CMI Terminal Ltd.
Consolidated Financial Statements
October 31, 2012 and 2011

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Management's Responsibility

To the Shareholders of CMI Terminal Ltd.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the consolidated statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

January 7, 2013

_*signed – Fred Draude*___________ _*signed – Mark Fouhse*________

Chief Executive Officer Chief Financial Officer

Independent Auditors' Report

To the Shareholders of CMI Terminal Ltd.:

We have audited the Consolidated Statements of Financial Position of CMI Terminal Ltd. as October 31, 2012, October 31, 2011 and November 1, 2010 and, the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years ended October 31, 2012 and October 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe the audit evidence obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of CMI Terminal Ltd. as at October 31, 2012, October 31, 2011 and November 1, 2010 and its consolidated financial performance and its consolidated cash flows for the years ended October 31, 2012 and October 31, 2011 in accordance with International Financial Reporting Standards.

MNP LLP

Melfort, Saskatchewan
January 7, 2013

Chartered Accountants

CMI Terminal Ltd.

Consolidated Statements of Financial Position

As at October 31, 2012, October 31, 2011 and November 1, 2010

	October 31 2012	*October 31 2011 (Note 6.0)*	*November 1 2010 (Note 6.0)*
Assets			
Current			
Cash and cash equivalents	**1,727,518**	1,476,022	1,564,357
Accounts receivable *(Note 7.0)*	**356,355**	502,282	55,455
Income taxes recoverable	**-**	807	8,908
Prepaid expenses and deposits	**20,604**	18,852	19,263
Total current assets	**2,104,477**	1,997,963	1,647,983
Non-current assets			
Property, plant and equipment (*Note 8.0*)	**4,747,027**	4,894,610	5,079,822
Total assets	**6,851,504**	6,892,573	6,727,805
Liabilities			
Current			
Accounts payable and accruals *(Note 9.0)*	**113,773**	119,209	90,339
Income taxes payable	**159,576**	-	-
Provision for property demolition *(Note 10.0)*	**-**	75,000	-
Current portion of long-term debt *(Note 11.0)*	**1,249,663**	1,075,861	306,520
Capital distributions payable (*Note 14.0*)	**-**	343,650	-
Total current liabilities	**1,523,012**	1,613,720	396,859
Non-current liabilities			
Long-term debt *(Note 11.0)*	**609,144**	1,221,263	2,297,123
Deferred income taxes payable *(Note 15.0)*	**69,261**	80,436	99,976
Total liabilities	**2,201,417**	2,915,419	2,793,958
Shareholders' equity			
Share capital *(Note 14.0)*	**875,854**	910,014	1,253,664
Retained earnings	**3,774,233**	3,067,140	2,680,183
Total shareholders' equity	**4,650,087**	3,977,154	3,933,847
Total liabilities and shareholders' equity *(Note 6.0)*	**6,851,504**	6,892,573	6,727,805

Economic dependence (Note 18.0)

Subsequent event (*Note 19.0*)

Approved on behalf of the Board of Directors

signed - Fred Draude
Director

signed - Mark Fouhse
Director

The accompanying notes are an integral part of these consolidated financial statements

CMI Terminal Ltd.
Consolidated Statements of Comprehensive Income
For the year ended October 31, 2012 and 2011

	October 31 2012	*October 31 2011 (Note 6.0)*
Sales	**10,677,177**	8,493,705
Cost of sales	**7,619,335**	6,224,784
Gross profit	**3,057,842**	2,268,921
Other income	**12,885**	11,493
	3,070,727	2,280,414
Administrative expenses	**243,417**	175,936
Operating expenses	**1,280,176**	1,144,444
Earnings from operations before interest and depreciation	**1,547,134**	960,034
Interest on long-term debt	**116,445**	135,164
Earnings before income taxes and depreciation	**1,430,689**	824,870
Depreciation	**409,046**	385,604
Earnings before income taxes	**1,021,643**	439,266
Provision for (recovery of) income taxes *(Note 15.0)*		
Current	**225,433**	71,848
Deferred	**(11,175)**	(19,540)
	214,258	52,308
Total and comprehensive income *(Note 6.0)*	**807,385**	386,958
Earnings per share		
Basic and diluted	**35.92**	16.89
Weighted average number of common shares	**22,480**	22,910

The accompanying notes are an integral part of these consolidated financial statements

CMI Terminal Ltd.
Consolidated Statements of Changes in Equity
For the year ended October 31, 2012, October 31, 2011 and November 1, 2010

	October 31 2012	*October 31 2011 (Note 6.0)*	*November 1 2010 (Note 6.0)*
Retained earnings, beginning of period	**3,067,140**	2,680,183	2,253,879
Net earnings and comprehensive income	**807,385**	386,957	426,304
Share redemption premium	**(100,292)**		
Retained earnings, end of period	**3,774,233**	3,067,140	2,680,183
Share capital, beginning of period	**910,014**	1,253,664	1,253,664
Capital distributions *(Note 14.0)*	**-**	(343,650)	-
Share redemptions *(Note 14.0)*	**(34,160)**	-	-
Share capital, end of period	**875,854**	910,014	1,253,664
Total equity	**4,650,087**	3,977,154	3,933,847

