2016-2017 ANNUAL REPORT

23RD ANNUAL

SWT

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GULL LAKE HAZENMORE CABRI SHAUNAVON WYMARK

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FROM THE GM & CHAIR

"We are more than just a grain terminal and crop input retails. We are here to help add value to the complex business of farming for our stakeholders by being the leader in grain and crop inputs solutions. Our values, our expertise and our drive to provide leading edge service enrich our communities where we live, work and play."

Monty Reich, General Manager

"The agriculture industry continues to evolve at a rapid pace. Advanced technologies in farming applications and customer demands are changing the landscape and the future of agriculture in Western Canada. I am proud of how well the SWT team is embracing these exciting times and is focused on exceeding our stakeholder's needs. Our vision is very clear: to be recognized as the most trusted, innovative and customer centric grain & crop inputs company by providing profit making solutions."

Rhett Allison, Board Chair

KEY CAPITAL INVESTMENT

Western Canada has witnessed an unprecedented amount of moisture over the past few years. SWT's direct drawing region (southwest Saskatchewan) has received an over abundance of moisture through much of the summer and fall of 2016. As such, problems that our region has been immune to, now exist. Fusarium and high vomitoxin levels are now serious problems in the 2016 crop and into future crop years. As SWT continues to maintain and grow its grain-trading network in southwest Saskatchewan, there is a continual effort to capture opportunities in the marketplace. With that in mind and SWT's strategy of "offering agronomy and grain marketing solutions by leveraging our assets, people, geography, and independence to customers who value service, supply, and execution", we believe the fusarium problem is an opportunity. SWT looked at this opportunity by taking the next step in expanding its blending options through the purchase of 2 new colour sorters into the cleaning line. The ability to upgrade durum graded near the bottom of the marketable grades to grades where domestic and international millers will purchase for production provides solutions to many southwest Saskatchewan farmers in SWT's customer base.

Over **$2,500,000** given back to the producer through competitive pricing
Dealt with over **25 new** unique customers
Ability to assist producers in marketing poor quality grain
Competitive pricing on grades other than feeds
Increase sorting capacity and technology on the cleaner floor
Reduce fusarium and ergot content in durum
Increase return on equity for shareholders

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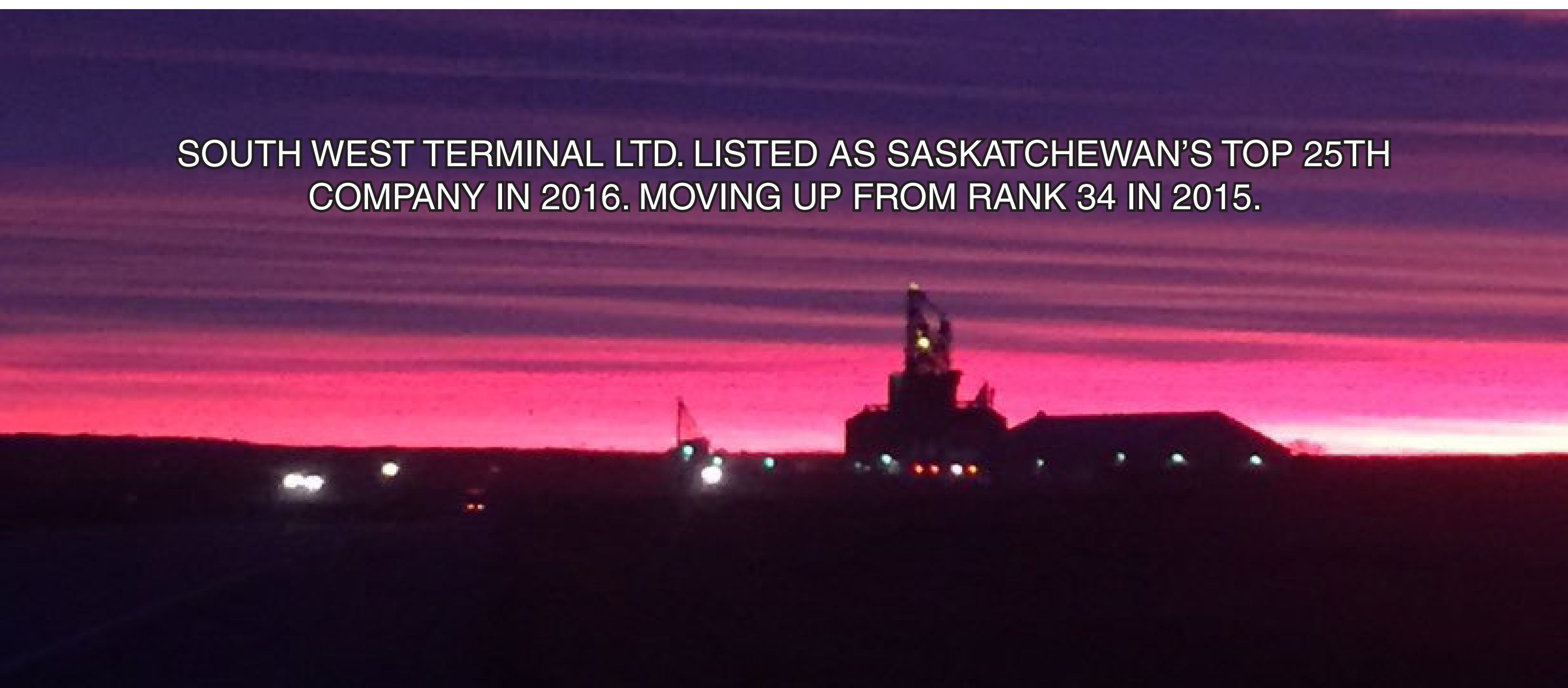
TOP100

SASKATCHEWAN'S TOP 100 COMPANIES OF 2016

SASKATCHEWAN'S TOP 100 COMPANIES OF 2016

2015	2016	COMPANY	CEO/PRESIDENT	SASKATCHEWAN EMPLOYEES	CITY	MAJOR SHAREHOLDERS
23	**22**	Concorde Group Corp.	L. David Dube	495	Saskatoon	L. David Dube
24	**23**	Star Group	David Karwacki	100	Saskatoon	David Karwacki, Gary Budd, Employee Group
26	**24**	Cervus Equipment	Graham Drake	441	Calgary	Publicly Traded
34	**25**	South West Terminal Ltd.	Monty Reich	63	Gull Lake	Publicly Traded
27	**26**	Wyant Group	Vaughn Wyant	310	Saskatoon	Vaughn Wyant
20	**27**	Sask. Worker's Compensation Board	Peter Federko	466	Regina	Saskatchewan Employers
28	**28**	JayDee Agtech Ltd.	Darrin Didychuk	234	Swift Current	Jim Pattison Agricultural Industries Ltd.



BOARD OF DIRECTORS

Rhett Allison	Chairman
Brett Meinert	Vice-Chairman
Rhonda Undseth	President
Roland Monette	Vice-President
Daren Caswell	Secretary
Ernie Sommer	Director
Ron Taylor	Director
Gene Busse	Director
Jim Opperman	Director
David Millie	Director
Shane Lacasse	Director
Derek Tremere	Director
Jason McNabb	Director
Paul Hazzard	Cargill
Nicole Isfjord	Cargill

AUDIT AND FINANCE COMMITTEE

Gene Busse
Paul Hazzard
Shane Lacasse
Nicole Isfjord

RISK COMMITTEE

Roland Monette
Jim Opperman
Jason McNabb

ITAC REP

Brett Meinert

EXECUTIVE COMMITTEE

Brett Meinert
Daren Caswell
Rhett Allison
Rhonda Undseth
Roland Monette

POLICY, GOVERNANCE AND NOMINATING COMMITTEE

David Millie
Ernie Sommer
Rhonda Undseth
Ron Taylor
Derek Tremere

MEET THE STAFF

SENIOR MANAGEMENT TEAM

Monty Reich	General Manager
Jeff Kirwan	Crop Inputs Manager
Robert Chapman	Grain Manager

GRAIN SALES AND PROCUREMENT

Warren Mareschal	Sales Manager
Ron Cote	Farm Marketing Rep
Heather Camphaug	Farm Marketing Rep
Amanda McIntosh	Farm Marketing Rep
Stacey Breen	Farm Marketing Rep/Supervisor
Stacey Gleim	Farm Marketing Rep
Kent Mickleborough	Farm Marketing Rep
Julia Stanford	Administrative Assistant
Arlene Daniel	Administrative Assistant
Denise Anderson	Grain Merchandising Coordinator
Layton Getz	Country Grain Merchant

GRAIN PLANT OPERATIONS

Kendell Radtke	Plant Manager
Taylor Dutton	Assistant Plant Manager
Jordan Retzlaff	Assistant Plant Manager
Tony Mandel	Plant Operator
Kevin Baumann	Plant Operator
Ryan Wiebe	Plant Operator
Dillon Friesen	Plant Operator
Tyrel Anderson	Plant Operator
Jared Down	Plant Operator
Paul Mandel	Plant Operator
Jordan Waldner	Plant Operator

CROP INPUTS GULL LAKE

Dave Elviss	Customer Relationship Manager
Cheyenne Arntsen	Operations Manager
Rachelle Foster	Agronomy Manager
Kelsey Dutton	Sales and Marketing Coordinator
Ryan Service	Farm Marketing Rep
Maegan Melvin	Agronomist
Corinna Gibson	Logistics Coordinator
Joel Butts	Facility Assistant
Braden Nelson	Facility Assistant
Renee Olson	Farm Marketing Rep
Dayton Potter	Administrative Assistant

CROP INPUTS CABRI

Al Ward	Farm Marketing Rep/Supervisor
Phillip Gossard	Farm Marketing Rep
Barry McGuigan	Facility Assistant
Jim Wallis	Facility Assistant
Kara Shaw	Administrative Assistant
Bonnie Haley	Administrative Assistant

CROP INPUTS HAZENMORE

Brody Loverin	Farm Marketing Rep
Jeff Dash	Farm Marketing Rep/Supervisor
Jeff Gilbert	Farm Marketing Rep
Barb Switzer	Administrative Assistant

CROP INPUTS WYMARK

Nolan Waker	Farm Marketing Rep/Supervisor
Justin Senicar	Farm Marketing Rep
Kali Heard	Farm Marketing Rep
Gregory Gillis	Location Assistant

CROP INPUTS SHAUNAVON

Carol Meister	Agronomist
Kathy Wilkins	Administrative Assistant
Craig Bymoen	Facility Assistant
Damon Wilkins	Facility Assistant
Danny Fehr	Farm Marketing Rep
Jacey Loverin	Farm Marketing Rep

