FORM 51-102F4
BUSINESS ACQUISITION REPORT

ITEM 1 IDENTITY OF COMPANY

1.1 Name and Address of Company

Rogers Sugar Inc. (“Rogers Sugar” or the “Corporation”)
123 Rogers Street
Vancouver, British Columbia
V6B 3V2

1.2 Executive Officer

The following executive officer of Rogers Sugar is knowledgeable about the significant acquisition and this report:

Manon Lacroix
Vice President, Finance and Secretary
(514) 940-4350

ITEM 2 DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

Headquartered in Granby, Québec, L.B. Maple Treat Corporation (“LBMT”) is one of the world’s largest branded and private label maple syrup bottling and distribution companies. LBMT is a combination of four companies, three of which were acquired by LBMT following the acquisition of all of its issued and outstanding shares by its former shareholders on February 3, 2016, namely Highland Sugarworks Inc., Great Northern Maple Products Inc. and Sucro-Bec L. Fortier Inc., respectively on August 26, 2016, December 1, 2016 and May 5, 2017.

Recognized as a pioneer in the maple syrup industry, LBMT began serving customers in 1975 with a vision of offering an unparalleled level of reliability, flexibility, and customer service. LBMT’s customers have access to an extraordinary portfolio of products, distribution and production capabilities across North America, Europe and Asia, with the help of its 160 employees. LBMT has relationship with more than 1,400 maple syrup producers that are dedicated to harvesting the highest quality of pure maple syrup. LBMT owns the L.B. Maple Treat, Highland Sugarworks and Great Northern brands.

For further information regarding the nature of the business of LBMT, readers are referred to the information under the headings “Summary Description of LBMT” (on pages 29 through 31) and “Risk Factors – Risks Relating to the Business of LBMT” (on pages 66 through 68) of the short form prospectus of Rogers Sugar dated July 21, 2017 (the “Prospectus”) available under the Corporation’s profile on SEDAR at www.sedar.com, which sections are incorporated by reference in this Business Acquisition Report.

2.2 Acquisition Date

The Acquisition (as defined below) was completed on August 5, 2017 (the “Acquisition Closing Date”).

2.3 Consideration

On the Acquisition Closing Date, 10306835 Canada Inc. (“AcquisitionCo”), a direct wholly-owned subsidiary of Lantic Inc. (“Lantic”) formed for the purpose of the Acquisition, acquired all of the issued and outstanding shares of LBMT for a purchase price of approximately $160.3 million (the “Acquisition Purchase

Price”), subject to certain post-closing adjustments (the “Acquisition”). On the Acquisition Closing Date, AcquisitionCo and LBMT amalgamated, resulting in LBMT becoming a direct wholly-owned subsidiary of Lantic.

The Acquisition Purchase Price was financed through the following sources:

(i) the net proceeds of the public offering of subscription receipts of the Corporation for gross proceeds of $69.2 million and $57.5 million aggregate principal amount of Sixth Series 5.00% extendible convertible unsecured subordinated debentures of the Corporation, which was completed on July 28, 2017; and

(ii) a draw-down on Lantic’s $275 million amended credit facility for an amount of approximately $50 million.

2.4 Effect on Financial Position

Rogers Sugar does not have any current plans or proposals for material changes in its business affairs or the affairs of LBMT which may have a significant effect on the financial performance and financial position of Rogers Sugar, other than disclosed in the Prospectus.

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

The Acquisition was not a transaction with an informed person, associate or affiliate of Rogers Sugar (as such terms are defined in National Instrument 51-102 – *Continuous Disclosure Obligations*).

2.7 Date of Report

October 16, 2017.

ITEM 3 FINANCIAL STATEMENTS AND OTHER INFORMATION

The audited consolidated financial statements of LBMT for the year ended March 31, 2017, together with the notes thereto and the auditors’ report thereon dated July 5, 2017 (the “LBMT Financial Statements”) are attached as Schedule A to this Business Acquisition Report.

The unaudited *pro forma* consolidated financial information of Rogers Sugar as at April 1, 2017 and for the financial year ended October 1, 2016 and the six-month period ended April 1, 2017 are attached as Schedule B to this Business Acquisition Report.

The auditors of LBMT have not given their consent to include their audit report contained in the LBMT Financial Statements in this Business Acquisition Report.

FORWARD-LOOKING STATEMENTS

This Business Acquisition Report contains statements or information that are or may be “forward-looking statements” or “forward-looking information” within the meaning of applicable Canadian securities laws, including, without limitation, statements and information with respect to the Acquisition and the expected impact of the Acquisition on the Corporation. Forward-looking statements may also reflect the expectations, forecasts, predictions or projections of the Corporation and Lantic with respect to future events, performance and strategies. Wherever used and as they relate to the Corporation, Lantic, LBMT or the combined entity resulting from the Acquisition, the words “may”, “will”, “should”, “anticipate”, “intend”, “assume”, “expect”, “plan”, “believe”, “estimate” and similar expressions and the negative of such expressions identify forward-looking statements. Forward-looking statements also include, but are not limited to, statements about the Corporation’s or Lantic’s future revenues, expenses, earnings, cash flows, indebtedness, financial condition, losses and prospects, its strategies and growth projects, including as it relates to the combined entity resulting from the Acquisition. The *pro forma* information contained in this Business Acquisition Report may also constitute forward-looking information but should not be considered or construed as being the actual financial position or should not represent the actual results of operation of the Corporation, Lantic or the combined entity resulting from the Acquisition had the completion of the Acquisition occurred as at or for the periods stated. Forward-looking statements also include statements that do not refer to historical facts.

All of the forward-looking statements or forward-looking information contained in this Business Acquisition Report are qualified by this section and other cautionary statements or factors contained herein or therein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation, both individually, or collectively with LBMT.

With respect to forward-looking statements contained in this Business Acquisition Report, in making such statements, the Corporation and Lantic have made estimates and assumptions regarding, among other things: that general market and economic conditions will remain consistent with historical experience and management's expectations, that the market prices for the Corporation's and LBMT's products and margins will remain at current levels or increase, that the combined entity resulting from the Acquisition will be able to maintain its status as an authorized buyer with the *Fédération des producteurs acéricoles du Québec* (the "FPAQ"), that the combined entity resulting from the Acquisition will be able to purchase sufficient quantities of maple syrup from maple syrup producers in Québec, including due to climate change and that the Corporation will be able to pay its liabilities when they become due. While management considers these assumptions to be appropriate and reasonable based on information currently available, including through its due diligence conducted on LBMT's business and affairs, and in light of its experience and perception of historical trends, current conditions and expected future developments, there can be no assurance that actual results will be consistent with these forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Rogers Sugar's, LBMT's and the combined entity resulting from the Acquisition's business, or developments in the Corporation's or LBMT's market and industry, to differ materially from the anticipated results, performance, achievements, or developments expressed or implied by such forward-looking statements. Risks related to forward-looking statements include, among other things: the risks related to LBMT's historical financial information and the unaudited *pro forma* financial information, the risk that following completion of the Acquisition, the Corporation and Lantic may not be able to successfully integrate LBMT's business with their current business and achieve the anticipated benefits of the Acquisition, the risks related to the information provided by LBMT not being accurate or complete, the unexpected costs or liabilities related to the Acquisition, including that the RWI Policy (as defined in the Prospectus) may not be sufficient to cover such costs or liabilities or that the Corporation may not be able to recover such costs or liabilities from the former shareholders of LBMT, the risks related to the regulatory regime governing the purchase and sale of maple syrup in Québec, including the risk that the combined entity resulting from the Acquisition may not be able to maintain its authorized buyer status with the FPAQ and the risk that it may not be able to purchase maple syrup in sufficient quantities, the risk related to the production of maple syrup being seasonal and subject to climate change, the risk related to customer concentration and LBMT's reliance on private label customers, the risk related to consumer habits, the risk related to LBMT's business growth being substantially relying on exports and the risks related to international trade in general. See "Risk Factors" in the Prospectus.

For more information on additional risks and uncertainties that could affect the operating results and performance of the Corporation, please refer to the sections entitled "Risk Factors" in the annual information form of the Corporation dated November 23, 2016 (on pages 22 through 26) and the management's discussion and analysis of the audited consolidated financial statements of the Corporation for the fiscal years ended October 1, 2016 and October 3, 2015 (on pages 31 through 37).

Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and are therefore subject to change. The Corporation and Lantic do not undertake any obligation to update publicly or to revise any such forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by applicable securities laws. All subsequent oral or written forward-looking statements attributable to the Corporation, Lantic or any of their directors, officers or employees or any persons expressly authorized to act on their behalf are expressly qualified in their entirety by this section.

CAUTION REGARDING LBMT'S HISTORICAL FINANCIAL INFORMATION AND UNAUDITED PRO FORMA FINANCIAL INFORMATION

This Business Acquisition Report contains unaudited *pro forma* consolidated financial information of the Corporation, consisting of the unaudited *pro forma* combined consolidated statement of financial position of the Corporation as at April 1, 2017 and the unaudited *pro forma* combined statements of earnings of the Corporation for the year ended October 1, 2016 and the six-month period ended April 1, 2017. Such unaudited *pro forma* consolidated financial information has been prepared using certain of the Corporation's financial statements as well as the financial statements of LBMT as more particularly described in the notes to such unaudited *pro forma* consolidated financial information. In preparing such unaudited *pro forma* consolidated financial information, the Corporation has had limited access to the books and records of LBMT and is not in a position to independently assess or verify the information provided by LBMT, including the financial statements of LBMT that were used to prepare the unaudited *pro forma* consolidated financial information. Such information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual results may differ from those presented in the unaudited *pro forma* consolidated financial information. In preparing such information, no adjustments have been made to reflect operating gains and synergies, revenue opportunities and cost savings that could result from the operations of the combined company. Since such information has been developed to retroactively show the effect of transactions that have or are expected to occur at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* information.

The audited consolidated financial statements of LBMT for the financial year ended March 31, 2017 were prepared in accordance with Canadian generally accepted accounting principles applicable to private enterprises, which are Canadian accounting standards for private enterprises in Part II of the CPA Canada Handbook. The unaudited *pro forma* consolidated financial information of the Corporation have been reconciled from Canadian generally accepted accounting principles applicable to private enterprises to International Financial Reporting Standards ("IFRS"), the accounting principles used by the Corporation.

The information contained in the unaudited *pro forma* consolidated financial information is therefore subject to the limitations and the disclaimers set forth in the notes to such information, including as it relates to the reconciliation of the financial information of LBMT from Canadian generally accepted accounting principles applicable to private enterprises to IFRS. Undue reliance should not be placed on such information. See the notes to the unaudited *pro forma* combined consolidated statement of financial position of the Corporation as at April 1, 2017 and the unaudited *pro forma* combined statements of earnings of the Corporation for the year ended October 1, 2016 and the six-month period ended April 1, 2017 and "Risk Factors" in the Prospectus.

DATED this 16th day of October, 2017.

by *(signed) Manon Lacroix*

Manon Lacroix
Vice President, Finance and Secretary

SCHEDULE A

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF L.B. MAPLE TREAT CORPORATION FOR THE YEAR ENDED MARCH 31, 2017

See attached.

Consolidated Financial Statements of

L.B. MAPLE TREAT CORPORATION

Year ended March 31, 2017

L.B. MAPLE TREAT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of L.B. Maple Treat Corporation

We have audited the accompanying consolidated financial statements of L.B. Maple Treat Corporation, which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statements of earnings (loss), retained earnings (deficit) and cash flows for the year then ended, and notes, comprising 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 Canadian accounting standards for private enterprises, 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 audit. We conducted our audit 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained 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 consolidated financial position of L.B. Maple Treat Corporation as at March 31, 2017 and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Comparative Information

The consolidated financial statements of L.B. Maple Treat Corporation as at and for the 80-day period ended March 31, 2016 are unaudited. Accordingly, we do not express an opinion on them.

