Sucro

SUCRO LIMITED

ANNUAL INFORMATION FORM

For the Fiscal Year ended

December 31, 2023

April 18, 2024

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ABOUT THIS ANNUAL INFORMATION FORM

Unless otherwise indicated or if the context otherwise requires, "**Company**", "**Sucro**", "**we**", "**us**" and "**our**" means Sucro Limited, its predecessors and subsidiaries.

All financial and other monetary information in this annual information form (the "**Annual Information Form**" or "**AIF**") is stated in United States dollars, unless otherwise indicated. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("**IFRS**") and accordingly, financial information in this AIF is presented in accordance with IFRS.

This AIF applies to the business activities and operations of the Company for the year ended December 31, 2023. Unless otherwise indicated, the information in this AIF is given as of April 18, 2024.

NON-IFRS MEASURES

This Annual Information Form makes reference to certain non-IFRS measures and industry metrics. These measures are not recognized measures under International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board, and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures and industry metrics, including "EBITDA", "EBITDA Margin", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Gross Profit", "Adjusted Gross Profit Margin", "Return on Equity", "Free Cash Flow", "Adjusted Net Debt", "Capitalization" and "Adjusted Gross Profit Per Metric Ton" to provide investors with supplemental measures. Management also uses non-IFRS measures and industry metrics internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future debt service, capital expenditure and working capital requirements. Management believes these non-IFRS measures and industry metrics are important supplemental measures of operating performance because they eliminate items that have less bearing on operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS measures. Management believes such measures allow for assessment of our operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

See "Reconciliation of Non-IFRS Measures" in our management's discussion and analysis ("**MD&A**") for the fiscal year ended December 31, 2023 for a reconciliation of certain of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS. A copy of the MD&A can be accessed under the Company's profile on SEDAR+ at www.sedarplus.ca.

MEANING OF CERTAIN TERMS

As used in this prospectus, unless the context indicates or requires otherwise, all references to the "Company", "Sucro Limited", "we", "us" or "our" refer to Sucro Limited, together with our subsidiaries, on a consolidated basis, as constituted on the Closing Date. Furthermore, as used in this prospectus, unless the context indicates or requires otherwise, the following terms have the following meanings:

"**Advance Notice Provisions**" has the meaning ascribed thereto under "*Description of Share Capital – Nomination of Directors*";

"**As-Converted Basis**" means, assuming for the purpose of the calculation, the conversion of all Proportionate Voting Shares into Subordinate Voting Shares;

"**Audit Committee**" means the audit committee of the Board;

"**Board**" means the board of directors of the Company;

“**Caymans Act**” has the meaning ascribed thereto under “*Corporate Structure*”;

“**CNG Committee**” means the compensation, nominating and governance committee of the Board;

“**Coat-tail Agreement**” has the meaning ascribed thereto under “*Description of Share Capital – Take-over Bid Protection – Coat-tail Agreement”*;

“**Coat-tail Shareholder**” has the meaning ascribed thereto under “*Description of Share Capital – Take-over Bid Protection – Coat-tail Agreement”*;

“**Credit Facility**” has the meaning ascribed thereto under “*Material Contracts – Credit Facility*”;

“**Escrow Agreement**” has the meaning ascribed thereto under “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*”;

“**IFRS**” has the meaning ascribed thereto under “*Non-IFRS Measures*”;

“**Lock-Up Agreements**” has the meaning ascribed thereto under “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – Voluntary Lock-ups*”;

“**Memorandum of Association**” has the meaning ascribed thereto under “*Description of Share Capital*”;

“**MT**” means metric ton;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*, as amended from time to time;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, as amended from time to time;

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as amended from time to time;

“**Notice Date**” has the meaning ascribed thereto under “*Description of Share Capital – Nomination of Directors*”;

“**Permitted Holder**” means: (i) an immediate family member of a Coat-tail Shareholder; and (ii) any Person controlled, directly or indirectly, by one or more of the Coat-tail Shareholders and the Persons referred to in clause (i) above;

“**Person**” means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company;

“**Principal Shareholder**” means SC Americas Corp., a company controlled by Jonathan Taylor;

“**Proportionate Voting Shares**” has the meaning ascribed thereto under “*Corporate Structure – Reorganization*”;

“**Reorganization**” has the meaning ascribed thereto under “*Corporate Structure – Reorganization*”;

“**SEDAR+**” means the system for electronic document analysis and retrieval of the Canadian Securities Administrators +, and includes any successor thereof;