The accompanying notes are an integral part of these consolidated financial statements

CMI Terminal Ltd.
Consolidated Statements of Cash Flows
For the year ended October 31, 2012 and 2011

	October 31 2012	*October 31 2011*
Cash provided by (used for) the following activities		
Operating activities		
Total and comprehensive income	**807,385**	386,958
Depreciation	**409,046**	385,604
Deferred income taxes	**(11,175)**	(19,540)
	1,205,256	753,022
Changes in working capital accounts		
Accounts receivable	**145,927**	(446,827)
Prepaid expenses and deposits	**(1,752)**	411
Accounts payable and accruals	**(5,436)**	28,869
Provision for property demolition	**(75,000)**	75,000
Income taxes payable	**160,383**	8,101
Capital distributions payable	**(343,650)**	343,650
	1,085,728	762,226
Financing activities		
Repayments of long-term debt	**(438,317)**	(306,519)
Redemption of shares	**(134,452)**	(343,650)
	(572,769)	(650,169)
Investing activities		
Purchases of property, plant and equipment	**(261,963)**	(201,392)
Proceeds on disposal of property, plant and equipment	**500**	1000
	(261,463)	(200,392)
Increase (decrease) in cash and cash equivalents	**251,496**	(88,335)
Cash and cash equivalents, beginning of year	**1,476,022**	1,564,357
Cash and cash equivalents, end of year	**1,727,518**	1,476,022
Supplementary cash flow information		
Interest paid	**116,445**	135,164
Income taxes paid	**65,857**	63,747

The accompanying notes are an integral part of these consolidated financial statements

1.0 Reporting Entity

CMI Terminal Ltd. (“the Company”) was incorporated on June 4, 1998 under the laws of the Province of Saskatchewan.

The Company is domiciled near Naicam, Saskatchewan, Canada.

The address of the Company’s registered office is P.O. Box 43, Naicam, Saskatchewan, S0K 2Z0.

2.0 Description of Business

The Company was formed for the purpose of entering into a joint venture agreement with Viterra Inc. in constructing and operating an inland grain terminal near Naicam, Saskatchewan. The Joint Venture name is CMI Terminal Joint Venture. The Joint Venture partners, CMI Terminal Ltd. and Viterra Inc. are 50% participants in the joint venture.

In 2005, the Company, through the Joint Venture operations, became involved in the crop production services business.

Under the terms of an Agreement, all export bound shipments from the Joint Venture facility are exclusively consigned to Viterra Inc.

The ownership of grain transfers directly from each producer to Viterra Inc. at time of purchase. The crop inputs inventory is owned and controlled by Viterra Inc. The Company, therefore, does not record grain or crop input inventory in its consolidated accounting records.

3.0 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB").

These are the Company's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Company’s date of transition was November 1, 2010 (the "Transition Date"). IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), has been applied. An explanation of how the transition to IFRS has affected the consolidated financial statements is included in Note 6.0.

The policies applied in these consolidated financial statements are based on IFRS’s issued and outstanding as of December 20, 2012, the date the Board of Directors approved the consolidated financial statements.

4.0 Basis at Preparation

4.1 Basis at Measurement

Except for certain financial instruments measured at fair value, the consolidated financial statements have been prepared on the historical basis using the accrual basis of accounting, except for cash flow information. The principal accounting policies are set out in Note 5.0.

4.2 Functional Currency

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

5.0 Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies are as follows:

Use of Estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Although grain inventory on hand is owned by one of the Venturers, the Company is responsible for any grade variances discovered when product reaches its destination by rail. Gains or losses resulting from grading of grains and oilseeds, which is subjective in nature, are recognized in the period they occur.

Depreciation is based on the estimated useful lives of property, plant and equipment. Current portion of long-term debt is calculated based on repayment terms and interest rates in effect at year-end. In addition, the Company has entered into contracts for the purchase of crop supplies from Viterra Inc. which may result in contingent gains and losses, the measurement of which is subject to estimates.

The calculation of deferred income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements from changes in such estimates in future years could be significant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Basis of Consolidation

These consolidated financial statements include the accounts of CMI Terminal Ltd. and its fifty percent proportionate share of the accounts of its joint venture interest in CMI Terminal Joint Venture. Based on the proportionate consolidation method, the Company includes in its accounts its proportionate share of the assets, liabilities, revenues and expenses of the Joint Venture. Inter-entity balances and transactions are eliminated.

5.2 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

5.3 Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of major inspections, overhauls and replacement parts of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day-to-day maintenance of property, plant and equipment is recognized immediately in profit or loss as incurred.

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives.

Land has an unlimited useful life and is, therefore, not depreciated.

Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time the asset is available for use.

