CMI Terminal Ltd.
Consolidated Financial Statements
December 31, 2015

Contents

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 entirely 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 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.

March 16, 2016

signed – Andrew Kolbeck
General Manager

signed – Jackie Buhs
Controller

Independent Auditors' Report

To the Shareholders of CMI Terminal Ltd.:

We have audited the accompanying consolidated financial statements of CMI Terminal Ltd. and its subsidiary which comprise the consolidated statement of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2015 and the 14 month period ended December 31, 2014 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 error.

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 error. 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting 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 financial position of CMI Terminal Ltd. and its subsidiary as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the year ended December 31, 2015 and the 14 month period ended December 31, 2015 are in accordance with International Financial Reporting Standards.

MNP LLP

Melfort, Saskatchewan
March 16, 2016

Chartered Professional Accountants

CMI Terminal Ltd.
Consolidated Statements of Financial Position

	December 31 2015	December 31 2014
Assets		
Current		
Cash and cash equivalents	**1,244,760**	357,747
Accounts receivable *(Note 6)*	**5,087**	320,667
Income tax recoverable	**-**	87,057
Inventory *(Note 7)*	**3,180,035**	2,395,726
Due from related parties *(Note 11)*	**161,871**	135,294
Deposits to suppliers	**2,002,356**	1,101,216
Total current assets	**6,594,109**	4,397,707
Non-current assets		
Investment in Joint Venture *(Note 12)*	**2,782,869**	3,106,160
Property, plant and equipment *(Note 8)*	**1,202,624**	1,375,166
Total assets	**10,579,602**	8,879,033
Liabilities		
Current		
Bank indebtedness *(Note 9)*	**1,696,000**	217,000
Accounts payable and accruals	**1,950,362**	1,853,605
Income taxes payable	**22,664**	-
Due to related parties *(Note 11)*	**3,616**	178,488
Deferred Revenue	**701,901**	573,377
Current portion of long-term debt *(Note 10)*	**197,316**	197,124
Total current liabilities	**4,571,859**	3,019,594
Non-current liabilities		
Long-term debt *(Note 10)*	**478,400**	688,157
Deferred income taxes payable *(Note 15)*	**73,868**	58,085
Total liabilities	**5,124,127**	3,765,836
Shareholders' equity		
Share capital *(Note 14)*	**489,560**	497,673
Retained earnings	**4,965,915**	4,615,524
Total shareholders' equity	**5,455,475**	5,113,197
Total liabilities and shareholders' equity	**10,579,602**	8,879,033

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 Statement of Comprehensive Income

For the periods then ended

	December 31 **2015**	*14 Months Ended* December 31 *2014*
Sales	**13,367,431**	12,869,715
Cost of sales	**11,388,398**	10,985,791
Gross profit	**1,979,033**	1,883,924
Income from Joint Venture *(Note 12)*	**576,709**	715,885
Other income	**77,089**	78,809
	2,632,831	2,678,618
Administrative expenses	**314,529**	382,490
Operating expenses	**1,124,294**	1,286,395
Earnings from operations before income taxes, interest and depreciation	**1,194,008**	1,009,733
Interest on long-term debt	**26,187**	35,596
Earnings before income taxes and depreciation	**1,167,821**	974,137
Depreciation *(Note 8)*	**213,068**	254,315
Earnings before income taxes	**954,753**	719,822
Provision for (recovery of) income taxes *(Note 15)*		
Current	**203,769**	156,902
Deferred	**15,783**	(9,599)
	219,552	147,303
Total comprehensive income	**735,201**	572,519
Earnings per share		
Basic and diluted	**35.33**	**27.29**
Weighted average number of common shares	**20,809**	20,980

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

CMI Terminal Ltd.
Consolidated Statement of Changes in Equity
For the periods then ended

	December 31 2015	*December 31 2014*
Retained earnings, beginning of period	**4,615,524**	4,357,705
Comprehensive income	**735,201**	572,519
Dividends paid	**(309,570)**	(314,700)
Share redemption premium	**(75,240)**	-
Retained earnings, end of period	**4,965,915**	4,615,524
Share capital, beginning of period	**497,673**	497,673
Share redemptions *(Note 14)*	**(8,113)**	-
Share capital, end of period	**489,560**	497,673
Total equity	**5,455,475**	5,113,197

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

CMI Terminal Ltd.
Consolidated Statement of Cash Flows
For the periods then ended