MAINTENANCE

Tyler Flynn	Maintenance Operator
Devon Leduc	Maintenance Operator

FINANCE AND HUMAN RESOURCE

Shannon Armstrong	Human Resource Coordinator
Genna Luchenski	Controller
Drake May	Assistant Accountant
Pam Gedny	Assistant Accountant
Jasmin Tian	Lead Accountant

FERTILIZER WAREHOUSE

Justin Isherwood	Plant Manager
Dalton Ferriss	Plant Operator
Mark Syer	Plant Operator

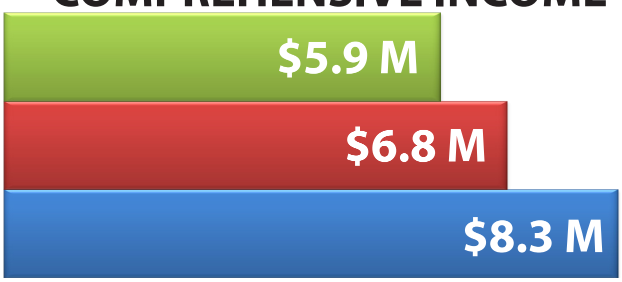
HEALTH, SAFETY & QUALITY

Carmen Moen	E,H & S Quality Coordinator

2016/2017 Budget   2016/2017 Actual   2015/2016 Actual

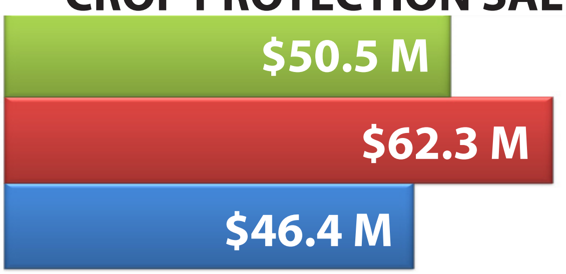
TOTAL GROSS REVENUE

COMPREHENSIVE INCOME

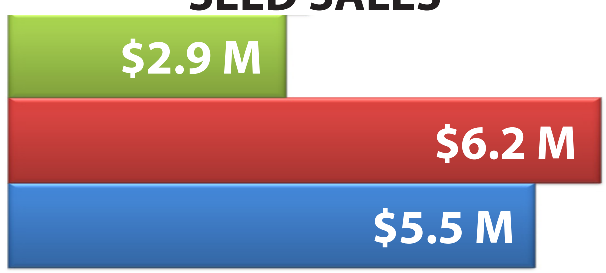


EARNINGS PER SHARE

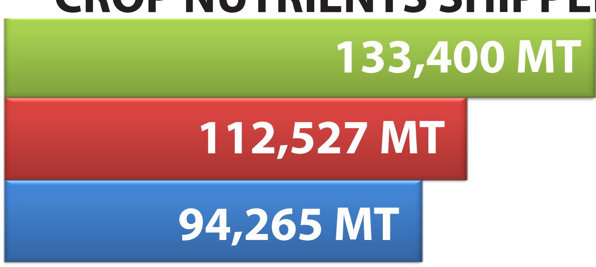
CROP PROTECTION SALES



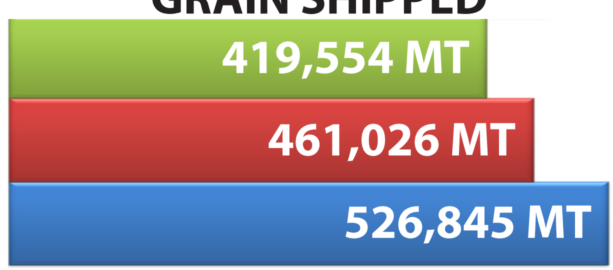
SEED SALES



CROP NUTRIENTS SHIPPED



GRAIN SHIPPED



FINANCIALS & MANAGEMENT DISCUSSION ANALYSIS

Building a better
working world

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Consolidated financial statements

South West Terminal Ltd.

March 31, 2017 and 2016

Independent auditors' report

To the Shareholders of
South West Terminal Ltd.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of **South West Terminal Ltd.**, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 is 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditors consider internal control relevant to the company'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 company'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 presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **South West Terminal Ltd.** as at March 31, 2017 and 2016 and its consolidated statements of income and comprehensive income, changes in equity and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan
June 20, 2017

South West Terminal Ltd.

Consolidated statements of financial position

As at March 31

	2017 $	2016 $
Assets		
Current		
Cash	**2,670,543**	595,005
Accounts receivable [note 4]	**20,963,215**	26,881,845
Inventories [note 5]	**57,436,608**	54,475,268
Prepaid expenses	**5,427,203**	1,269,305
Income taxes receivable	**346,771**	1,975,321
Risk management assets	**434,187**	687,146
Total current assets	**87,278,527**	85,883,890
Long-term investments [note 6]	**200,200**	203,800
Property, plant and equipment [note 7]	**44,961,856**	44,807,096
Goodwill	**140,000**	140,000
	132,580,583	131,034,786
Liabilities and shareholders' equity		
Current		
Accounts payable and accrued liabilities [note 9]	**25,756,278**	33,890,235
Deferred revenue [note 13]	**899,955**	-
Customer deposits	**14,747,162**	8,772,263
Current portion of long-term debt [note 10]	**7,356,975**	7,998,614
Current portion of obligation under finance lease [note 11]	**477,747**	470,278
Total current liabilities	**49,238,117**	51,131,390
Long-term debt [note 10]	**12,129,540**	13,652,459
Risk management liabilities [note 10]	**242,412**	448,099
Obligation under finance lease [note 11]	**1,778,262**	2,257,437
Deferred income taxes [note 12]	**2,199,754**	1,361,093
Deferred revenue [note 13]	**371,223**	425,014
Total liabilities	**65,959,308**	69,275,492
Contingencies [note 18]		
Shareholders' equity		
Share capital [note 15]	**182,690**	182,690
Retained earnings	**66,438,585**	61,576,604
Total shareholders' equity	**66,621,275**	61,759,294
	132,580,583	131,034,786

See accompanying notes

On behalf of the Board

Idone Jaeson Director

Gene Busa Director

South West Terminal Ltd.

Consolidated statements of income and comprehensive income

Years ended March 31

	2017 $	2016 $
Revenue [notes 19 & 20]	**292,822,803**	324,207,927
Cost of sales [notes 19 & 20]	**269,253,514**	300,188,039
Gross profit	**23,569,289**	24,019,888
Expenses		
Depreciation	**3,224,246**	2,148,405
General and administrative	**10,439,655**	9,529,115
Interest on long-term debt and bank indebtedness	**977,652**	644,125
Unrealized (gain) loss on risk management liabilities	**(205,687)**	448,099
	14,435,866	12,769,744
Income before income taxes	**9,133,423**	11,250,144
Income taxes [note 16]		
Current	**1,537,801**	2,578,020
Deferred	**838,661**	307,001
	2,376,462	2,885,021
Total income and comprehensive income	**6,756,961**	8,365,123
Basic and diluted income per share [note 17]	**2.14**	2.65

See accompanying notes

South West Terminal Ltd.

Consolidated statements of changes in equity

Years ended March 31

	Share capital $	Retained earnings $	Total $
Balance, March 31, 2015	182,690	55,232,161	**55,414,851**
Total income and comprehensive income	-	8,365,123	**8,365,123**
Dividends	-	(2,020,680)	**(2,020,680)**
Balance, March 31, 2016	182,690	61,576,604	**61,759,294**
Total income and comprehensive income	-	6,756,961	**6,756,961**
Dividends	-	(1,894,980)	**(1,894,980)**
Balance, March 31, 2017	**182,690**	**66,438,585**	**66,621,275**

See accompanying notes

South West Terminal Ltd.

Consolidated statements of cash flows

Years ended March 31

	2017 $	2016 $
Operating activities		
Total income and comprehensive income	**6,756,961**	8,365,123
Items not affecting cash		
Depreciation	**3,224,246**	2,148,405
Deferred income taxes	**838,661**	307,001
Unrealized (gain) loss on risk management liabilities	**(205,687)**	448,099
Net change in non-cash working capital balances		
Accounts receivable	**5,918,630**	(4,109,773)
Inventories	**(2,961,340)**	(14,878,361)
Prepaid expenses	**(4,413,661)**	4,271,731
Income taxes receivable	**1,628,550**	(1,975,321)
Risk management assets	**252,959**	44,780
Accounts payable and accrued liabilities	**(7,878,195)**	12,316,518
Customer deposits	**5,974,899**	4,453,877
Income taxes payable	**-**	(2,439,401)
Deferred revenue	**846,164**	(27,212)
Cash provided by operating activities	**9,982,187**	8,925,466
Investing activities		
Purchase of property, plant and equipment	**(3,429,850)**	(17,285,431)
Proceeds on disposal of property, plant and equipment	**50,845**	49,850
Return of capital received [note 6]	**3,600**	-
Cash held in trust as construction holdbacks	**-**	1,082,826
Cash used in investing activities	**(3,375,405)**	(16,152,755)
Financing activities		
Repayment of long-term debt	**(2,164,558)**	(1,923,565)
Proceeds from issuance of term debt	**-**	6,972,819
Repayment of finance lease obligation	**(471,706)**	-
Issuance of finance lease obligation	**-**	2,727,715
Dividends	**(1,894,980)**	(2,020,680)
Cash (used in) provided by financing activities	**(4,531,244)**	5,756,289
Net increase (decrease) in cash during the year	**2,075,538**	(1,471,000)
Cash, beginning of year	**595,005**	2,066,005
Cash, end of year	**2,670,543**	595,005
Supplemental disclosure of cash flow information		
Interest paid	**982,989**	623,355
Income taxes paid	**3,859,892**	6,992,742

See accompanying notes

Notes to the consolidated financial statements

March 31, 2017 and 2016

1. Nature of operations

South West Terminal Ltd. (the "Company") was incorporated on April 4, 1994, under the laws of the Province of Saskatchewan, for the purpose of developing, constructing and operating an inland grain terminal near Antelope, Saskatchewan. Grain operations commenced in February 1997. The company also sells crop inputs from its locations at Antelope, Hazenmore, Shaunavon, Wymark and Cabri, Saskatchewan.

The Company is subject to an agreement with Cargill Limited ("Cargill"). Pursuant to this 25 year investment and operating agreement, Cargill has a first right to purchase all of the Company's grain destined to British Columbia and to the Port of Thunder Bay. The Company also agrees to consult with Cargill on certain operational issues.

The Company is located in the province of Saskatchewan, Canada, with its head office in Antelope, Saskatchewan and postal address as Box 719, Gull Lake, Saskatchewan, Canada, S0N 1A0.

2. Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with Part I of the Chartered Professional Accountants of Canada (CPA) Handbook - International Financial Reporting Standards (IFRS). The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Committee (IFRIC).