“**Shares**” means the Subordinate Voting Shares and the Proportionate Voting Shares;

“**Subordinate Voting Shares**” has the meaning ascribed thereto under “*Corporate Structure – Reorganization*”;

“**Sucro Holdings**” has the meaning ascribed thereto under “*Corporate Structure – Reorganization*;

"**TSXV**" has the meaning ascribed thereto on the cover page;

"**U.S. Exchange Act**" means the *Securities Exchange Act of 1934*, as amended; and

"**U.S. Securities Act**" means *United States Securities Act of 1933, as amended.*

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable Canadian securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "annualized", "plans", "targets", "expects", "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "pro forma", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking information may be found, among other places, under "Description of the Business", "Description of Share Capital", "Dividend Policy", "Directors and Executive Officers" and "Risk Factors".

This forward-looking information includes, among other things, statements relating to: expectations regarding industry trends, revenues; overall market growth rates and our growth rates and growth strategies; expectations regarding our revenue and the revenue generation potential of our business; expectations regarding the future earning potential of our business, estimated time to complete and cost of our recently announced proposed new southern Ontario refinery and Illinois refinery, estimated and expected future refining capacities of our facilities and sugar deliveries from such facilities, our business plans and strategies and our competitive position in our industry.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions include: revenue; our ability to build our market share; our ability to complete our proposed new Canadian refinery and Illinois refinery on time and on budget and with the anticipated processing capacity; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the severity, duration and impacts of outbreaks of illness and geopolitical events on the economy and the Company's business, which is highly uncertain and cannot reasonably be predicted; our ability to respond to any changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this AIF, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, the following factors described in greater detail under the heading “Risk Factors”:

- our business operations, including our ability to process and sell refined sugar products in North America, are dependent on maintaining and renewing licenses and permits. If such licences and permits are not renewed, or renewed on different terms, it could have a material adverse effect on the business, prospects, financial condition and results of operations;

- our business is subject to fluctuations in the price of sugar that we purchase, process and sell and these fluctuations can have a materially adverse effect on our business, margins and profitability;

- the development of new or expansion of our existing refineries may experience cost-overruns and/or delays and actual costs, operational efficiencies, production volumes or economic returns may differ materially from the Company’s estimates and variances from expectations could have a material adverse effect on the Company’s business, financial conditions and results of operations and, liquidity;

- disruptions to our supply chains as a result of outbreaks of illness, geopolitical events or other factors can materially adversely affect our business, prospects, financial condition and results of operations;

- the current inflationary environment and rising interest rates could have a materially adverse affect on our business, prospects, financial condition and results of operations if these economic conditions persist and we are unable to recover these increases in the pricing of our products or other product cost savings;

- unhedged trading positions and counterparty defaults could result in significant trading losses for our business and could have a material adverse effect on our business;

- our current credit facility is uncommitted and requests for additional advances may be refused;

- if protective duties relating to foreign sugar imports were eliminated or significantly reduced in the future, this could result in a material financial impact to our business;

- we have a limited operating history and our recent growth may not be indicative of our future growth. There are a number of factors that will determine our future growth and the future success of our business is dependent on management’s ability to implement its strategy. Our business faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue while at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the business;

- we participate in a highly competitive industry, and pressure from existing and new participants with greater resources than us may adversely affect our business and results of operations;

- our business is dependent to a significant extent on the efforts and abilities of a small number of key persons;

- our growth has placed and may continue to place significant demands on our management and our operational and financial resources; and

- such other factors discussed in greater detail under “Risk Factors” in this AIF.

The above-mentioned factors should not be construed as exhaustive. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "Risk Factors" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results not to be as anticipated, estimated or intended, or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this AIF represents our expectations as of the date of this AIF (or as of the date they are otherwise stated to be made) and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information. Management refers to Part 4A and Part 4B of NI 51-102 for guidance on disclosing forward-looking information. As required by applicable securities laws, it is the Company's policy to update forward-looking information as required by applicable securities laws from time to time. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

All of the forward-looking information contained in this AIF is expressly qualified by the foregoing cautionary statements. Readers should read this entire Annual Information Form and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of an investment in the securities of the Company.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this AIF was obtained from third-party sources, industry reports and publications, websites and other publicly-available information, as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including information provided by industry participants.

We believe that the market and industry data presented throughout this AIF is accurate and, with respect to data prepared by us or on our behalf, that our opinions, estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and industry data presented throughout this AIF are not guaranteed and we make no representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this AIF, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

TRADEMARKS AND TRADE NAMES

This AIF includes certain trademarks which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks, copyrights and trade names referred to in this AIF may appear without the ®,™ or © symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, copyrights and trade names. All other trademarks used in this AIF are the property of their respective owners.