	December 31 2015	*December 31 2014*
Cash provided by (used for) the following activities		
Operating activities		
Total and comprehensive income	**735,201**	572,519
Depreciation	**213,068**	254,315
Gain on sale of assets	**-**	(16,746)
Share of CMI Terminal Joint Venture earnings	**(576,709)**	(715,885)
Deferred income taxes	**15,783**	(9,599)
Cash from operations before the following	**387,343**	84,604
Changes in working capital accounts		
Accounts receivable	**315,580**	(67,042)
Due from related parties	**(26,577)**	-
Inventory	**(784,309)**	(1,778,905)
Prepaid expenses and deposits	**(901,140)**	(1,101,216)
Accounts payable and accruals	**96,762**	330,672
Customer deposits	**128,524**	550,877
Due to related parties	**(174,872)**	31,150
Income taxes payable/recoverable	**109,721**	(128,009)
Cash used in operating activities	**(848,968)**	(2,077,869)
Financing activities		
Advances of bank indebtedness	**1,479,000**	217,000
Advances of long-term debt	**-**	734,000
Repayments of long-term debt	**(209,571)**	(70,952)
Capital distributions	**-**	-
Payment of dividends	**(384,810)**	(314,700)
Redemption of shares	**(8,113)**	-
Cash provided by financing activities	**876,506**	565,348
Investing activities		
Cash withdrawals from CMI Terminal Joint Venture	**900,000**	400,000
Purchases of property, plant and equipment	**(40,525)**	(140,729)
Proceeds on disposal of property, plant and equipment	**-**	34,350
Cash provided by investing activities	**859,475**	293,621
Increase (decrease) in cash and cash equivalents	**887,013**	(1,218,900)
Cash and cash equivalents, beginning of year	**357,747**	1,576,647
Cash and cash equivalents, end of year	**1,244,760**	357,747

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

1. Reporting entity and description of business

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

The Company is domiciled in Canada near Naicam, Saskatchewan.

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

Under the terms of the Agreement, all 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 Company, therefore, does not record grain inventory in its consolidated accounting records.

The address of the Company's registered office is Box 43 Naicam Saskatchewan S0K 2Z0.

The consolidated financial statements were approved by those charged with governance and authorized for issue on March 16, 2016.

Due to the nature of the operations, the Company experiences effects of seasonality. The business is affected by changes in the agriculture sector, resulting from poor crop yields or fluctuating commodity market prices. The Company's second and third quarters have the highest amount of sales given the larger amount of crop input sales during these time frames.

In 2014, the Company changed its reporting year-end from October 31 to December 31, to coincide with the year-ends of related parties. The comparative figures presented are for the 14-month period ended December 31, 2014 and therefore are not entirely comparable.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as at December 31, 2015.

Basis of measurement

Except for certain financial instruments measured at fair value, the consolidated financial statements have been prepared on the historical cost. The principal accounting policies are set out in Note 5.0.

Functional currency

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

3. Adoption of new and amended IFRS pronouncements

The following standards have been published and are mandatory for the Company's annual accounting periods beginning on or after January 1, 2015. Unless otherwise disclosed, the adoption of these new standards did not have a material impact on the consolidated financial statements.

IAS 24 related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The adoption of IAS 24 did not have an impact on the financial statements.

3. Adoption of new and amended IFRS pronouncements *(Continued from previous page)*

IAS 36 – Impairment of assets

The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The adoption of IAS 36 did not have an impact on the financial statements

4. Significant accounting judgments, estimates and assumptions

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.

Significant judgments

Determining cash generating units ("CGU's)
For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash flows which make up the CGU. Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use.

Significant estimates

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Inventory is valued using the weighted average method. Inventory values are adjusted as required if values decline during the period. Adjustments and allowances for spoiled or damaged inventory are completed as needed throughout the year.

Depreciation is based on the estimated useful lives of property, plant and equipment.

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.

Management must also determine whether a financial asset is impaired. Management evaluated the extent that fair value declines and market assumptions about the decline, in value in order to determine if an impairment adjustment is necessary.

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 the 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. 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:

Basis of consolidation

These consolidated financial statements include the accounts of CMI Terminal Ltd., and the financial accounts of its wholly owned subsidiary, CMI Ag Ltd. Inter-entity balances and transactions are eliminated. Subsidiaries are entities controlled by the Company. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Company the current ability to direct the relevant activities and that the Company has the practical ability to exercise, is considered.

The results of subsidiaries acquired or disposed of during the period are included in these consolidated financial statements from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Any balances, unrealized gains and losses, or income and expenses arising from intra-Company transactions, are eliminated upon consolidation.