KPMG LLP*

July 5, 2017

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A118217

L.B. MAPLE TREAT CORPORATION

Consolidated Balance Sheet

March 31, 2017, with comparative information for 2016

	2017	2016 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 1,529,378	$ –
Restricted cash (note 5)	10,935,700	–
Accounts receivable (note 3)	13,075,226	7,450,459
Income tax receivable	299,097	–
Inventories (note 4)	42,165,896	15,893,473
Prepaid expenses and deposits	608,347	302,646
Deferred financing fees on bank indebtedness	362,802	–
	68,976,446	23,646,578
Restricted cash (note 5)	1,882,418	4,026,645
Property, plant and equipment (note 6)	7,445,359	2,242,003
Intangible assets (note 7)	24,429,917	10,198,416
Goodwill (note 8)	18,080,136	13,766,610
	$ 120,814,276	$ 53,880,252
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 9)	$ 17,611,718	$ 8,646,796
Accounts payable and accrued liabilities (note 10)	10,801,106	7,907,658
Income taxes payable	8,848	119,690
Current portion of other long-term liabilities (note 11)	10,670,022	–
Current portion of long-term debt (note 12)	2,711,213	1,087,500
	41,802,907	17,761,644
Other long-term liabilities (note 11)	1,746,987	3,887,453
Long-term debt (note 12)	34,162,818	16,281,208
Fair value of derivative financial instruments (note 21(b))	42,162	–
Future income taxes (note 13)	5,862,923	2,931,915
	83,617,797	40,862,220
Shareholders' equity:		
Share capital (note 14)	35,500,038	15,000,018
Contributed surplus (note 15)	118,421	14,066
Cumulative translation adjustment	409,326	–
Retained earnings (deficit)	1,168,694	(1,996,052)
	37,196,479	13,018,032
Commitments and guarantee (note 17)		
Subsequent event (note 23)		
	$ 120,814,276	$ 53,880,252

See accompanying notes to consolidated financial statements.

On behalf of the Board:

______________________ Director

______________________ Director

L.B. MAPLE TREAT CORPORATION

Consolidated Statement of Earnings (Loss)

Year ended March 31, 2017, with comparative information for the 80-day period ended March 31, 2016

		2017		2016
				(Unaudited)
		(365 days)		(80 days)
Sales (note 19)	$	107,894,059	$	11,250,312
Cost of sales (notes 4 and 19)		93,628,174		10,215,323
Gross profit		14,265,885		1,034,989
Operating expenses:				
Selling and administrative expenses (notes 16 and 18)		7,842,239		702,286
Business combination related costs (notes 2 and 18)		1,494,537		1,493,488
Amortization of property, plant and equipment and intangible assets		2,712,494		596,808
Financial expenses (notes 18 and 20)		3,457,067		417,748
Gain on a business combination (note 2)		(4,920,796)		–
		10,585,541		3,210,330
Earnings (loss) before income taxes		3,680,344		(2,175,341)
Income taxes (note 13):				
Current		1,047,101		(76,138)
Future		(580,709)		(151,675)
		466,392		(227,813)
Net earnings (loss)	$	3,213,952	$	(1,947,528)

See accompanying notes to consolidated financial statements.

L.B. MAPLE TREAT CORPORATION

Consolidated Statement of Retained Earnings (Deficit)

Year ended March 31, 2017, with comparative information for the 80-day period ended March 31, 2016

	2017 (365 days)	2016 (Unaudited) (80 days)
Deficit, beginning of year	$ (1,996,052)	$ –
Net earnings (loss)	3,213,952	(1,947,528)
Share issuance costs, net of income taxes in the amount of $17,741 (March 31, 2016 - $17,784 (unaudited)) (note 14)	(49,206)	(48,524)
Retained earnings (deficit), end of year	$ 1,168,694	$ (1,996,052)

See accompanying notes to consolidated financial statements.

L.B. MAPLE TREAT CORPORATION

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for the 80-day period ended March 31, 2016

	2017 (365 days)	2016 (Unaudited) (80 days)
Cash provided by (used in):		
Operating:		
Net earnings (loss)	$ 3,213,952	$ (1,947,528)
Items not involving cash:		
Amortization of property, plant and equipment	1,226,254	455,224
Amortization of intangible assets	1,486,240	141,584
Accrued interest included in long-term debt balance as at year-end	353,250	52,666
Stock-based compensation expense (note 15)	104,355	14,066
Amortization of deferred financing costs	174,232	10,553
Gain on a business combination	(4,920,796)	–
Unrealized loss on fair value of derivative financial instruments	42,162	–
Accretion expense on contingent consideration payable and on balance of purchase price payable	225,805	17,966
Net foreign exchange loss on long-term debt and on restricted cash	50,269	–
Future income taxes	(455,086)	(75,925)
	1,500,637	(1,331,394)
Net changes in non-cash operating working capital items:		
Accounts receivable	1,361,424	583,572
Inventories	9,694,525	199,422
Prepaid expenses and deposits	(272,387)	(194,853)
Income taxes receivable	(167,284)	–
Deferred financing fees on bank indebtedness	(362,802)	–
Accounts payable and accrued liabilities	(13,874,769)	897,260
Income taxes payable	(110,842)	(86,826)
	(2,231,498)	67,181
Financing:		
Proceeds from issuance of long-term debt	34,689,750	17,500,000
Financing costs	(375,750)	(194,511)
Repayment of long-term debt	(15,426,046)	–
Variation of bank indebtedness	8,299,864	7,914,722
Proceeds from issuance of share capital	20,500,020	15,000,018
Share issuance costs	(66,947)	(66,308)
	47,620,891	40,153,921
Investing:		
Business combinations, net of cash acquired (note 2)	(34,245,781)	(35,635,878)
Payment of balance of purchase price payable related to a business combination	–	(411,652)
Deposits in escrow accounts related to business combinations	(8,751,855)	(4,026,645)
Purchase of property, plant and equipment	(956,887)	(146,927)
Purchase of intangible assets	(87,332)	–
Tax credit on property, plant and equipment	113,442	–
	(43,928,413)	(40,221,102)
Effect of exchange rate changes on cash and cash equivalents	68,398	–
Net increase in cash and cash equivalents and restricted cash	1,529,378	–
Cash and cash equivalents and restricted cash, beginning of year	–	–
Cash and cash equivalents and restricted cash, end of year	$ 1,529,378	$ –
Non-cash transactions:		
Unpaid purchase of property, plant and equipment as at year end	$ 158,731	$ –
Business acquisition financed through contingent consideration payable (note 2)	6,598,151	–
Business acquisitions financed through balances of purchase price payable (note 2)	1,666,559	4,281,139

See accompanying notes to consolidated financial statements.

L.B. Maple Treat Corporation (the "Company"), formerly 9581464 Canada lnc. ("Canada lnc."), a private company, was incorporated on January 12, 2016 under the *Canada Business Corporations Act* and commenced its operations on February 3, 2016 upon the acquisition of all outstanding shares of L.B. Maple Treat Corporation (see Note 2). lmmediately following the acquisition, L.B. Maple Treat Corporation was merged into Canada Inc. and the merged entity bears the name of L.B. Maple Treat Corporation.

The Company processes pure maple syrup and related maple products. The Company's products are sold in Canada and throughout the world.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"). The Company's significant accounting policies are as follows:

(a) Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated on consolidation.

(b) Functional and presentation currency:

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

(c) Inventories:

The Company’s inventory of raw materials (bulk syrup, bottles, caps, labels and other) and finished products are valued at the lower of cost and net realizable value. Cost includes all costs incurred in bringing the inventory to its present location and condition. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1. Significant accounting policies (continued):

(d) Property, plant and equipment:

Property, plant and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

Assets	Rate
Buildings	5%
Parking lot	8%
Equipment	20%
Barrels	15%
Leasehold improvements	20%
Computer hardware	30%
Furniture and fixtures	20%
Computer software	100%
Vehicles	30%

(e) Intangible assets:

Intangible assets acquired either individually or with a group of other assets are initially recognized and measured at cost. Intangible assets are subsequently carried at cost less accumulated amortization and accumulated impairment losses. The cost of a group of intangible assets, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets based on fair value. Intangible assets with finite lives are amortized over their estimated useful lives using the straight-line method over the following period:

Asset	Period
Customer relationships	10 years

1. Significant accounting policies (continued):

(e) Intangible assets (continued):

Brand name has an indefinite useful life and is not amortized. Brand name is tested for impairment, whenever events or changes in circumstances indicate that its carrying amount may exceed its fair value. When the carrying amount of an intangible asset exceeds its fair value, an impairment loss is recognized, in an amount equal to the excess, in the consolidated statement of earnings.

(f) Goodwill:

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is measured as of the acquisition date as the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is subsequently carried at cost less any impairment. Goodwill is assigned, at the date of the business acquisition, to the Corporation's reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is not amortized and is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the reporting unit to which goodwill is assigned may exceed the fair value of the reporting unit. When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. An impairment loss is not subsequently reversed.

(g) Impairment of long-lived assets:

Long-lived assets, which include property and equipment and intangible assets subject to amortization, are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to estimated undiscounted future cash flows expected to be generated by that asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Corporation uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

(h) Financial instruments:

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year. As a result, all financial instruments are recognized at amortized cost. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year net earnings.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net earnings in the year the reversal occurs.

(i) Derivative financial instruments and hedging activities:

Derivative financial instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument or commodity price, or foreign exchange rate. The Company enters into derivative contracts to manage its exposure to foreign exchange risks associated with its operations.

1. Significant accounting policies (continued):

(i) Derivative financial instruments and hedging activities (continued):

Derivative financial instruments may be designated as hedges, provided that the Company formally documents the hedging relationship at its inception by outlining the risk management strategy being implemented along with the details of both the hedged and hedging item. The documentation identifies the specific asset or liability being hedged, the hedging item, the risk that is being hedged, and the intended term of the hedging relationship. The Company must formally assess, at inception and over the term of the hedging relationship, whether the critical terms of the hedged and hedging items match. When the hedged item is an anticipated transaction, the Company must also assess whether it is probable that the transaction will occur at the time and amount designated. If it is determined that the critical terms of the hedged and hedging item cease to match, the hedge or hedging item cease to exist, or the hedged anticipated transaction is no longer probable to occur in the amount designated or within four weeks of the maturity date of the hedging item, the Company will discontinue the application of hedge accounting.

The Company hedges its exposure to fluctuations in foreign currency related to its anticipated cash flows from sales to specific U.S. customers, the hedged item, using a foreign exchange forward contract, the hedging item. The Company has applied hedge accounting to this relationship and the accounting treatment is as follows:

The hedged item is recognized initially at the amount of consideration payable or receivable. The gain or loss on the hedging item (forward contract, or the percentage of the contract relating to the hedged item) is recognized as an adjustment of the carrying amount of the hedged item when the anticipated transaction results in the recognition of an asset or a liability. When the hedged item is recognized directly in net income, the gain or loss on the hedging item is included in the same category of income or expense.

When the hedging item matures after the hedged item is recognized, the hedging item (forward contract, or the percentage of the contract related to the hedged item) is recognized on the same date as the hedged item using the spot price or rate in effect on that date (i.e., at an amount equal to the difference between the contract rate and the spot rate on the measurement date multiplied by the notional amount or quantity of the contract). The gain or loss is included in the carrying amount of the hedged item or in net income in accordance with the paragraph above, with the offsetting amount recognized as a derivative-related asset or liability, as appropriate. If a reporting period ends before the hedging item matures, the hedging item is remeasured using the spot price or rate in effect at the reporting period balance sheet date with any gain or loss included in net income. When the hedging item matures, the derivative-related asset or liability is derecognized, the hedging item is recognized at the settlement amount, and any additional gain or loss on the hedging item is recognized in net income.

1. **Significant accounting policies (continued):**

(j) Revenue recognition:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of all returns, trade discounts, volume rebates and cash discounts. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associate costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount can be measured reliably. The transfer of risks and rewards occurs at reception of the products by customers, since title passes upon delivery to the customer's place of business or another site specified by the customer. If it is probable that discounts will be granted and the amount of revenue can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(k) Stock-based compensation:

The Company uses the fair value method to account for all stock-based payments. Under this method, compensation cost is charged directly to net earnings over the vesting period with a corresponding credit to contributed surplus. Direct awards of stock options granted to employees are recorded at fair value on the date of grant and the associated expense is recognized in full with a corresponding credit to contributed surplus. When stock options are exercised the consideration and the related contributed surplus are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the expected volatility of the trading price of the Company's stock, the expected lives of the awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date.

(l) Foreign currency translation:

The consolidated financial statements are expressed in Canadian dollars, the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates.