The methods of depreciation, depreciation rates and useful life applicable for each class of asset during the current and comparative periods are as follows:

5.3 Property, Plant and Equipment *(continued from previous page)*

	Method	Rate / Years
Building	Straight line	5 – 40 years
Equipment	Straight line	3 – 40 years
CPS equipment	Straight line	5 – 40 years
Rail siding	Straight line	40 years
Vehicles	Straight line	3 – 10 years
Land	N/A	N/A
Computer equipment	Straight line	5 years

The useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

5.4 Impairment of Non-financial Assets

At the end of each reporting date, the Company assesses whether there are any indicators of impairment for all non-financial assets. Non-financial assets that have an indefinite useful life or are not subject to depreciation are tested annually for impairment. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable.

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

5.5 Impairment of Financial Assets

Management determines when a financial asset is impaired in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. This determination requires significant judgment. Management evaluates the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

When the fair value declines, management makes assumptions about the decline in value to determine if it is an impairment to be recognized in profit or loss.

At period-end, no impairment losses have been recognized (2011 - $nil).

5.6 Borrowing Costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the construction of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale. Borrowing costs are capitalized into the cost of qualifying assets until they are ready for their intended use or sale.

When the Company borrows funds specifically for the construction of a qualifying asset, the borrowing costs capitalized are the actual borrowing costs incurred on that borrowing, net of any interest earned on those borrowings. When funds borrowed for general purposes are used for the construction of a qualifying asset, borrowing costs are capitalized using a weighted average of the borrowing costs. All other borrowing costs are recognized in profit and loss as incurred.

5.7 Joint Venture

A joint venture consists of a joint arrangement where venturers do not have rights to individual assets or obligations for expenses of the joint venture; rather each venturer is entitled to a share of the outcome of the activities of the joint venture.

The Company reports its interests in joint ventures using the proportionate consolidation method. Therefore, the Statement of Financial Position of the Company includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The Statement of Comprehensive Income of the Company includes its share of the income and expenses of the jointly controlled entity – CMI Terminal Joint Venture.

Profit or losses arising from transactions with a joint venture are eliminated to the extent of the Company's interest in the relevant joint venture. The results recognized in the financial statements of the joint venture have been adjusted, where necessary, to ensure consistency with the accounting policies of the Company. CMI Terminal Ltd. combines its share of each of the assets, liabilities, income and expenses of jointly controlled entities with the similar items, line by line, in its financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Company.

5.8 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Company, and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discounts, volume rebates, and amounts collected on behalf of third parties.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Grain handling and related revenue is recognized upon grain unloads, except cleaning revenues which are recognized upon grain settlement. As at October 1, 2012, all grain revenue is recognized upon grain settlement. Crop production services revenue is recognized when product is delivered to the customer.

5.9 Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows that reflect current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

5.10 Contingent Assets and Liabilities

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

All contingent assets are continually reviewed to ensure that the circumstances are appropriately reflected in the consolidated financial statements. Where the realization of an inflow of economic benefits with respect to a contingent asset becomes virtually certain, the asset and the related income are recognized.

5.11 Income Tax

Taxation on the profit or loss for the year is comprised of current and deferred tax.

Taxation is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case the tax is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year using rates enacted or substantially enacted at the year end, and includes any adjustments to tax payable in respect of previous years

5.11 Income Tax *(continued from previous page)*

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each balance sheet date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

5.12 Earnings Per Share

Basic earnings per share is calculated by dividing earnings available to common shareholders by the weighted average number of common shares. There are no dilutive instruments outstanding, such as warrants, rights or future conversion options of shares as at period-end.

5.13 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets at fair value through profit or loss:

The Company has classified cash and cash equivalents at fair value through profit or loss. This is in accordance with the Company's risk management strategy since the individual instruments share the same risk exposure. The Company's financial assets and liabilities at fair value through profit (loss) are initially recognized at their fair value. Fair value is determined by market price quotations in an active market or approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date and transaction costs are immediately recognized in profit (loss).

Financial instruments at fair value through profit or loss are subsequently measured at their fair value.

Loans and receivables:

The Company has classified accounts receivable as loans and receivables. These receivables are initially recognized at their fair value, determined by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus any reduction for impairment or uncollectability.

Financial liabilities at amortized cost:

The Company has classified accounts payable and accruals and long-term debt as financial liabilities measured at amortized cost. These liabilities are initially recognized at their fair value, determined by the instrument's initial cost in a transaction between unrelated parties.

Financial liabilities measured at amortized cost are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

5.14 Operating Segments

During the period, the Company had two segments as follows:

- Grain handling; and
- Crop production services.

There are no significant inter-segment transactions (see Note 17.0).

5.15 Fair Value Measurements

The Company classifies fair value measurements recognized in the Statement of Financial Position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

5.16 Standards Issued But Not Yet Effective

Presentation of financial statements

The amendment to IAS 1, issued June 2011, requires items in other comprehensive income and their related income tax effects to be grouped on the basis of whether they may subsequently be reclassified to profit or loss. The amendment will only affect disclosure and is effective for annual periods beginning on or after January 1, 2012.