The consolidated financial statements were approved by the Board of Directors on June 20, 2017.

The consolidated financial statements have been prepared on the historical cost basis, except for certain items, which are measured at fair value, as explained in note 23, and grain inventories, which are also measured at fair value.

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

3. Summary of significant accounting policies

The significant accounting policies are detailed as follows:

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, as well as the Company's share of the assets, liabilities, revenues and expenses arising jointly or otherwise from the Company's jointly-controlled operations. All such amounts are measured in accordance with the terms of the joint operations, which are in proportion to the Company's interest in the jointly-controlled assets and operations. The Company has a 50% joint operation in respect to a car loading facility at Glenbain, Saskatchewan, where each venturer receives a share of the output from the assets and bears an agreed upon share of the expenses rather than deriving returns from an interest in a separate entity.

Cash and cash equivalents

Cash consists of cash and cash equivalents on hand. Cash equivalents are highly liquid investments with a maturity of less than three months from the date of acquisition.

Accounts receivable

Accounts receivable is reviewed for collectability at each reporting period. If it is determined that it is probable that the receivable will not be collected, an allowance for doubtful accounts is recognized and bad debt expense is charged to income.

3. Summary of significant accounting policies (continued)

Inventories

Grain inventories are commodity inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. Commodity inventories are measured at their fair value, less handling costs and any applicable freight, with changes to fair value recognized in cost of sales. Fair value is determined using exchange traded prices. Crop input inventories are valued at the lower of cost or net realizable value determined using the weighted average method. The Company may enter into derivative contracts such as grain purchase and sales contracts, with the objective of managing exposure to adverse price movements in agricultural commodities. The unrealized gains and losses for grain purchase and sales contracts are recorded in inventories and recognized in income in the period in which they occur.

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates:

Buildings	25 years Straight-line
Cleaners	20% Declining balance
Computer hardware and software	3 years Straight-line
Entrance roads	20 years Straight-line
Equipment	25% Declining balance
Office furniture and equipment	15% Declining balance
Plant equipment	5% Declining balance
Railway siding	20 years Straight-line
Terminal	40 years Straight-line
Vehicles	30% Declining balance

On an annual basis, the Company reviews the carrying amounts of its property, plant and equipment 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 business unit to which the asset belongs. Cash generating business units are determined by management based on the smallest group of assets that generate largely independent cash flows.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset 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 in prior periods. A reversal of an impairment loss is recognized immediately in comprehensive income.

Goodwill

Goodwill is recorded at cost, less any accumulated impairment losses. Goodwill represents the excess of the purchase price over the net identifiable assets acquired as part of the purchase of the Hazenmore, Saskatchewan crop inputs business.

Goodwill is not amortized, but reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Company’s cash generating unit that is expected to benefit from the synergies of the combination. This cash generating unit is the crop inputs facility located in Hazenmore, Saskatchewan. Impairment is tested annually or more frequently when there is indication that the unit may be impaired. At March 31, 2017, there is no impairment on this goodwill.

3. Summary of significant accounting policies (continued)

Goodwill (continued)

If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then reduces the carrying amount of the other assets of the unit on a pro rata basis. An impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Revenue recognition

Revenue from the sale of grain is recognized when the significant risks and rewards of ownership transfer to the customer, it is probable that the economic benefits associated with the transaction will flow to the Company, the costs incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from crop input sales are recognized at the time of delivery to the customer.

Cost of sales

Cost of sales includes net realized and unrealized gains and losses on commodity contracts and exchanged-traded derivatives.

Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset are added to the cost of these assets. Other borrowing costs are expensed.

Taxation

Income tax expense is comprised of current and deferred taxes, which are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using substantially enacted tax rates at the reporting date and remeasured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any effect of the remeasurement or reassessment is recognized in the period of change, except when it relates to items recognized directly in other comprehensive income. The Company is taxed at an effective rate of 27% on taxable earnings.

Deferred taxes are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or for different tax entities where the Company intends to settle its current tax assets and liabilities on a net basis or simultaneously.

3. Summary of significant accounting policies (continued)

Financial asset impairment

The Company assesses financial assets, other than those recorded at fair value through profit or loss ("FVTPL"), for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated future cash flows of the asset have been negatively affected.

Objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default or delinquency, disappearance of an active market for the security or prolonged decline in fair value of a security.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets. When available for sale financial assets are considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent recovery in the fair value of an impaired available for sale equity instrument is recognized in other comprehensive income.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the reporting date. Carrying values of non-monetary assets and liabilities measured at historical cost reflect the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated to Canadian dollars at the exchange rate at the date the fair value was determined. Translation gains and losses are included in profit or loss.

Financial instruments

All financial instruments are initially recognized at fair value. Transaction costs are included in the initial carrying amount, except in the case of financial assets and liabilities classified as FVTPL, in which case they are expensed as incurred. The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the instruments were acquired and the item's characteristics. All financial instruments are classified as FVTPL, loans and receivables, held to maturity, available for sale or other financial liabilities.

Fair value through profit or loss
Financial assets and financial liabilities are classified as FVTPL when the instrument is held for trading or is initially designated as FVTPL. Financial instruments which are purchased for the intention of generating profits in the near term are classified as held for trading. Financial assets and financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized immediately in profit or loss.

The Company has classified grain purchase and sales contracts which are included in inventories, risk management assets and risk management liabilities as FVTPL.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables
Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment which approximates fair value. Interest income, calculated using the effective interest rate method, is recognized in profit or loss.

The Company has classified accounts receivable and income taxes receivable as loans and receivables.

Held to maturity
Held to maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold until the maturity date and which are not designated as another category. Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method, less any impairment, with interest revenue recognized in profit or loss.

The Company has no financial assets classified as held to maturity.

Available for sale
Available for sale financial assets are non-derivative financial assets that are not classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the financial instrument is disposed of or impaired, at which time it is recognized in earnings.

The Company has classified long-term investments as available for sale.

Other financial liabilities
Other financial liabilities are those liabilities which have not been classified as FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method which approximates fair value. Interest expense, calculated using the effective interest rate method, is recognized in profit and loss.

The company has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, customer deposits and long-term debt.

Fair value hierarchy

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on the measurement date. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an active market, the Company determines fair value based on internal or external valuation models, such as discounted cash flow analysis or using observable market based inputs (bid and ask price) for instruments with similar characteristics and risk profiles.

3. Summary of significant accounting policies (continued)

Fair value hierarchy (continued)

The Company classifies fair value measurement recognized in the statement of financial position using a three tier fair value hierarchy, which reflects the significance of 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 (from level 1) that are observable for the asset or liability, either directly or indirectly; and,

Level 3: Valuation techniques that include significant unobservable inputs.

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.

Use of estimates and judgments

The preparation of the consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as, the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant uses of judgments and estimates are as follows:

(a) Allowance for doubtful accounts and sales adjustments
The Company must make an assessment of whether accounts receivable are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment and other sales adjustments, taking into consideration individual customer credit worthiness, current economic and agronomic trends, as well as past experience. If future collections differ from estimates, future earnings would be affected.

(b) Inventory valuation
The Company measures its crop input inventories at the lower of cost and net realizable value. Given that the determination of net realizable value requires management to make estimates with respect to the selling value, costs to make the sale and, in some cases, the cost of completion, there is a certain level of measurement uncertainty. The Company measures its grain inventories at fair value, less handling costs and any applicable freight, with changes to fair value recognized in cost of sales. For grain inventories, management uses the assistance of a third party expert to determine the grade of each commodity of grain inventory. Management also uses the assistance of a third party expert to determine the quantity of fertilizer in the Antelope, Saskatchewan fertilizer facility. Assumptions are made based on past experience and actual grading standards may be subject to change. Estimates and assumptions are also required in determination of the fair values of commodity inventories. As such, actual inventory values realized may differ from estimated carrying amounts.

(c) Property, plant and equipment
As part of the capitalization process, management must estimate the expected period of benefit over which capitalized costs should be depreciated. The considerations for estimated useful lives include the timing of technological obsolescence and competitive pressures, as well as historical experience and internal business plans for the projected use of related assets. Given that the expected period of benefit is an estimate, future results could be affected if management's current assessment of its property, plant and equipment's useful lives differs from actual performance.

3. Summary of significant accounting policies (continued)

Use of estimates and judgments (continued)

(d) Impairment of goodwill
Goodwill is assessed for impairment at least annually. The impairment analysis for goodwill requires management to make estimations of future cash flows, terminal values and an assessment of the long-term pre-tax discount rate to be applied to those cash flows.

Adoption of new accounting policies

The IASB has issued new and amended IFRS standards under Part I of the CPA handbook, which became effective for the Company during the year. The significant changes to the standards are as follows:

- IAS 1, Disclosure Initiative - Amendments to IAS 1: The amendments clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: the materiality requirements in IAS 1, that specific line items in the statements of comprehensive income and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to the financial statements, and that the share of OCI of associates and joint venturers accounted for using the equity method must be presented in aggregate as a single line item. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statements of financial position and the statements of comprehensive income.

- IFRS 7, Financial Instruments: Disclosures - Amendment to IFRS 7: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be made retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

These amendments do not have any impact on the Company.

Future accounting and reporting changes

The IASB has issued new and amended IFRS standards under Part I of the CPA Handbook, which are not yet effective for the Company. None of the new or amended standards have been implemented in these consolidated financial statements. The significant changes to the standards are as follows:

- IFRS 9, Financial Instruments: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all these aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting and replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that only has two classifications: amortized cost and fair value. The IASB has decided the effective date for IFRS 9 will be January 1, 2018. Entities may still early adopt the finalized provisions of IFRS 9. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

Notes to the consolidated financial statements

March 31, 2017 and 2016

3. Summary of significant accounting policies (continued)

Future accounting and reporting changes (continued)

- IFRS 16, Leases: In January 2016, the IASB issued IFRS 16: Leases, which replaces the current IFRS guidance on leases. Under current guidance, lessees are required to determine if the lease is a finance or operating lease, based on specified criteria. Finance leases are recognized on the Statement of Financial Position, while operating leases are not. Under IFRS 16, lessees must recognize a lease liability and a right-of-use asset for virtually all lease contracts. An optional exemption to not recognize certain short-term leases and leases of low value can be applied by lessees. For lessors, the accounting remains essentially unchanged.

- IAS 7, Disclosure Initiative - Amendments to IAS 7: The amendments to IAS 7 Statement of Cash Flows are part of the IASB's disclosure initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

The Company has not yet determined the effect, if any, of the above standards and amendments on the consolidated financial statements.

