agathe, Manitoba, which has an annual processing capacity of 340,000 tonnes per year. The Company competes primarily within Canada and the U.S.

The Company produces oil and meal using a double-expeller-pressed extraction process as opposed to the rest of the major North American canola processing industry that utilizes a solvent extraction process. Expeller produced oil is sought after by the natural food market and by companies with product lines that avoid edible oils extracted using solvents. The Company

continues to develop premium markets for its meal, as it contains higher oil content resulting from the expeller process.

To further leverage the positive connotation that 'expeller-pressed' has in the natural food industry, the company is developing markets for both Non-GMO and Non-GMO Omega 9 specialty canola oils. Specialty oil generally sells at a premium to commodity canola oil which enables the Company to receive higher crush margins that can offset the overall lower oil extraction rates of expeller pressed versus hexane processes. Other organizations have also recognized the same potential for specialty oil crushing.

Until the entire crushing capacity can be dedicated to the expeller and specialty oil markets, the Company looks to optimize its operations by selling commodity oil and meals in the overall North American vegetable oil and protein markets.

Malt - Prairie Malt Limited's facility in Biggar, Saskatchewan processes barley into malt primarily for the brewery industry. Viterra owns 42.38% of Prairie Malt, while 57.62% is held by Cargill.

As part of the Company's interest in Prairie Malt, a barley supply agreement was signed requiring Prairie Malt to take a majority of its barley requirements from Viterra, subject to quality, cost and availability. The contract is to remain in effect until terminated by agreement or when Viterra no longer holds shares in Prairie Malt.

Prairie Malt's customers are located both domestically and internationally, including the United States, Mexico, the Pacific Rim, South America and Latin America. Malt is transported either by truck or railcar to North American customers. Export customers are serviced via container and bulk vessel shipments.

Feed Products - The core business activity in Viterra's North American feed products business consists of manufacturing, sale and distribution of feed products and related micro, macro and commodity ingredients for commercial and acreage-based livestock producers. Specialty feed formulations and feed product manufacturing is well diversified between dairy and beef cattle, poultry, swine and other specialty livestock feeds.

The majority of Viterra's livestock feed products are delivered in bulk to farmers by truck directly from the feed mills or pre-mix facilities. In addition, the Company distributes bagged feed products through independent dealers and Company-owned retail outlets at most of the Company's feed mills and pre-mix facilities.

In Canada, feed manufacturing is conducted at six feed mills and one pre-mix manufacturing facility located in British Columbia, Alberta and Manitoba.

Viterra's wholly-owned U.S. subsidiary, Unifeed Hi-Pro Inc. (Hi-Pro), owns six feed mills and commodity blending sites in Texas, Oklahoma and New Mexico that manufacture complete feeds, supplements, pre-mixes and commodity ingredients for ranchers and dairy farmers in Texas, New Mexico, Oklahoma and other south central U.S. markets. Hi-Pro also owns and operates a shuttle train unloading facility near its mill in Dexter, New Mexico, which steams flaked corn for regional dairy producers.

<u>Name and Location</u>	<u>Current⁽¹⁾ Volume</u>	<u>Nominal⁽¹⁾ Capacity</u>
Viterra Feed Products Chilliwack, British Columbia.....	232,000	250,000
Viterra Feed Products Sherwood Park, Alberta.....	95,000	120,000
Viterra Feed Products (Pre-mix) Ponoka, Alberta.....	7,000	25,000
Viterra Feed Products Olds, Alberta.....	95,000	120,000
Viterra Feed Products Lethbridge, Alberta.....	112,000	140,000
Viterra Feed Products Carman, Manitoba.....	44,000	80,000
Viterra Feed Products St. Anne, Manitoba.....	77,000	80,000
Hi-Pro Lubbock, Texas.....	40,000	65,000
Hi-Pro Friona, Texas.....	150,000	300,000
Hi-Pro Clovis, New Mexico.....	140,000	300,000
Hi-Pro Comanche, Texas.....	295,000	300,000
Hi-Pro Cheyenne, Oklahoma.....	41,000	60,000
Hi-Pro Dexter, New Mexico.....	271,000	300,000

(1) Metric tonnes

All of Viterra's Canadian feed mills are federally certified or compliant with Hazard Analysis Critical Control Point guidelines, the internationally recognized system of quality control management for food safety. Viterra's U.S. feed milling assets are compliant with local state and federal operating standards for feed milling.

Manufactured feeds provide all, or a significant portion, of the nutritional requirements of the livestock being fed. Pre-mixes and supplements supply a base mix of vitamins and minerals, which, along with commodities, fulfills the needs of livestock producers who complete their own on-farm feed manufacturing.

To enhance its relationships with livestock customers, Viterra also provides value-added services to complement its manufacture, sale and distribution of feed products. These include financial services, nutritional consulting and ingredient forward contracting services.

As noted above under "Description of the Business – Agri-products", through Viterra Financial™, the Company acts as an agent for a Canadian chartered bank that extends credit at competitive rates to customers of the Company. The Viterra Financial™ program includes both agri-products and feed product customers of the Company. For feed product customers, the Company may provide financing to credit-worthy livestock operations for purchase of feeder cattle, feed inputs and services. Viterra Financial™ credit is typically secured by the financed livestock and related feed products.

Description of the Industry – North America

The Company's food processing businesses compete in the global oats and wheat processing, canola processing and pasta processing markets where the markets for the Company's products are highly price competitive and may be sensitive to product substitution. A number of large, international companies compete in these markets. While Viterra does not export malt directly out of North America, the Company is impacted through its minority interest in Prairie Malt.

Pasta - Viterra estimates North American annual dry pasta demand to be roughly 1.8 million tonnes, including pasta used in dinners, side dishes and meal solutions. In addition to the domestic market for dry pasta, much smaller domestic markets exist for refrigerated and frozen pasta.

The pasta industry identifies domestic dry pasta into two basic markets: retail and institutional. The Company recognizes the institutional market as being comprised of ingredient and foodservice sales.

Retail Market - The retail market includes sales of branded and private label pasta to grocery stores, club stores, mass merchants and other consumer retail operations. A significant portion of the retail market is represented by established national or regional pasta brands. The Company estimates that Barilla, New World Pasta Company and American Italian Pasta Company account for over 75% of the branded retail market. The Company focuses a majority of its retail marketing efforts on private label sales. The Company is among the market leaders in private label sales.

Institutional Market - Ingredient sales consist of pasta used by food processors as an ingredient or component in a further-processed or combination food product. Such food products include dry pasta dinners, including macaroni and cheese, frozen entrees, refrigerated salads, canned entrees, baby food, and canned and dry soups. The size of the ingredient market is influenced by the number of food processors that choose to produce pasta internally rather than outsource.

Foodservice sales are to commercial and non-commercial eating establishments such as restaurants, business and industry cafeterias, managed services, hotels and motels, retail vending, recreation, mobile and other away-from-home eating outlets. Marketing dry pasta to this market generally consists of selling to a network of competitive distribution organizations and buying groups and selling dry pasta to individual restaurant chains and other operator organizations.

Co-Pack Arrangements - A portion of each end-user market is supplied under “co-pack” arrangements between pasta manufacturers. These agreements involve the sale of dry pasta products between pasta manufacturers in order to supply short-term volume deficiencies such manufacturers suffer from time to time in meeting customer requirements and to allow a manufacturer to draw upon particular areas of expertise of other manufacturers, which may be more cost beneficial than self-manufacturing. Co-pack sales comprised approximately 1.2% of pasta processing’s net revenues for the period November 1, 2010 through October 31, 2011.

Oat & Specialty Grain Milling - Canada is the second largest oat producer and the largest oat exporter in the world, representing 63% of the world’s oat export trade. In 2011, total world oat production was 21.0 million tonnes, including oats for feed and human consumption. Canada’s oat production, like that of most oat producing countries, has been trending lower over the past 15 years as genetic improvements in corn and other feed grains have made oats comparatively less attractive to grow. Canadian oat production now represents about 14% of the world’s total, with close to 90% of Canada’s oats produced in Western Canada. In 2011, total harvested area increased across Western Canada but was lower than initially expected in Manitoba and parts of Saskatchewan due to excessive moisture during seeding. Production was higher due to well-above-normal yields in Saskatchewan.