CORPORATE STRUCTURE

Name, Address and Incorporation

The full corporate name of the Company is Sucro Limited. The Company's head office is located at 2020 Ponce de Leon Blvd., Suite 1204, Coral Gables Florida 33134 and its registered office is located at 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company was incorporated on July 31, 2023 under the *Companies Act* (2023 Revision) (Cayman Islands) (the "**Caymans Act**") as an exempt company.

Reorganization

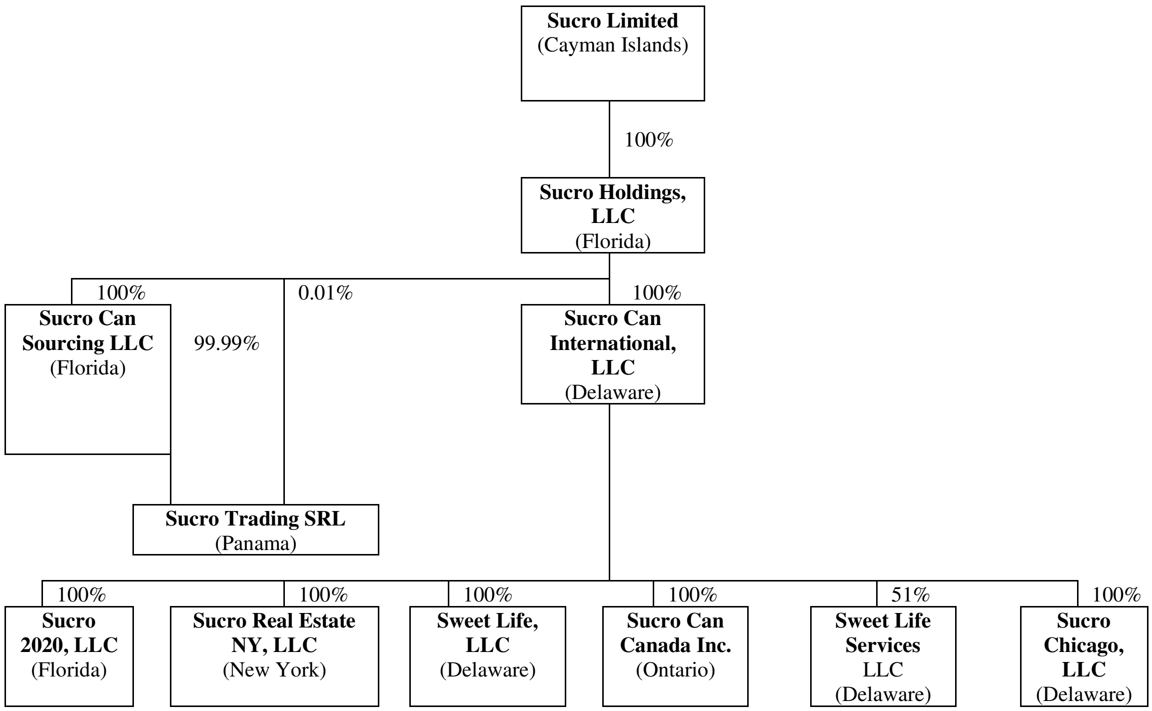
Effective October 2, 2023, Sucro Holdings, LLC, a Florida limited liability company which previously carried on the business of the Company ("**Sucro Holdings**"), completed a reorganization (the "**Reorganization**"), the transactions of which resulted in the Company acquiring all of the outstanding membership units of Sucro Holdings in exchange for shares of the Company. The effect of the Reorganization was to establish a top holding company in the Sucro group of companies (Sucro Limited) in the Cayman Islands. Pursuant to the Reorganization, membership units of Sucro Holdings were exchanged for (a) if the holder was not a U.S. person or a U.S. person but not a member of management, subordinate voting shares of the Company ("**Subordinate Voting Shares**") on a one-for-three basis; or (b) if the holder was a U.S. person and a member of management (other than the principal shareholder), a combination of Subordinate Voting Shares on a one-for-three basis and proportionate voting shares ("**Proportionate Voting Shares**") on the basis of three Proportionate Voting Share for each one hundred (100) membership units; or (c) in the case of the principal shareholder, Proportionate Voting Shares only on the basis of three Proportionate Voting Shares for each one hundred (100) membership units. The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

Following the completion of the Reorganization, on October 30, 2023 the Company completed an initial public offering of Subordinate Voting Shares raising gross proceeds of C$15,004,000 (the "**IPO**") and the Subordinate Voting Shares were posted for trading on the TSX Venture Exchange ("**TSXV**") under the ticker symbol "SUG" on the same date.