4. Accounts receivable

	2017 $	2016 $
Trade and other receivables	**20,967,883**	26,920,764
Allowance for doubtful accounts	**(4,668)**	(38,919)
	20,963,215	26,881,845
Current	**19,076,681**	25,287,040
30 days	**1,013,527**	857,455
60 days	**216,060**	-
Over 90 days	**661,615**	776,269
Allowance for doubtful accounts	**(4,668)**	(38,919)
	20,963,215	26,881,845

The Company's receivables have been pledged as security for the operating line of credit under the general security agreement as disclosed in note 8.

5. Inventories

	2017 $	2016 $
Crop inputs	**44,148,961**	42,872,610
Grain	**13,287,647**	11,602,658
	57,436,608	54,475,268

Notes to the consolidated financial statements

March 31, 2017 and 2016

5. Inventories (continued)

The amount of inventory expensed and included in cost of sales is $248,046,034 (2016 - $277,311,984).

The Company's inventories have been pledged as security for the operating line of credit under the general security agreement as disclosed in note 8.

6. Long-term investments

	2017 $	2016 $
Admiral Grain Co. Inc.	**3,800**	3,800
Great Western Railway Ltd.	**96,400**	100,000
Great Sandhills Railway Ltd.	**100,000**	100,000
	200,200	203,800

During the year, the Company received a $3,600 return of capital from Great Western Railway Ltd.

7. Property, plant and equipment

Cost:

	Balance at March 31, 2015 $	Additions, disposals and transfers $	Balance at March 31, 2016 $	Additions and disposals $	Balance at March 31, 2017 $
Buildings	15,907,566	5,139,826	21,047,392	723,696	**21,771,088**
Cleaners	1,309,587	320,388	1,629,975	9,578	**1,639,553**
Computer hardware and software	967,047	199,699	1,166,746	63,547	**1,230,293**
Entrance roads	954,056	39,535	993,591	433,697	**1,427,288**
Equipment	2,759,592	1,124,750	3,884,342	151,059	**4,035,401**
Office furniture and equipment	324,135	351,643	675,778	97,122	**772,900**
Plant equipment	10,547,279	5,521,241	16,068,520	1,563,030	**17,631,550**
Railway siding	2,957,582	4,132,400	7,089,982	68,156	**7,158,138**
Terminal	5,920,103	5,493	5,925,596	-	**5,925,596**
Vehicles	1,053,584	188,247	1,241,831	187,291	**1,429,122**
	42,700,531	17,023,222	59,723,753	3,297,176	**63,020,929**
Land	285,624	125,386	411,010	-	**411,010**
	42,986,155	17,148,608	60,134,763	3,297,176	**63,431,939**

Notes to the consolidated financial statements

March 31, 2017 and 2016

7. Property, plant and equipment (continued)

Accumulated depreciation:

	Balance at March 31, 2015	Depreciation and disposals	Balance at March 31, 2016	Depreciation and disposals	Balance at March 31, 2017
	$	$	$	$	$
Buildings	2,060,822	533,390	2,594,212	858,849	**3,453,061**
Cleaners	1,104,898	72,977	1,177,875	91,377	**1,269,252**
Computer hardware and software	660,762	164,871	825,633	360,614	**1,186,247**
Entrance roads	260,061	48,691	308,752	71,364	**380,116**
Equipment	2,078,692	284,262	2,362,954	392,020	**2,754,974**
Office furniture and equipment	187,415	36,240	223,655	37,882	**261,537**
Plant equipment	2,242,303	492,527	2,734,830	705,888	**3,440,718**
Railway siding	1,294,549	249,007	1,543,556	357,694	**1,901,250**
Terminal	2,577,576	148,071	2,725,647	148,140	**2,873,787**
Vehicles	799,155	31,398	830,553	118,588	**949,141**
	13,266,233	2,061,434	15,327,667	3,142,416	**18,470,083**

Carrying amount:

	March 31, 2017	March 31, 2016
	$	$
Buildings	**18,318,027**	18,453,180
Cleaners	**370,301**	452,100
Computer hardware and software	**44,046**	341,113
Entrance roads	**1,047,172**	684,839
Equipment	**1,280,427**	1,521,388
Office furniture and equipment	**511,363**	452,123
Plant equipment	**14,190,832**	13,333,690
Railway	**5,256,888**	5,546,426
Terminal	**3,051,809**	3,199,949
Vehicles	**479,981**	411,278
	44,550,846	44,396,086
Land	**411,010**	411,010
	44,961,856	44,807,096

Included in property, plant and equipment is $nil (2016 - $3,528,116) of construction in progress assets that are not in use at year-end. These prior year amounts related to a new crop inputs facility in Wymark, Saskatchewan. The project was completed during the year with no significant additional expenditures.

Notes to the consolidated financial statements

March 31, 2017 and 2016

8. Bank indebtedness

The margined RBC operating line of credit has an authorized limit of $17,000,000 (2016 - $17,000,000), bears interest at prime and is secured by accounts receivable, inventory and a general security agreement. The operating line of credit was unused at year end.

At March 31, 2017, the RBC prime lending rate was 2.70% (2016 - 2.70%).

9. Accounts payable and accrued liabilities

	2017 $	2016 $
Accrued and other liabilities	**18,937,386**	23,370,968
Trade accounts payable	**6,818,892**	10,519,267
	25,756,278	33,890,235

10. Long-term debt

	2017 $	2016 $
4.5% Farm Credit Canada term loan, repayable in blended monthly instalments of $71,773, secured by land and a general security agreement, due August 2019	**5,934,861**	6,517,827
Scotiabank Bankers' Acceptance, with interest bearing at the option of Bankers' Acceptance plus 1% or Scotiabank prime, repayable in blended monthly instalments of $66,667, secured by a general security agreement, due September 2017	**5,833,000**	6,533,200
4.8% Farm Credit Canada term loan, repayable in blended monthly instalments of $63,142, secured by land and a general security agreement, due July 2023	**4,131,645**	4,679,099
4.5% Farm Credit Canada term loan, repayable in blended monthly instalments of $42,505, secured by land and a general security agreement, due November 2025	**3,587,009**	3,920,947
	19,486,515	21,651,073
Less current portion	**7,356,975**	7,998,614
	12,129,540	13,652,459

At March 31, 2017, the Scotiabank prime lending rate was 2.70% (2016 - 2.70%) and the Bankers' Acceptance Rate was 0.84% (2016 - 0.87%).

During the prior year, the Company entered into interest rate swaps to manage risk over the variable portion of the term loans. A risk management liability of $242,412 (2016 - $448,099) has been recorded at year end representing the fair value of the swaps.

Notes to the consolidated financial statements

March 31, 2017 and 2016

10. Long-term debt (continued)

Estimated principal repayments are as follows:

	$
2018	7,356,975
2019	1,595,776
2020	1,670,965
2021	1,749,698
2022	1,832,146

11. Obligation under finance lease

	2017	**2016**
	$	$
Scotiabank finance lease contract, repayable in blended monthly instalments of $44,007, plus GST and interest at the thirty day Scotiabank Bankers' Acceptance rate, plus 1.60%, maturing March 2021, secured by office building and equipment with a net book value of $2,371,496	**2,256,009**	2,727,715
Less current portion	**477,747**	470,278
	1,778,262	2,257,437

Minimum lease payments required to meet the finance lease obligations in each of the next five years are as follows:

	$
2018	528,086
2019	528,086
2020	528,086
2021	528,086
Purchase options available	272,771
Total future minimum lease payments	2,385,115
Less amount representing interest	129,106
Present value of minimum net lease payments	2,256,009
Less current portion	477,747
	1,778,262

At March 31, 2017, the thirty day Scotiabank Bankers' Acceptance rate was 0.84% (2016 - 0.87%).

Interest paid on the obligation under finance lease for the year ending March 31, 2017 was 56,380 (2016 - $nil).

12. Deferred income taxes

Deferred income tax liabilities are made up of the timing differences on the following items:

	2017 $	2016 $
Property, plant and equipment	**2,207,261**	1,456,147
Goodwill	**26,763**	25,933
Risk management liabilities	**(65,451)**	(120,987)
Finance lease	**31,181**	-
	2,199,754	1,361,093

The amount of deferred income tax liabilities incurred and included in income taxes is $838,661 (2016 - $307,001).

13. Deferred revenue

Current deferred revenues relate to a rail shipment in-transit at year-end for which payment has already been received.

Long-term deferred revenues relates to agreements the Company has entered into for the lease of space in the grain storage facility. The funds which have been received are being amortized to income over the primary lease term of 15 years, commencing on April 1, 2012, the commencement date of the lease term.

14. Interest in joint operations

Beginning in 2009, the Company entered into a joint operation with respect to a car loading facility in Glenbain, Saskatchewan. The Company's share of assets, liabilities, revenues, and expenses in the joint operation, included in these consolidated financial statements, are the following:

	2017 $	2016 $
a) Share of joint operation's statement of financial position		
Buildings at cost, less accumulated amortization of $25,892 (2016 - $23,230)	**40,645**	43,307
Equipment at cost, less accumulated amortization of $43,690 (2016 - $38,275)	**16,246**	21,662
b) Share of joint operations revenue and expenses		
Revenue	**-**	32,900
Expenses	**2,410**	26,555

15. Share capital

Authorized an unlimited number of
Class A 10% voting, non-cumulative, non-participating, preferred shares, convertible to Class B
Class B voting, participating, common shares
Class C non-voting, participating, common shares

Issued

	2017 $	2016 $
1,758,300 (2016 - 17,583) Class B shares	**17,406**	17,406
1,400,000 (2016 - 14,000) Class C shares	**165,284**	165,284
	182,690	182,690

On June 20, 2016, the Company paid dividends on the Class B and Class C shares in the amount of $60.00 (2016 - $63.98) per share for a total of $1,894,980 (2016 - $2,020,680) by way of cash payment. On July 21, 2016, the shareholders approved a 100:1 stock split of each issued and outstanding Class B and C shares.

16. Income taxes

The income tax expense differs from the amount computed by applying Canadian statutory rates to income before taxes for the following reasons:

	2017 $	2016 $
	27.00%	27.00%
Anticipated income tax	**2,466,024**	3,037,539
Tax effect of the following		
Saskatchewan manufacturing and processing profits tax reduction	**(99,060)**	(174,689)
Non-deductible expenses	**12,668**	14,335
Other	**(3,170)**	7,836
Income tax expense	**2,376,462**	2,885,021

17. Basic and diluted income per share

The basic and dilutive earnings per share have been calculated using the weighted average number of common shares outstanding during the year. Since there are no items of a dilutive nature, the basic and dilutive share amounts are the same. The total basic and dilutive weighted average number of common shares for March 31, 2017, is 3,158,300 (2016 - 3,158,300). Prior year earnings per share has been adjusted to reflect the change in outstanding shares resulting from the stock split, in conjunction with IAS 33 "Earnings per share" guidance.