The primary markets for oat products are hot and cold breakfast cereals and nutrition snack bars. The oat manufacturing industry consists of cereal manufacturer/brand managers such as Quaker Oats and General Mills and independent industrial manufacturers that sell primary and finished oat products to cereal manufacturers. Primary products include sized whole groats (whole oats with the hulls removed) and steel cut groat chips that have been conditioned and are fit for human consumption. Primary products produced by industrial manufacturers are either sold to cereal manufacturers for finishing or finished by industrial manufacturers for sale to cereal companies. Finished products are primary products that have been processed into flakes, flour, bran or blended oatmeal combinations.

Overall, demand for oat ingredients is growing, fuelled primarily by the widely appreciated nutritional benefits of this cereal grain. The Food and Drug Administration in the U.S. approved a health claim for oat-based products, stating that the soluble fiber from oatmeal, as part of a low-saturated fat and

low-cholesterol diet, may reduce the risk of heart disease. This official view of whole grain consumption has heightened consumer interest in oat-based foods. Many cereal and snack bar makers are now altering their product lines to include whole grains, a positive development for the oat industry over the long term.

Wheat is a staple and natural whole grain, grown and processed with little chemical application. Wheat flour is functionally important for a broad range of bakery applications, including the growing flatbread and tortilla segment. Wheat flour demand is resistant to adverse economic conditions since wheat is a very affordable food source.

Canola - In Canada, canola seed is grown primarily in Manitoba, Saskatchewan and Alberta. Production has grown from approximately 9.5 million tonnes in 2007 to approximately 14 million tonnes in 2011. The current name-plate crushing capacity in North America is deemed to be about 9.5 million tonnes.

Canadian canola processing capacity has increased by 70% over the past twenty-four months and capacity continues to be added in Canada and the northern United States, in anticipation of continued demand growth. As new capacity comes on-line, including other expeller plants, margins have and will continue to be constrained until demand equilibrium is reached.

This industry growth has been stimulated by canola's perceived advantage over other vegetable oils due to its healthy fatty acid profile (low in saturated fat and high in monounsaturated fat). Canola oil consumption is expected to benefit from both front of label packaging changes and increased consumer education as to what constitutes a healthy diet.

In addition to increased demand for food applications, bio-fuel is also providing further demand for canola through the Canadian 2% renewable content mandate for diesel fuel and heating oil that took effect in July of 2011 as well as the ruling in September 2010 by the U.S. EPA that allows canola oil to qualify as a Biomass-based Diesel feedstock under the Renewable Fuels Standard (RFS2).

Malt - Western Canadian production of barley has averaged 10 million tonnes over the past ten years and, of this, approximately 2 to 2.5 million tonnes are accepted as malting barley, which is primarily used by the brewery industry. Of the 2 to 2.5 million tonnes, Canadian maltsters generally utilize half of the domestic production with the balance exported throughout the world.

Currently the North American industry is operating below capacity and as such margin pressures and malt market share retention are negative factors facing maltsters.

Feed Products - Canada accounts for approximately 3% of the global feed market. Western Canada accounts for about 22% of the country's commercial feed production. The underlying fundamentals of the animal feed industry are directly related to the supply and demand trends in the livestock species that consume feed.

Traditionally, Canada has exported about 50% of the beef and swine it produces, either as meat or live animals, primarily to the U.S., whereas dairy and poultry production is for domestic consumption through supply managed sectors. Economic uncertainty, the strength of the Canadian dollar, high commodity prices and non-tariff trade barriers have impacted the relative production costs as compared to the U.S. These factors have created margin compression for feed manufactures in Canada.

The dairy market in Canada is supply managed; matching supply and demand through quotas stabilizes the dairy market and related feed pricing. This market is expected to remain stable for the foreseeable future and any growth will be driven by population growth.

Canadian poultry producers purchase complete manufactured feed from commercial feed mills since few are large enough to economically mill their own feed rations. Poultry production is tightly controlled both provincially and nationally under supply managed quotas, and Viterra does not expect significant expansion in this area apart from demand driven by population growth.

The Canadian feed manufacturing industry is a mature industry with Viterra estimating surplus capacity in some regions of Alberta and Manitoba of 55%, resulting in competitive pricing and margin pressures, particularly associated with the slow recovery from the 2009 demand downturn in the U.S. and the continuing economic uncertainty. Many competitor feed manufacturing assets are older with some in need of significant maintenance capital as a result of minimal investment by poorly funded players during the past two years. In addition, growing consumer concern over food safety has resulted in regulatory changes that may prove challenging for on-farm feed manufacturing operations and outdated commercial feed mills, putting additional economic pressures on marginal players.

To put this feed manufacturing over-capacity into context, Canada's beef population was 14.9 million as of January 1, 2005 and declined to 12.4 million as of January 1, 2011. The swine population was 15.1 million as of January 1, 2006 and declined to 11.8 million as of January 1, 2011. This represents population decreases of 17% and 22% respectively with the majority of the beef reduction in Alberta and the swine in Alberta, Manitoba and Ontario.

In Canada, Viterra competes with public and private grain and feed companies and independent retailers, including the other five major firms operating in more than one province in Western Canada, which are: Cargill Limited (Nutrena Feeds), Federated Co-operatives Limited, Nutreco (Landmark Feeds), Masterfeeds and Ridley Canada Limited (Feed Rite). Competition is strong and there is ongoing consolidation of the industry through mergers, acquisitions and mill shutdowns, albeit at a slow pace.

The U.S. accounts for approximately 22% of the global feed market and the High Plains trading area accounts for about 6% of the country's commercial feed production. The underlying fundamentals of the animal feed industry are directly related to the supply and demand trends in the livestock species that consume feed. At times during fiscal 2011, beef and dairy producers in the U.S. were operating below their cost of production. Along with severe drought conditions, this resulted in the reduction of herds further reducing the overall demand for manufactured feed.

Viterra's U.S. feed milling business sells complete manufactured feed and vitamin and mineral pre-mixes to the beef and dairy sector. U.S. feed milling operations do not manufacture or sell significant quantities of swine or poultry feed as most are commercial integrated operations that own their own feed production facilities. For the U.S. beef sector, Viterra's feed business supplies feed supplements to ranchers, feed lot operators and cow-calf operators.

The dairy market in the U.S. is demand driven. The U.S. economic downturn that started in 2008 and the sharp drop in U.S. milk product exports led to wholesale milk prices falling below the cost of production for much of this time period. This has led to a feed demand decline due to herd reductions, farm failures and customers switching from higher margin fully manufactured feeds and supplements to survival rations, consisting of low margin commodities, byproducts and silage.

In the U.S., Viterra's feed products group competes with public and private grain and feed companies and independent retailers which currently include: Cargill Incorporated, ADM Feed Ingredients, J.D. Heiskell & Company, Land O'Lakes Incorporated and other local competitors. Competition is strong and there is ongoing consolidation of the industry through mergers, acquisitions and mill shutdowns.

Description of the Business – Australia and New Zealand

Viterra operates malt facilities in Australia. Viterra imports and distributes grains and meals and operates storage, maize processing and feed milling assets in New Zealand.

Malt - Viterra is Australia's largest malt processor, operating six processing plants strategically positioned across Australia, with the largest capacity volume in those states with the greatest barley supply. Viterra's Australian malt operation has an annual production capacity of up to 440,000 metric tonnes, of which 340,000 tonnes are destined for export markets and 100,000 tonnes are consumed domestically. Viterra supplies malt under the brand Joe White Maltings to major domestic and international brewers. Viterra's malt operations require approximately 530,000 tonnes of malt barley per year, representing 25% of the Australian malt barley crop. A new plant is presently being constructed at Minto in New South Wales which will add another 110,000 tonnes of capacity and is expected to be completed in the first half of fiscal 2012.

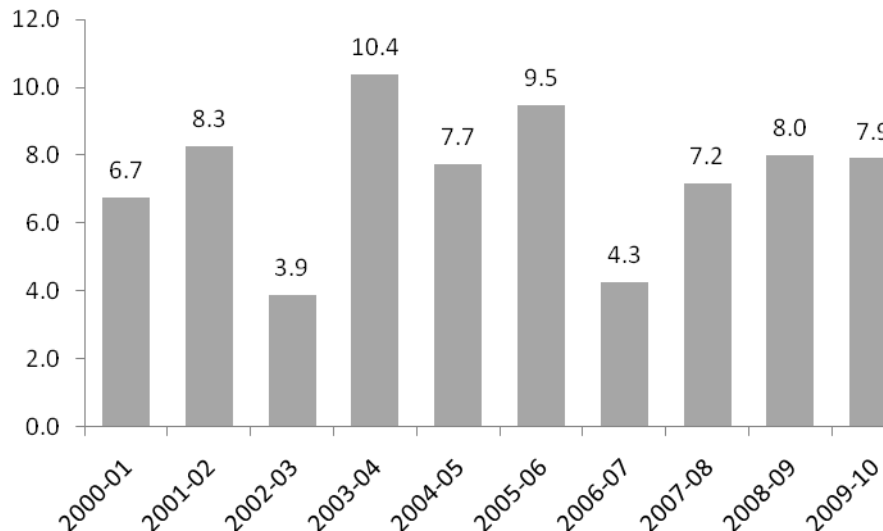
Viterra currently operates approximately 53% of Australia's malting capacity (increasing to 66% after completion of the new plant). The Company supplies approximately 50% of Australia's domestic malt demand requirements, exclusively supplying brewers Lion Nathan and Coopers, and provides approximately 55% (increasing to 61%) of Australia's malt exports to countries like the Philippines, Singapore, Thailand, Vietnam, Korea and Japan.