The Company is a reporting issuer in each of the provinces of Canada, other than Québec.

Intercorporate Relationships

The following chart sets out the intercorporate relationship of the Company and its material subsidiaries as of the date of this AIF, including the jurisdiction of incorporation or organization of each entity and the Company's ownership interest.



DESCRIPTION OF THE BUSINESS

Overview

Sucro is a growth-oriented sugar refiner that operates throughout the Americas, with a primary focus on serving the North American sugar market. The Company operates a highly integrated and interconnected sugar supply business, utilizing the entire sugar supply chain to service its customers. Sucro's integrated supply chain includes sourcing raw and refined sugar from countries throughout Latin America and delivering to customers in North America and the Caribbean.

Sucro operates in multiple sugar industry segments throughout North America, leveraging operational assets with innovative refinery design features to effectively compete against existing industry players. We believe this innovative sugar supply chain model takes advantage of multiple cost factors to produce competitively priced sugar within the profitable and growing North American sugar refining industry. Notwithstanding the creation of multiple operational start-ups, Sucro has achieved significant profitability and steady, predictable growth, as its assets have facilitated entry into profitable business segments, including conventional refined sugar markets in both Canada and the U.S., and the high-growth organic sugar market.

In addition, Sucro's active management of the supply chain ensures Sucro is viewed as a major and credible supplier by its customers, and an important purchaser of raw and refined sugar for the many sugar mills that supply Sucro. This is true not only for conventional sugar but also organic sugar, a segment in which Sucro has achieved a strong market position in North America.

Based on publicly available information, management believes sugar demand in both Canada and the United States to be growing, while at the same time, the U.S. industry in particular has become more consolidated, operating with fewer beet factories, cane growers and cane refineries. As a result, there has been very little capacity expansion while demand has continued to increase. This has led to extremely tight refining capacity utilization in both countries, where food and beverage manufacturers are open to supporting Sucro and its innovative supply chain infrastructure. Management has successfully identified multiple commercial opportunities in the large North

American sugar industry, and created a physical supply chain infrastructure to leverage these opportunities.

Typically sugar suppliers are categorized as either refiners (selling sugar entirely produced within their own refineries), as “trade houses” (selling sugar exclusively produced by third party refiners and mills), or as “distributors” (that purchase sugar from third parties and seek to add value through light processing or freight logistics services).

Sucro operates a hybrid or integrated model, which encompasses each of these categories, and seeks to provide the most optimal solution to its customers. Accordingly, Sucro operates multiple facilities in North America, ranging from fully integrated cane sugar refineries in Hamilton, Ontario and Lackawanna, New York, to processing, packaging and storage facilities in University Park, Illinois. Through its well-established trading business, Sucro purchases both raw and refined sugar from sellers in surplus Latin American nations and actively manages supply chain logistics for buyers in deficit nations. Sucro has increased its network of suppliers at origin, including more recently mills in Brazil and Mexico, which has allowed Sucro to develop a strong supply network for expanding sales to both its refinery business and third-party customers, which is expected to drive future growth. Sucro’s integrated supply chain creates operating synergies and benefits throughout its multi-segmented business, resulting in a secure and reliable supply of raw, refined and organic sugar for its own, and customer operations throughout the Americas.

Sucro has grown and developed its business based on innovation and investment in strategically located refining assets. In both Canada and the United States, Sucro has developed strong commercial relationships with many leading multinational food and beverage companies. Market consolidation, refinery closures, and significant freight and logistics cost increases have created significant demand for new and innovative services, supported by modern, efficient and geographically advantaged assets.

History and General Development of the Business

Summary

Sucro was established in 2014 by its founder and current Chief Executive Officer, Jonathan Taylor, who believed that a consolidating North American sugar refining market combined with a supply chain faced with increasing logistics complexity and added costs represented an opportunity for a new entrant into the market. Sucro’s plan was to create an infrastructure with low capital cost refining assets, and actively manage the entire supply chain cost of sugar from the mills in Latin America to end customers in North America.