			2017
	Total income and comprehensive income $	Weighted average common shares $	Income per share $
Basic and dilutive	**6,756,961**	**3,158,300**	**2.14**

17. Basic and diluted income per share (continued)

	2016		
	Total income and comprehensive income $	Weighted average common shares $	Income per share $
Basic and dilutive	8,365,123	3,158,300	2.65

18. Contingencies

At year end, the Company held 4,383 (2016 - 2,581) tonnes of grain inventory, with a value of $1,011,040 (2016 - $818,812), on behalf of area producers. The Company is contingently liable for the value of this grain. This grain is not included in the Company's inventory.

19. Related party transactions

The remuneration of the Company's directors and key management personnel during the period is comprised of salaries, board honoraria and short-term benefits with a value of $858,677 (2016 - $979,757).

During the year, services with a value of $148,551 (2016 - $126,691) were expensed in these consolidated financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 11,246 (2016 - 18,365) tonnes of grain from directors with an aggregate value of $3,395,782 (2016 - $6,402,335) and directors purchased crop inputs in the amount of $4,299,889 (2016 - $4,147,528).

During the year, the Company made sales of grain and received other income from Cargill, a shareholder, in the amount of $62,760,399 (2016 - $78,561,631) and made purchases of product and services in the amount of $47,094,323 (2016 - $49,196,396) from Cargill. Included in accounts payable is $3,256,178 (2016 - $5,724,284) due to Cargill. Included in accounts receivable is $4,197,468 (2016 - $4,215,161) due from Cargill.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

March 31, 2017 and 2016

20. Segment information

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

a) Grain handling
This segment consists of the buying, selling, cleaning and blending of grain.
b) Crop inputs
This segment consists of sales of fertilizer, crop protection products, seed and seed treatments.

2017

	Grain handling	Crop inputs	Total
	$	$	$
Revenues	168,302,099	124,520,704	292,822,803
Cost of sales	158,861,015	110,392,499	269,253,514
Gross profit	9,441,084	14,128,205	23,569,289
Depreciation	(1,409,622)	(1,814,624)	(3,224,246)
Profit before shared expenses	8,031,462	12,313,581	20,345,043
General and administrative			(10,439,655)
Interest on long-term debt and bank indebtedness			(977,652)
Unrealized gain on risk management liabilities			205,687
Income taxes			(2,376,462)
Total income and comprehensive income			6,756,961
Net property, plant and equipment additions	2,222,932	1,156,074	3,379,006
Total assets	39,815,709	92,764,874	132,580,583
Property, plant and equipment	16,484,837	28,477,019	44,961,856
Goodwill and intangible assets	-	140,000	140,000

Notes to the consolidated financial statements

March 31, 2017 and 2016

20. Segment information (continued)

2016

	Grain handling $	Crop inputs $	Total $
Revenues	213,885,227	110,322,700	324,207,927
Cost of sales	201,304,685	98,883,354	300,188,039
Gross profit	12,580,542	11,439,346	24,019,888
Depreciation	(1,140,077)	(1,008,328)	(2,148,405)
Profit before shared expenses	11,440,465	10,431,018	21,871,483
General and administrative			(9,529,114)
Interest on long-term debt and bank indebtedness			(644,125)
Unrealized loss on risk management liabilities			(488,099)
Income taxes			(2,885,021)
Total income and comprehensive income			8,365,123
Net property, plant and equipment additions	3,569,028	13,666,551	17,235,579
Total assets	47,134,000	83,900,786	131,034,786
Property, plant and equipment	15,671,527	29,135,569	44,807,096
Goodwill and intangible assets	-	140,000	140,000

21. Capital management

The Company's objectives when managing capital are to continue as a going concern, to protect its ability to meet its ongoing liabilities and to maximize returns for shareholders over the long-term. Protecting the ability to pay current and future liabilities requires the following internally-determined capital guidelines based on risk management policies. For its own purposes, the Company defines capital as the sum of bank indebtedness, mortgages and loans payable and shareholders' equity.

The capital structure at March 31, 2017, is as follows:

	2017 $	2016 $
Current portion of long-term debt	**7,356,975**	7,988,614
Current portion of obligation under finance lease	**477,747**	470,278
Long-term debt	**12,129,540**	13,652,459
Obligation under finance lease	**1,778,262**	2,257,437
Shareholders' equity	**66,621,275**	61,759,294
	88,363,799	86,128,082

In managing the Company's capital, adjustments may be made to the capital structure in light of external influences such as changing economic conditions, externally-imposed capital requirements or the presence of opportunities for further development. The amount to be paid to shareholders and the nature of financing of new assets are determinations made within the risk-based guidelines established.

21. Capital management (continued)

There were no changes in the Company's approach to capital management during the year. As of March 31, 2017, the Company complied with all financial covenants and externally-imposed capital requirements.

22. Financial instrument risk management

Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Company's principal exposure to credit risk is in respect to its accounts receivable.

In order to reduce the risk on its accounts receivable, the Company has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible.

The allowance for bad debt at March 31, 2017 was $4,668 (2016 - $38,919).

Currency risk

The Company is exposed to currency risk as a certain portion of sales and expenses are incurred in U.S. dollars resulting in US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Company entered into foreign exchange derivative contracts to mitigate these risks. This strategy minimizes the impact of US dollar fluctuations on the operating results of the Company. In 2017, a net foreign exchange loss of $128,285 (2016 - $813,136) was recognized in total comprehensive income.

Interest rate risk

Changes in the future cash flows of financial instruments and the possibility the Company will be unable to refinance existing debt with similar terms represents interest rate risk. The Company's principal exposure to interest rate risk is with respect to its long-term debt and obligation under finance lease, which bear interest at fixed and floating interest rates.

A 1% change in interest rates relating to the long-term debt and obligation under finance lease of the Company would increase or decrease interest expense by approximately $217,000 (2016 - $244,000). Exposure to interest rate risk is managed through normal operating and financing activities. The Company has entered into interest rate swaps. The swaps convert a portion of the interest expense on long-term debt and obligation under finance lease from a floating to a fixed rate of interest. At March 31, 2017, there were two interest rate swaps outstanding, for a total notional amount of $8,030,659 (2016 - $9,158,557), with fixed interest rates of 2.48% and 1.25%.

22. Financial instrument risk management (continued)

Commodity price risk

Commodity price risk is the risk that the value of inventory and related contracts will fluctuate due to changes in market prices. A change in price and quality will have a direct affect on the value of inventory. As a grain handling facility, the Company has significant exposure to changes in various agricultural commodity prices. Prices for these commodities are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, as well as the weather. A substantial change in prices may affect the Company's comprehensive income and operating cash flows, if not properly managed.

To mitigate the risks associated with the fluctuations in the market price for agricultural commodities, the Company has a policy that grains be hedged, when possible, through the use of purchase and sales contracts. The Company may employ derivative commodity instruments (primarily futures and options) for the purpose of managing its exposure to commodity price risk, however, they are not used for speculative or trading purposes. The Company's actual exposure to these price risks is constantly changing as the Company's inventories and commodity contracts change. The fair value of derivative contracts outstanding at March 31, 2017, resulted in the recognition of a risk management asset of $434,187 (2016 - $687,146).

Liquidity risk

Liquidity risk arises from the possibility the Company will not be able to meet its financial debt obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the Company as adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the Company. The Company estimates the following repayment of financial liabilities:

Less than 3 months	$ 31,144,565
3 - 12 months	$ 18,093,551
1 - 5 years	$ 16,721,192

23. Classification and fair value of financial instruments and inventories

The following methods and assumptions were used to estimate fair values of financial instruments and inventories:

Accounts receivable and income taxes receivable are classified as loans and receivables and are recognized at amortized cost which approximates fair value. Accounts payable and accrued liabilities, customer deposits, income taxes payable and long-term debt are classified as other financial liabilities and are initially recognized at fair value and subsequently carried at amortized cost which approximates fair value due to the short-term nature of the balances.

Long-term investments of privately held available for sale equity securities, as described in note 3, are classified as available for sale.

Risk management assets consist of exchange-traded derivatives. They are classified as held for trading and the fair value is based on closing market quotations.

Risk management liabilities consist of interest rate swaps. They are classified as held for trading and fair value is based on mid-market inputs obtained from third party sources.

Inventories include grain inventories, which as described in note 3 are fair valued. Grain inventories include both commodity inventories and grain purchase and sales contracts which are forward derivatives. They are classified as held for trading and the fair value is based on observable inputs other than quoted prices.

Notes to the consolidated financial statements

March 31, 2017 and 2016

23. Classification and fair value of financial instruments and inventories (continued)

Fair value hierarchy
The Company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the Company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available, or for which observable inputs do not justify most of the instruments' fair value.

The following tables present the assets and liabilities measured at fair value on a recurring basis classified by the fair value hierarchy.

March 31, 2017

	Level 1 $	Level 2 $	Level 3 $
Grain inventories	-	**10,560,006**	-
Grain purchase and sales contracts	-	**2,727,642**	-
Risk management assets	**434,187**	-	-
Long-term investments	-	-	**200,200**
Risk management liabilities	-	**242,412**	-

March 31, 2016

	Level 1 $	Level 2 $	Level 3 $
Grain inventories	-	10,697,381	-
Grain purchases and sales contracts	-	905,277	-
Risk management assets	687,146	-	-
Long-term investments	-	-	203,800
Risk management liabilities	-	448,099	-

END OF AUDITED FINANCIAL STATEMENTS

South West Terminal Ltd.

Annual Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") was prepared as of June 20, 2017 and is based on the accompanying financial information that has been prepared using International Financial Reporting Standards ("IFRS"). The reader should note the following is intended to explain the operating results and financial position of South West Terminal Ltd. (the "Company" or "SWT") for the year ended March 31, 2017 and draw comparisons to previous fiscal years. More detailed explanations of certain technical issues may be found in the March 31, 2017 consolidated financial statements and accompanying notes which, in any case, should be read in conjunction with this MD&A.

1. Business Segment Performance

1.1 Grain Handling

Grain Handling For the years ended March 31 ($thousands – except tonnes)	2017	2016	Better (Worse)
Total Revenue	168,302	213,885	(45,583)
Cost of Sales	158,861	201,305	42,444
Gross Profit	9,441	12,580	(3,139)
Operating, General and Administrative Expenses	5,086	5,191	105
Total Grain Shipped (tonnes)	461,026	526,845	(65,819)

Total revenue from grain handling for the year ended March 31, 2017 was $168,302,099, a decrease of $45,583,128 compared with the prior year. The Company shipped just over 461,000 metric tonnes at lower average prices than the previous fiscal year, resulting in lower grain revenue overall. The average price of grain shipped was $365 per metric tonne as compared to $406 per metric tonne a year ago. Weaker world prices in the durum market contributed to the decrease in the average value. Most other commodity values stayed relatively steady or decreased slightly in comparison to last year.