Feed Products - Viterra is a key importer and distributor of grains and meals in New Zealand. The Company imports and distributes approximately 750,000 tonnes of New Zealand's grain and meal requirements. It also operates storage, maize processing and feed milling assets, including three feed mills with an annual production capacity of 240,000 tonnes.

Description of the Industry – Australia and New Zealand

Malt - The Australian malt industry consists of three main malt producers (Viterra, Graincorp and Malteurop) and currently has the capacity to annually produce 840,000 tonnes of malt (consuming approx 1,000,000 tonnes of malting quality barley). The Australian barley crop has averaged 7.4 million tonnes over the last five years.

Total Australian Barley Production (million tonnes)



Source: Australian Bureau of Agricultural and Resource Economics

While approximately 240,000 tonnes of malt is used to supply the Australian malt demand of brewers and food producers, the bulk of malt produced in Australia is exported to brewers in the Asian region.

Feed Products - Annual feed production in New Zealand is in excess of 850,000 tonnes, with approximately two thirds of all compound feeds produced in New Zealand manufactured in the North Island.

The majority of animal feed manufactured in New Zealand is produced to meet the requirements of commercial animal production. A portion of the animal feed manufactured is also used in backyard production systems and for pet animals. As well as compound feeds, simple raw materials such as grain mixtures are also sold as feed products.

Domestic and imported feed grains and proteins are used as animal feeds for a variety of animal segments including: dairy, pig, poultry, equine, other (pet food, etc). According to Viterra estimates, pig, poultry and other animal groupings represent 75% of the New Zealand feed grain usage with dairy comprising the remaining 25%. Pig, poultry and other animal groupings represent 16% of the New Zealand feed protein usage with dairy representing the remaining 84%. Although poultry and swine volumes underpin compound feed production volumes, they are also low growth markets, and Viterra does not expect a large growth in animal numbers. The dairy segment is growing more rapidly in animal feeds with the number of dairy cows growing to meet increased demand for milk products globally.

4.4 HUMAN RESOURCES

As of October 31, 2011, there were 6,927 persons (7,289 including casuals) employed by Viterra and its wholly-owned subsidiaries. Of this total, 1,555 employees were unionized in North America, represented by eight unions and governed by 11 collective agreements. A further 1,941 employees

were eligible to be union members in Australia, represented by five unions and governed by 18 enterprise agreements.

4.5 ENVIRONMENTAL & SUSTAINABILITY MATTERS

Policies and Programs

The Company has a well-defined Safety, Health and Environment (SH&E) Policy that serves as the basis for programs and policies relating to environmental matters. Pursuant to the Policy, a robust SH&E Management System has been developed, using best industry practices and divisional SH&E committee representation, to: promote safe production and injury prevention; minimize environmental impacts through the identification, assessment and control of hazards; and, employee education and alignment with program requirements. This system applies to all Viterra personnel, property, facilities, equipment, operations, processes, materials, and wastes.

Viterra also has a Sustainability Commitment statement which defines the term and helps to guide the Company's actions and decisions in this regard. This statement can be found on the corporate website under the "Sustainability" tab at www.viterra.com.

Through the Code of Business Conduct, the Company has made commitments to ethical and fair treatment of employees, maintenance of a respectful work environment, and support and promotion of the principles of the Universal Declaration of Human Rights.

Safety, Health, Environment and Sustainability Governance

The Safety, Health, Environment and Sustainability Committee is a committee of the Board formed in September 2009 (and renamed from "Safety Health and Environment Committee" in 2011) and is currently comprised of seven voting members. The Committee's terms of reference can be found on the Company's website (www.viterra.com) under "About Viterra - Corporate Governance". The primary function of the Safety, Health, Environment and Sustainability Committee is to assist the Board in fulfilling its role in oversight and governance by reviewing, reporting and making recommendations to the Board on Viterra's policies, standards and practices with respect to safety, health, the environment and other aspects of sustainability affecting Viterra's interaction with stakeholders and its corporate reputation. The Committee's responsibilities also include safety matters concerning food and feed products (see "4.6 Food and Feed Safety" of this AIF). The Safety, Health, Environment and Sustainability Committee holds regular sessions where it meets in the absence of management.

Following a corporate re-organization in August 2011, responsibility for Sustainability and Brand matters were re-assigned at the executive level. These matters are now reported to the executive on a monthly basis and via quarterly operational management meetings. Given this robust executive level oversight, the Sustainability and Brand Executive Committee was deemed no longer required and has been disbanded.

Safety, Health, Environment and Sustainability Practices

Environmental responsibility is a central feature of the Company's overall corporate strategy because of its role as a global food ingredients supplier. The Company's environmental programs incorporate the integrated business practices of sustainable development, risk management, pollution prevention, resource conservation and waste management. Greenfield development, daily operations, employee education, acquisition and divestitures and remedial activities (where warranted) are directed to protect the environment. The Company has also reduced energy use at several facilities through a number of investments in more energy efficient technologies and practices.

Examples of agricultural practice efforts related to environmental matters include seed variety research and development, the Company's carbon credit program that rewards growers financially for using no-till (or reduced-till) farming practices, and a variable rate technology program that enables farmers to apply fertilizer strategically.

In the past year, Viterra has made available detailed information on Safety, Health, Environment and Sustainability matters via the Company's website.

Environmental Laws and Regulations

The following discussion is a summary of environmental legislation that has an impact on the Company:

With increasing global presence, the Company is subject to a variety of federal, provincial, state and local laws and regulations which regulate operations on matters including:

- air, soil and water quality;
- the transportation of hazardous materials;
- site remediation and reclamation activities;
- greenhouse gas emissions;
- energy efficiency standards, and
- registrations, licenses, permits and inspections.

Notwithstanding that the North American emissions (particulates, ammonia, metals, greenhouse gases – GHG) are not currently subject to regulatory reduction criteria, the Company participates in mandatory reporting under the National Pollutant Release Inventory program and monitors GHG emissions. GHG reporting is not required as emissions of existing operations are below North American reporting thresholds. The Company continues to assess these matters and to monitor potential impacts to the business based on pending and anticipated changes to the regulatory environment.

In Australia, the Company is involved in a number of mandatory energy and carbon reporting programs regulated under the *Energy Efficiencies Opportunities Act* and the *National Greenhouse and Energy Reporting Act*. The recently passed *Clean Energy Act* will introduce a carbon pricing mechanism in the form of a Carbon Tax as of July 1, 2012. This will impose a set price on an equivalent tonne of carbon emitted with an initial price of \$23 AUD per tonne, rising by 2.5% over the subsequent two years. From July 1, 2015 onward the market will set the price through an auction. Large emitters (greater than 25,000 tonnes of carbon) will be liable to pay the carbon price. Energy, fuel and other inputs are expected to become more expensive with the introduction of this carbon tax. The tax will impact Viterra both directly, with at least one facility exceeding the 25,000 tonne threshold, and indirectly through price increases for other inputs. However, preliminary Viterra estimates predict only a minor financial (non-material) effect on the Company.

In New Zealand, the financial obligations of an emissions trading scheme (ETS) commenced on July 1, 2010. An external review of the New Zealand ETS (concluded on June 30, 2011) resulted in a recommendation to incrementally phase in the energy, transport and industrial sector obligations over 2012 to 2015 as opposed to by the originally proposed 2013 deadline. There will be no direct impact on the Company with regard to the New Zealand ETS, and indirect impacts through increased energy prices for Viterra's feed mills are not expected to be material.

Asset Retirement Obligations - All properties have environmental site assessments conducted upon acquisition and divestiture. Certain properties will have an asset retirement obligation

stipulated by contractual obligations or other legal requirements. An ARO is generally related to dismantlement and site restoration or other legal termination and retirement of an asset. Based on Viterra's current estimate, the total anticipated undiscounted future cost of abandonment and reclamation costs to be incurred is estimated at approximately \$129 million (2010 - \$39 million). As at October 31, 2011, Viterra has recorded an asset retirement obligation of \$61 million (2010 - \$26 million).