The functional currency of the foreign subsidiary is its local currency, the U.S. dollar.

(i) Foreign currency transactions:

Transactions denominated in foreign currencies are initially recorded in the functional currency of the related entity using the exchange rates in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated using the exchange rates in effect at the reporting date, non-monetary assets and liabilities are translated at the transaction date. Exchange gains or losses are recognized in the consolidated statements of earnings.

1. Significant accounting policies (continued):

(l) Foreign currency translation (continued):

(ii) Foreign operations:

The consolidated financial statements of the self-sustaining foreign subsidiary are translated into Canadian dollars using the current rate method by which assets and liabilities are translated into Canadian dollars at the effective exchange rate on the balance sheet date, and the revenues and expenses are translated into Canadian dollars using the average monthly exchange rates in effect during the periods. Adjustments arising from this translation are deferred and recorded directly in shareholders' equity as a cumulative translation adjustment. When a foreign operation is disposed of, in part or in full, the relevant amount in the cumulative translation adjustment is transferred in earnings.

(m) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(n) Income taxes:

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

1. Significant accounting policies (continued):

(o) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include estimating the fair value of assets acquired and liabilities assumed at date of acquisition of a business combination, estimating the fair value of the contingent consideration payable in connection with a business combination, the determination of assumptions used in the determination of the stock-based compensation expense and the determination of the fair value of derivative financial instruments. Actual results could differ significantly from these estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in net earnings in the year in which they become known.

2. Business combinations:

<u>Year ended March 31, 2017</u>

On December 1, 2016, the Company acquired all issued and outstanding Class A shares of Great Northern Maple Products Inc. ("GNMP") for a purchase price of $25,455,954. GNMP is a privately-owned company involved in sourcing, processing, packaging, distributing and selling maple syrup and maple syrup-based products.

The acquisition was partially settled by a cash consideration of $18,857,803, with the remaining $7,000,000 contingent on achieving monthly and annual sales volume targets to a specific client for the twelve month periods ending November 30, 2017 and November 30, 2018. The contingent consideration ranges from nil to $7,000,000 and is payable in quarterly installments starting on February 28, 2017. The fair value of the contingent consideration, determined at the acquisition date, was $6,598,151 and was calculated using a probability-weighted expectation of the payment of the contingent consideration and a discount rate of 3.45%. A total amount of $7,000,000 has been placed in escrow pursuant to an escrow agreement. As at March 31, 2017, the carrying value of the contingent consideration payable was $6,668,989 (Note 11).

The Company incurred transaction costs of $582,811, which were expensed as incurred.

The acquisition has been accounted for using the acquisition method. The Company has accounted for the assets acquired and liabilities assumed based on management's best estimate of their fair value and taking into account all relevant information at the date of acquisition.

2. Business combinations (continued):

Year ended March 31, 2017 (continued)

The excess of the fair value of net identifiable assets acquired and liabilities assumed over the consideration transferred, in the amount of $4,920,796, was recognized as a gain on a business combination in the consolidated statement of earnings. The gain recognized is attributable to a number of factors such as the high concentration of sales and profits generated from a limited number of customers and the limited growth potential with the current structure.

The fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	Fair value
Assets acquired:	
Cash	$ 968,319
Accounts receivable	5,544,508
Income taxes receivable	131,813
Inventories	27,079,872
Prepaid expenses and deposits	16,971
Property, plant and equipment	4,688,088
Customer relationships	10,540,000
Brand name	370,000
Total assets acquired	49,339,571
Liabilities assumed:	
Accounts payable and accrued liabilities	15,558,986
Future income taxes	3,403,835
Total liabilities assumed	18,962,821
Total net assets acquired and liabilities assumed	$ 30,376,750
Consideration:	
Cash	$ 18,857,803
Contingent consideration payable	6,598,151
	$ 25,455,954
Gain on a business combination	$ 4,920,796

2. Business combinations (continued):

Year ended March 31, 2017 (continued)

On August 26, 2016, the Company acquired all issued and outstanding common stock of Highland Sugarworks Inc. ("HSW") for a purchase price of $18,728,111. HSW is a privately-owned company involved in sourcing, processing, packaging, distributing and selling maple syrup.

The acquisition was partially settled by a cash consideration of $17,061,552 (US$13,124,271), with the remaining $1,722,500 (US$1,325,000) as a balance of purchase price payable. Fifty percent of the balance of purchase price payable is to be paid on August 26, 2017 and the remainder to be paid on February 26, 2018. The fair value of the balance of purchase price payable, as at the acquisition date, was $1,666,559 (US$1,281,968) and was calculated using a discount rate of 3.14%. Under the share purchase agreement, the amount of the balance of purchase price was placed in escrow pursuant to an escrow agreement. As at March 31, 2017, the carrying value of the balance of purchase price payable was $1,736,530 (US$1,305,760) (Note 11).

The share purchase agreement includes a provision for additional consideration contingent on achieving a specified EBITDA target for the fiscal year ended December 31, 2016. The contingent consideration ranges from nil to $2,275,000 (US$1,750,000) and is payable no later than April 30, 2017. The fair value of the contingent consideration was calculated using a probability-weighted expectation of the payment of the contingent consideration and a discount rate of 3.14%. The fair value of the contingent consideration, determined at the acquisition date, was nil.

The Company incurred transaction costs of $911,726, which were expensed as incurred.

The acquisition has been accounted for using the acquisition method. The Company has accounted for the assets acquired and liabilities assumed based on management's best estimate of their fair value and taking into account all relevant information at the date of acquisition.

The excess of consideration transferred over the fair value of net identifiable assets acquired, in the amount of $4,216,792, was allocated to goodwill. The residual goodwill recognized is attributable to a number of factors such as the growth potential with the existing customers and opportunities to increase the sales of existing products of the Company. The amount of goodwill deductible for tax purposes is $3,753,240 (US$2,887,108).

2. Business combinations (continued):

Year ended March 31, 2017 (continued)

The fair value if the assets acquired and liabilities assumed at the date of acquisition is as follows:

	Fair value
Assets acquired:	
Cash	$ 705,255
Accounts receivable	1,396,698
Inventories	8,753,877
Prepaid expenses	15,674
Property, plant and equipment	725,565
Customer relationships	4,004,000
Brand name	611,000
Goodwill	4,216,792
Total assets acquired	20,428,861
Liabilities assumed:	
Bank indebtedness	665,058
Accounts payable and accrued liabilities	1,035,692
Total liabilities assumed	1,700,750
Total net assets acquired and liabilities assumed	$ 18,728,111
Consideration:	
Cash	$ 17,061,552
Balance of purchase price payable (holdbacks)	1,666,559
	$ 18,728,111

2. Business combinations (continued):

80-day period ended March 31, 2016 (unaudited)

On February 3, 2016, Canada Inc. acquired all issued and outstanding common shares of L.B. Maple Treat Corporation ("LBMT") for a purchase price of $40,956,453. LBMT is a privately-owned company involved in processing pure maple syrup and related maple products.

The acquisition was partially settled by a cash consideration of $36,675,314, with the remaining $4,438,297 as a balance of purchase price payable (holdbacks). The first holdback, in the amount of $411,652, was paid on March 31, 2016 and the second holdback, in the amount of $4,026,645, is payable on August 3, 2017. The fair value of the balance of purchase price payable, as at the acquisition date, was $4,281,139 and was calculated using a discount rate of 3.17%. Under the share purchase agreement, the amount of the balance of purchase price payable was placed in escrow pursuant to an escrow agreement. As at March 31, 2017, the carrying value of the balance of purchase price payable was $4,011,490 (Note 11).

The Company incurred transaction costs of $1,493,488, which were expensed as incurred.

The acquisition has been accounted for using the acquisition method. The Company has accounted for the assets acquired and liabilities assumed based on management's best estimate of their fair value and taking into account all relevant information at the date of acquisition.

The excess of the consideration transferred over the fair value of net identifiable assets acquired, in the amount of $13,766,610, was allocated to goodwill. The residual goodwill recognized is attributable to a number of factors such as a good growth potential in some natural markets and possibility to use the excess capacity for new markets. The amount of goodwill deductible for tax purposes is nil.

2. Business combinations (continued):

80-day period ended March 31, 2016 (unaudited) (continued)

The fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	Fair value
Assets acquired:	
Cash	$ 1,026,994
Accounts receivable	8,034,031
Inventories	16,092,895
Prepaid expenses and deposits	107,793
Property, plant and equipment	2,550,300
Customer relationships	8,910,000
Brand name	1,430,000
Goodwill	13,766,610
Total assets acquired	51,918,623
Liabilities assumed:	
Bank indebtedness	732,074
Accounts payable and accrued liabilities	6,997,956
Income taxes payable	206,516
Future income taxes	3,025,624
Total liabilities assumed	10,962,170
Total net assets acquired and liabilities assumed	$ 40,956,453
Consideration:	
Cash	$ 36,675,314
Balance of purchase price payable (holdbacks)	4,281,139
	$ 40,956,453

3. Accounts receivable:

		2017		2016 (Unaudited)
Trade receivables	$	11,728,670	$	7,002,365
Less provision for impairment		(41,993)		−
		11,686,677		7,002,365
Other accounts receivable		1,388,549		448,094
	$	13,075,226	$	7,450,459

4. Inventories:

		2017		2016 (Unaudited)
Bulk syrup	$	30,200,098	$	9,881,535
Finished products		9,620,641		2,495,656
Bottles, caps, labels and other		2,345,157		3,516,282
	$	42,165,896	$	15,893,473

The amount of inventories recognized as an expense in cost of sales in the consolidated statement of earnings during the year ended March 31, 2017 is $93,357,920 (2016 - $10,091,752 (unaudited)).

5. Restricted cash:

Restricted cash represents:

(a) Cash held in an escrow account ($7,007,418 as at March 31, 2017) by an escrow agent in accordance with an escrow agreement dated December 2, 2016 and signed by the Company, former shareholders of GNMP and the escrow agent, pursuant to the acquisition of GNMP on December 1, 2016 (Note 2).

(b) Cash held in an escrow account ($1,762,118 (US$1,325,000)) as at March 31, 2017) by an escrow agent in accordance with an escrow agreement dated August 26, 2016 and signed by the Company, the former shareholder of HSW and the escrow agent, pursuant to the acquisition of HSW on August 26, 2016 (Note 2).

5. Restricted cash (continued):

(c) Cash held in an escrow account ($4,048,582 as at March 31, 2017 and $4,026,645 as at March 31, 2016 (unaudited)) by an escrow agent in accordance with an escrow agreement dated February 3, 2016 and signed by the Company, the former shareholders of LBMT and the escrow agent, pursuant to the acquisition of LBMT on February 3, 2016 (Note 2).

6. Property, plant and equipment:

			2017
	Cost	Accumulated amortization	Net book value
Land	$ 201,000	$ –	$ 201,000
Buildings	2,301,332	125,563	2,175,769
Parking lot	14,584	2,917	11,667
Equipment	3,318,848	906,874	2,411,974
Barrels	2,577,129	449,848	2,127,281
Leasehold improvements	150,291	29,913	120,378
Computer hardware	101,887	35,982	65,905
Furniture and fixtures	69,750	16,685	53,065
Computer software	26,821	13,672	13,149
Vehicles	199,213	59,764	139,449
Fixed assets under construction	125,722	–	125,722
	$ 9,086,577	$ 1,641,218	$ 7,445,359

			2016 (Unaudited)
	Cost	Accumulated amortization	Net book value
Buildings	$ 238,000	$ 11,900	$ 226,100
Equipment	1,526,205	306,645	1,219,560
Barrels	858,874	116,916	741,958
Computer hardware	50,125	14,801	35,324
Furniture and fixtures	23,500	4,700	18,800
Computer software	523	262	261
	$ 2,697,227	$ 455,224	$ 2,242,003

7. Intangible assets:

			2017
	Cost	Accumulated amortization	Net book value
Customer relationships	$ 23,546,092	$ 1,628,560	$ 21,917,532
Brand name [(i)]	2,425,053	–	2,425,053
Intangible under construction	87,332	–	87,332
	$ 26,058,477	$ 1,628,560	$ 24,429,917

			2016 (Unaudited)
	Cost	Accumulated amortization	Net book value
Customer relationships	$ 8,910,000	$ 141,584	$ 8,768,416
Brand name [(i)]	1,430,000	–	1,430,000
	$ 10,340,000	$ 141,584	$ 10,198,416

[(i)] Indefinite life

8. Goodwill:

	2017	2016 (Unaudited)
Balance, beginning of year	$ 13,766,610	$ –
Business acquisitions (note 2)	4,216,792	13,766,610
Foreign exchange adjustment	96,734	–
Balance, end of year	$ 18,080,136	$ 13,766,610

9. Bank indebtedness:

The Company has a revolving credit facility of an authorized amount of $32,000,000 from a banking institution. This facility bears interest at prime rate plus applicable margin between 0.75% and 2.5% (1.75% as at March 31, 2017). The Company has a standby fee varying from 0.35% and 0.70%, depending on the Company's leverage ratio. The revolving credit facility is renewable on February 2, 2019.