Total grain shipped decreased by 65,819 metric tonnes with durum shipments decreasing year over year by 28,520 metric tonnes affecting the majority of the overall change. Other commodities such as wheat decreased by 18,078 metric tonnes, peas decreased by 10,527 metric tonnes and canola decreased by 8,315 metric tonnes, contributing to the remainder of the drop off in tonnes shipped compared to the year prior. A smaller overall crop in 2016-2017 factored in to fewer commodity stocks being available for export as compared to the year previous. Grain stocks were very low proceeding into the summer of 2016, resulting in weak grain movements in the first half of 2016-2017 fiscal year. A large harvest in the fall of 2016 replenished the stocks for the last half of the fiscal 2016-2017, but crop quality was much more challenging for the industry than the last 3 years. The southwest region received well above average moisture levels in the late summer resulting in high fusarium and vomitoxin levels. These quality issues contributed to the lower prices from the world market and very slow movement through the fall of 2016. As the Company aggressively approached all areas in the southwest and leaned heavily on its cleaning and blending capabilities, sales increased and tonnage shipped increased in the last quarter of the fiscal year. The low inventory of commodities in the first half of the year contributed to a very competitive marketplace as margins came down slightly as compared to the year previous.

The Company's grain shipments total of 461,026 metric tonnes surpassed expectations, with the budget for the year pegged at 419,554 metric tonnes. The Company heavily leaned on its relationships within the industry to secure adequate empty trains to keep up with the aggressive pursuit of sales opportunities and to maximize future capacity utilization.

Grain handling expenses decreased as the variable costs one would normally associate with decreased volume such as utilities, overtime and maintenance fell. These cost decreases resulted in an overall reduction in SWT's grain handling expenses to $5,085,889 in 2016-2017 from $5,191,092 in the prior year.

1.2 Crop Inputs

Crop Inputs For the years ended March 31 ($thousands)	2017	2016	Better (Worse)
Total Revenue	**124,521**	**110,323**	14,198
Cost of Sales	**110,392**	**98,883**	(11,509)
Gross Profit	**14,128**	**11,440**	2,688
Operating, general and administrative expenses	**5,354**	**4,338**	(1,016)
Operating Highlights			
Seed Sales	**6,229**	**5,529**	700
Crop Nutrient Sales	**55,972**	**58,375**	(2,403)
Crop Protection Sales	**62,320**	**46,419**	15,901

Total revenue from crop inputs for the year was $124,520,704, an increase of $14,198,004 compared with the previous fiscal year. SWT's crop inputs division experienced significant revenue growth on the back of a 34% increase in year over year crop protection sales. With the massive amount of moisture received in the southwest, the disease issues on many of the crops contributed to the large increase in sales. As well, the ability to reach more customers with another retail location in Wymark added to the overall footprint of the business in southwest Saskatchewan.

Sales of crop nutrients decreased by $2,403,754 from $58,374,830 to $55,971,076 in the 2016-2017 fiscal year as fertilizer prices dropped significantly. The physical tonnes increased in crop nutrients as the Company's growth in Wymark attributed to the Company's greater market penetration and increased demand in SWT's market area. Volume grew from 94,267 tonnes a year ago to 112,527 tonnes in fiscal 2016-2017, and the average price per tonne sold dropped to $497.40 from $619.25, resulting in the decreased revenue overall.

Seed sales increased in the most recently completed fiscal year, with revenue totalling $6,229,310, representing an increase of $700,140 versus the results achieved in fiscal 2015-2016. Bulk seed sales had minimal impact to the sales, while bagged canola seed continue to increase. Planting canola in southwest Saskatchewan continues to grow in acreage as cropping patterns evolve and seed technologies continue to develop to withstand the hot, dry soil conditions.

Sales of crop protection products increased by $15,901,617 to $62,320,317 for the year ended March 31, 2017 compared to the prior year. The increase in crop protection revenue was to a great extent due to the massive increase in fungicide to aid in minimizing the disease pressures created by the summer moisture. While the Company maintained strong metrics such as gross profit and margin, it passed a sizeable portion of the cost savings onto its customers in an effort to remain competitive and to expand the footprint in the marketplace. The construction of the asset in Wymark increased the Company's presence in an area, which was never serviced in the past.

The expenses associated with crop inputs increased to $5,353,766 in 2016-2017, from $4,338,022 in the prior year moving in stride with the growth in sales and the additional staffing and training requirements to operate the new fertilizer warehouse and the new retail location in Wymark. Higher staffing costs associated with the Company's expanded operations network and its continued push to increase its presence in the market played a part in the rise of expenses related to crop inputs. As well, providing its customers the option to charge purchases to their credit cards contributed to the transaction processing costs the Company experienced in fiscal 2016-2017. This flexibility is, however, greatly enjoyed by SWT's customers and is likely to stay as part of the Company's service offering due to the additional advantage of shifting the credit risk associated with crop inputs sales.

2. Consolidated Financial Results

2.1 Gross Profit and Net Revenue from Services, EBITDA

Selected Consolidated Financial Information For the years March 31 ($thousands – except per share figures)	**2017**	**2016**	2015
Total Revenue	**292,823**	**324,208**	247,966
Operating, general and administrative expenses	**10,440**	**9,529**	8,843
EBITDA	**13,335**	**14,043**	25,999
Depreciation and amortization	**3,224**	**2,148**	1,344
Interest on long-term debt	**978**	**644**	469
Provision for income taxes			
Current portion	**1,538**	**2,578**	5,875
Future portion	**839**	**307**	105
Income for the period	**6,757**	**8,365**	18,206
Earnings per Share	**2.14**	**2.65**[1]	5.76[1]
Total Assets	**132,581**	**131,035**	101,854
Total Long-Term Financial Liabilities	**12,372**	**14,101**	9,390
Dividend Declared			
Class B	**0.60**[1]	**0.64**[1]	0.36[1]
Class C	**0.60**[1]	**0.64**[1]	0.36[1]

[1]For comparative purposes, the Gross Profit and Net Revenue from Services, EBITDA of other years were divided by the number of shares currently outstanding (3,158,300); a 100:1 stock split occurred in July of 2016

Total sales and services revenue decreased by $31,385,124 in the twelve months ended March 31, 2017. Commodity values in grain and nutrients were the predominant reason for the total Company reduction in total revenue. Growth continued to occur with the Company's increasing ability to capitalize upon the market opportunities presented through its asset growth. The Company maintained a competitive offering to customers in its market area and positioned itself as a reliable originator of commodities in a year that was extremely competitive along the supply chain. This decrease in total revenue is significant in comparison to last year's year over year growth of $76,241,573; that result was bolstered by extremely high commodity prices in both durum and crop nutrients, along with the increased tonnage shipped and the extensive growth in the crop inputs business.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") were $13,335,321 in the year most recently completed as compared to $14,042,675 in the year prior. Of particular note was the slight drop in grain gross margins to 5.6% versus the 5.9% that was achieved previously, aided by the low stocks at the beginning of the fiscal year and a very competitive marketplace. Crop inputs margins inched slightly higher as the Company was able to extract additional value out of crop protection sales and the product mix sold in the year ended March 31, 2017 was also more conducive to higher margin levels.

Total operating, general and administrative expenses increased by $910,540 in the year ended March 31, 2017 as the costs associated with an increased level of staffing at the Wymark facility and fertilizer warehouse, transaction processing fees and utility costs all with respect to the increase in volume of crop inputs products. Plant and equipment maintenance and repair expenditures also increased as the Company continued to invest in the longevity of its assets over the past year.

Depreciation and amortization expense increased significantly, by $1,075,841 in the fiscal year ended March 31, 2017 compared with the same period in the year prior – the increase largely owing to the capital improvements and additions which were made as scheduled for in the Company's capital plan.

2.2 Interest Expenses

Interest Expenses For the years March 31 ($thousands)	**2017**	**2016**	Better (Worse)
Interest on:			
Long-term debt	**930**	**623**	(307)
Short-term debt	**48**	**21**	(27)

Short-term interest costs for the 2016-2017 fiscal year increased, as the Company was more reliant upon this type of financing. The Company relied on short term financing for sizeable near future benefits. Interest on short-term debt amounted to $48,068 in the year just completed.

Long-term interest costs increased compared to the prior year as the Company continues to add fixed assets; $3,429,850 in property, plant and equipment was added in the fiscal year ended March 31, 2017, made up primarily of the new colour sorters in the grain cleaning line as well as the completion of the Wymark facility. A full year of interest on the fertilizer shed, rail siding and office building in the current fiscal period resulted in rising interest costs due to the associated financing.

2.3 Net Income for the Period

Net income of $6,756,961 ($2.14 earnings per share) in the year just completed was below the previous year's total of $8,365,123 ($2.65 earnings per share) by $1,608,162, for the reasons described above.

2.4 Summary of Semi-Annual Financial Information

Selected Semi-Annual Financial Information For the six month periods ended ($thousands – except per share amounts)	**March 31, 2017 (unaudited)**	September 30, 2016 (unaudited)	**March 31, 2016 (unaudited)**	September 30, 2015 (unaudited)
Total Revenue	**130,797**	162,026	**168,794**	155,414
Net Income	**4,425**	2,332	**2,122**	6,243
Earnings per share	**1.40**	.74	**.67**	1.97

The Company's grain handling revenue follows the fluctuation associated with market demand and the ability to match product quality with available market sales. The fluctuations in demand for grain are typically consistent throughout the year limited by sales opportunities, product quality, world product demand and rail capacity.

SWT works closely with growers and end users in order to execute sales. There are many moving parts in executing a sale, as the Company must be able to secure the grain from growers in a timely fashion to minimize price exposure and must have grain in the elevator in order to meet the shipping requirements of the railroad and end user. The Company continues to make a concerted effort to buy grain from growers in order to meet and exceed sales targets. The Company has secured relationships with end users who are continually looking for the quality SWT is able to provide in its shipments.

Crop inputs revenue has traditionally followed the seasonal activities associated with grain production in Saskatchewan. However, the Company is experiencing sales of crop inputs throughout the entire year as chemical, seed and fertilizer are now being purchased by producers when the market suggests it is advantageous for the producer to purchase product. Fertilizer sales are seeing significant increases in the months of August and September as producers take advantage of lower early season pricing and ease of logistics.