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.

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 or at the time they become available for use, if these times differ. Internally constructed assets are depreciated from the time the asset is available for use.

The Company uses the straight-line method to calculate depreciation on the following rates:

	Method	Rate / Years
Building	Straight line	5 – 40 years
Equipment	Straight line	3 – 40 years
CPS equipment	Straight line	5 – 40 years
NH3 equipment	Straight line	10 years
Vehicles	Straight line	3 – 10 years
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. Summary of significant accounting policies *(Continued from previous page)*

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.

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.

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 equity method. Therefore, the statement of financial position shows the total investment in the joint venture and the statement of comprehensive income includes the 50% share of income from the joint venture.

The financial statements of the Joint Venture are prepared for the same reporting period as the Company.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Company, when the significant risks and rewards of ownership of the goods have been transferred to the buyer 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.

Grain handling and related revenue is recognized upon grain settlement. Crop production services revenue is recognized when product is delivered to the customer.

5. Summary of significant accounting policies *(Continued from previous page)*

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.

Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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.

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.

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.

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. Summary of significant accounting policies *(Continued from previous page)*

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. Transactions to purchase or sell these items are recorded on the settlement date.

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, and amounts due from related parties as loans and receivables.

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 the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and less any reduction for impairment or collectability.

Financial liabilities at amortized cost

The Company has classified accounts payable and accruals, amounts due to related parties, bank indebtedness, and long-term debt as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost. Under this method, estimated future cash payments are exactly discounted over the liability’s expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

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. Summary of significant accounting policies *(Continued from previous page)*

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as a December 31, 2015 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 9 - 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.

In November 2013, the IASD amended IFRS 9. The amendments result in significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date has been deferred to annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of this amendment on its financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15, issued in May 2014, will specify how and when entities recognize, measure, and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including IAS 11 construction contracts, IAS 18 revenue, IFRIC 13 customer loyalty programmes, IFRIC 15 agreements for the construction of real estate, IFRIC 18 transfers of assets from customers, and SIC 31 revenue – barter transactions involving advertising services.

IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company has not yet determined the impact of this standard on its financial statements.

5. Summary of significant accounting policies *(Continued from previous page)*

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in December 2014, provide clarification on presentation and disclosure requirements and ensure entities are able to use judgment when preparing their financial statements. The amendments are summarized below:

Materiality:

- Clarify that entities shall not aggregate or disaggregate information in a manner that obscures useful information;
- Clarify that materiality requirements apply to the statements of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statements of changes in equity, and to the notes; and
- Clarify when a standard requires a specific disclosure, the resulting information shall be assessed to determine whether it is material and consequently whether presentation or disclosure of that information is warranted.

Presentation of statements of financial position and profit or loss and other comprehensive income:

- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements; and
- Clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will be subsequently reclassified to profit or loss.

Notes:

- Clarify that entities have flexibility as to the order in which they present the notes, but also emphasize that understandability and comparability should be considered by an entity when deciding that order; and
- Remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

The amendments only affect financial statement presentation and disclosure and are effective for annual periods beginning on or after January 1, 2016.

6. Accounts receivable

	December 31 2015	December 31 2014
Trade receivables	**3,073**	315,441
Goods and Services Tax receivable	**2,014**	5,226
	5,087	320,667

7. Inventory

	December 31 2015	December 31 2014
Chemical	**1,665,310**	789,259
Fertilizer	**260,773**	456,258
Seed	**964,157**	992,355
Agriculture equipment	**119,618**	760
NH3	**170,177**	157,094
Total inventory	**3,180,035**	2,395,726

The cost of inventories recognized as an expense and included in cost of sales amounts to $11,361,722 (2014 - $10,945,126).

8. Property, plant and equipment

	Equipment	CPS Equipment	Vehicles	Land	NH3 Equipment	Total
Cost						
Balance, Nov 1, 2013	7,907	736,355	154,850	33,198	1,165,397	2,097,707
Additions	7,123	-	117,856	-	15,951	140,931
Disposals	-	-	(13,437)	-	(46,199)	(59,636)
Balance, Dec 31, 2014	15,030	736,355	259,269	33,198	1,135,149	2,179,002
Additions	40,527	-	-	-	-	40,527
Disposals	-	-	-	-	-	-
Balance, Dec 31, 2015	**55,557**	**736,355**	**259,269**	**33,198**	**1,135,149**	**2,219,529**
Depreciation						
Balance, Nov 1, 2013	7,907	357,512	81,791	-	144,144	591,354
Depreciation charge	476	78,439	56,078	-	119,322	254,315
Disposals	-	-	(13,437)	-	(28,396)	(41,833)
Balance, Dec 31, 2014	8,383	435,951	124,432	-	235,070	803,836
Depreciation charge	1,907	65,898	37,471	-	107,792	213,068
Disposals	-	-	-	-	-	-
Balance, Dec 31, 2015	**10,290**	**501,849**	**161,903**	**-**	**342,862**	**1,016,904**
Net book value, Dec 31, 2014	6,647	300,404	134,837	-	900,079	1,375,166
Net book value, Dec 31, 2015	**45,267**	**234,506**	**97,366**	**33,198**	**792,287**	**1,202,624**