The authorized amount of the revolving credit facility is limited to an amount based on a certain percentage of eligible accounts receivable and inventories.

The Company also has letters of credit available for an authorized amount of $12,500,000, bearing interest at prime rate plus applicable margin between 1.75% and 3.50%, depending on the leverage ratio (see Note 17).

The revolving credit facility and the letters of credit facility are secured by a first ranking hypothec for an amount of $125,000,000 on the universality of all present and future immovable property of the Company, corporeal and incorporeal, including property, plant and equipment, inventories and accounts receivable.

Per the credit facility agreement, the Company has to comply with certain covenants and the obligation to maintain certain financial ratios. As at March 31, 2017, the Company was in compliance with these covenants and financial ratios.

10. Accounts payable and accrued liabilities:

	2017	2016 (Unaudited)
Trade accounts payable and accrued liabilities (i)	$ 10,105,539	$ 7,559,883
Salaries and vacation payable (ii)	695,567	347,775
	$ 10,801,106	$ 7,907,658

(i) Considering that maple syrup is harvested once a year, the FPAQ offers to authorized purchasers the possibility to pay their purchases over the course of the year (ending in February). Once the syrup is graded, the authorizers has to pay 30% of the cost of the syrup on the 15th of the following month. The outstanding balance bears interest (prime + 1%) and is paid in four monthly installments (November, December, January and February).

(ii) Included in salaries and vacation payable are government remittances payable of $37,389 as at March 31, 2017 (as at March 31, 2016 - $120 (unaudited)), which include payroll-related taxes.

11. Other long-term liabilities:

	Contingent consideration payable	Balance of purchase price payable	Total
Balance as at January 12, 2016 (unaudited)	$ –	$ –	$ –
Business acquisition (note 2)	–	4,281,139	4,281,139
Accretion expense	–	17,966	17,966
Payment made	–	(411,652)	(411,652)
Less current portion	–	–	–
Balance as at March 31, 2016 (unaudited)	–	3,887,453	3,887,453
Business acquisition (note 2)	6,598,151	1,666,559	8,264,710
Accretion expense	70,838	154,967	225,805
Payments made	–	–	–
Foreign exchange adjustment	–	39,041	39,041
Less current portion	(4,922,002)	(5,748,020)	(10,670,022)
Balance as at March 31, 2017	$ 1,746,987	$ –	$ 1,746,987

12. Long-term debt:

		2017		2016 (Unaudited)
Term loan, in the amount of $28,131,250, bearing interest at a rate of 1.23% plus stamping fees of 3.00%, repayable in six capital instalments of $553,125, three capital instalments of $737,500, and a final payment of $23,153,125 on February 2, 2019 (i) (ii)	$	27,578,125	$	–
Term loan, in the amount of US$5,000,000, bearing interest at a rate of 1.07% plus stamping fees of 3.00%, repayable in seven capital instalments of US$93,750, three capital instalments of US$125,000 and a final payment of US$3,968,750 on February 2, 2019 (i) (ii)		6,275,466		–
Unsecured term loan, in the amount of $3,000,000 plus accrued interests of $405,916 as at March 31, 2017 ($52,666 as at March 31, 2016 (unaudited)), bearing interest at a rate of 11%, repayable in one instalment (including capital and interest) on August 4, 2019		3,405,916		3,052,666
Term loan, in the amount of $14,500,000, bearing interest at a rate of 3.69%, reimbursed during the year ended March 31, 2017		–		14,500,000
		37,259,507		17,552,666
Less deferred financing costs, net of accumulated amortization of $184,785 (2016 - $10,553 (unaudited))		(385,476)		(183,958)
		36,874,031		17,368,708
Less current portion		(2,711,213)		(1,087,500)
	$	34,162,818	$	16,281,208

Principal repayments on long-term debt over the next three years are as follows:

2018	$	2,711,213
2019		31,142,378
2020		3,405,916
	$	37,259,507

12. Long-term debt (continued):

(i) The term loans are secured by a first ranking hypothec for an amount of $125,000,000 on the universality of all present and future immovable property of the Company, corporeal and incorporeal, including property, plant and equipment, inventories and accounts receivable.

(ii) Per the credit facility agreement, the Company has to comply with certain covenants and the obligation to maintain certain financial ratios. As at March 31, 2017, the Company was in compliance with these covenants and financial ratios.

13. Future income taxes:

The significant components of the future income tax assets and liabilities are as follows:

		2017		2016 (Unaudited)
Future income tax assets:				
Non-capital losses	$	70,632	$	–
Financing fees and share issue expenses		4,730		–
Other		72,110		17,572
Future income tax assets	$	147,472	$	17,572
Future income tax liabilities:				
Property, plant and equipment and intangible assets	$	5,951,202	$	2,937,608
Financing fees		–		11,879
Other		59,193		–
Future income tax liabilities	$	6,010,395	$	2,949,487

		2017		2016 (Unaudited)
Presented in the balance sheet as follows:				
Future income tax assets	$	–	$	–
Future income tax liabilities		5,862,923		2,931,915

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income.

13. Future income taxes (continued):

The major components of income tax provision are as follows:

	2017	2016 (Unaudited)
Current income tax (recovery)	$ 1,047,101	$ (76,138)
Future income tax (recovery)	(580,709)	(151,675)
Income tax expense (recovery)	$ 466,392	$ (227,813)

The reconciliation of income taxes, calculated using the combined Canadian federal and the provinces of Québec and British-Columbia statutory tax rates and the combined United-States federal and state of Vermont statutory tax rates, to income taxes presented in the consolidated financial statements is detailed as follows:

	2017	2016 (Unaudited)
Earnings (loss) before income taxes	$ 3,680,344	$ (2,175,341)
Combined federal and provincial income tax rate of 29.02% (26.82% - 2016)	$ 1,068,035	$ (583,426)
Non-deductible items	481,595	447,624
Non-taxable items	(1,322,710)	–
Adjustment in respect of prior years	179,522	(91,772)
Change in between the current tax rate and the future tax rate	(42,008)	–
Deferred income taxes recorded in retained earnings	17,741	17,784
Other	84,217	(18,023)
	$ 466,392	$ (227,813)

The increase in the combined tax rate is due to the reduction of the Québec income tax rate and the acquisition of the U.S. subsidiary HSW where the statutory tax rates is higher than in Canada.

14. Share capital:

	2017	2016 (Unaudited)
Authorized:		
Unlimited number of Class A shares, Series 1 to 5, without par value, voting, participating, pari passu with Class B and D shares		
Unlimited number of Class B shares, Series 1 to 5, without par value, voting, participating, pari passu with Class A and D shares		
Unlimited number of Class C shares, Series 1 to 5, without par value, non-voting, participating		
Unlimited number of Class D shares, without par value, non-voting, participating, pari passu with Class A and B shares		
Unlimited number of Class E shares, without par value, non-voting, participating, redeemable at the option of the Company, at an amount equal to the subscription price plus all declared and unpaid dividends		
Issued and outstanding:		
35,500,000 Class A shares (2016 - 15,000,000)	$ 35,500,000	$ 15,000,000
8,875,000 Class C shares (2016 - 3,750,000)	30	10
750 Class E shares (2016 - 750)	8	8
	$ 35,500,038	$ 15,000,018

Year ended March 31, 2017

On August 26, 2016, the Company issued 8,500,000 Class A shares, Series 2, and 2,125,000 Class C shares, Series 2, for cash consideration of $8,500,000 and $10, respectively.

On December 1, 2016, the Company issued 12,000,000 Class A shares, Series 3, and 3,000,000 Class C shares, Series 3, for cash consideration of $12,000,000 and $10 respectively.

The Company incurred a total amount of $66,947 related to the issuance of those shares. These share issuance costs have been accounted for in the consolidated statement of retained earnings.

14. Share capital (continued):

80-day period ended March 31, 2016 (unaudited)

On January 25, 2016, the Company issued 4,000,000 Class A shares, Series 1, for cash consideration of $4,000,000.

On February 3, 2016, the Company issued 11,000,000 Class A shares, Series 1, 3,750,000 Class C shares, Series 1, and 750 Class E shares for cash consideration of $11,000,000, $10 and $8 respectively.

The Company incurred a total amount of $66,308 related to the issuance of those shares. These share issuance costs have been accounted for in the consolidated statement of retained earnings.

15. Contributed surplus:

	2017	2016 (Unaudited)
Balance, beginning of year	$ 14,066	$ –
Compensation costs relating to the stock option plan (note 16)	104,355	14,066
Balance, end of year	$ 118,421	$ 14,066

16. Stock-based compensation:

The Company implemented a stock option plan (the "Plan") for certain directors, executive officers and employees on February 3, 2016 pursuant to which options are granted over an approved vesting period. The principal terms of the plan are:

(a) the maximum number of Class D shares issuable under this plan shall not exceed 10% of the issued and outstanding participating shares (the Class C shares and Class E shares being excluded from this calculation), as calculated on the date of the grant of each option;

(b) the Plan is for an indefinite term and ends as determined by the Board of Directors or upon occurrence of a liquidity event (sale of all or nearly all assets of the Company, sale of all issued and outstanding shares of the Company or an initial public offering);

(c) the exercise price for each share converted by an option shall be established by the Board at the time of grant;

16. Stock-based compensation (continued):

(d) upon the occurrence of a liquidity event, all unvested options become vested and the choice of the method of exercising these options is as follows:

- share subscription or;
- settlement in cash (receive, at the closing of the liquidity event, a cash consideration equal to the difference between the price of the shares underlying the options, as determined by the liquidity event, and the exercise price of those options);

(e) the vesting period in respect of options is as follows:

(i) 50% under the time vesting criteria:

- 10% on the first anniversary of the date of grant
- 10% on the second anniversary of the date of grant
- 10% on the third anniversary of the date of grant
- 10% on the fourth anniversary of the date of grant
- 10% on the fifth anniversary of the date of grant

(ii) 50% under the performance vesting criteria:

- 10% on the first anniversary of the date of grant if the Company achieved during this period 90% or more of the earnings before interest, taxes, depreciation and amortization ("EBITDA") target determined by the Board of Directors
- 10% on the second anniversary of the date of grant if the Company achieved during this period 90% or more of the EBITDA target determined by the Board of Directors
- 10% on the third anniversary of the date of grant if the Company achieved during this period 90% or more of the EBITDA target determined by the Board of Directors
- 10% on the fourth anniversary of the date of grant if the Company achieved during this period 90% or more of the EBITDA target determined by the Board of Directors
- 10% on the fifth anniversary of the date of grant if the Company achieved during this period 90% or more of the EBITDA target determined by the Board of Directors

(f) all vested and unvested options expire at the closing of a liquidity event or at the time of expiration of the Plan as determined by the Board of Directors.

16. Stock-based compensation (continued):

A summary of the activity and other information related to the stock option plan for the year ended March 31, 2017 and the 80-day period ended March 31, 2016 is as follows:

	2017		2016 (Unaudited)	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning of year	1,520,270	$ 1	–	$ –
Granted	2,077,702	1	1,520,270	1
Exercised	–	–	–	–
Forfeited	–	–	–	–
Balance, end of year	3,597,972	$ 1	1,520,270	$ 1

The following table summarizes information regarding share options as at March 31, 2017 and 2016:

	Awards outstanding			Awards exercisable (ii)		
Year	Number	Weighted average remaining contractual life (years) (i)	Weighted average exercise price	Number	Weighted average remaining contractual life (years)	Weighted average exercise price
2016 (unaudited)	1,520,270	–	$ 1	–	–	$ 1
2017	2,077,702	–	1	–	–	1

16. Stock-based compensation (continued):

The fair values of the options granted during the year ended March 31, 2017 have been determined using the Black-Scholes option pricing model using the following assumptions:

Weighted average grant date fair value	$	1
Weighted average grant price	$	1
Expected volatility		34.7%
Risk-free interest rate		0.76%
Expected dividend yield		–
Expected life (years)		5

Share-based compensation expense amounted to $104,355 for the year ended March 31, 2017 (80-day period ended March 31, 2016 - $14,066 (unaudited)) and is allocated in the selling and administrative expenses caption in the consolidated statement of earnings.