3. Liquidity and Capital Resources

3.1 Sources and Uses

3.1.1 Working Capital

Current assets reached $87,278,527 at March 31, 2017, amounting to an increase of $1,394,637 when compared to March 31, 2016, with cash, crop input inventories and prepaid expenses accounting for most of the difference. Dry fertilizer inventory decreased just over $3,511,906 due to customer's moving product consistently throughout the winter months. In total, crop inputs inventories grew slightly by $1,276,351 to $44,148,961 at March 31, 2017 while physical grain inventory increased $1,684,989 to $13,287,647 from $11,602,658 a year ago. The timing of grain shipments in and around the year-end date versus the prior year were the primary factors contributing to higher grain inventory values as of March 31, 2017. The increase of $4,157,898 in prepaid expenses in the current period are a direct result of increased vendor prepayments. A balance of $346,771 remains in income tax receivable at March 31, 2017 due to overpayments in the period while a balance of $1,975,321 remained in income tax receivable at March 31, 2016 as a result of overpayments as well.

Current liabilities were $49,238,117 at the end of the year, down $1,893,273 from the previous fiscal year due to a large decrease in accounts payable. Customer deposits increase of $5,974,899 is directly related to farmers having a long cash position and needing to prepay for crop inputs. Accounts payable primarily includes producers' grain on contracts that has been priced, delivered and included in inventory, this amount was lower than the prior year by $8,133,957 with a major contributing factor of the decrease in deferred cash settlements of just over $3,000,000. Seasonal borrowing against the Company's margined line of credit with the Royal Bank of Canada ("RBC") peaked at the start of this fiscal year and then decreased to nil at the year end; overall cash balances increased year over year by $2,075,538.

In the end, working capital was $38,040,410 at the end of the 2016-2017 fiscal year compared to $34,752,500 at March 31 of the prior year.

3.1.2 Cash Flow

Cash flow from continuing operations was $9,982,187 for the year ended March 31, 2017 versus $8,925,466 the previous year. The income from the current fiscal period, an increase in customer deposits and a decrease in both accounts receivable and income taxes receivable were all contributors to the increase in cash provided by operating activities.

3.1.3 Capital Requirements

The main focus of new projects undertaken in the year most recently concluded was the roadside turnout and completion of the new Wymark facility, and the addition of 2 colour sorters at the Antelope grain terminal. The completed retail location has a storage capacity of 2,000 metric tonnes of dry fertilizer along with a 10,000sq ft. building comprising of crop protection storage and two floors of office space. The retail location was fully operational at the beginning of the first quarter of the 2016-17 fiscal year. Additionally, the Company undertook a colour-sorting project to aid in the removal of fusarium in durum. These two infrared technology colour sorters were installed into the existing cleaning line within the grain terminal and have significantly contributed to the Company's ability to add value to its customer base and end-users. Both of these projects were financed out of working capital. As well, the Company maintains a base capital program. In the current fiscal year the Company expended $932,455 of the budgeted $1,025,000 set aside to continue upgrading the Company's various grain and crop inputs facilities. In the prior year the Company expended $892,071 for such capital maintenance. In the 2016-2017 fiscal year, the Company's repairs and maintenance expenditures amounted to $604,333, an increase of $232,564 over the prior year. Capital maintenance expenditures and repairs and maintenance expenses made by the Company are typically financed via working capital.

The Company's operating capital requirements generally fluctuate throughout the year as SWT's borrowings typically peak in late fall as supplier program payments become due for crop inputs inventory, with customer payments typically delayed until harvest is completed. In the most recent year, the Company's borrowings against its RBC line of credit peaked in February 2017 at $8,775,000.

SWT finances its grain and crop input inventories via a secured operating line through RBC. The Company also enters into commercial transactions with grain customers wherein a percentage of the value of grain shipped (typically 80-90%) is advanced to SWT; reconciliation occurs when unload weights are established and a final determination of grade is reached. Certain crop protection products are also eligible for supplier rebills, easing the immediate capital requirements of the Company. Product remaining in SWT's inventory is recorded at expected cost, but payment by SWT is deferred and pricing left unfixed until the following season, at which time it is paid for by SWT once reported as part of the Company's sales. These programs provide an incentive to retailers like SWT to maintain adequate stock levels and are one example of the push marketing strategies employed by wholesalers and manufacturers to increase relative market share.

3.2 Off-Balance Sheet Obligations and Arrangements

As of the date of this MD&A the Company had no off-balance sheet arrangements.

3.3 Outstanding Share Data

The issued and outstanding shares of SWT Terminal at March 31, 2017 are summarized in the following table. On July 21, 2016, the shareholders approved a 100:1 stock split of each issued and outstanding Class B and C shares.

Class of Shares	Number of issued and outstanding Shares
B	1,758,300 (2016 - 17,583)
C	1,400,000 (2016 - 14,000)

4. Semi-Annual Results

The Company's total revenues from sales and services for the semi-annual period ended March 31, 2017 decreased to $130,796,874, as compared to the $168,793,927 in the same period of the previous year. While decreased fertilizer tonnes (70,642 tonnes in the last 6 months of the prior fiscal year compared to 65,868 tonnes in the last 6 months of this fiscal year) may have contributed to the crop inputs decrease in revenue to some degree, there was a reduction to $48,601,363 in sales, compared to the six months ended March 31, 2016 of $53,841,256. On the grain side, the Company shipped fewer tonnes in the October to March window than it did in the prior year, shipping 250,404 in the six month period ended March 31, 2017 versus 290,327 in the comparison year; grain revenue for the period also decreased, from $101,354,803 to $82,195,511.

Total operating, general and administrative expenses for the semi-annual period ended March 31, 2017 increased $440,339 on rising staffing, utilities and transactions costs.

Net income of $4,425,268 for the six-month period ended March 31, 2017 was $2,303,194 more than the $2,122,074 in the same period of the previous fiscal year. Stronger margins in the current period resulted in the increased net income.

5. Risks

The Company faces certain risks, including weather, commodity price, credit and foreign currency. SWT manages these risks through a combination of insurance, derivative financial instruments and operating practices.

5.1 Weather Risk

The effects of weather conditions in a relatively confined geographic market area present a significant operating risk for the Company. Poor weather conditions can have a materially adverse effect on both grain handling volume and crop inputs sales.

5.2 Crop Input Price Risk

The Company also faces the risk that market prices decline between the time the Company purchases crop input inventories and the time it sells these inventories, resulting in reduced or negative margins.

5.3 Credit Risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Company's principal exposure to credit risk is in respect to its accounts receivable.

In order to reduce the risk on its accounts receivable, the Company has adopted credit policies, which mandate performing an ongoing review of all its customers and establishing allowances for bad debts when the amounts are not collectible.

The allowance for bad debt at March 31, 2017 was $4,668 (2016 - $38,919).

5.4 Currency Risk

The Company is exposed to currency risk as a certain portion of sales and expenses are incurred in U.S. dollars resulting in U.S. denominated accounts receivable and accounts payable. These balances are therefore subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Company entered into foreign exchange derivative contracts to mitigate these risks. This strategy minimizes the impact of U.S. dollar fluctuations on the operating results of the Company. In 2017, a net foreign exchange loss of $128,285 (2016 - $813,136 loss) was recognized in income.

5.5 Interest Rate Risk

Changes in the future cash flows of financial instruments and the possibility the Company will be unable to refinance existing debt with similar terms represent interest rate risk. SWT's principal exposure to interest rate risk is with respect to its bank indebtedness and long-term debt, which bear interest at fixed and floating interest rates.

A 1% change in interest rates relating to the bank indebtedness and long-term debt of the Company would increase or decrease interest expense by approximately $217,000 (2016 - $244,000). Exposure to interest rate risk is managed through normal operating and financing activities as of March 31, 2017 The Company has entered into interest rate swaps. The swaps convert a portion of the interest expense on long-term debt and obligation under finance lease from a floating to a fixed rate of interest. At March 31, 2017, there were two interest rate swaps outstanding, for a total notional amount of $8,030,659 (2016 - $9,158,557), with fixed interest rates of 2.48% and 1.25%.

5.6 Commodity Price Risk

Commodity price risk is the risk the value of inventory and related contracts will fluctuate due to changes in market prices. A change in price and quality will have a direct effect on the value of inventory. As a grain handing facility, SWT has significant exposure to change in various agricultural commodity prices. Prices for these commodities are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, as well as the weather. A substantial change in prices may affect the Company's comprehensive income and operating cash flows.

To mitigate the risk associated with fluctuations in the market prices for agricultural commodities, SWT has a policy that grains be hedged when possible through the use of purchase and sales contracts. The Company may employ derivative commodity instruments (primarily futures and options) for the purpose of managing its exposure to commodity price risk - however they are not used for speculative or trading purposes. The Company's actual exposure to these price risks is constantly changing as the Company's inventories and commodity contracts change. The fair value of derivative contracts outstanding at March 31, 2017 resulted in the recognition of a risk management asset of $434,187 (2016 - $687,146).

5.7 Liquidity Risk

Liquidity risk arises from the possibility the Company will not be able to meet its financial debt obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the Company as adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the Company.

5.8 Rail Performance Risk

The provision of rail performance represents a significant operating risk to the Company. Shipping delays due to poor rail service will reduce overall grain shipments and may result in contract delay penalties and vessel demurrage charged to the Company. Poor rail performance could have materially adverse effect on the grain operations and the financial results of the Company.

6. Other Matters

6.1 Related Party Transactions

Cargill has $1,400,000 invested in SWT by purchasing 1,400,000 Class C, non-voting shares. The Company has entered into a 25-year grain handling agreement with Cargill which will terminate in January, 2022. The terms of that grain handling agreement are confidential. In the fiscal year ended March 31, 2017, SWT made sales of grain to and received other income from Cargill amounting to $62,760,399 (2016 - $78,561,631); purchases of products and services in the amount of $47,094,323 (2016 - $49,196,396) were also made from Cargill in the same period.

The Company purchased 11,246 (2016 -18,365) tonnes of grain from directors with an aggregate value of $3,395,782 (2016 - $6,402,335) and directors purchased crop inputs in the amount of $4,299,889 (2016 - $4,147,528), at commercial rates and terms.

6.2 Financial Instrument Classification and Fair Value

The following methods and assumptions were used to estimate fair values of financial instruments:

Accounts receivable are classified as loans and receivables and are recognized at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are initially recognized at fair value and subsequently carried at amortized cost.

Long-term investments of privately held available for sale equity securities are classified as available for sale.

Risk management assets consist of exchange-traded derivatives. They are classified as held for trading and the fair value is based on closing market quotations.

Risk management liabilities consist of interest rate swaps. They are classified as held for trading and fair value is based on mid-market inputs obtained from third party sources.

Inventories include grain inventories, which are fair valued. Grain inventories include both commodity inventories and grain purchase and sales contracts which are forward derivatives. They are classified as held for trading and the fair value is based on observable inputs other than quoted prices.