Income taxes

The amendment to IAS 12, issued in December 2010, incorporates the SIC 21 Income taxes - Recovery of revalued non-depreciable assets consensus, which requires deferred tax liabilities/assets relating to revalued non-depreciable assets, to reflect the tax consequences of recovering the carrying amount through sale. It also introduces a rebuttable presumption that the carrying amount of investment property at fair value will be recovered through sale. The amendment, which supersedes SIC 21, is effective for annual periods beginning on or after January 1, 2012. The Company has not yet determined the impact of this amendment on its consolidated financial statements.

Financial instruments: disclosures

The amendment to IFRS 7, issued in October 2010, provides greater transparency around risk exposures relating to transfers of financial assets that are not derecognized in their entirety, and derecognized in their entirety, but with which the entity continues to have some continuing involvement. The amendment will only affect disclosure and is effective for annual periods beginning on or after July 1, 2011.

Financial instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primary unchanged from IAS 39, other than the fair value measurement option which now addresses an entity's own credit risk. Additional amendments are expected with respect to de-recognition of financial instruments, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company has not yet determined the impact of this amendment on its consolidated financial statements.

Consolidated financial statements

IFRS 10, issued in May 2011, provides a single basis of consolidation for all entities. The principle of control is based on three criteria: power over the investee; exposure to variable returns from involvement in the investee; and the ability of the investor to use its power to affect the amount of its returns. The standard, which supersedes SIC-12 Consolidation – Special purpose entities and the requirements in IAS 27 Consolidated and separate financial statements relating to consolidated financial statements, is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of this amendment on its consolidated financial statements.

5.16 Standards Issued But Not Yet Effective *(continued from previous page)*

Joint arrangements

IFRS 11, issued in May 2011, classifies joint arrangements as either joint operations or joint ventures based on the contractual rights and obligations of the arrangement rather than its legal form. Joint venturers use the equity method to account for their interest in the joint venture as proportionate consolidation is no longer permissible. Joint operators recognize and measure the relevant assets, liabilities, income and expenses based on applicable IFRSs, in relation to their interest in the arrangement. The standard, which supersedes IAS 31 Joint ventures and SIC 13 Jointly controlled entities – Non-monetary contributions by venturers, is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of this amendment on its consolidated financial statements.

6.0 Transition to International Financial Reporting Standards

In preparing the consolidated financial statements, the Company elected to apply the following transitional exemptions and elections permitted by IFRS 1, First Time Adoption of International Financial Reporting Standards:

- The Company has elected to apply IAS23, *Borrowing Costs* to borrowing costs relating to qualifying assets for which commencement date for capitalization is on or after November 1, 2011. The commencement date for capitalization is the date when the Company first meets all of the following conditions:
  - It incurs expenditures for the asset;
  - It incurs borrowing costs; and
  - It undertakes activities that are necessary to prepare the asset for its intended use.
- The Company has elected not to use fair value of property, plant and equipment as the deemed cost at the date of transition.

The accounting policies in Note 5.1 to 5.15 have been applied in preparing the consolidated financial statements for the year ended October 31, 2012, the comparative information as at October 31, 2011, and the opening Statement of Financial Position as at November 1, 2010, the Company's date of transition to IFRS.

Reconciliations and explanatory notes on how the transition to IFRS has affected the reported financial position, financial performances and cash flows previously reported under GAAP follow.

6.1 Reconciliation of Statement of Financial Position at November 1, 2010

	GAAP	Adjustment	IFRS
Current Assets			
Cash and cash equivalents	1,564,357	-	**1,564,357**
Accounts receivable	55,455	-	**55,455**
Income taxes recoverable	8,908	-	**8,908**
Prepaid expenses and deposits	19,263	-	**19,263**
	1,647,983	-	**1,647,983**
Non-current Assets			
Property, plant and equipment	4,656,322	423,500	**5,079,822**
	6,304,305	423,500	**6,727,805**
Current Liabilities			
Accounts payable and accruals	90,339	-	**90,339**
Current portion of long-term debt	306,520	-	**306,520**
	396,859	-	**396,859**
Long-term debt	2,297,123	-	**2,297,123**
Deferred income taxes payable	39,096	60,880	**99,976**
Share capital	1,253,664	-	**1,253,664**
Retained earnings	2,317,563	362,620	**2,680,183**
	6,304,305	423,500	**6,727,805**

Under Canadian generally accepted accounting principles, the Company calculated depreciation using the declining balance method at rates intended to depreciate the cost of assets over their estimated useful lives. Under IFRS, the Company has chosen to componentize certain assets and has calculated depreciation since inception using the straight-line method over the estimated useful life of each component. At November 1, 2010, the Company decreased accumulated amortization by $423,500, increased deferred income taxes payable by $60,880 and increased retained earnings by $362,620 as a result of this change.