4.6 FOOD AND FEED SAFETY

Increased concern over the safety of food is focusing attention on the way food is grown, handled and processed. End-use buyers are demanding greater assurances that the products they purchase are safe.

ISO Quality and Food Safety Management Systems – Viterra's food safety and quality management systems in North America are registered to the ISO 9001:2000 quality management system and conform to the ISO 22000:2005 food safety standard by NSF International Strategic Registrations, Ltd. This registration covers Viterra's grain handling facilities in Manitoba, Saskatchewan and Alberta, as well as the port terminals in Thunder Bay, Ontario and Vancouver, British Columbia. Continued registration has also been obtained by the Quality Control Lab in Regina to the ISO 9001:2000 standard. In addition, Viterra's food safety management system has attained registration to the GMP+B2 standard (Good Manufacturing Practices) at some of our grain handling facilities that ship commodities such as flax to the European Union. GMP+B2 is a standard based in the Netherlands by the Dutch Feed Board for regulation of foreign suppliers of animal feed materials.

Viterra has also achieved continued registration to the CGC's Canadian Identity Preserved Recognition System at the Company's special crop facilities that handle mustard and at the organic facility in Rowatt, Saskatchewan.

The Company's food processing businesses are similarly registered to several standards, including FSSC 22000:2005, AIB (American Institute of Baking), BRC (British Retail Consortium) and SQF (Safe Quality Food), while the Canadian feed processing segment complies with federal HACCP requirements and the Canadian industry's Feed Assure™ program. Viterra's U.S. Feed Operation has recently certified its first plant at Friona, Texas with the remaining plants to be certified by the end of 2012. They currently comply with the requirements.

Most recently, to address increasing consumer awareness and concerns over food safety and traceability in a consistent manner across the organization, the Company is undertaking an integration of quality systems. Building on existing HACCP principles and conformity to the multiple standards utilized in the various business units, Viterra has initiated efforts to standardize food safety and quality systems to the ISO 22000-based family of standards. Viterra business units have established a Global Food Safety and Quality Systems Group headed by a Vice-President.

The ISO 9001:2000 standard is an internationally recognized quality management system that focuses on the development of processes and procedures designed to provide the end-use customer with assurance of consistent product quality. The ISO 22000, a HACCP-based food safety management system that incorporates the management systems approach of ISO 9001, is designed to protect the food supply from biological, chemical and physical hazards and was developed as a standard to harmonize the many national and private food safety standards in existence around the world. This standard can be applied to any process in the food chain, from field to store, making it ideal for the broad scope of Viterra's operations. With many of the global events that have taken place recently (e.g. listeriosis, bio-terrorism, genetically modified organism concerns and bovine

spongiform encephalopathy) along with the fact that ISO and HACCP are quickly becoming an industry standard, the implementation of quality systems and food safety programs has become increasingly important.

In Australia, Viterra is licensed and has reporting requirements under a number of state-based environmental statutes such as the *Environment Protection Act 1993* (SA) and must provide workers with safe systems of work pursuant to state-based safety legislation, such as the *Occupational Health, Safety and Welfare Act, 1986* (SA).

These registrations have significant benefits and are one of the many tools used to ensure that destination customers receive consistent product quality and safe food product.

FDA Food Safety Modernization Act – The FDA Food Safety Modernization Act (FSMA), effective Jan. 4, 2011, enables FDA to better protect public health by strengthening the food safety system. It enables FDA to focus more on preventing food safety problems rather than relying primarily on reacting to problems after they occur. The FSMA also provides FDA with new enforcement authorities designed to achieve higher rates of compliance with prevention- and risk-based food safety standards and to better respond to and contain problems when they do occur. The FSMA also gives FDA important new tools to hold imported foods to the same standards as domestic foods and directs FDA to build an integrated national food safety system in partnership with state and local authorities.

As a major exporter of grains and oilseeds to the U.S., Viterra has complied with the U.S. regulations and is registered as a shipper/exporter. The Food Safety Management Systems Viterra has in place meet the requirements of the FSMA.

Canadian National Marine Security Program - Announced in May 2004 by the Government of Canada, this program mandates Canada's ports and marine facilities to modernize and strengthen their security systems and programs. Viterra has installed fencing, card lock systems and video cameras to secure its port facilities in Vancouver, British Columbia and Thunder Bay, Ontario to meet the program requirements.

Bio-Safety - The Cartagena Protocol on Bio-Safety came into effect in 2003 and is designed to contribute "to the safe transfer, handling and use of living modified organisms resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological diversity, taking into account risks to human health and specifically focusing on trans-boundary movements". The Bio-Safety Protocol is a mandatory, global labeling system that will affect the vast majority of world commodity trade. While it is in effect, Canada has not ratified the Protocol as there are a number of key issues that remain to be resolved.

Viterra is working with the Canada Grains Council to address these key issues, specifically:

- documentation and the requirement to identify the presence of a living modified organism;
- the form of sampling and testing required at the point of export and the associated cost; and
- the attribution of liability to be addressed in the event of an inadvertent movement of genetically modified commodities.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's 2011 "Management's Discussion and Analysis" relating to the Company's comparative financial statements for the year ended October 31, 2011 and the year ended October 31, 2010 is incorporated herein by reference. The 2011 "Management's Discussion and Analysis" can be found on SEDAR at www.sedar.com under Viterra's name.

6. RISK FACTORS

A description of risk factors which the Company is subject to can be found in its "Management's Discussion and Analysis" for the year ended October 31, 2011 under the heading "Risks and Risk Management."

7. DIVIDEND POLICY

On December 10, 2010, the Board of Directors established a semi-annual dividend. During 2011, the Company paid a total of \$0.10 per share in dividends to its common shareholders. These were paid on February 10, 2011 and July 28, 2011.

On January 18, 2012, the Board of Directors approved a 50% increase in Viterra's dividend rate to \$0.15 per share annually compared to the previous rate of \$0.10 per share. In conjunction with this new dividend rate, the Board declared the first semi-annual cash dividend for the year of \$0.075 payable February 22, 2012 to shareholders of record on January 30, 2012. The Board will continue to review the dividend semi-annually, taking into account the Company's cash flow, earnings, financial position and other relevant factors.

Prior to fiscal 2011, Viterra had not paid any dividends on its shares in the last three fiscal years.

The Company's financing agreements do not contain any restrictions regarding the payment of dividends with the exception of the trust indenture for the Series 2007-1 and Series 2009-1 Notes. Under this trust indenture, the dividend restriction is not meaningful as it would currently allow dividends totaling \$2.25 billion.

8. SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of Common Shares. The holders of the Common Shares are entitled to receive notice of, attend and to cast one vote per Common Share held at all meetings of the holders of the Common Shares. The holders of the Common Shares are entitled to receive any dividends declared by the Board of Directors on the Common Shares. The holders of the Common Shares are entitled to receive, equally on a share-for-share basis, the remaining assets of the Company in the event of liquidation, dissolution or winding up of the Company or other distribution of assets and property of the Company among its shareholders for the purpose of winding-up its affairs. As at October 31, 2011, 371,695,145 Common Shares were issued and outstanding.

As of October 31, 2011, 22,249,725 CDIs (with the underlying common shares held in trust included in the above noted issued common share number) remain issued and outstanding. CDIs are units of

beneficial ownership held and registered with a depository clearing house in Australia. (See “10. Market for Securities” of this AIF.)

9. RATINGS

	Corporate / Issuer Rating	Senior Unsecured Notes	Trend
Standard & Poor's	BBB-	BBB-	Stable
Dominion Bond Rating Service Ltd.	BBB (low)	BBB (low)	Stable
Moody's Investors Service Inc.	Ba1	Ba1	Stable

Standard & Poor's

S&P's credit ratings for long-term debt instruments range from AAA to D. A rating of BBB is defined as having adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

A plus (+) or minus (-) on an S&P credit rating is used to show the relative standing of an issue within the major rating categories.

Dominion Bond Rating Service Ltd.

DBRS's credit ratings for long-term debt instruments range from AAA to D. A rating of BBB is defined as having adequate credit quality. Protection of interest and principle is considered adequate, but the entity is more susceptible to adverse changes in financial and economic conditions, or there may be other adversities present which reduce the strength of the entity and its rated securities. The addition of “(high)” or “(low)” is an indication of the relative standing within the major rating category.