The North American sugar industry is typified by fewer, but larger sugar refineries that have traditionally had significant barriers to entry, and are increasingly improving operating margins. Sucro’s initial strategy was to create small liquid processing plants to gain an initial position in the market, and begin the process of building customer support. Sucro’s initial production facility was established in Hamilton, Ontario in 2014, and following that, Sucro established additional operations at a third-party owned facility in Memphis, Tennessee beginning in 2017. The Memphis-based operation took advantage of Sucro’s strengths of sugar purchasing, logistics and multinational customer relationships. The operation has continued to grow, and currently supplies several multinational customers, including the original customer for whom the facility was established.

After several years of liquid sugar processing, Sucro made the strategic decision to invest and grow in granular sugar refining. Sucro built a new small/“micro”, granular refinery, at the same Hamilton site of its liquid operation, and commenced granular refining operations in 2019. Management believes this represented the first significant and successful investment in sugar refining capacity in Canada since 2000 (Lantic Sugar Limited invested $120 million in its Montreal, Quebec refinery in 2000; Redpath Sugar Ltd. (“**Redpath Sugar**”) invested $40 million in its Toronto, Ontario facility in 1998 and Rogers Sugar Inc. (“**Rogers Sugar**”) invested $40 million in its Taber, Alberta facility in 1999), and the first newly-constructed facility in Canada since 1958. By investing in the granular sugar facility in Hamilton, Ontario, Sucro intended to compete in a broader segment of the market (granular sugar, not just liquid sugar), reaching more customers, and providing the same or similar bulk sugar options to major customers as its competition. Moreover, the US$20.9 million refinery capital cost to Sucro was a small fraction of a typical refinery capital cost, and was funded primarily through retained earnings.

As a result, Sucro had developed a new, comprehensive and dynamic sugar supply chain model and at the same time added a new competitor to what had been a duopoly to that point, built on what management believes is the Canadian sugar industry's lowest capital cost structure, and production flexibility to meet actual customer requirements versus outdated legacy-refiner driven standards.

Sucro's Hamilton refinery operations were well received by customers in Canada and it prompted Sucro to begin planning for a similar expansion in the United States sugar market. As in Hamilton, Sucro initially began in late 2020 with a modest sized liquid sugar operation to build up a base of customer business. Months later Sucro purchased 12.04 acres and three old, yet highly functional, buildings (part of the old Bethlehem Steel Works site) in Lackawanna, New York (a suburb of Buffalo, New York) for the cost of US$250,000. In return, Sucro completed some land remediation, which was subsequently certified by the State of New York.

The appeal of the Lackawanna, New York refinery site was that added refining capacity in a previously under-served part of the market, previously supported only by wholesalers, distributors and distant refiners. Furthermore, Sucro has several distinct cost advantages: first, the overall capital cost of the refinery is a fraction of a conventional refinery (Sucro expects to build out targeted 2025 interim capacity of 210,000 MT, of total planned capacity of 350,000 MT, for approximately US$44 million, substantially all of which has already been financed and paid, plus minimal annual capital expenditures relating to continued refinery commissioning); second, Sucro's raw sugar can be delivered by bulk ocean vessels right to its property, significantly reducing the cost and inefficiency of land freight for refined sugar; and third, with two refineries (Lackawanna and Hamilton) in such close proximity, albeit in different markets, Sucro will gain significant cost advantages in terms of logistics, management and raw feedstock inputs.

The Lackawanna granular sugar refinery opened in the fourth quarter of 2022, and has already received significant customer support and bookings for its first full year of operation in 2023, and into 2024. Current production rates are approximately one-third of projected nominal capacity, and that capacity is committed through customer contract bookings for 2024. Additional forward sales opportunities will be evaluated as refinery commissioning continues and higher capacity levels are achieved.

Sucro's trading business has continued to provide vital services not only in the core wholesale trade of refined sugar into various markets throughout Latin America and the Caribbean, but more recently with raw and refined sugar sales in and to the US and Canada. These US and Canada sales have originated from both third-party mills and refineries as well as the refined sugar production from Sucro's refineries in Hamilton and Lackawanna. Over the last several years, the US sugar market has been undersupplied, with growing demand being met through high tier duty imports. As a result of Sucro's extensive supply and logistics network throughout the Americas, Sucro has been a market leader in these new trade channels.

Sucro has previously experienced significant growth in its trading operation of buying sugar (raw and refined) within Mexico for distribution in the United States. This distribution ranges from raw sugar sold to regional sugar refiners, to refined sugar for a variety of food manufacturers in the United States.

Sucro was also active in physically purchasing and distributing sugar domestically within Mexico, often facilitating more efficient supply chain processes. This particular part of Sucro's business is planned to be de-emphasized going forward, with greater focus applied to supplying the growing raw sugar needs of Sucro's refineries.