(i) The options have no predetermined expiry as their life is defined to be the same as the existence of the Plan.

(ii) The options are only exercisable upon the occurrence of a liquidity event. As at March 31, 2017, no such events have occurred.

17. Commitments and guarantee:

Commitments

(a) Premises:

The Company rents premises under operating leases for offices, distribution and manufacturing use, maturing at various dates between December 2017 and August 2021.

(b) Vehicles:

The Company rents vehicles under operating leases, maturing at various dates between October 2017 and November 2021.

(c) Management agreement:

On February 3, 2016, the Company signed a management agreement with an ultimate parent company. Under this agreement, the Company agrees to pay:

(i) an annual management fee of $250,000 payable in equal monthly instalments of $20,833 on the first day of each month;

17. Commitments and guarantee (continued):

Commitments (continued)

(c) Management agreement (continued):

(ii) an additional fee of $50,000 for each $1,000,000 of EBITDA of the Company above $6,000,000. Total annual fees payable under (i) and (ii) shall not be more than $450,000; and

(iii) a transaction fee equivalent to 1% of the transaction value at the closing of the following transactions: business acquisition, merger, financing, refinancing, equity raising from new shareholders, a public offering or a reverse takeover.

This agreement will remain in force as long as either Champlain Maple Canada L.P. or Champlain Maple Europe L.P. (two shareholders of the Company) will hold, directly or indirectly, shares in the share capital of the Company and that 8288933 Canada Inc. remains general partner of either of those two entities.

(d) Consulting agreement:

On February 3, 2016, the Company signed a consulting agreement with a limited partner of a shareholder entity ("LP") of the Company. Under this agreement, the Company agrees to pay an annual management fee of $90,000 payable in equal monthly instalments of $7,500 on the first day of each month. This agreement ends on the earlier of (i) the date on which the LP or the Company ceases to do business or take any action to liquidate their assets; (ii) the sale of all the issued and outstanding shares of the Company; and (iii) upon the LP ceasing to be a limited partner of a shareholder entity of the Company or having a direct or indirect equity interest in the Company.

(e) Maple syrup purchases:

The Company has signed an agreement and is committed to purchase 1,500,000 pounds of maple syrup from Fédération des producteurs acéricoles du Québec ("FPAQ").

(f) As of May 2017, the Company is committed to pay a royalty of 7.5% of all sales on a specific product.

17. Commitments and guarantee (continued):

Commitments (continued)

Estimated minimum annual payments over the next five years are as follows:

	Premises	Vehicles	Management agreement	Consulting agreement	Maple syrup purchases	Total
2018	$ 805,555	$ 41,178	$ 250,000	$ 90,000	$ 4,016,200	$ 5,202,933
2019	761,636	35,698	250,000	90,000	–	1,137,334
2020	521,184	19,371	250,000	90,000	–	880,555
2021	201,081	6,308	250,000	90,000	–	547,389
2022	83,784	–	250,000	90,000	–	423,784
	$ 2,373,240	$ 102,555	$ 1,250,000	$ 450,000	$ 4,016,200	$ 8,191,995

Guarantee

During the year ended March 31, 2017, the Company issued a letter of guarantee for an amount of $12,500,000 to FPAQ in order to secure bulk syrup purchases. The letter of guarantee expires on February 28, 2018.

18. Related party transactions:

Transactions with related parties for the year ended March 31, 2017 and for the 80-day period ended March 31, 2016 are as follows:

	2017	2016 (Unaudited)
Ultimate parent company:		
Management fees (selling and administrative expenses)	$ 257,464	$ 44,948
Financing fees (financial expenses)	87,500	–
Business combination related costs	769,207	593,884
Limited partner of a shareholder entity:		
Consulting fees (selling and administrative expenses)	75,417	9,167

18. Related party transactions (continued):

Balances with related parties as at March 31, 2017 and March 31, 2016 are as follows:

	2017	2016 (Unaudited)
Ultimate parent company:		
Prepaid expenses and deposits	$ 72,917	$ –
Accounts payable and accrued liabilities	567	–

19. Major customers and suppliers:

During the year, 63% of the Company's purchases were made from FPAQ (80-day period ended March 31, 2016 - 45% (unaudited)) and 45% of the Company's sales were made to two customers (80-day period ended March 31, 2016 - 82% (unaudited)).

20. Financial expenses:

	2017	2016 (Unaudited)
Interest on bank indebtedness	$ 896,474	$ 86,390
Interest on long-term debt	984,823	186,247
Interest on accounts payable to FPAQ (note 10)	771,497	36,164
Amortization of deferred financing costs	174,232	10,553
Accretion expense on contingent consideration payable and on balance of purchase price payable	225,805	17,966
Other interest (revenues) and bank charges	(4,293)	9,901
Loss on foreign exchange	366,367	70,527
Unrealized loss on derivative financial instruments (note 21(b))	42,162	–
	$ 3,457,067	$ 417,748

21. Financial instruments:

The significant financial risks to which the Company is exposed are as follows:

(a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from its customers. As at March 31, 2017, three customer groups accounted for 32% of accounts receivable (March 31, 2016 - one customer accounted for 46% of accounts receivable (unaudited)). The Company believes that there is no unusual exposure associated with the collection of these receivables. The Company performs regular credit assessments of its customers' financial condition and has purchased credit insurance to mitigate some credit risk.

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate cash flow risk with respect to its bank indebtedness and long-term debt, whose rates are tied to the bank's prime rate of interest.

The derivative financial instruments convert a portion of interest payments based on a variable rate into fixed rate payments and therefore expose the Company to cash flow risks resulting from interest rate fluctuations.

During the year ended March 31, 2017, the Company entered into two interest rate swap agreements, maturing in February 2019. Under the first agreement, the Company pays interests at a fixed rate of 1.23% and receives interests at a floating rate based on prime rate as at March 31, 2017. The notional principal amount attributable to the Company is set at $19,031,250. This interest rate swap is measured at fair value using the current value supplied by a derivatives broker. The fair value as at March 31, 2017 is a loss of $57,222 as presented in the liabilities in the consolidated balance sheet.

Under the second agreement, the Company pays interests at a fixed rate of 1.07% and receives interests at a floating rate based on prime rate as at March 31, 2017. The notional principal amount attributable to the Company is set at US$1,962,500. This interest rate swap is measured at fair value using the current value supplied by a derivatives broker. The fair value as at March 31, 2017 is a gain of $15,060 (US$11,325) as presented in the liabilities against the loss of the first agreement in the consolidated balance sheet.

21. Financial instruments (continued):

(c) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on cash and cash equivalents, restricted cash, bank indebtedness, accounts receivable and accounts payable, and accrued liabilities held in U.S. dollars and Australian dollars. The Company mitigates its foreign exchange risk on its anticipated cash flows from U.S. dollar sales by engaging in U.S. dollar forward contracts (as noted in Note 22).

As at March 31, 2017, the following items, converted into Canadian dollars for presentation purposes, are held in U.S. dollars and Australian dollars and subject to foreign currency risk:

		2017		2016 (Unaudited)
	USD	AUD	USD	AUD
Cash and cash equivalents	$ 491,997	$ 2,494	$ 1,729,155	$ –
Restricted cash	1,325,000	–	–	–
Accounts receivable	5,643,213	306,455	3,407,790	–
	7,460,210	308,949	5,136,945	–
Bank indebtedness	2,950,170	–	–	–
Accounts payable and accrued liabilities	1,344,062	8,484	392,445	–
	4,294,232	8,484	392,445	–
	$ 3,165,978	$ 300,465	$ 4,744,500	$ –

22. Qualifying hedge of anticipated transactions:

The Company uses foreign exchange forward contracts to reduce its exposure to fluctuations in foreign exchange rates related to its anticipated cash flows from sales to two U.S. dollar customers. The anticipated U.S. dollar cash flows occurred throughout the entire year. The foreign exchange forward contracts required that the Company purchase US$28,595,000 over the course of the year (2016 - US$3,312,000) at a weighted average exchange rate of CA$1.31 (2016 - CA$1.33).

During the year, the Company adjusted sales by a gain of $30,907 (2016 - gain of $11,074) related to the maturity of the foreign exchange forward contracts.

The Company has entered into foreign exchange forward contracts to sell US$2,188,266 (2016 - US$1,881,133) at a weighted average exchange rate of CA$1.33 which mature between May 2017 and June 2017.

23. Subsequent event:

Business acquisition:

On May 5, 2017, the Company acquired substantially all of the operating assets of Sucro-Bec L. Fortier Inc., a company involved in the processing, packaging, distribution and sale of maple products. The acquisition was settled by a cash consideration of $2,760,000. The share purchase agreement includes a provision for additional consideration contingent on sales targets to a specific client for the twelve month period following the date of acquisition. Such contingent consideration, if any, is payable in cash at the expiration of the earn-out period.

The Company will complete the accounting for the acquisition, including the determination of the fair value of assets acquired at the date of acquisition, during the year ending March 31, 2018.

24. Reconciliation to International Financial Reporting Standards:

The consolidated financial statements are prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian standards for private enterprises in Part II of the *CPA Canada Handbook*, or ASPE. The recognition, measurement and disclosure requirements of ASPE differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the *CPA Canada Handbook*. The below tables quantify the material differences between the line items in accordance with ASPE and IFRS, with descriptions thereto of such differences, for the year ended March 31, 2017 and for the 80-day period ended March 31, 2016 (unaudited).

24. Reconciliation to International Financial Reporting Standards (continued):

			2017
	Stated in accordance with ASPE	Adjustments from ASPE to IFRS	Stated in accordance with IFRS
Current liabilities:			
Current portion of long-term liabilities (iv)	$ 10,670,022	$ 34,998	$ 10,705,020
Non-current liabilities:			
Long-term debt (i)	34,162,818	15,466	34,178,284
Stock-based compensation (iii)	–	3,508,138	3,508,138
Shareholders' equity:			
Contributed surplus (iii)	118,421	(118,421)	–
Cumulative translation adjustment (ii)	409,326	(409,326)	–
Retained earnings (deficit) (iii) and (iv)	1,168,694	(3,440,181)	(2,271,487)
Other comprehensive income (ii)	–	409,326	409,326
Operating expenses:			
Selling and administrative expenses (iii)	7,842,239	3,371,667	11,213,906
Financial expenses (i)	3,457,067	15,466	3,472,533
Business combination related costs (iv)	1,494,537	34,998	1,529,535

			2016 (Unaudited)
	Stated in accordance with ASPE	Adjustments from ASPE to IFRS	Stated in accordance with IFRS
Non-current liabilities:			
Stock-based compensation (iii)	$ –	$ 32,116	$ 32,116
Shareholders' equity:			
Contributed surplus (iii)	14,066	(14,066)	–
Operating expenses:			
Selling and administrative expenses (iii)	702,286	18,050	720,336

24. Reconciliation to International Financial Reporting Standards (continued):

(i) In accordance with ASPE, financing fees are disclosed net of debt and measured subsequently using linear amortized cost, representing an amortization of financing fees of $144,983 as at March 31, 2017. In accordance with IFRS, financing fees are disclosed net of debt and subsequently measured at amortized cost using the effective interest method, representing an amortization of financing fees of $160,449 as at March 31, 2017.

(ii) In accordance with ASPE, there is no concept of comprehensive income. The foreign currency translation adjustment of $409,326 as at March 31, 2017 is presented in shareholders' equity as cumulative translation adjustment. In accordance with IFRS, the foreign currency translation adjustment on the foreign subsidiary of $409,326 as at March 31, 2017 is presented as other comprehensive income.