9. Bank indebtedness

Bank indebtedness includes an operating loan in the amount of $1,696,000 (December 2014 - $217,000) and bears interest at prime plus 0.25%. The Company is subject to certain borrowing conditions and debt covenants, relating to having sufficient levels of inventory and accounts receivable. The Company is in compliance with all covenants at December 31, 2015. Security on the operating line is a general security agreement. Bank indebtedness is authorized to a maximum of $5,000,000 (December 2014 - $5,000,000), and is repayable on demand.

10. Long-term debt

	December 31 2015	December 31 2014
Term loan payable in monthly instalments of $12,250 plus interest at prime plus 0.5% (3.20% at Dec. 31, 2015), secured by a general security agreement, with current term maturing in 2016.	**562,500**	721,750
Term loan payable in monthly instalments of $4,193 plus interest at prime plus 0.5% (3.20% at Dec. 31, 2015), secured by a general security agreement, with current term maturing in 2016.	**113,216**	163,531
	675,716	885,281
Less: current portion	**197,316**	197,124
	478,400	688,157

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

2016	197,316
2017	197,316
2018	197,316
2019	83,768
Total	675,716

Long-term debt is subject to certain financial covenants with respect to current ratio and tangible net worth. As at December 31, 2015, the Company was in compliance with all such covenants.

11. Related party transactions

During the year ended December 31, 2015, payroll expenses totalling $1,745,781 (December 31, 2014 - $1,840,249) were paid by CMI Terminal Ltd., with $1,024,562 being reimbursed by CMI Joint Venture.

During the year ended December 31, 2015, other operating and administrative expenses totalling $18,177 were paid by the Joint Venture and reimbursed by CMI Terminal Ltd.

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.

All intercompany transactions have been eliminated upon consolidation between CMI Terminal Ltd. and CMI Ag Ltd.

Of these amounts, the following balances are recorded on the consolidated statement of financial position:

	December 31 2015	December 31 2014
Due from CMI Joint Venture	**161,871**	135,294
Due to CMI Joint Venture	**(3,616)**	(178,488)

11. Related party transactions *(Continued from previous page)*

Key management personnel

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

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 December 31, 2015, to key management personnel, totalled $480,924 (December 31, 2014 - $441,299).

Other transactions with directors

During the year ended December 31, 2015, the Company made $747,168 of sales to directors or corporations controlled by directors (December 31, 2014 - $562,116). The sales and purchases were made on the same terms and conditions available to all other customers. Of these amounts, $nil is receivable at December 31, 2015 (December 31, 2014 - $nil).

12. Investment in Joint Venture

CMI Terminal Ltd. is a 50% venturer in CMI Terminal Joint Venture. A summary of the information from the Joint Venture's December 2015 financial statements is disclosed below. A summary of the nature of the Joint Venture's operations is disclosed in Note 1.

Reconciliation of investment in Joint Venture per Statement of Financial Position

Investment in Joint Venture – October 31, 2013	$2,790,275
Share of Joint Venture income for 14 months ended December 31, 2014	715,885
Cash withdrawals for period ended December 31, 2014	(400,000)
Investment in Joint Venture – December 31, 2014	$3,106,160
Share of Joint Venture income for year ended December 31, 2015	576,709
Cash withdrawals for period ended December 31, 2015	(900,000)
Investment in Joint Venture –December 31, 2015	**$2,782,869**

Summary information of CMI Terminal Joint Venture net assets

	December 31, 2015	December 31, 2014
Current assets	**1,809,579**	1,988,734
Cash and cash equivalents included in above	**1,403,402**	1,596,927
Non-current assets	**6,434,194**	7,006,766
Current liabilities	**882,756**	1,178,553
Non-current liabilities	**1,795,276**	1,605,628