6.2 Reconciliation of Statement of Financial Position at October 31, 2011

	GAAP	Adjustment	IFRS
Current Assets			
Cash	1,476,021	-	**1,476,021**
Accounts receivable	502,282	-	**502,282**
Income taxes recoverable	807	-	**807**
Prepaid expenses and deposits	18,852	-	**18,852**
	1,997,962	-	**1,997,962**
Non-current Assets			
Property, plant and equipment	4,436,331	458,279	**4,894,610**
	6,434,293	458,279	**6,892,572**
Current Liabilities			
Accounts payable and accruals	119,210	-	**119,210**
Provision for property demolition	75,000		**75,000**
Capital distributions payable	343,650		**343,650**
Current portion of long-term debt	1,075,861	-	**1,075,861**
	1,613,721	-	**1,613,721**
Long-term debt	1,221,263	-	**1,221,263**
Deferred income taxes payable	18,627	61,809	**80,436**
Share capital	910,014	-	**910,014**
Retained earnings	2,670,668	396,470	**3,067,138**
	6,434,293	458,279	**6,892,572**

Under Canadian generally accepted accounting principles, the Company calculated depreciation using the declining balance method at rates intended to depreciate the cost of assets over their estimated useful lives. Under IFRS, the Company has chosen to componentize certain assets and has calculated depreciation since inception using the straight-line method over the estimated useful life of each component. At October 31, 2011, the Company decreased accumulated amortization by $458,279, increased deferred income taxes payable by $61,809 and increased retained earnings by $396,470 as a result of this change.

6.3 Reconciliation of Total and Comprehensive Income For The Year Ended October 31, 2010

	GAAP	Adjustment	IFRS
Earnings before income taxes and depreciation	858,449	-	**858,449**
Depreciation	392,716	(39,398)	**353,318**
Earnings before income taxes	465,733	39,398	**505,131**
Provision for income taxes			
Current	78,699	-	**78,699**
Deferred	(5,979)	6,107	**128**
	72,720	6,107	**78,827**
Total and comprehensive income	393,013	33,291	**426,304**

The Company decreased amortization for the year ended October 31, 2010 by $39,398, as a result of componentization and the change from declining balance to straight-line depreciation of property, plant and equipment; this had the effect of increasing deferred income taxes by $6,107 and increasing total and comprehensive income by $33,291.

6.4 Reconciliation of Total and Comprehensive Income For The Year Ended October 31, 2011

	GAAP	Adjustment	IFRS
Earnings before income taxes and depreciation	824,869	-	**824,869**
Depreciation	420,383	(34,779)	**385,604**
Earnings before income taxes	404,486	34,779	**439,265**
Provision for income taxes			
Current	71,848	-	**71,848**
Deferred	(20,469)	929	**(19,540)**
	51,379	929	**52,308**
Total and comprehensive income	353,107	33,850	**386,957**

The Company decreased amortization for the year ended October 31, 2011 by $34,779, as a result of as a result of componentization and the change from declining balance to straight-line depreciation of property, plant and equipment; this had the effect of increasing deferred income taxes by $929 and increasing total and comprehensive income by $33,850.

6.5 Reconciliation of Cash Flows

The conversion to IFRS had no impact on the presentation of financing or investing activities in the statement of cash flows. Operating activities were impacted through an increase in total and comprehensive income, deferred income taxes and depreciation with a nil net effect.

7.0 Accounts Receivable

Accounts receivable consist of the following amounts:

	October 31, 2012	October 31 2011	November 1 2010
Trade receivables	**356,355**	499,831	53,860
Goods and Services Tax receivable	**-**	2,451	1,595
Total	**356,355**	502,282	55,455

Of the above balances, $721 (October 31, 2011 - $190 and November 1, 2010 - $1,193) is past due, but is not impaired.

8.0 Property, Plant and Equipment

	Building	Equipment	CPS Equipment	Rail Siding	Vehicles	Land	Computer Equipment	Total
Cost								
Balance, Nov 1, 2010	5,452,821	1,498,630	396,252	168,691	135,536	63,213	75,678	7,790,821
Additions	-	101,981	6,554	-	92,856	-	-	201,391
Disposals	-	-	-	-	-	(1,000)	-	(1,000)
Balance, Oct 31, 2011	5,452,821	1,600,611	402,806	168,691	228,392	62,213	75,678	7,991,212
Additions	-	241,296	14,585	-	-	-	6,085	261,963
Disposals	-	-	-	-	-	(500)	-	(500)
Balance, Oct 31, 2012	**5,452,821**	**1,841,907**	**417,391**	**168,691**	**228,392**	**61,713**	**81,763**	**8,252,678**
Amortization								
Balance, Nov 1, 2010	1,587,209	808,923	191,455	1,055	81,160	-	41,197	2,710,999
Depreciation charge	203,780	121,018	34,836	4,216	12,721	-	9,032	385,603
Disposals	-	-	-	-	-	-	-	-
Balance, Oct 31, 2011	1,790,989	929,941	226,291	5,271	93,881	-	50,229	3,096,602
Depreciation charge	203,780	134,950	34,871	4,217	23,007	-	8,224	409,051
Disposals	-	-	-	-	-	-	-	-
Balance, Oct 31, 2012	**1,994,769**	**1,064,891**	**261,162**	**9,488**	**116,888**	**-**	**58,453**	**3,505,651**
Net book value, Nov 1, 2010	3,865,612	689,707	204,797	167,636	54,376	63,213	34,481	5,079,822
Net book value, Oct 31, 2011	3,661,832	670,670	176,515	163,420	134,511	62,213	25,449	4,894,610
Net book value, Oct 31, 2012	**3,458,052**	**777,016**	**156,229**	**159,203**	**111,504**	**61,713**	**23,310**	**4,747,027**