Moody's Investors Service Inc.

Moody's credit ratings for long-term debt instruments range from Aaa to C. A rating of Ba is defined as having speculative elements and the future cannot be considered as well assured. Often the protection of interest and principle payments may be very moderate and, thereby, not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.

It should be understood that a security rating is not a recommendation to purchase, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

10. MARKET FOR SECURITIES

The Common Shares are traded publicly on the Toronto Stock Exchange under the stock symbol “VT”. The price range and trading volume for the Common Shares were as follows:

Month	High	Low	Close	Volume	Average Daily Volume
October 2010	9.94	8.92	9.77	24,692,664	1,234,633
November 2010	10.15	9.00	9.16	21,010,183	955,008
December 2010	9.89	9.02	9.28	23,907,813	1,138,467
January 2011	11.93	9.33	11.70	74,381,209	3,719,060
February 2011	12.13	11.01	11.90	28,402,286	1,494,857
March 2011	12.28	10.54	11.76	26,413,760	1,148,424
April 2011	12.05	10.83	11.37	18,685,475	934,274
May 2011	12.18	10.37	11.84	14,325,471	682,165
June 2011	11.95	10.13	10.48	31,604,301	1,436,559
July 2011	11.19	10.26	10.82	14,911,634	745,582
August 2011	10.92	9.30	10.42	20,037,396	910,791
September 2011	11.15	9.88	10.31	19,324,399	920,209
October 2011	10.90	9.45	10.26	13,613,540	680,677

Source: Toronto Stock Exchange InfoSuite

CDIs can be bought or sold on the Australian Securities Exchange under the symbol “VTA” and are convertible at any time into Viterra common shares. The price range and trading volume for CDIs were as follows:

Month	High*	Low*	Close*	Volume	Average Daily Volume
October 2010	9.80	8.92	9.57	388,071	18,480
November 2010	9.91	9.26	9.36	78,227	3,911
December 2010	9.82	8.97	8.97	133,241	6,345
January 2011	11.60	9.11	11.49	553,980	29,157
February 2011	11.95	11.26	11.72	262,849	13,142
March 2011	12.18	10.93	11.63	237,550	10,798
April 2011	11.85	10.76	10.76	143,673	7,982
May 2011	11.56	10.60	11.55	116,233	5,283
June 2011	11.50	9.82	9.83	106,440	5,069
July 2011	10.71	9.99	10.38	138,589	7,294
August 2011	10.25	9.25	9.89	149,721	6,510
September 2011	10.79	9.66	10.40	152,152	7,608
October 2011	10.25	9.58	9.81	93,357	5,835

Source: Thomson Reuters

* In Australian Dollars

11. DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The Directors and Executive Officers of the Company as at October 31, 2011 are as follows:

Name and Municipality	Positions and Offices Held with the Company	Director Since	Principal Occupation or Employment within the Preceding Five Years
Thomas Birks Montreal, QC, Canada	Chairman Director (1)	2005	President, Birinco Inc. - an investment company.
Vic Bruce Tuxford, SK, Canada	Director (2)(4)	2002	President, Sunrise Farms - a farming operation.
Thomas Chambers, Vancouver, BC, Canada	Director (2)(3)	2006	President, Senior Partner Services Ltd. - provides the services of advisors and directors to a number of companies.
Paul Daniel Balaklava, Australia	Director (2)(4)	2009	Primary Producer.
Bonnie DuPont Calgary, AB, Canada	Director (3)(4)	2008	Retired Group Vice President, Corporate Resources, Enbridge - an energy transportation and distribution company.
Perry Gunner North Adelaide, Australia	Deputy Chair Director (1)	2009	Company Director.
Tim Hearn Calgary, AB, Canada	Director (1)(3)	2008	Chairman, Hearn & Associates - a business consulting firm that serves as advisor or director of public companies. Retired Chairman, President and CEO of Imperial Oil Limited - a producer of crude oil and refiner and marketer of petroleum products.
Dallas Howe Calgary, AB, Canada	Director (1)(3)	2005	CEO of DSTC Ltd. - a technology investment company.
Kevin Osborn Tennyson, South Australia	Director (2)(4)	2009	Professional Non-Executive Director.
Herbert Pinder, Jr. Saskatoon, SK, Canada	Director (1)(2)	2005	President, the Goal Group of Companies - engaged in investment management generally, with a particular focus on a series of private equity funds of early stage oil and gas exploration and production companies.
Larry Ruud Vermilion, AB, Canada	Director (2)(4)	2008	Advisory Services Partner, Meyers, Norris, Penny LLP - a chartered accounting and business advisory firm. President & CEO, One Earth Farms - a large scale, fully-integrated corporate farming entity utilizing First Nation's farmland.
Max Venning Bute, South Australia	Director (3)(4)	2009	Primary Producer.
Mayo Schmidt Calgary, AB, Canada	Director President and Chief Executive Officer	2005	President and Chief Executive Officer of the Company.

Committees:

(1) – Nominating and Corporate Governance
(2) – Audit

(3) – Human Resources & Compensation
(4) – Safety, Health, Environment and Sustainability

Each Director holds office until the next annual meeting or until his or her successor is earlier elected or appointed.

Pursuant to a letter agreement dated November 10, 2011, between the Company and AIMCo, on November 11, 2011, Brian Gibson was appointed as a director of the Company and as a member of the Nominating and Corporate Governance and Audit Committees. Brian Gibson is the Senior Vice-President, Public Equities of AIMCo. On November 14, 2011, Thomas Chambers was appointed to the Safety, Health, Environment & Sustainability Committee, and Perry Gunner was appointed to the Human Resources & Compensation Committee. Thomas Birks was a member of the Nominating and Corporate Governance Committee until November 14, 2011, and Thomas Chambers was a member of the Human Resources & Compensation Committee until November 14, 2011. Thomas Birks is an ex officio, non-voting member of all four committees of the Board.

Name and Municipality	Present position with the Corporation and Principal Occupation	Prior Principal Occupation or Employment within the Preceding Five Years
Mayo Schmidt Calgary, AB, Canada	President and Chief Executive Officer	Same as present.
Francis Malecha Calgary, AB, Canada	Chief Operating Officer, Grain	Chief Operating Officer, Viterra
Rex McLennan Calgary, AB, Canada	Chief Financial Officer	Executive Vice-President and Chief Financial Officer for Vancouver 2010 "VANOC", the organizing committee for the 2010 Olympic and Paralympic Winter Games, Executive Vice-President and Chief Financial Officer for Placer Dome Inc.
Rob Gordon* Adelaide, South Australia	President South-East Asia and Senior Vice-President	CEO and Managing Director of Dairy Farmers Pty Ltd. in Sydney, Managing Director, Goodman Fielder Consumer Foods Pty Ltd.
Steven Berger Calgary, AB, Canada	Senior Vice-President, Corporate Services	Senior Vice-President, Human Resources & Transformation, Viterra Senior Executive (Partner), Corporate Strategy/M&A Practice with Accenture.
Donald Chapman Singapore	Senior Vice-President, International Grain	Managing Director – Chief Trader at Toepfer International, Asia Pte Ltd.
James Bell Calgary, AB, Canada	Senior Vice-President, General Counsel and Corporate Secretary	Vice-President Legal and Associate General Counsel of Talisman Energy Inc., Senior Manager, Legal and Associate General Counsel of Talisman Energy Inc.
Karl Gerrand Calgary, AB, Canada	Chief Operating Officer, Processing	Senior Vice-President, Processing, Viterra
Robert Miller Regina, SK, Canada	Senior Vice-President, Grain – North America	Same as present.
Doug Wonnacott Calgary, AB, Canada	Chief Operating Officer, Agri-Products	Senior Vice-President, Agri-Products, Viterra Vice-President of Agrilliance LLC.
Mike Brooks Calgary, AB, Canada	Senior Vice-President & Chief Information Officer	Vice-President & Chief Information Officer, Viterra
Ron Cameron Calgary, AB, Canada	Vice-President & Group Controller	Vice-President, Finance & Corporate Controller, Viterra
Grant P. Theaker Regina, SK, Canada	Vice-President & Treasurer	Same as present.

"Same as present" means the officer has been engaged for more than five years in his or her present occupation.

* Rob Gordon resigned as an officer of the company and its affiliates in November 2011.

The Company initiated a disposition of its hog operations in 2004 through a court supervised process under *The Companies' Creditors Arrangement Act (Canada)*. The securities of certain of the entities that owned and operated these hog operations on behalf of the Company and other shareholders were also cease traded by the Saskatchewan Financial Services Commission. Substantially all of the assets related to these hog operations were sold under the court supervised process in May 2004. Mr. Schmidt served as an officer and/or director of these entities.