<u>2019</u>

In 2019 Sucro completed its initial granular refinery expansion in Hamilton, Ontario, which converted the original liquid processing facility into a fully functioning granular refinery, including enhanced liquid capabilities. This expansion was a major catalyst in gaining sales access to the largest product segment of the Canadian sugar industry (bulk sugar), but it also significantly increased overall production capacity, including liquid sugar.

Also, in August 2019, Sucro became the first company in North America to utilize a bulk vessel to import organic sugar into the U.S. and Canadian markets (versus the historical norm of using expensive and unreliable shipping containers). This major logistics breakthrough resulted in significant cost savings and efficiencies, and was a catalyst to Sucro's growing market share of the organic sugar segment.

<u>2020</u>

In 2020 Sucro leased a small warehouse in Lackawanna, New York and quickly built a small liquid processing operation, and activated the Foreign Trade Zone (FTZ) status available to this location. Initial liquid sugar sales commenced late in the second half of 2020. In addition, Sucro constructed additional warehouse capacity that facilitated significant import volumes and logistics.

The combination of processing facilities in both Hamilton and Lackawanna, increased warehouse space, and the use of bulk vessels was a major factor in Sucro's continued growth of its market share in organic sugar.

<u>2021</u>

In 2021 Sucro purchased 12 acres of land and three buildings (originally part of the old Bethlehem Steel plant site in Lackawanna, New York), immediately adjacent to its leased facility. A complete site improvement was initiated, where two buildings were converted into additional warehouse space. Plans were announced for a new sugar refinery to open in late 2022.

The Hamilton refinery was expanded again, with capacity doubling from 2020, and customer bookings made in 2021 (for 2022 deliveries) completely sold-out available capacity.

Record company sales of organic sugar were achieved resulting in what management believes to be a leading market share in North America.

Sucro purchased the assets of a smaller regional distributor, in University Park, Illinois, that provides Sucro with value added processing capability in the Chicago area, and geographically expanded customer sales reach in that area.

<u>2022</u>

Sucro expanded U.S. liquid sugar sales from its liquid processing operations in both Lackawanna, New York and University Park, Illinois.

Sucro increased its sugar sourcing from Latin America with an expansion of its sourcing office in Mexico City, leading to significantly increased volumes and profitability.

During the second quarter of 2022, Sucro completed a brokered private placement of equity securities to existing shareholders and outside investors raising gross proceeds of approximately $10.3 million. Eight Capital acted as placement agent for the offering.

The refining capacity for the Hamilton refinery doubled from 2021 to 2022, and all available production was sold during the year.

The granular refinery expansion in Lackawanna was completed in the fourth quarter of 2022, as projected.

<u>2023</u>

Increases in production and sales were realized at the Hamilton refinery following the expansion in capacity completed in 2022.

The new Lackawanna refinery continued its commissioning, with operating efficiencies and production volumes achieving constant improvements. Management limited sales in 2023 based on the uncertain performance during refinery commissioning. As a result, 2023 sales were approximately 61,000 MT.

Sucro received approval from the US Department of Agriculture ("**USDA**") for its refiner's license. The USDA Refined Sugar Re-Export Program allows US domestic refiners to compete in global markets using the lower world priced sugar benchmark (ICE (Intercontinental Exchange) Sugar #11 contract (“**Sugar #11 Contract**”) price). It also allows Sucro to trade with customers and purchase re-export credits (obtained through the export of US manufactured sugar containing products) that facilitates the use of Sugar #11 Contract prices for raw sugar imports into Sucro’s Lackawanna refinery. Sucro’s Refined Sugar License from the USDA will also allow Sucro to expand its range of potential raw sugar suppliers, and facilitate other trading opportunities previously unavailable to Sucro.

In February 2023, Sucro announced a proposed major new sugar refinery project in Southern Ontario at a forecasted project cost of approximately US$100 million. This new refinery is now expected to commence operations in early 2026. On October 17, 2023 a subsidiary of Sucro, Sucro Can Canada Inc., entered into a lease with the Hamilton-Oshawa Port Authority in Hamilton, Ontario, for vacant lands in the Port of Hamilton for the development of the Company’s new proposed Southern Ontario sugar refining facility. The lease also provides for a credit facility to fund improvements on the premises. See “*Description of the Business - Our Facilities*” for additional details. The proposed new refinery project is still in an early stage of development with long lead times to intended completion, is subject to a number of risks and uncertainties, and may not be completed as proposed, or at all. See “*Risk Factors - Development of new refinery projects*”.