9.0 Accounts Payable

Accounts payable consist of the following amounts:

	October 31 2012	October 31 2011	November 1 2010
Trade accounts payable	**46,125**	36,411	36,060
Accrued wages payable	**67,648**	82,799	54,279
Total	**113,773**	119,210	90,339

10.0 Provision for Property Demolition

During the previous fiscal year, the Joint Venture accrued a provision in the amount of $150,000 relating to the estimated costs of demolition and cleanup of a wooden grain elevator. As the grain elevator is fully depreciated and is not currently used in the operations of the Joint Venture, the cost of $150,000 was recorded as a provision for property demolition and was reported within the operating expenses for the year ended October 31, 2011. The difference between the provision recorded and actual costs is recorded within net income as a recovery of costs. The Company’s share ($6,204) has been reported against current year’s operating expenses.

11.0 Long-term Debt

	October 31 2012	October 31 2011	November 1 2010
Term loan payable in monthly instalments of $8,333 plus interest at 4.93%, secured by building with a net book value of $1,635,147, with current term maturing in 2013.	**1,118,983**	1,218,985	1,318,988
Term loan repayable in monthly instalments of $10,890 plus interest at 3.98%, secured by a general security agreement, with current term maturing in 2015.	**739,824**	870,505	1,001,184
Term loan payable in monthly instalments of $4,092 plus interest at prime plus 1.5%.	**-**	151,384	200,488
Term loan payable in monthly instalments of $2,083 plus interest at prime plus 1.25%.	**-**	56,250	81,250
Term loan payable in semi-annual instalments of $4,935 including interest at 5.9%.	**-**	-	1,733
	1,858,807	2,297,124	2,603,643
Less: current portion	**1,249,663**	1,075,861	306,520
	609,144	1,221,263	2,297,123

Principal repayments on long-term debt in each of the next three years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

2013	1,249,663
2014	130,680
2015	478,465
Total	1,858,808

2013 principal repayments include the total balance outstanding for the loans that are up for renewal October 2013.

Long-term debt is subject to certain financial covenants with respect to current ratio, net worth and earnings. As at October 31, 2012, October 31, 2011 and November 1, 2010, the Company is in compliance with all such covenants.

12.0 Related Party Transactions

All export bound shipments from the Joint Venture terminal are consigned to Viterra Inc., a venturer. Therefore, the Company receives its handling revenues through Viterra Inc.

Substantially all products sold through the crop production services business is acquired from Viterra Inc. Therefore, the Company receives its crop production service revenues through Viterra Inc.

Of the $10,662,130 (October 31, 2011 - $8,482,560) sales and $7,619,335 (October 31, 2011 - $6,224,784) purchases made in the current period with Viterra Inc., $350,938 (October 31, 2011 - $498,075) is receivable at October 31, 2012. The balance receivable and payable bear no interest and are payable upon invoicing. No provision for doubtful debts has been recognized in relation to the outstanding balance.

The transactions are in the normal course of operations and are measured at the exchange amount, which approximates fair value and is the amount of consideration established and agreed upon by the related parties.

12.0 Related Party Transactions *(continued from previous page)*

Key management personnel

Key management personnel consist of Directors, the General Manager, the Controller, the Manager of Procurement and Grain Operations and the Manager of Ag Sales and Services.

Compensation of directors and key management personnel

Compensation shown includes (where applicable) wages and salaries, paid annual leave and paid sick leave, bonuses and value of fringe benefits received, but excludes out of pocket reimbursements.

Total compensation paid during the year ended October 31, 2012 to key management personnel totalled $231,811 (October 31, 2011 - $201,463).

Other transactions with directors

During the year ended October 31, 2012, the Company made $474,601 sales to directors or corporations controlled by directors (October 31, 2011 - $31,494). The sales were made on the same terms and conditions available to all other customers. Of these amounts, $nil is receivable at October 31, 2012 (October 31, 2011 - $nil).

13.0 Financial Instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value hierarchy

Cash and cash equivalents valued at fair value on the Statement of Financial Position are classified in the fair value hierarchy as Level 1.

Financial instruments carrying values and fair values

The carrying amounts of accounts receivable and accounts payable and accruals approximate their fair values due to the short-term maturities of these items. The carrying amount of the Company's long-term debt approximates its fair value, as current interest rates are not significantly different from the terms of these loans.

Fair values are based on management's best estimates after consideration of current market conditions. The estimates are subjective and involve considerable judgment, and as such are not necessarily indicative of the amounts that the Company may incur in actual market transactions.