As at October 31, 2011, the Directors and executive officers of Viterra, as a group, beneficially owned or controlled, directly or indirectly, 1,545,143 Common Shares of the Company, which represented 0.42% of the total outstanding Common Shares of Viterra.

Conflicts of Interest

The directors of Viterra are required by law to act honestly and in good faith with a view to the best interests of Viterra and to disclose the nature and extent of any interest which they may have in any material contract or material transaction of Viterra. Pursuant to a conflict of interest policy, the Board of Directors has acknowledged that there are certain directors or their affiliates who are engaged in agricultural operations and who may purchase and sell commodities to Viterra as well as contract for the provision of services. Provided that such transactions occur in the ordinary course of such agricultural operations and are products, services or prices offered on the same terms and conditions to the general public, the Board of Directors has acknowledged and recognized that such transactions do not cause a conflict of interest. However, if the interest of any such director is in a material contract or material transaction of Viterra, the director will disclose his or her interest and abstain from voting on such matter.

To the best of Viterra's knowledge, and other than disclosed herein, there are no other known existing or potential conflicts of interest among Viterra, its directors and officers or other members of management of Viterra as a result of their outside business interests except that certain of the directors serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Viterra and their duties as a director or officer of such other companies.

12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is involved in various legal proceedings and regulatory actions arising in the normal course of business. While the final outcome of such legal proceedings and regulatory actions cannot be predicted with certainty and there can be no assurance that such matters will be resolved in the Company's favour, the Company does not currently believe that the outcome of any pending or threatened proceedings related to these or other matters, or the amounts which the Company may be required to pay by reason thereof, would have a material adverse impact on its financial position, results or operations or liquidity.

13. MATERIAL CONTRACTS

The following describes the one material contract that the Company entered into within the last fiscal year and the material contracts that the Company entered into before the last financial year which are still in effect, other than material contracts entered into in the ordinary course of business:

- (i) a First Supplemental Trust Indenture dated as of February 15, 2011, relating to the issuance of Series 2011-1 Notes in the aggregate principal amount of \$200,000,000, pursuant

to the Trust Indenture dated August 6, 2010 between Viterra Inc. and BNY Trust Company of Canada;

(ii) an Indenture dated as of August 4, 2010, between Viterra Inc., certain Viterra subsidiaries and Deutsche Bank Trust Company Americas, relating to the issuance of Series 2010-1 Notes in the aggregate principal amount of \$400,000,000 USD;

(iii) a Third Supplemental Trust Indenture dated as of July 7, 2009, relating to the issuance of Series 2009-1 Notes in the aggregate principal amount of \$300,000,000, pursuant to the Trust Indenture dated as of April 6, 2006 between Saskatchewan Wheat Pool Inc. and CIBC Mellon Trust Company; and

(iv) a Second Supplemental Trust Indenture dated as of August 1, 2007, relating to the issuance of Series 2007-1 Notes in the aggregate principal amount of \$200,000,000, pursuant to the Trust Indenture dated as of April 6, 2006 between Saskatchewan Wheat Pool Inc. and CIBC Mellon Trust Company.

These trust indentures, as amended by their respective supplementary indentures, contain customary covenants and representations by the Company for the issuance of debt securities in the Canadian and U.S. markets.

Subsequent to the last fiscal year of the Company, on November 10, 2011, the Company entered into a letter of agreement with AIMCo, the Company's largest shareholder, providing for the appointment of Brian Gibson as a director and as a member of the Nominating and Corporate Governance and Audit Committees of the Company.

Copies of these documents are available on www.sedar.com.

14. INTERESTS OF EXPERTS

Deloitte & Touche LLP have audited the Company's consolidated financial statements for the years ended October 31, 2011 and 2010. Deloitte & Touche LLP are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

15. AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The mandate of the Audit Committee of the Company is attached as "Appendix A". This mandate was revised in June 2011 and is reviewed annually.

Composition of the Audit Committee

The Audit Committee is currently chaired by Mr. Chambers and its other members are Messrs. Bruce, Daniel, Gibson, Osborn, Pinder and Ruud. The Board of Directors has determined that each member of the Audit Committee is independent and financially literate within the meaning of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.

Relevant Education and Experience

The members of the Audit Committee and their relevant education and experience as at October 31, 2011 are as follows:

Member	Relevant Education and Experience	Period as a Committee Member
Vic Bruce	<ul style="list-style-type: none"> - President of Sunrise Farms Ltd. - Bachelor of Education degree, majoring in Economics - Has served on the boards of various private and public companies - Graduate of the Institute of Corporate Directors, Directors' Education Program and Financial Literacy 	2 years
Thomas Chambers	<ul style="list-style-type: none"> - Fellow Chartered Accountant - Considerable board and audit committee experience, including currently as chair of the Audit Committees of Catalyst Paper Corporation, Coopers Park Corporation, and MacDonald Dettwiler and Associates Ltd. - Former national managing partner of audit services for PricewaterhouseCoopers LLP - Graduate of the Directors Education Program of Corporate Directors - Recipient of ICD.D designation 	5 years
Paul Daniel	<ul style="list-style-type: none"> - Former director of Direct Fertilizers Ltd., which was one of South Australia's leading fertilizer companies - Fellow of the Australian Institute of Company Directors - Former member of ABB Grain Ltd Finance and Audit Committee 	2 years
Kevin Osborn	<ul style="list-style-type: none"> - Fellow Professional of the National Institute of Accountants - Former chair of finance and audit committee at ABB Grain Ltd. - Former member of the audit committee of Adelaide Bank Limited - 30 year career in international financial markets 	2 years
Herb Pinder Jr.	<ul style="list-style-type: none"> - President of The Goal Group of Companies - Current director of ARC Resources Ltd. and three private energy companies - Master of Business Administration, Harvard University's Graduate School of Business 	2 years
Larry Ruud	<ul style="list-style-type: none"> - Current President & CEO of One Earth Farms - Former partner at Meyers Norris Penny LLP - Former director of a regional credit union where he chaired the audit committee - Masters of Science Degree in Agricultural Economics, University of Alberta - Graduate of the Directors Education Program of Corporate Directors 	3 years

Brian Gibson was appointed as a member of the Audit Committee on November 11, 2011.

Pre-Approval Policies and Procedures

In June 2005, the Audit Committee adopted a policy regarding the provision of non-audit services by its external auditors. All non-audit engagements to be undertaken by the external auditors must be approved by the Audit Committee after assessing the impact on the external auditors' objectivity and independence.

External Auditor Service Fees

During the past year ended October 31, 2011 and the year ended October 31, 2010, the Company accrued or paid the following professional fees to its auditors, Deloitte & Touche LLP:

Service	2011 Fees	2010 Fees	Description of Types of Services Rendered
Audit	\$2,237,898	\$1,368,086	Core audit fees
Audit Related	\$478,955	\$660,688	Includes work related to quarterly filings, prospectus documents, review of securities filings and consultations with regards to internal controls certification
Tax	\$36,800	\$166,437	Includes tax compliance review and other tax planning
All Other Fees	\$42,628	\$301,860	Services that are not related to the above

16. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Common Shares is Computershare Trust Company of Canada at its principal office in the cities of Toronto, Ontario and Calgary, Alberta.

The transfer agent and registrar for the Company's CDIs is Computershare Investor Services Pty Limited at its principal office in the cities of Melbourne, Sydney, Brisbane, Perth and Adelaide.

17. AUDITORS

Deloitte & Touche LLP, Chartered Accountants, 900, 2103 – 11th Avenue, Regina, Saskatchewan S4P 3Z8 are the external auditors for Viterra.

18. 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.viterra.com. Additional financial information is contained in the Company's comparative financial statements for the year ended October 31, 2011 and the year ended October 31, 2010 and the Company's 2011 "Management Discussion and Analysis" 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, is contained in the Company's Management Information Circular dated February 2, 2011 and will be contained in the Company's Management Information Circular for its annual and special meeting of shareholders that will be held on March 8, 2012. Shareholders may contact Investor Relations & Corporate Affairs, 2625 Victoria Avenue, Regina, Saskatchewan, S4T 7T9, telephone 1-866-569-4411 or email investor@viterra.ca to request copies of any of the foregoing documents.

APPENDIX A

VITERRA INC.