On October 30, 2023, the Company raised gross proceeds of C$15,004,000 in an initial public offering of Subordinate Voting Shares at a price of C$11.00 per share and the Subordinate Voting Shares were posted for trading on the TSX Venture Exchange under the ticker symbol “SUG” on the same date.

2024 (Year to Date)

Customer bookings for 2024 are complete for the Hamilton refinery at increased levels to 2023, with bookings made for 2025 consistent with previous booking patterns.

Based on improved refinery performance experienced, sales for 2024 for the Company’s Lackawanna refinery are now forecast to double from 2023 levels. Furthermore, additional bookings in 2024 may be possible if continued production capacity increases are realized.

For the new Hamilton refinery under development, all necessary equipment has been ordered and is expected to begin arriving in May 2024. Structural engineering design and excavation work has been completed and piling and foundation work has begun and is expected to be completed by the end of May 2024. Structural steel has been ordered and work on the refinery tower structure is expected to commence in June 2024.

On February 20, 2024, Sucro announced plans to construct a new full cane sugar refinery at its existing University Park, Illinois processing facility. Once complete, and fully commissioned over a multi year period, the new refinery will have a similar scale to the Company’s Lackawanna facility in Western New York. The new refinery will have significant value-added specialty sugar capabilities, including large grain crystals used in specialty foods and confectionery, an integrated brown sugar line, specialty liquid production and organic sugar refining capabilities. Start-up and initial production are expected in 2026. Equipment has been ordered and is expected to arrive during the summer of 2024. Preliminary design has been completed and tender packages are being sent out for bid on steel and foundation work. The proposed new suburban Chicago refinery project is still in an early stage of development with long lead times to intended completion, is subject to a number of risks and uncertainties, and may not be completed as proposed, or at all. See “*Risk Factors - Development of new refinery projects*”.

Industry Overview

Canada

Prior to Sucro’s entry to the Canadian sugar market in 2014, the market had been a duopoly between Lantic Inc. (the operating subsidiary of publicly traded Rogers Sugar Inc. and merged entity of Lantic Sugar Limited and Rogers Sugar Ltd.) and Redpath Sugar. Together, those two entities split virtually the entire market.

Based on publicly available information, management estimates the current Canadian sugar market at 1.5 million MT per annum, and it has experienced relatively high growth over the past five years due to U.S. demand for sugar containing products (SCP’s) produced in Canada (and taking advantage of lower world priced raw sugar, as well as the lower Canadian dollar).

Due to both supplier concentration, as well as the concentration of food manufacturers in central Canada, the vast majority of supply is booked directly with the refiners with very little trade house or distributor activity.

The significant majority of commercial supply contracts between refiners and food and beverage manufacturers are done on a toll basis, whereby the customers are responsible for the raw sugar portion of the cost based on the Sugar #11 Contract, while the refiners add variable costs including raw sugar freight, refining costs and a refining margin. The Sugar #11 Contract is the world benchmark contract for raw sugar trading. The contract prices the physical delivery of raw cane sugar, free-on-board the receiver's vessel to a port within the country of origin of the sugar, meaning the purchaser is required to pay for freight to the destination country in addition to the Sugar #11 Contract price. As a result of the tolling fee structure that exists in the Canadian refined sugar market, the refiners (including Sucro) compete on the toll price for refined sugar over and above the raw sugar price, and accept only nominal risk of variable raw sugar prices.

<u>US</u>

The US sugar market functions quite differently than Canada in terms of its structure. However, similar to Canada, consolidation completed decades ago, and despite steady overall market growth, there has been significant consolidation of U.S. sugar mills, cane growers and cane refineries over several decades. The number of sellers has been reduced, and the number of production operations have been reduced and consolidated.

Substantially all sugar producers in the United States are vertically integrated, with growers and refiners linked through ownership or cooperatives. For those refiners, including Sucro, that are not integrated with growers, raw sugar must be accessed through the import options available under the US Sugar Program, and which account for approximately 25% of the overall raw sugar supply.

The overall US sugar market, as reported by the USDA, is approximately 12.9 million short tons (ST) raw value (STRV).[1] This figure is comprised of 9.231 million ST of domestic production and 3.678 million ST of imports. The US market is heavily influenced by high fructose corn syrup (HFCS), which has higher market penetration in the US than in Canada.

The US sugar market is considerably more geographically diverse and balanced compared to Canada, and this has facilitated the growth of both trade houses and regional distributors.