Risk management policy

The Company is exposed to a variety of financial risks as part of its operations including the following:

- interest rate
- price
- credit
- liquidity
- foreign exchange

The Company, as part of operations, has established avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Company follows a risk management policy approved by its Board of Directors.

13.0 Financial Instruments *(continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through minimizing exposure to long-term financial instruments subject to interest rate risk and obtaining long-term debt with fixed rates. The Company does not speculate on interest rates.

The Company is exposed to interest rate risks with respect to its long-term debt. A 1.0% increase or decrease in interest rates relating to the Company's long-term debt could increase annual interest expense by $18,588.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not take ownership of inventory, and does not enter into derivative contracts. The nature of the Company's activities exposes it to risks of changes in commodity prices related to crop inputs that may occur between the time products are received on consignment from the supplier and the actual date of sale to customers. To mitigate a portion of this price risk, it has been determined that the Company will receive a set margin on the sale of the product, regardless of the price selling in the market.

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk consists primarily of accounts receivable. The Company minimizes its exposure to credit risk by having ownership of grain transfer directly from each producer to Viterra Inc. at time of purchase. Also, crop inputs inventory is owned and controlled by Viterra. This results in minimal accounts receivable.

Amounts receivable from Viterra Inc., a venturer as described in Note 1.0, represent 98% of the total accounts receivable at October 31, 2012 (October 31, 2011 – 99%), (November 1, 2010 – 87%).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit, borrow funds from financial institutions or other creditors and lease office equipment from various creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 11.0.

Accounts payable and accruals are current and scheduled for payment within the next fiscal year.

Foreign exchange risk

Foreign exchange risk is the risk that the value of the Canadian dollar in relation to other currencies changes. Foreign exchange risk arises from purchase transactions, as well as recognized financial assets and liabilities denominated in foreign currencies. The Company does not hold any financial assets or liabilities in foreign currencies, and foreign exchange risk is limited to a small number of asset purchases which are recorded at the spot rate at the time the Company acquires ownership of the asset.

14.0 Share Capital

	October 31 2012	October 31 2011	November 1 2010
Authorized			
Common shares			
Unlimited number of Class A, voting common shares which may be issued in series.			
Unlimited number of Class B, non-voting shares which may be issued in series. The Class B shares may be converted into Class A Series 1 shares as follows: (i) Class A Shareholders may convert their Class B Series 1 shares for Class A Series 1 shares on a one-to-one basis, (ii) Class B (only) shareholders may convert their Class B Series 1 shares to Class A Series 1 shares on a one-to-one basis provided that such conversion rights may only be exercised in lots of 10 Class B Series 1 shares.			
Preferred shares			
Unlimited number of Class C, non-voting preferred shares, redeemable by the Company, retractable by the holder.			
Unlimited number of Class D, non-voting preferred shares, redeemable by the Company, retractable by the holder. Each Class D share may be converted into three Class A Series 1 shares at the option of the Company.			
Issued			
Common shares			
22,050 Class A common shares (22,910 at Oct 31, 2011 and Nov 1, 2010)	**875,854**	910,014	1,253,664

Common shares	#	$
Balance November 1, 2010	22,910	1,253,664
Capital distributions	-	(343,650)
Balance October 31, 2011	**22,910**	**910,014**
Share redemptions	(860)	(34,160)
Balance October 31, 2012	**22,050**	**875,854**

During the year ended October 31, 2011, the Company approved to return to the shareholders, capital of $15 per share, totalling $343,650 (October 31, 2010 - $343,650). The return of capital was approved October 27, 2011 and paid out on April 20, 2012.

During the year ended October 31, 2012, 860 Class A common shares were redeemed for cash consideration of $134,452. Of this amount, $40 per share totalling $34,160 represented a reduction in share capital, while $117 per share totalling $100,292 was charged to retained earnings as a premium on share repurchase.

15.0 Income Taxes

	October 31 2012	October 31 2011	November 1 2010
Deferred income tax assets:			
Property, plant and equipment	**4,140,027**	4,221,915	4,355,160
Cumulative eligible capital	**11,128**	11,966	12,867
Debt issue costs	**1,386**	2,698	3,573
Total deferred income tax assets	**4,152,541**	4,236,579	4,371,600
Deferred income tax liabilities:			
Property, plant and equipment	**4,685,315**	4,832,399	5,016,609
Total deferred income tax liabilities	**4,685,315**	4,832,399	5,016,609
Net deferred income tax liabilities	**532,774**	595,820	645,009
Effective tax rate	**13.0%**	13.5%	15.5%
Deferred income taxes payable	**69,261**	80,436	99,976

The Company's effective tax rate approximates 13% on the first $500,000 of active business income earned in Saskatchewan. The tax rate is between 27% and 30% for active business in excess of this amount.

The difference between the effective tax rate and actual income tax rates is insignificant; therefore, a reconciliation has not been provided.