AUDIT COMMITTEE CHARTER

Approved by the Board of Directors June 2011

Audit Committee Mandate

The Audit Committee (the “Committee”) is appointed by the Board of Directors of Viterra Inc. (“Viterra” or the “Corporation”) to assist the Board in fulfilling its oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- **Oversee and monitor the integrity of the Corporation’s accounting and financial reporting processes, financial statements and system of internal controls regarding accounting and financial reporting and accounting compliance.**
- **Oversee audits of the Corporation’s financial statements.**
- **Oversee and monitor the Corporation’s compliance with legal and regulatory requirements relating to financial matters.**
- **Oversee and monitor the Corporation’s enterprise risk management framework and policies.**
- **Oversee and monitor the qualifications, independence and performance of the Corporation’s external auditor and the internal auditor.**
- **Provide an avenue of communication among the external auditor, management, the internal auditor and the Board of Directors.**
- **Report to the Board of Directors regularly.**

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Committee shall have unrestricted access to personnel and information, and any resources necessary to carry out its responsibility. In this regard, the Committee may direct internal audit personnel to particular areas of examination.

CONSTITUTION, COMPOSITION AND DEFINITIONS

1. Reporting

The Committee shall report to the Board.

2. Composition of Committee

The Committee shall consist of not less than three directors, all of whom shall qualify as independent directors pursuant to National Instrument 52-110 *Audit Committees* (as implemented by the Canadian Securities Administrators and as amended from time to time) (“NI 52-110”).

All members of the Committee shall be financially literate, as defined in NI 52-110, and at least one member shall have accounting or related financial managerial expertise. In particular, at least one member shall have, through (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (iv) other relevant experience:

- An understanding of generally accepted accounting principles and financial statements;
- The ability to assess the general application of such principles in connection with the accounting for estimates and accruals;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;
- An understanding of internal controls and procedures for financial reporting; and
- An understanding of audit committee functions.

Each member shall be free of any direct or indirect material relationship with the Corporation that, in the opinion of the Board of Directors, would interfere with his or her individual exercise of independent judgment.

The Board Chair shall be an ex-officio non-voting member of the Committee (see “Quorum” for further details).

3. Appointment of Committee Members

Committee members shall be appointed at a meeting of the Board, held after election of directors at the annual meeting of shareholders, provided that any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board.

4. Vacancies

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

5. Committee Chair

The Nominating and Corporate Governance Committee will recommend for approval to the Board an independent director to act as the Committee Chair. The Board shall appoint the Committee Chair.

If the Committee Chair is unavailable or unable to attend a meeting of the Committee, the Committee Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen to preside over the meeting by a majority of the members of the Committee present at such meeting.

The Chair presiding at any meeting of the Committee shall not have a casting vote.

The items pertaining to the Chair in this section should be read in conjunction with the Committee Chair section of the *Chair of the Board of Directors, Deputy Chair of the Board of Directors and Committee Chair General Guidelines*.

6. Secretary

The Committee shall appoint a Secretary who need not be a member of the Committee. The Secretary shall keep minutes of the meetings of the Committee.

7. Committee Meetings

The Committee shall meet at least quarterly at the call of the Committee Chair. The Committee Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chair.

Committee meetings may be held in person, by video conference, by means of telephone or by a combination of any of the foregoing.

The Committee shall have an in-camera session on a regular basis.

8. Notice of Meeting

Notice of the time and place of each Committee meeting may be given by personal delivery, in writing, or by facsimile, or by electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting. Notice of each meeting shall also be given to the external auditor of the Corporation.

A member and the external auditor may, in any such manner, waive notice of the Committee meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting.

Notwithstanding the foregoing a meeting of the Committee may be held at any time without formal notice if all of the members are present, including by way of telephonic or other communications means.

9. Quorum

A majority of Committee members, present in person, by video conference, by telephone or by any combination thereof shall constitute a quorum. If an ex officio non-voting member's presence is required to attain a quorum of the Committee, such member shall be allowed to cast a vote at the meeting.

10. Attendance at Meetings

The President and Chief Executive Officer is expected to be available to attend the Committee's meetings or portions thereof.

The Committee may, by specific invitation, have other resource persons in attendance.

The Committee shall have the right to determine who shall, and who shall not, be present at any time during a meeting of the Committee.

Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval by the Committee Chair.

11. Minutes

Minutes of Committee meetings shall be sent to all Committee members and to the external auditor. The full Board of Directors shall be kept informed of the Committee's activities by a report following each Committee meeting and by a posting of the minutes on the Board portal.

RESPONSIBILITIES

I. Review Procedures

Provide a summary of the Committee's composition and responsibilities in the Corporation's annual report or other public disclosure documentation.

Provide a summary of all approvals by the Committee of the provision of audit, audit-related, tax and other services by the external auditor for inclusion in the Corporation's annual report filed with the appropriate regulatory authorities.

II. Annual Financial Statements

1. Discuss and review with management and the external auditor, the annual audited financial statements and related documents of the Corporation and any subsidiary with public securities prior to their filing or distribution. Such review to include:

- (a) The annual financial statements and related footnotes including significant issues regarding accounting principles, practices and significant management estimates and judgments, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- (b) Management's Discussion and Analysis.
- (c) A review of the use of off-balance sheet financing including management's risk assessment and adequacy of disclosure.
- (d) A review of the external auditor's audit examination of the financial statements and their report thereon.
- (e) Review of the external auditor's audit plan.
- (f) A review of any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the external auditor's work or access to required information.

2. Review and recommend approval to the Board of the Corporation's:

- (a) Year-end audited financial statements. Such review shall include discussions with management and the external auditor as to:
 - (i) The accounting policies of the Corporation and any changes thereto.
 - (ii) The effect of significant judgments, accruals and estimates.

- (iii) The manner of presentation of significant accounting items.
- (iv) The consistency of disclosure.
- (b) Management's Discussion and Analysis.
- (c) Annual Information Form as to financial information.
- (d) All prospectuses and information circulars as to financial information.

The review shall include a report from the external auditor about the quality of the most critical accounting principles upon which the Corporation's financial status depends, and which involve the most complex, subjective or significant judgmental decisions or assessments.

III. Quarterly Financial Statements

1. Review with management and the external auditor and recommend for approval to the Board the Corporation's:
 - (a) Quarterly unaudited financial statements and related documents, including Management's Discussion and Analysis and associated news release.
 - (b) Any significant changes to the Corporation's accounting principles.

Review quarterly unaudited financial statements of any subsidiary of the Corporation with public securities prior to their distribution.

IV. Other Financial Filings and Public Documents

1. Review and discuss with management financial information, including earnings press releases, the use of "pro forma" or non-GAAP financial information and earnings guidance, contained in any filings with applicable securities regulators or news releases related thereto (or provided to analysts or rating agencies) and consider whether the information is consistent with the information contained in the financial statements of the Corporation or any subsidiary with public securities. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

V. Internal Control Environment

1. Ensure that management, the external auditor and the internal auditor provide to the Committee an annual report on the Corporation's control environment as it pertains to the Corporation's financial reporting process and controls.
2. Review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risks to the Corporation.
3. Review significant findings prepared by the external auditor and the internal auditor together with management's responses.

4. Review in consultation with the internal auditor and the external auditor their degree of coordination in preparing and implementing their respective internal and external global audit plans and inquire as to the extent the planned scope can be relied upon to detect weaknesses in internal controls, fraud, or other illegal acts. The Committee will assess the coordination of audit effort to assure completeness of coverage and the effective use of audit resources. Any significant recommendations made by the external auditor and the internal auditor for the strengthening of internal controls shall be reviewed and discussed with management.

VI. Other Review Items

1. Review policies and procedures with respect to officers' and directors' claims for reimbursement of expenses, perquisites, use of corporate assets, loans to or advances, and consider the results of any review of these by the internal auditor or the external auditor.

2. Review all related party transactions between the Corporation and any officers or directors, including affiliations of any officers or directors.

3. Review with the General Counsel, the Chief Audit Executive and with the external auditor the results of their review of the Corporation's monitoring compliance with each of the Corporation's published Code of Business Conduct and related policies and applicable legal requirements thereunder and the receipt and handling of financial or non-financial complaints and ensure that appropriate steps have or are being taken by the appropriate management departments and formulating a report thereon to the Board of Directors.

4. Review legal and regulatory matters, including correspondence with regulators and governmental agencies that may have a material impact on the interim or annual financial statements, related corporation compliance policies, and programs and reports received from regulators or governmental agencies. Members from the Legal and Tax departments should be at the meeting in person to deliver their reports.

5. Review policies and practices with respect to off-balance sheet transactions including derivative contracts used in hedging and trading activities, and consider the results of any review of these areas by the internal auditor or the external auditor.