<u>Fair value hierarchy</u>

SWT classifies fair value measurement recognized in the statement of financial position using a three tier fair value hierarchy, which reflects the significance of inputs used in measuring fair value as follows:

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market the Company can access at the measurement date. Included in this level are risk management assets.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available, or for which observable inputs do not justify most of the instruments' fair value. SWT has no level 3 financial instruments.

7. Adoption of new accounting policies

The IASB has issued new and amended IFRS standards under Part I of the CPA handbook, which became effective for the Company during the year. The significant changes to the standards are as follows:

- IAS 1, Disclosure Initiative - Amendments to IAS 1: The amendments clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: the materiality requirements in IAS 1, that specific line items in the statements of comprehensive income and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to the financial statements, and that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statements of financial position and the statements of comprehensive income.

- IFRS 7, Financial Instruments: Disclosures - Amendment to IFRS 7: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be made retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

These amendments do not have any impact on the Company.

8. Future accounting and reporting changes

The IASB has issued new and amended IFRS standards under Part I of the CPA Handbook, which are not yet effective for the Company. None of the new or amended standards have been implemented in these consolidated financial statements. The significant changes to the standards are as follows:

- IFRS 9, Financial Instruments: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all these aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting and replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that only has two classifications: amortized cost and fair value. The IASB has decided the effective date for IFRS 9 will be January 1, 2018. Entities may still early adopt the finalized provisions of IFRS 9. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

• IFRS 15, Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

• IFRS 16, Leases: In January 2016, the IASB issued IFRS 16: Leases, which replaces the current IFRS guidance on leases. Under current guidance, lessees are required to determine if the lease is a finance or operating lease, based on specified criteria. Finance leases are recognized on the Statement of Financial Position, while operating leases are not. Under IFRS 16, lessees must recognize a lease liability and a right-of-use asset for virtually all lease contracts. An optional exemption to not recognize certain short-term leases and leases of low value can be applied by lessees. For lessors, the accounting remains essentially unchanged.

• IAS 7, Disclosure Initiative - Amendments to IAS 7: The amendments to IAS 7 Statement of Cash Flows are part of the IASB's disclosure initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

The Company has not yet determined the effect, if any, of the above standards and amendments on the consolidated financial statements.

9. Use of Non-IFRS Terms and Reconciliations

Management uses the non-IFRS measure EBITDA, to provide shareholders and investors with supplemental measures of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. In particular, management believes EBITDA is a useful supplemental measure from which to determine the Company's ability to generate cash available for working capital, capital expenditures and income taxes. Management also believes that shareholders, lenders and other interested parties frequently use EBITDA in the evaluation and comparison of the performance of businesses in the sector in which the Company operates. However, such measures do not have any standardized meanings prescribed by IFRS and may differ from those of other businesses.

SWT defines EBITDA as net income (loss) before interest expense, taxes, depreciation and amortization. The reconciliation of net income to EBITDA is as follows:

EBITDA EBITDA per share *($thousands – except shares outstanding and EBITDA per share)*	Year ended Mar 31, 2017	Year ended Mar 31, 2016	Year ended Mar 31, 2015
Net Income	**6,757**	8,365	18,206
Income taxes	**2,377**	2,885	5,980
Interest on long-term debt and bank indebtedness	**978**	644	469
Depreciation	**3,224**	2,148	1,344
EBITDA	**13,335**	14,043	25,999
Shares outstanding	**3,158,300**	31,583	31,583
EBITDA per share	**4.22**	4.45[1]	8.23[1]

[1]For comparative purposes, the EBITDA of other years were divided by the number of shares currently outstanding (3,158,300); a 100:1 stock split occurred in July of 2016

10. Forward-looking Information

Certain statements in this report may constitute forward-looking statements. The results or events predicted in these statements may differ materially from actual results or events. These forward-looking statements can generally be identified by the use of statements that include phrases such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “likely”, “will” or similar words or phrases. Similarly, statements that describe the Company’s objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements are based on the Company’s current expectations and its projections about future events. However, whether actual results and developments will conform to the Company’s expectations and projections is subject to a number of risks and uncertainties, including, among other things, the risks and uncertainties associated with poor weather conditions, agricultural commodity prices, financial leverage, additional funding requirements, international trade and political uncertainty, competition, domestic regulation, rail service, environmental risks, diseases and other livestock industry risks, acceptance of genetically modified products, labour disruptions, dependence on key personnel, technological advances, credit and foreign exchange risk. These are not necessarily all of the important facts that could cause actual results to differ materially from those expressed in any of the Company’s forward-looking statements. Other known and unpredictable factors could also harm its results. Consequently, there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

END OF MANAGEMENT DISCUSSION AND ANALYSIS

SWT & FCC WOULD LIKE TO THANK EVERYONE INVOLVED FOR CONTRIBUTING IN DRIVE AWAY HUNGER 2016

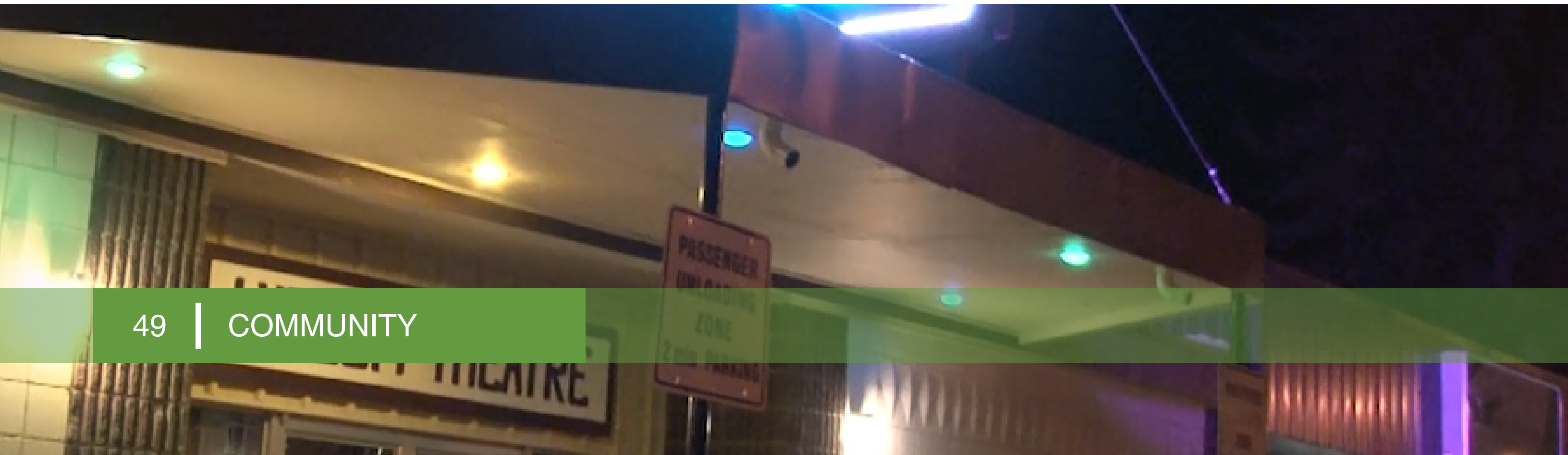
WE'D LIKE TO THANK ALL OF THE PRODUCERS AND PARTNERS THAT HAVE DONATED, AND ALL FUTURES DONATORS. SWT IS PROUD TO HELP MAKE A DIFFERENCE IN OUR LOCAL COMMUNITIES, AND WE COULDN'T DO IT WITHOUT YOUR HELP

ALL PROCEEDS WERE DONATED TO THE SWIFT CURRENT & DISTRICT SALVATION ARMY FOOD BANK.

$50,000!!

COMMUNITY INVOLVEMENT

ABBEY COMMUNITY CENTRE
ABBEY CURRLING CLUB
AUTUMN HOUSE INDEPENDENT LIVING
BRAYDON COBURN HOCKEY SCHOOL
CABRI BULL DOGS
CABRI RIVER RATS
CANADIAN COWBOYS ASSOCIATION FINAL
CHINOOK ALTERNATIVE MIDDLE PLUS SC
CLAIRBANK 4H CLUB
COLTS FOOTBALL
DR.NOBLE IRWIN HEALTHCARE FOUNDATION
DUCKS UNLIMITED CABRI
DUCKS UNLIMITED GULL LAKE
EASTEND PEEWEE JETS
FRONTIER FLYERS
GULL LAKE & DISTRICT REC COMPLEX
GULL LAKE CURLING CLUB
GULL LAKE SKATING CLUB
HAZLET SCHOOL
JR. SUNDOGS VOLLEYBALL
KID SPORT
KINCAID CENTRAL SCHOOL
KREATIVE KIDZ EARLY LEARNING CENTRE
MANKOTA RODEO CLUB
MS SOCIETY
ROLLING ACRES GOLF COURSE
ROYAL CANADIAN LEGION
SANDHILL ROPING CLUB
SASKATCHEWAN ABILITIES COUNCIL
SASKATCHEWAN HOCKRY HALL OF FAME
SASK LANDING GOLF AND COUNTRY CLUB
SCMHA
SELECTS FOOTBALL
SHAUNAVON & DISTRICT MUSIC FESTIVAL
SHAUNAVON BADGER HOCKEY
SHAUNAVON BOOMTOWN
SHSRA
SOUTHWEST CYCLONES
SOUTHWEST HOMES
SPEEDY CREEK RACING
SWIFT CURRENT 57'S BALL CLUB
SWIFT CURRENT BRONCOS
SWIFT CURRENT COMP. HIGH SCHOOL
SWIFT CURRENT LEGIONNAIRES
SWIFT CURRENT SALVATION ARMY
SWYES
TEAM DUTTON
VAL MARIE RECREATION BOARD
WHEATLAND CONSERVATION AREA INC



SCHOLARSHIPS

The scholarship program has been available for students since 2000. This scholarship is available to graduates in the Gull Lake and Hazlet area. Students who plan on attending post secondary school for Agriculture or Business are eligible. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration.

Each resume is considered by school and staff memberes. Once the decision is made, the student will be rewarded with a $1,000 scholarship.

The 2017 SWT Scholarship was awarded to:
Hannah DeMars

The Gratton Murray Memorial Scholarship is a scholarship in memory of one of the founding members of South West Terminal Ltd. - Gratton Murray.

This scholarship is available to graduates in the Shaunavon area. Students who plan on attending post secondary school for Agriculture or Business are eligible. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration.

Each resume is considered by school and staff memberes. Once the decision is made, the student will be rewarded with a $1,000 scholarship.

The 2017 Gratton Murray Memorial Scholarship was awarded to:
Ryan Krause

2016-2017 ANNUAL REPORT

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