(iii) Under ASPE, the determination as to whether a share-based award is an equity instrument or a liability (cash-settled) is made at the grant date and the probability of any contingent settlement provisions, such as settlement upon a change in control is assessed at that date. Under IFRS, the existence of contingent settlement provisions must be considered in the determination of the type of award, and any cash-settlement provision outside of the Company's control results in liability classification without weighing the probability of occurrence. The Company's share-based payment plan provides for immediate vesting and cash settlement of all outstanding awards upon a change in control of the Company. Consequently, under IFRS, the Company's stock-based compensation plans are considered to be cash-settled and are accounted for as a liability due to the probability of a change in control occurring. Furthermore, the vesting period under IFRS takes into account the timing of a probable change in control, thereby accelerating the recognition of the related stock-based compensation expense.

In accordance with ASPE, stock based compensation cost, representing $14,066 as at March 31, 2016 and $104,355 as at March 31, 2017, was charged directly to net earnings over the original vesting period with a corresponding credit to contributed surplus. In accordance with IFRS, stock based compensation, representing $32,116 as at March 31, 2016 and $3,476,022 as at March 31, 2017, was expensed on a graded vesting basis over the expected life of the awards based on a probable change in control, with the corresponding credit recorded as a liability.

(iv) In accordance with ASPE, a contingent consideration accounted for as an asset or a liability in relation to a business combination is re-measured at fair value when the contingency is resolved and at that point any resulting gain or loss is recognized in net income. In accordance with IFRS, the contingent consideration in relation to a business combination is measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The re-measurement of a contingent consideration in relation to a business combination increased its fair value by $34,998 as at March 31, 2017.

SCHEDULE B

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ROGERS SUGAR INC. AS AT APRIL 1, 2017 AND FOR THE FINANCIAL YEAR ENDED OCTOBER 1, 2016 AND FOR THE SIX-MONTH PERIOD ENDED APRIL 1, 2017

See attached.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial statements are based on the historical financial statements of Rogers Sugar Inc. ("RSI") and L.B. Maple Treat Corporation ("LBMT"), consolidated and adjusted to give effect to the acquisition by 10306835 Canada Inc., a direct wholly-owned subsidiary of Lantic Inc., of all of the issued and outstanding shares of LBMT (the "Acquisition"). They are presented for illustrative purposes only and may not be indicative of the consolidated company's financial position or results of operations that would have actually occurred had the Acquisition been completed at or as of the dates indicated, nor is it indicative of our future operating results or financial position.

The data in the unaudited pro forma consolidated statement of financial position as at April 1, 2017 assumes the Acquisition was completed as of April 1, 2017. The data in the unaudited pro forma consolidated statements of earnings for the year ended October 1, 2016 and the six-month period ended April 1, 2017 assumes that the Acquisition took place on October 4, 2015.

The historical consolidated financial information has been adjusted in the unaudited pro forma consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the Acquisition, (2) factually supportable, and (3) with respect to the statements of earnings, expected to have a continuing impact on the consolidated results. The unaudited pro forma consolidated financial information should be read in conjunction with the accompanying notes to the unaudited pro forma consolidated financial statements. In addition, the unaudited pro forma consolidated financial information was based on and should be read in conjunction with the following historical financial statements and accompanying notes of RSI and LBMT for the applicable periods, which are included elsewhere in the short form prospectus:

- Historical consolidated financial statements of RSI for the year ended October 1, 2016 and the related notes;
- Historical unaudited condensed consolidated interim financial statements of RSI for the six-month period ending April 1, 2017 and the related notes;
- Historical consolidated financial statements of LBMT for the year ended March 31, 2017 and the related notes; and
- Historical unaudited consolidated financial statements of LBMT for the 80-day period ending March 31, 2016 and the related notes.

The unaudited pro forma consolidated financial information is presented for informational purposes only. The unaudited pro forma consolidated financial information may not be indicative of the financial position that would have prevailed and operating results that would have been obtained if the Acquisition had been completed on those dates or for the periods presented, nor do they claim to project the financial position or operating results which may be obtained in the future. The unaudited pro forma consolidated financial statements are not forecast or projection of future results. The actual financial position and results of operation of RSI for any period following the closing of the Acquisition will vary from the amounts set forth in the unaudited pro forma consolidated financial statements and such variations may be material. Any potential integration gains that may be realized and integration costs that may be incurred upon completion of the Acquisition, if successful, have been excluded from the unaudited pro forma consolidated financial information.

In the opinion of management, the accounting policies used in the preparation of the unaudited pro forma consolidated financial position as at April 1, 2017, the unaudited pro forma consolidated interim statement of earnings for the six-month ended April 1, 2017 and for the year ended October 1, 2016, include all the adjustments necessary for the fair presentation of the Acquisition in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and incorporate the significant accounting policies expected to be used to prepare RSI's consolidated financial statements.

The accounting policies used in preparing the unaudited pro forma consolidated financial statements are set out in RSI's audited consolidated financial statements for the year ended October 1, 2016 and as described in RSI's unaudited condensed consolidated financial statements for the six-months ended April 1, 2017. The consolidated financial statements of LBMT (which form the basis of the unaudited pro forma consolidated financial information) were prepared in accordance with Accounting Standards for Private Enterprises ("ASPE"). Adjustments have been made to the historical consolidated financial statements of LBMT to convert those financial statements prepared in accordance with ASPE, to IFRS for all material measurement and classification differences by evaluating and documenting the existing differences between ASPE and IFRS, and to conform the accounting policies used to those of RSI. However, these adjustments may not be complete and additional adjustments may become known once the Acquisition is completed, and those adjustments may be material.

These unaudited pro forma consolidated financial statements have been derived from the historical consolidated financial statements of RSI and LBMT that are included elsewhere in the short form prospectus. Certain financial statement line items included in LBMT's historical presentation have been disaggregated or condensed to conform to corresponding financial statement line items included in RSI's historical presentation. Please see the notes to the unaudited pro forma consolidated financial information below for a description of these reclassifications.

The unaudited pro forma consolidated financial statements have been prepared using the acquisition method of accounting in accordance with IFRS 3, Business Combinations ("IFRS 3"). Under the acquisition method of accounting, the total estimated purchase price of an acquisition is allocated to the net tangible and intangible assets and liabilities assumed based on their estimated fair values. The pro forma adjustments related to the purchase price allocation in connection with the Acquisition are preliminary and based upon information obtained to date and assumptions that we believe are reasonable. The actual purchase accounting adjustments described in the accompanying notes will be made after the closing of the Acquisition and finalized as information becomes available, but limited to one year after the Acquisition date, and may differ from those reflected in the unaudited pro forma consolidated financial information presented below. The actual amounts that we record are based on our final allocation of the purchase price, after giving effect to the final purchase price adjustments at the closing date, and our final assessment of fair values may differ materially from those recorded in our unaudited pro forma consolidated financial information. The unaudited pro forma consolidated statements of earnings do not reflect any non-recurring charges or gains that we may record in connection with the Acquisition. However, these estimated non-recurring items will be reflected in our statements of earnings for the period during which the Acquisition will take place (see notes to the unaudited pro forma consolidated statements of earnings).

The pro forma consolidated financial statements do not include all the information and disclosures required by IFRS for annual financial statements and should be read in conjunction with the financial statements of RSI and the financial statements of LBMT that are incorporated by reference or included herein. These pro forma statements have been prepared in thousands of Canadian dollars unless otherwise noted.

The unaudited pro forma consolidated statement of earnings for the year ended October 1, 2016 has been derived as follows:

(i) the consolidated statement of earnings of RSI for the year ended October 1, 2016 from the audited consolidated financial statements of RSI as at October 1, 2016 and for the year then ended;

(ii) the consolidated statement of earnings of LBMT for the period starting on its incorporation date of January 12, 2016 to December 31, 2016 from the audited consolidated financial statements of LBMT as at and for the year ended March 31, 2017, which was adjusted to remove the unaudited consolidated financial information for the three-month period ended March 31, 2017 and to add the unaudited consolidated financial information for the 80-day period ended March 31, 2016. It should be noted that LBMT commenced its operation on February 3, 2016.

The unaudited pro forma consolidated statement of earnings for the six-month period ended April 1, 2017 has been derived as follows:

(i) the unaudited condensed consolidated interim statement of earnings of RSI for the six-month period ended April 1, 2017 from the unaudited condensed consolidated interim financial statements of RSI as at and for the periods ended April 1, 2017;

(ii) the consolidated statement of earnings of LBMT for the year ended March 31, 2017 from the audited consolidated financial statements of LBMT as at and for the year ended March 31, 2017, which was adjusted to remove the unaudited consolidated financial information for the six-month period ended September 30, 2016.

The unaudited pro forma consolidated statement of earnings for the year ended October 1, 2016 and the unaudited pro forma consolidated statement of earnings for the six-month period ended April 1, 2017 both include the results of LBMT for the three-month period ended December 31, 2016.

The following information is only a summary and is not necessarily indicative of the results of RSI's or LBMT's future operations. The historical information for LBMT includes results for Great Northern Maple Products Inc. ("GNMP") from the date of acquisition of December 1, 2016 to March 31, 2017 and the results for Highland Sugarworks Inc. ("HSW") from the date of acquisition of August 26, 2016 to March 31, 2017 as presented in LBMT's consolidated financial statements for the year ended March 31, 2017. Therefore, the pro forma consolidated statement of earnings for the year ended October 1, 2016 does not present a full year of operations for GNMP and HSW and the pro forma consolidated statement of earnings the six-month period ended April 1, 2017 does not present six months of operations for GNMP. The unaudited pro forma consolidated statement of financial position as at April 1, 2017 and pro forma consolidated statement of earnings for the year ended October 1, 2016 and for the six-month period ended April 1, 2017 do not include the assets and the results from the acquisition of Sucro-Bec L. Fortier Inc. ("Sucro-Bec"), which occurred on May 5, 2017.

You should review the summary financial data presented below together with "Management's Discussion and Analysis", our consolidated financial statements, LBMT's consolidated financial statements and the notes thereto included elsewhere in the short form prospectus.

ROGERS SUGAR INC.

(Unaudited)
Pro forma consolidated statement of financial position
(In thousands of dollars)

	RSI April 1, 2017	LBMT IFRS historical adjusted March 31, 2017 (Appendix A)	Pro forma adjustments [(a)]	Pro forma consolidated April 1, 2017
Assets				
Current assets:				
Cash and cash equivalents	908	1,529	-	**2,437**
Restricted cash	-	10,936	-	**10,936**
Trade and other receivables	59,366	13,075	-	**72,441**
Income taxes recoverable	-	299	-	**299**
Inventories	115,221	42,166	897[(1)]	**158,284**
Prepaid expenses	1,951	608	-	**2,559**
Derivative financial instruments	98	-	-	**98**
Deferred financing fees on bank ıdebtedness	-	363	(363)[(1)]	**-**
Total current assets	177,544	68,976	534	**247,054**
Non-current assets:				
Restricted cash	-	1,883	-	**1,883**
Property, plant and equipment	178,190	7,445	-	**185,635**
Intangible assets	1,776	24,430	-	**26,206**
Other assets	439	-	289[(3)]	**728**
Deferred tax assets	22,359	-	711[(4)]	**23,070**
Derivative financial instruments	943	-	-	**943**
Goodwill	229,952	18,080	69,008[(1)]	**317,040**
Total non-current assets	433,659	51,838	70,008	**555,505**
Total assets	611,203	120,814	70,542	**802,559**
Liabilities and Shareholder's Equity				
Current liabilities:				
Revolving credit facility	23,000	-	-	**23,000**
Bank indebtedness	-	17,612	(17,612)[(2)]	**-**
Trade and other payables	49,246	10,801	-	**60,047**
Income taxes payable	6,871	9	-	**6,880**
Current portion of other liabilities	-	10,705	-	**10,705**
Current portion of long term debt	-	2,711	(2,711) [(2)]	**-**
Provisions	742	-	-	**742**
Finance lease obligations	48	-	-	**48**
Derivative financial instruments	3,616	-	-	**3,616**
Convertible unsecured subordinated debentures	49,537	-	-	**49,537**
Total current liabilities	133,060	41,838	(20,323)	**154,575**
Non-current liabilities:				
Revolving credit facility	60,000	-	58,460[(5)]	**118,460**
Employee benefits	54,155	3,508	(3,508)[(1)]	**54,155**
Provisions	1,744	-	-	**1,744**
Derivative financial instruments	4,549	42	-	**4,591**
Other long-term liabilities	-	1,747	-	**1,747**
Long term debt	-	34,178	(34,178)[(2)]	**-**
Finance lease obligations	137	-	-	**137**
Convertible unsecured subordinated	59,000	-	45,434[(5)(6)]	**104,434**

debentures				
Deferred tax liabilities	31,135	5,863	-	**36,998**
Total non-current liabilities	210,720	45,338	66,208	**322,266**
Total liabilities	343,780	87,176	45,885	**476,841**
Shareholder's equity:				
Share capital	34,414	35,500	21,945(7)	**91,859**
Contributed surplus	300,213	-	-	**300,213**
Equity portion of convertible unsecured subordinated debentures	1,188	-	2,294(6)	**3,482**
Deficit	(57,449)	(2,271)	827 (4)(8)	**(58,893)**
Accumulated other comprehensive (loss) gain	(10,943)	409	(409)(9)	**(10,943)**
Total shareholder's equity	267,423	33,638	24,657	**325,718**
Total liabilities and shareholder's equity	611,203	120,814	70,542	**802,559**

(a) Certain adjustments have been reflected in these unaudited pro forma consolidated financial statements to illustrate the effects of the Acquisition and acquisition accounting where the impact could be reasonably estimated. The unaudited pro forma consolidated statement of financial position as at April 1, 2017 has been prepared as though the Acquisition occurred on that date.