6. Ensure that the Corporation's vital third-party relationships have been reviewed with management at the time of the review of the audited financial statements.

7. Review management's preventative and control processes in place to prevent and detect fraud.

8. Review procedures for the receipt, retention and treatment of complaints received by the Corporation, including confidential, anonymous submissions by employees or the Corporation, regarding accounting, internal accounting controls or auditing matters.

9. Review with the President & Chief Executive Officer, the Chief Financial Officer of the Corporation, the internal auditor and the external auditor: (i) all significant deficiencies and material weaknesses in the design or operation of the Corporation's internal controls and procedures for financial reporting which could adversely affect the Corporation's ability to record, process, summarize and report financial information required to be disclosed by the Corporation in the reports that it files or submits under applicable Canadian federal and provincial or other applicable securities legislation and regulations within the required time

periods, and (ii) any fraud, whether or not material, that involves management of the Corporation or other employees who have a significant role in the Corporation's internal controls and procedures for financial reporting.

10. Meet on a periodic basis separately with any member of senior management as the Committee may wish.

11. In consultation with the Human Resources and Compensation Committee, in respect of those pension plans where the Corporation is the pension administrator under applicable law, at least annually review the financial performance of such pension plans, at least annually review the pension plan assets and investment strategy, including actuarial reports in respect of such pension plans as prepared by the Corporation's actuary and including the terms of engagement of the administrators of such pension plans and the funding status by the Corporation of such pension plans and at least annually review a report from the Corporation's Pension Committee on compliance of the pension plans of the Corporation and its subsidiaries and affiliates with applicable laws, industry and regulatory standards and internal policies.

VII. External Auditor

1. Be responsible, in the Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation, retention and oversight of the work of the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report, or performing other audit, review or attest services for the Corporation. The external auditor shall report directly to the Committee.

2. Meet on a regular basis with the external auditor (without management present) and have the external auditor be available to attend Committee meetings or portions thereof at the request of the Committee Chair.

3. Review and discuss a report from the external auditor at least quarterly regarding:

- (a) All critical accounting policies and practices to be used;
- (b) All alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
- (c) Other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences.

4. Obtain and review a report from the external auditor at least annually regarding:

- (a) The external auditor's internal quality-control procedures.
- (b) Any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more

independent audits carried out by the external auditor, and any steps taken to deal with those issues.

- (c) To the extent contemplated in the following paragraph, all relationships between the external auditor and the Corporation.

5. Review and discuss with the external auditor all relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation, (i) receiving and reviewing, as part of the report described in the preceding paragraph, a formal written statement from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation and its affiliates, (ii) discussing with the external auditor any disclosed relationships or services that the external auditor believes may affect the objectivity and independence of the external auditor, and (iii) recommending that the Board take appropriate action in response to the external auditor's report to satisfy itself of the external auditor's independence.

6. Review and evaluate:

- (a) The external auditor and the lead partner of the external auditor's team's performance, and make a recommendation to the Board of Directors regarding the reappointment of the external auditor at the ensuing annual meeting of the Corporation's shareholders or regarding the discharge of such external auditor.
- (b) The terms of engagement of the external auditor together with its proposed fees and make a recommendation to the Board in respect thereof.
- (c) External audit plans and results.
- (d) Any other related audit engagement matters.
- (e) The engagement of the external auditor to perform non-audit services, together with the fees therefor, and the impact thereof, on the independence of the external auditor.

7. Upon reviewing and discussing the information provided to the Committee in accordance with paragraphs VII 3 through 6, evaluate the external auditor's qualifications, performance and independence, including whether or not the external auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining auditor independence, taking into account the opinions of management and the Chief Audit Executive. The Committee shall present its conclusions with respect to the external auditor to the Board.

8. Ensure the rotation of partners on the audit engagement team is in accordance with applicable law. Consider whether, in order to assure continuing external auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis.

9. Set clear hiring policies for the Corporation's hiring of employees or former employees of the external auditor or former external auditor.

VIII Internal Auditor

1. Be responsible, in the Committee's capacity as a committee of the Board, to ensure the internal auditor operates under the authority of the Audit Committee and is permitted access to all records, physical properties, and personnel relevant for audit purposes.
2. Ensure that the Chief Audit Executive reports functionally to the Audit Committee of the Board of Directors and administratively to the Chief Financial Officer. The Chief Audit Executive shall also have free and unrestricted access to the Chief Executive Officer, the Chairman of the Board of Directors, and the Audit Committee of the Board of Directors.
3. Consider and review with the external auditor, management and the Chief Audit Executive:
 - (a) Significant findings during the year and management's responses and follow-up thereto.
 - (b) Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information, and management's response.
 - (c) Any significant disagreements between the external auditor or the internal auditor and management.
 - (d) Any changes required in the planned scope of their audit plan.
 - (e) The resources, budget, reporting relationships, responsibilities and planned activities of the internal auditor.
 - (f) The internal auditor's mandate.
 - (g) The internal auditor's compliance with the Institute of Internal Auditors' standards.
4. Meet on a periodic basis separately with the Chief Audit Executive.
5. Review and concur in the appointment, compensation, annual performance, evaluation, replacement, reassignment, or dismissal of the Chief Audit Executive.
6. Confirm and assure, annually, the independence and objectivity of the internal auditor in compliance with the Institute of Internal Auditors' standards.

IX Approval of External Audit and Non-Audit Services

1. Review and, where appropriate, approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditor.
2. Review and, where appropriate and permitted, approve the provision of all external audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditor.
3. If the pre-approvals contemplated in paragraphs IX 1 and 2 are not obtained, approve, where appropriate and permitted, the provision of all audit and non-audit services promptly.

4. Delegate, if the Committee deems necessary or desirable, to subcommittees consisting of one or more members of the Committee, the authority to grant the pre-approvals and approvals described in paragraphs IX 1 through 3. The decision of any such subcommittee to grant a pre-approval shall be presented to the Committee at the next scheduled Committee meeting.

5. The Committee may establish policies and procedures for the pre-approvals described in paragraphs IX 1 and 2, so long as such policies and procedures are detailed as to the particular service; the Committee is informed of each service; and such policies and procedures do not include delegation of the Committee's responsibilities under applicable Canadian federal and provincial or other applicable securities legislation and regulations to management.

X Enterprise Risk Management

1. Review and evaluate management's disaster recovery and business resumption plans including the results of the testing of such plans.

2. Review and evaluate management's integration strategy planning process and related incremental and transformational acquisition strategy including pre-acquisition due diligence and post-acquisition integration.

3. Review and evaluate management's ability to execute on the Corporation's global acquisition strategy.

4. Review and evaluate management's strategy to ensure data security is in place and the information systems are capable of ensuring access to information.

5. Review and evaluate management's strategy in the event of a force majeure event, such as weather and insurance therefor and other recovery strategies therefor.

6. Review and evaluate management's strategies with respect to commodity price and foreign exchange fluctuations and risk mitigation strategies therefor.

7. Review and evaluate management's strategy in respect of more complex and global financial reporting requirements, including IFRS and a merger of stock exchanges on which the Corporation's shares are or may be listed for trading, among other things, and strategies in respect thereof.

8. Review and evaluate management's strategy as it relates to an economic downturn as occurred commencing in 2008 and risk mitigation plans therefor.

9. Review and evaluate management's strategy as it pertains to commodity trading and the risk mitigation strategies therefor.

10. Review and evaluate management's strategy with respect to an interest rate risk to the Corporation and the risk mitigation strategy therefor.

11. Review and evaluate management's strategy with respect to counterparty credit risk and the risk mitigation strategies therefor.

XI. Other Matters

1. Review and concur in the appointment, compensation, annual performance, valuation, replacement, reassignment, or dismissal of the Chief Financial Officer.
2. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain or obtain advice or otherwise receive assistance from, independent counsel, accountants, or others to assist it in the conduct of any investigation as it deems necessary in the carrying out of its duties.
3. Consider any other matters delegated to it by the Board of Directors, including the review of public disclosure documents.

XII. Miscellaneous

1. The Committee may engage outside resources if deemed advisable.
2. The Committee may delegate its duties and responsibilities to subcommittees of the Committee, subject to the other provisions of this Mandate.

XIII. Review of Committee Mandate and Performance

1. The Committee shall review and reassess the adequacy of its Mandate annually and, subject to recommendation for approval by the Nominating and Corporate Governance Committee, recommend to the Board for approval any subsequent revisions thereto.
2. The Committee's performance shall be evaluated.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board of Directors.

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