16.0 Capital Management

The Company's primary objectives when managing capital is to ensure that sufficient capital reserves are maintained to facilitate the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders through the provision of grain handling services, and also to allow the Company to take advantage of business opportunities that are connected to its core business. The Company considers debt and shareholders' equity in the definition of capital.

The capital structure of the Company is as follows:

	October 31 2012	October 31 2011	November 1 2010
Current portion of long-term debt	**1,249,663**	1,075,861	306,520
Long-term debt	**609,144**	1,221,263	2,297,123
Share capital	**875,854**	910,014	1,253,664
Retained earnings	**3,774,233**	3,067,138	2,680,183

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of distributions to shareholders or sell assets to reduce debt.

The Company does not establish quantitative return on capital criteria for management, but rather promotes goals for sustainable operations.

The Company is bound by certain external imposed covenants on its long-term debt. These covenants place restrictions on total debt based on the Company's current ratios, earnings before interest, depreciation and amortization, set minimum levels for debt service coverage and a number of operating restrictions. During the year ended October 31, 2012, the Company complied with the capital requirements.

Within the 2013 fiscal period, management does not expect its activities to be constrained by any of its debt covenants.

17.0 Segmented Information

The Company's business operations are grouped into two business segments as follows:

a. **Grain handling**
This segment consists of the buying, selling, cleaning and drying of grain

b. **Crop production services** ("CPS")
This segment consists of sales of fertilizer, crop protection products, seed and seed treatments.

17.1 Segmented Total and Comprehensive Income

	October 31, 2012			
	Corporate Costs	Grain Handling	CPS	Total
Sales	-	1,950,421	8,726,754	**10,677,175**
Cost of sales	-	98,245	7,521,090	**7,619,335**
Gross profit	-	1,852,176	1,205,664	**3,057,841**
Other income	3,046	9,839	-	**12,885**
	3,046	1,862,017	1,205,664	**3,070,726**
Administrative expenses	88,395	118,382	36,640	**243,417**
Operating expenses	21,943	870,210	388,022	**1,280,175**
Interest on long-term debt	-	116,445	-	**116,445**
Depreciation	433	315,078	93,535	**409,046**
Income taxes	214,258	-	-	**214,258**
Total and comprehensive income (loss)	**(321,983)**	**441,902**	**687,467**	**807,385**

	October 31, 2011			
	Corporate Costs	Grain Handling	CPS	Total
Sales	-	1,307,751	7,185,954	**8,493,705**
Cost of sales	-	120,557	6,104,227	**6,224,784**
Gross profit	-	1,187,193	1,081,727	**2,268,921**
Other income	1,117	10,376	-	**11,493**
	1,117	1,197,569	1,081,728	**2,280,414**
Administrative expenses	53,360	95,342	32,487	**181,189**
Operating expenses	17,960	754,829	366,402	**1,139,191**
Interest on long-term debt	-	135,164	-	**135,164**
Depreciation	217	313,922	71,465	**385,604**
Income taxes	52,308	-	-	**52,308**
Total and comprehensive income (loss)	**(122,728)**	**(101,688)**	**611,374**	**386,958**

17.2 Segmented Property, Plant and Equipment:

	Corporate	Grain Handling	CPS	Total
Cost				
Balance, Nov 1, 2010	7,907	7,069,214	713,700	7,790,821
Additions	-	25,940	175,451	201,391
Disposals	-	(1,000)	-	(1,000)
Balance, Oct 31, 2011	7,907	7,094,154	889,151	7,991,212
Additions	-	22,514	239,450	261,964
Disposals	-	(500)	-	(500)
Balance, Oct 31, 2012	**7,907**	**7,116,168**	**1,128,601**	**8,252,676**
Depreciation				
Balance, Nov 1, 2010	7,042	2,388,532	315,425	2,710,999
Depreciation charge	216	313,920	71,467	385,603
Disposals	-	-	-	-
Balance, Oct 31, 2011	7,258	2,702,452	386,892	3,096,602
Depreciation charge	433	315,078	93,536	409,047
Disposals	-	-	-	-
Balance, Oct 31, 2012	**7,691**	**3,017,530**	**480,428**	**3,505,649**
Net book value, Nov 1, 2010	865	4,680,682	398,275	5,079,822
Net book value, Oct 31, 2011	649	4,391,702	502,259	4,894,610
Net book value, Oct 31, 2012	**216**	**4,098,638**	**648,173**	**4,747,027**

18.0 Economic Dependence

The Joint Venture markets substantially all of its services through an arrangement with Viterra Inc. The ability of the Company to sustain operations is dependent upon the continued operation of this arrangement.

The parties to the Joint Venture have entered into a long-term service agreement with Canadian Pacific Railway to provide rail service to the Joint Venture.

19.0 Subsequent Event

On December 7, 2012, Viterra Inc. announced that the acquisition by a subsidiary of Glencore International Plc (“Glencore”) received final regulatory approval. The effective date of the acquistion is to be December 17, 2012 at which time Glencore will release funds to be paid to the existing shareholders of Viterra Inc. Management is unable to estimate the impact of this event of the future operations of the Joint Venture at the current time.