(1) The assets and liabilities acquired are to be recorded at their estimated fair values which are based on preliminary management estimates and are subject to final valuation adjustments. The excess of purchase price on net identifiable assets acquired will be allocated to goodwill. Refer to note 2.
(2) To reflect the repayment of LBMT's bank indebtedness and long-term debt on the Acquisition date.
(3) To reflect RSI's financing costs recorded as deferred financing fees of $289 related to additional borrowing under the revolver.
(4) To reflect the deferred tax assets on the equity issuance costs of $2,735.
(5) To reflect the impact of financing the Acquisition.
(6) To reflect the impact of financing the Acquisition. The liability portion of the new $50 million convertible debenture is presented on the statement of financial position net of financing fees of $2,272 and the equity component of $2,294.
(7) To reflect the Acquisition, the elimination of LBMT's historical parent investment and $2,735 of underwriters' fees and professional fees related to equity financing costs.
(8) To reflect the elimination of LBMT's historical deficit and RSI's professional fees related to Acquisition costs of $2,200 incurred of which $2,155 have been expensed after April 1, 2017. Those costs are charged directly to retained earnings. Since only $45 has been expensed as at April 1, 2017, the pro forma adjustment is $2,155 in administration and selling expenses.
(9) To reflect the elimination of LBMT's historical accumulated other comprehensive gain.

ROGERS SUGAR INC.

(Unaudited)
Pro forma consolidated statements of earnings
(In thousands of dollars except per share amounts)

				For the six months ended
	RSI April 1, 2017 6 months	LBMT IFRS historical adjusted March 31, 2017 6 months (Appendix B)	Pro forma adjustments [(a)]	**Pro forma consolidated April 1, 2017 6 months**
Revenues	323,170	68,067	-	**391,237**
Cost of sales	278,389	59,818	-	**338,207**
Gross margin	44,781	8,249	-	**53,030**
Administration and selling expenses	10,602	9,366	-	**19,968**
Distribution expenses	4,799	1,103	-	**5,902**
Gain on a business combination	-	(4,921)	-	**(4,921)**
	15,401	5,548	-	**20,949**
Results from operating activities	29,380	2,701	-	**32,081**
Finance income	(202)	(8)	-	**(210)**
Finance costs	4,921	1,695	1,332[(1)]	**7,948**
Net finance costs	4,719	1,687	1,332	**7,738**
Earnings before income taxes	24,661	1,014	(1,332)	**24,343**
Income tax expense (recovery):				
Current	13,673	795	(346)[(2)]	**14,122**
Deferred	(7,352)	(574)	-	**(7,926)**
	6,321	221	(346)	**6,196**
Net earnings	18,340	793	(986)	**18,147**
Net earnings per share (note 1)				
Basic	**0.20**			**0.17**
Diluted	**0.19**			**0.17**

(a) Certain adjustments have been reflected in these unaudited pro forma consolidated financial statements to illustrate the effects of the Acquisition and acquisition accounting where the impact could be reasonably estimated. The unaudited pro forma consolidated statements of earnings for the six months ended April 1, 2017 have been prepared as though the Acquisition occurred on October 4, 2015.

(1) To reflect the impact of financing the Acquisition. The pro forma consolidated statements of earnings were adjusted to reflect additional financing costs that include interest expense on the new debt as well as interest expense, amortization of financing fees and accretion expense of the convertible debenture totalling $2,360, net of the reversal of LBMT's interest on bank indebtedness and long term debt, including amortization of deferred financing fees, that will be repaid on Acquisition . Interest expense on the new debt was calculated using actual BA rate of 1.00% on the borrowings from the existing credit facility and using the assumption that the spread was 1.45% and stand-by fees of 0.29%, equal to that at the date of filing the prospectus. Interest expense on the convertible debenture was calculated using an interest rate of 5.00%, combined with the accretion expense and amortization of deferred financing fees, which resulted in an effective interest rate used of 6.30%.

(2) To adjust the income tax expense for the impacts of the various pro forma items affecting the pro forma consolidated statements of earnings as described above.

ROGERS SUGAR INC.

(Unaudited)
Pro forma consolidated statements of earnings
(In thousands of dollars except per share amounts)

				For the twelve months ended
	RSI October 1, 2016 12 months	LBMT IFRS historical adjusted December 31, 2016 12 months (Appendix C)	Pro forma adjustments [(a)]	**Pro forma consolidated October 1, 2016 12 months**
Revenues	564,411	82,062	-	**646,473**
Cost of sales	436,188	73,180	897[(1)]	**510,265**
Gross margin	128,223	8,882	(897)	**136,208**
Administration and selling expenses	19,636	9,265	2,200[(2)]	**31,101**
Distribution expenses	9,989	826	-	**10,815**
Gain on a business combination	-	(4,921)	-	**(4,921)**
	29,625	5,170	2,200	**36,995**
Results from operating activities	98,598	3,712	(3,097)	**99,213**
Finance income	(205)	(26)	-	**(231)**
Finance costs	9,817	2,328	2,885[(3)]	**15,030**
Net finance costs	9,612	2,302	2,885	**14,799**
Earnings before income taxes	88,986	1,410	(5,982)	**84,414**
Income tax expense (recovery):				
Current	14,214	481	(1,555)[(4)]	**13,140**
Deferred	9,193	(537)	-	**8,656**
	23,407	(56)	(1,555)	**21,796**
Net earnings	65,579	1,466	(4,427)	**62,618**
Net earnings per share (note 1)				
Basic	0.70			**0.60**
Diluted	0.64			**0.55**

(a) Certain adjustments have been reflected in these unaudited pro forma consolidated financial statements to illustrate the effects of the Acquisition and acquisition accounting where the impact could be reasonably estimated. The unaudited pro forma consolidated statements of earnings for the twelve months ended December 31, 2016 have been prepared as though the acquisition occurred on October 4, 2015.

(1) To reflect the increased cost of sales due to estimated fair value of the acquired Inventories as part of the purchase price allocation. Refer to note 2.
(2) To reflect RSI's professional fees related to the Acquisition of $2,200.
(3) To reflect the impact of financing the Acquisition. The pro forma consolidated statements of earnings were adjusted to reflect additional financing costs that include interest expense on the new debt as well as interest expense, amortization of financing fees and accretion expense of the convertible debenture totalling $4,719, net of the reversal of LBMT's interest on bank indebtedness and long term debt, including amortization of deferred financing fees, that will be repaid on Acquisition . Interest expense on the new debt was calculated using actual BA rate of 1.00% on the borrowings from the existing credit facility and using the assumption that the spread was 1.45% and stand-by fees of 0.29%, equal to that at the date of filing the prospectus. Interest expense on the convertible debenture was calculated using an interest rate of 5.00%, combined with the accretion expense and amortization of deferred financing fees, which resulted in an effective interest rate used of 6.30%.
(4) To adjust the income tax expense for the impacts of the various pro forma items affecting the pro forma consolidated statements of earnings as described above.

ROGERS SUGAR INC.

Notes to unaudited pro forma consolidated financial statements
(In thousands of dollars except as noted and amounts per share)

1. Pro forma basic and diluted earnings per share:

The pro forma basic and diluted earnings per share have been calculated as follows:

	For the twelve months ended October 1, 2016	For the six months ended April 1, 2017
Pro forma basic earnings per share:		
Pro forma net earnings	$62,618	$18,147
Weighted average number of shares outstanding	104,085,631	104,132,400
Pro forma basic earnings per share	$0.60	$0.17
Pro forma diluted earnings per share:		
Pro forma net earnings	$62,618	$18,147
Plus impact of convertible unsecured subordinated debentures and share options	7,178	2,112
	$69,796	$20,259
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	104,085,631	104,132,400
Plus impact of convertible unsecured subordinated debentures and share options	22,140,038	13,921,757
	126,225,669	118,054,157
Diluted earnings per share	$0.55	$0.17

(In thousands of dollars except as noted and amounts per share)

2. Business combination:

The assets and the liabilities acquired are to be presented at their estimated fair values, which are based on preliminary management estimates and information known at the time of preparing these pro forma consolidated financial statements and are subject to final valuation adjustments. The excess of purchase price on net identifiable assets acquired will be allocated to goodwill.

Consideration transferred		**160,350**
Adjustments:		
Balance of purchase price payable for the Sucro-Bec acquisition		(690)
LBMT cash and cash equivalents		1,529
LBMT bank indebtedness		(17,612)
LBMT long term debt		(36,889)
		106,688
Net assets acquired		
LBMT net assets as at March 31, 2017		33,638
Adjustments to fair value of assets and liabilities acquired:		
Inventories	897	
Deferred financing fees on bank indebtedness	(363)	
Stock based compensation	3,508	
Goodwill	69,008	73,050
Total net assets acquired		**106,688**

The Acquisition will be financed as follows:

Equity (net of underwriting commission and professional fees)	57,445
Convertible debentures (net of underwriting commission and professional fees)	47,728
Revolving credit facility	1,515
Total payable to shareholders	**106,688**
Revolving credit facility - LBMT net repayment of indebtedness upon closing	53,662
Total financing	**160,350**

Acquisition costs of $2,200 will be incurred by RSI to complete the Acquisition, of which $45 has been expensed as at April 1, 2017. Acquisition costs will be financed through the revolving credit facility.

APPENDIX A - L.B. MAPLE TREAT CORPORATION

(Unaudited)
LBMT consolidated statement of financial position
(In thousands of dollars)

	LBMT historical ASPE March 31, 2017	IFRS Reconciliation (a)	Presentation adjustments (b)	**LBMT IFRS Historical adjusted March 31st, 2017**
Assets				
Current assets:				
Cash and cash equivalents	1,529	-	-	**1,529**
Restricted cash	10,936	-	-	**10,936**
Trade and other receivables	13,075	-	-	**13,075**
Income taxes recoverable	299	-	-	**299**
Inventories	42,166	-	-	**42,166**
Prepaid expenses	608	-	-	**608**
Deferred financing fees on bank indebtedness	363	-	-	**363**
Total current assets	68,976	-	-	**68,976**
Non-current assets:				
Restricted cash	1,883	-	-	**1,883**
Property, plant and equipment	7,445	-	-	**7,445**
Intangible assets	24,430	-	-	**24,430**
Goodwill	18,080	-	-	**18,080**
Total non-current assets	51,838	-	-	**51,838**
Total assets	120,814	-	-	**120,814**
Liabilities and Shareholder's Equity				
Current liabilities:				
Bank indebtedness	17,612	-	-	**17,612**
Trade and other payables	10,801	-	-	**10,801**
Income taxes payable	9	-	-	**9**
Current portion of other long-term liabilities	10,670	35(1)	-	**10,705**
Current portion of long term debt	2,711	-	-	**2,711**
Total current liabilities	41,803	35	-	**41,838**
Non-current liabilities:				
Employee benefits	-	-	3,508(5)	**3,508**
Derivative financial instruments	42	-	-	**42**
Other long-term liabilities	1,747	-	-	**1,747**
Long term debt	34,163	15(2)	-	**34,178**
Stock based compensation	-	3,508(3)	(3,508)(5)	**-**
Deferred tax liabilities	5,863	-	-	**5,863**
Total non-current liabilities	41,815	3,523	-	**45,338**
Total liabilities	83,618	3,558	-	**87,176**
Shareholder's equity:				
Share capital	35,500	-	-	**35,500**
Contributed surplus	118	(118)(3)	-	**-**
Cumulative translation adjustment	409	(409)(4)	-	**-**
Retained Earnings (Deficit)	1,169	(3,440)(1)(2)(3)	-	**(2,271)**
Accumulated other comprehensive gain	-	409(4)	-	**409**
Total shareholder's equity	37,196	(3,558)	-	**33,638**
Total liabilities and shareholder's equity	120,814	-	-	**120,814**

(a) LBMT audited financial statements are prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian standards for private enterprises in Part II of the *CPA Canada Handbook*, or ASPE. As RSI financial statements are prepared in accordance with IFRS, adjustments were applied to LBMT audited financial statements for comparable purposes.