12. Investment in Joint Venture *(Continued from previous page)*

CMI Terminal Joint Venture's Statement of Comprehensive Income

	December 31 2015	*14 months ended* December 31 2014
Sales	**4,241,666**	4,470,309
Cost of sales	**260,095**	177,063
Gross profit	**3,981,571**	4,293,246
Other income	**11,244**	31,765
Subtotal	**3,992,815**	4,325,011
Administrative expenses	**198,842**	217,699
Operating expenses	**1,968,423**	1,776,517
Earnings from operations before interest and depreciation	**1,825,550**	2,330,795
Interest on long-term debt	**99,561**	139,384
Earnings from operations before depreciation	**1,725,989**	2,191,411
Depreciation	**572,572**	759,639
Total income and comprehensive income	**1,153,417**	**1,431,772**

13. Financial instruments

Financial instruments carrying values and fair values

The carrying amounts of cash, accounts receivable, accounts payable and accruals, bank indebtedness, and amounts due to and from related parties 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.

Cash and cash equivalents valued at fair value on the statement of financial position are classified in the fair value hierarchy as Level 1.

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. 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 term loans and bank indebtedness. A 1.0% increase in interest rates relating to the Company's long-term debt would reduce comprehensive income by $6,757. A 1.0% increase in interest rates relating to the Company's bank indebtedness would reduce the Company's comprehensive income by $16,960.

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 instruments, or its issuer, or factors affecting all similar financial instruments traded in the market. The Company enters into transactions to purchase crop production products, for which the market prices fluctuate. 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 from the supplier and the actual date of sale to customers. The Company quotes spring prices to many of its customers, which may or may not be higher than the price at which they purchased it for. To mitigate a portion of this risk, the Company enters into contracts with the supplier to purchase the product at a specified price, which is less than the price quoted.

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. Credit concentration exists relating to trade accounts receivable as the Company's sales are concentrated in the agricultural sector. The Company's sales are spread within a large market and it is management's belief that they are not subject to a large amount of credit risk. At the end of the year ended, there was no credit risk concentration in relation to accounts receivable (2014 – there was one balance making up 82%).

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 cash flow. Accounts payable and accruals are current and scheduled for payment within the next fiscal year. The Company`s outstanding bank indebtedness is due on demand and therefore there is no maturing date. The contractual maturities of long-term debt are disclosed in Note 10.0.

Foreign exchange risk

Foreign exchange risk is the risk that the value of the Canadian dollar changes in relation to other currencies. 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.

13. Financial instruments *(Continued from previous page)*

Foreign exchange risk

Foreign exchange risk is the risk that the value of the Canadian dollar changes in relation to other currencies. 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. Share capital

	December 31 2015	December 31 2014
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, and (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		
20,638 Class A common shares (2014 – 20,980)	**489,560**	497,673

Common shares	**#**	**$**
Balance December 31, 2014	20,980	$497,673
Share redemptions	(342)	(8,113)
Balance December 31, 2015	**20,638**	**489,560**

During the year ended December 31, 2015, 342 (December 31, 2014 – nil) Class A common shares were redeemed for cash consideration of $83,113 (December 31, 2014 - $0). Of this amount, $23.72 per share totalling $8,113 (December 31, 2014 - $nil) represented a reduction in share capital, while $220 per share totalling $75,240 was charged to retained earnings as a premium on share repurchase.

15. Income taxes

	December 31 2015	December 31 2014
Combined statutory tax rate	**21.3%**	20.5%
Income tax at statutory rate	**203,328**	127,167
Net adjustment for deductible, non-deductible and other amounts	**22,568**	20,136
Losses from prior years	**(6,344)**	
	219,552	147,303

	December 31 2015	December 31 2014
Deferred income tax assets:		
Cumulative eligible capital	**1,929**	9,512
Deferred income tax liabilities:		
Property, plant and equipment	**75,797**	4,798,456
Deferred income taxes payable	**73,868**	58,085

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.

In the current year, an effective rate of 24% (December 2014 - 19%) was used to calculate future taxes based on the effective rate of tax of the entity.

16. 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 crop input sales, 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:

	December 31 2015	December 31 2014
Bank indebtedness	**1,696,000**	217,000
Current portion of long-term debt	**197,316**	197,124
Term loan	**478,400**	688,157
Share capital	**489,560**	497,673
Retained earnings	**4,965,915**	4,615,524

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.

16. Capital management (*Continued from previous page)*

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 December 31, 2015, the Company complied with the capital requirements.

Within the 2016 fiscal period, management does not expect its activities to be constrained by any of its debt covenants.