(b) To align the presentation of LBMT's historical consolidated statements of earnings in RSI's historical consolidated statement of earnings.

(1) In accordance with ASPE, a contingent consideration accounted for as an asset or a liability in relation to a business combination is re-measured at fair value when the contingency is resolved and at that point any resulting gain or loss is recognized in net income. In accordance with IFRS, the contingent consideration in relation to a business combination is measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The re-measurement of a contingent consideration in relation to a business combination increased its fair value by $35 as at March 31, 2017.

(2) In accordance with ASPE, financing fees are disclosed net of debt and measured subsequently using linear amortized cost, representing an amortization of financing fees of $145 as at March 31, 2017. In accordance with IFRS, financing fees are disclosed net of debt and subsequently measured at amortized cost using the effective interest method, representing an amortization of financing fees of $160 as at March 31, 2017, a difference of $15.

(3) In accordance with ASPE, stock based compensation cost, representing $14 as at March 31, 2016 and $104 as at March 31, 2017, is charged directly to net earnings over the vesting period with a corresponding credit to contributed surplus. In accordance with IFRS, stock based compensation, representing $32 as at March 31, 2016 and $3,476 as at March 31, 2017, is expensed on a graded vesting basis with the corresponding credit recorded as a liability.

(4) In accordance with ASPE, there is no concept of comprehensive income. The foreign currency translation adjustment of $409 as at March 31, 2017 is presented in shareholders' equity as cumulative translation adjustment. In accordance with IFRS, the foreign currency translation adjustment on the foreign subsidiary of $409 as at March 31, 2017 is presented as other comprehensive income.

(5) Reflects a reclassification of the "Stock based compensation" line item in LBMT's historical consolidated statement of financial position to "Employee benefits" in RSI's historical consolidated balance sheet.

APPENDIX B - L.B. MAPLE TREAT CORPORATION

(Unaudited)
LBMT consolidated statements of earnings
(In thousands of dollars except per share amounts)

					For the six months ended
	LBMT historical ASPE March 31, 2017 12 months	Timing adjustments for period 4/1/2016 to 9/30/2016 [(a)]	IFRS reconciliation [(b)]	Presentation adjustments [(c)]	**LBMT IFRS historical adjusted March 31, 2017 6 months**
Revenues	107,894	(39,741)	-	(86)[(4)(6)]	68,067
Cost of sales	93,628	(34,742)	-	932[(5)(6)]	59,818
Gross margin	14,266	(4,999)	-	(1,018)	8,249
Administration and selling expenses	7,842	(2,736)	3,282[(1)]	978[(5)(6)(7)(8)]	9,366
Distribution expenses	-	-	-	1,103[(4)(6)]	1,103
Business combination related costs	1,495	(762)	35 [(2)]	(768)[(7)]	-
Amortization of property, plant and equipment and intangible assets	2,713	(720)	-	(1,993)[(5)]	-
Financial expenses	3,457	(1,439)	7 [(3)]	(2,025)[(8)]	-
Gain on business combination	(4,921)	-	-	-	(4,921)
	10,586	(5,657)	3,324	(2,705)	5,548
Results from operating activities	3,680	658	(3,324)	1,687	2,701
Finance income	-	-	-	(8)[(8)]	(8)
Finance costs	-	-	-	1,695[(8)]	1,695
Net Finance costs	-	-	-	1,687	1,687
Earnings (loss) before income taxes	3,680	658	(3,324)	-	1,014
Income tax expense (recovery):					
Current	1,047	(252)	-	-	795
Deferred	(581)	7	-	-	(574)
	466	(245)	-	-	221
Net earnings (loss)	3,214	903	(3,324)	-	793

(a) Timing adjustments to arrive at the six-month period ended March 31, 2017. Adjustment is to remove the unaudited consolidated results of operations for the six-month period ended September 30, 2016.

(b) LBMT audited financial statements are prepared in accordance with ASPE. As RSI financial statements are prepared in accordance with IFRS, adjustments were applied to LBMT audited financial statements for comparable purposes.

(c) To align the presentation of LBMT's historical consolidated statements of earnings to RSI's historical consolidated statement of earnings.

(1) In accordance with ASPE, stock based compensation cost, representing $104 as at March 31, 2017, is charged directly to net earnings over the vesting period with a corresponding credit to contributed surplus. In accordance with IFRS, stock based compensation, representing $284 as at March 31, 2017, is expensed on a graded vesting basis with the corresponding credit recorded as a liability. As this IFRS adjustment is for the period starting October 1, 2016 to March 31, 2017, only half of the adjustment is considered. Additionally, an expense of $3,192 is recorded in IFRS as at March 31, 2017 based on the probable change in control trigger upon an acquisition with the corresponding credit recorded as a liability.

(2) In accordance with ASPE, a contingent consideration accounted for as an asset or a liability in relation to a business combination is re-measured at fair value when the contingency is resolved and at that point any resulting gain or loss is recognized in net income. In accordance with IFRS, the contingent consideration in relation to a business combination is

measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The re-measurement of a contingent consideration in relation to a business combination increased its fair value by $35 as at March 31, 2017.

(3) In accordance with ASPE, financing fees are disclosed net of debt and measured subsequently using linear amortized cost, representing an amortization of financing fees of $145 as at March 31, 2017. In accordance with IFRS, financing fees are disclosed net of debt and subsequently measured at amortized cost using the effective interest method, representing an amortization of financing fees of $160 as at March 31, 2017, a difference of $15. As this IFRS adjustment is for the period starting October 1st, 2016 to March 31st, 2017, only half of the adjustment is considered.

(4) Reflects a reclassification of freight revenues into “Distribution expenses”.

(5) Reflects a reclassification from the “Amortization of property, plant and equipment and intangible assets” line item in LBMT’s historical consolidated statement of earnings into “Cost of sales” (portion related to property, plant and equipment) and “Administration and selling expenses” (portion related to intangibles).

(6) Reflects a reclassification of LBMT’s line items related to freight and distributions expenses into “Distribution expenses”.

(7) Reflects a reclassification of the “Business combination related costs” line item in LBMT’s historical consolidated statement of earnings into “Administration and selling expenses”.

(8) Reflects a reclassification from the “Financial expenses” line item in LBMT’s historical consolidated statement of earnings to “Finance costs”, “Finance income” and “Administration and selling expenses”.

APPENDIX C - L.B. MAPLE TREAT CORPORATION

(Unaudited)
LBMT consolidated statements of earnings
(In thousands of dollars except per share amounts)

						For the year ended
	LBMT historical ASPE March 31, 2017 12 months	Timing adjustments for period 1/1/2017 to 3/31/2017 [(a)]	Timing adjustments for period 1/12/2016 to 3/31/2016 [(a)]	IFRS reconciliation [(b)]	Presentation adjustments [(c)]	**LBMT IFRS historical consolidated adjusted December 31, 2016 12 months**
Revenues	107,894	(37,558)	11,250	-	476[(4)(6)]	**82,062**
Cost of sales	93,628	(32,305)	10,215	-	1,642[(5)(6)]	**73,180**
Gross margin	14,266	(5,253)	1,035	-	(1,166)	**8,882**
Administration and selling expenses	7,842	(2,628)	702	135[(1)]	3,214[(5)(6)(7)(8)]	**9,265**
Distribution expenses	-	-	-	-	826[(4)(6)]	**826**
Business combination related costs	1,495	(521)	1,493	35[(2)]	(2,502)[(7)]	**-**
Amortization of property, plant and equipment and intangible assets	2,713	(1,218)	597	-	(2,092)[(5)]	**-**
Financial expenses	3,457	(972)	417	12[(3)]	(2,914)[(8)]	**-**
Gain on business combination	(4,921)	-	-	-	-	**(4,921)**
	10,586	(5,339)	3,209	182	(3,468)	**5,170**
Results from operating activities	3,680	86	(2,174)	(182)	2,302	**3,712**
Finance income	-	-	-	-	(26) [(8)]	**(26)**
Finance costs	-	-	-	-	2,328[(8)]	**2,328**
Net Finance costs	-	-	-	-	2,302	**2,302**
Earnings (loss) before income taxes	3,680	86	(2,174)	(182)	-	**1,410**
Income tax expense (recovery)						
Current	1,047	(490)	(76)	-	-	**481**
Deferred	(581)	196	(152)	-	-	**(537)**
	466	(294)	(228)	-	-	**(56)**
Net earnings (loss)	3,214	380	(1,946)	(182)	-	**1,466**

(a) To reflect the adjustments to obtain the results as at and for the period ended December 31, 2016 to be equal to approximately eleven months. We used the audited consolidated financial statements of LBMT for the year ended March 31, 2017, which was adjusted to remove the unaudited consolidated financial statements for the three-month period ended March 31, 2017 and to add the 80-day period ended March 31, 2016.

(b) LBMT audited financial statements are prepared in accordance with ASPE. As RSI financial statements are prepared in accordance with IFRS, adjustments were applied to LBMT audited financial statements for comparable purposes.

(c) To reclassify captions from LBMT's historical consolidated statements of earnings to RSI's historical consolidated statement of earnings.

(1) In accordance with ASPE, stock based compensation cost, representing $104 as at March 31, 2017, is charged directly to net earnings over the vesting period with a corresponding credit to contributed surplus. In accordance with IFRS, stock based compensation, representing $284 as at March 31, 2017, is expensed on a graded vesting basis with the corresponding credit recorded as a liability. As this IFRS adjustment is for the year ended December 31, 2016, only nine months of the adjustment is considered.

(2) Reflects an IFRS adjustment for a contingent consideration accounted for as an asset or a liability in relation to a business combination is re-measured at fair value when the contingency is resolved and at that point any resulting gain or loss is recognized in net income in accordance with ASPE. In accordance with IFRS, the contingent consideration in relation to a business combination is measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The re-measurement of a contingent consideration in relation to a business combination increased its fair value by $35.

(3) In accordance with ASPE, financing fees are disclosed net of debt and measured subsequently using linear amortized cost, representing an amortization of financing fees of $145 as at March 31, 2017. In accordance with IFRS, financing fees are disclosed net of debt and subsequently measured at amortized cost using the effective interest method, representing an amortization of financing fees of $160 as at March 31, 2017, a difference of $15. As this IFRS adjustment is for the year ended December 31, 2016, only nine months of the adjustment is considered.

(4) Reflects a reclassification of freight expenses into “Distribution expenses”.

(5) Reflects a reclassification from the “Amortization of property, plant and equipment and intangible assets” line item in LBMT’s historical consolidated statement of earnings into “Cost of sales” (portion related to property, plant and equipment) and “Administration and selling expenses” (portion related to intangibles).

(6) Reflects a reclassification of LBMT’s line items related to freight and distributions expenses into “Distribution expenses”.

(7) Reflects a reclassification of the “Business combination related costs” line item in LBMT’s historical consolidated statement of earnings into “Administration and selling expenses”.

(8) Reflects a reclassification from the “Financial expenses” line item in LBMT’s historical consolidated statement of earnings to “Finance costs”, “Finance income” and “Administration and selling expenses”.