While pricing is occasionally provided to customers on a toll basis, this type of pricing is rare. The use of fixed pricing terms, often for the crop year (October through September), is the norm, which is based on the raw sugar price at the time the annual contract is entered into, based on the ICE Sugar # 16 contract (the "**Sugar #16 Contract**"), plus an additional amount for logistics, freight, refining costs and refining margin. These pricing formats are facilitated by a typically stable raw sugar base cost for refiners (i.e., the Sugar #16 Contract), and the vertically integrated cost structure of beet sugar producers. Sucro actively hedges its raw sugar exposure in the United States market.

Also, due to the supply managed nature of the US Sugar Program, in the U.S., the USDA has a mandate to ensure supply and demand balance in the market. As a result, there is significantly more public data available on virtually all aspects of the supply chain, including crop analyses, yields, market size, supply and demand balances and pricing. The Sugar #16 Contract prices physical delivery of US-grown or foreign origin raw cane sugar at one of five U.S. refining ports as selected by the receiver.

The US sugar market is primarily comprised of three sugar inputs: domestically grown sugar beets and sugar cane, along with imported raw/refined sugar. Beet sugar, which is produced throughout numerous midwest and mountain states, accounts for approximately 56% of domestic production, and approximately 40% of total market supply.[2] Domestic cane sugar is grown exclusively in Florida, Louisiana and Texas. The domestic cane sugar market

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[1] *Barb Fecso presentation at 2022 International Sweetener Colloquium – ISC_Session _10_Fecso_USDA.*

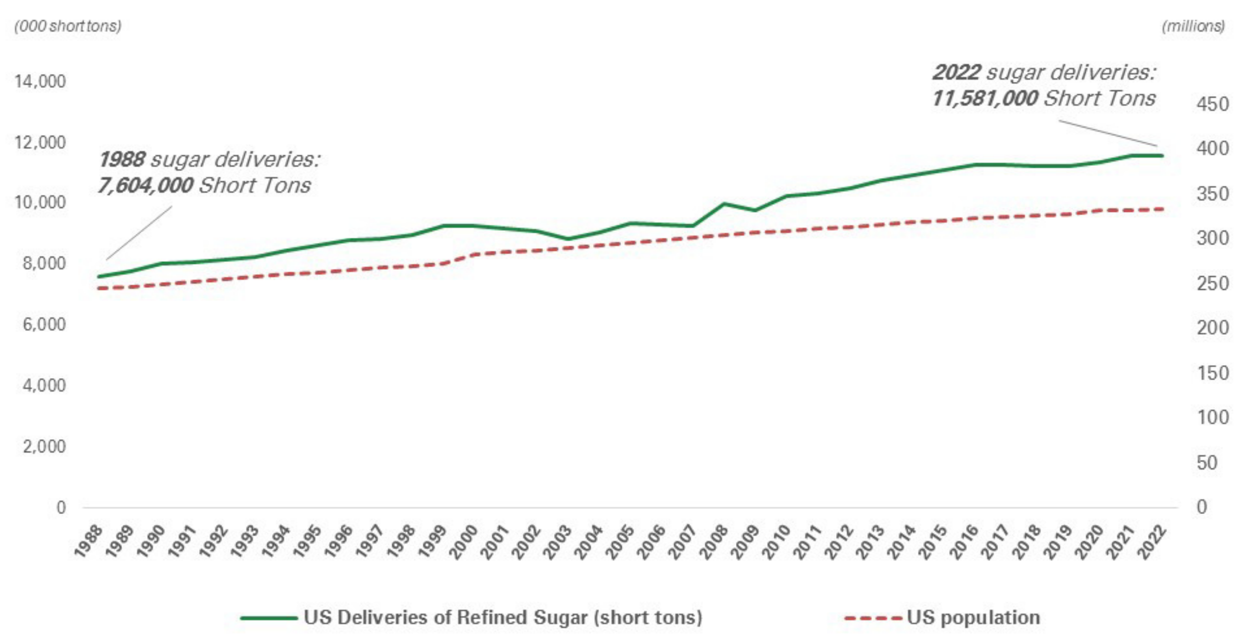
[2] *https;//USDA.gov, WASDE – 639-11, August 2023.*

accounts for approximately 44% of the domestically grown and produced portion of the US sugar market, and approximately 32% of the total projected supply in 2022/2023, including imports.[2] These balances and ratios move modestly depending on domestic crop performance, and market requirements. The difference between domestic crop production and overall market supply is primarily made of up imports under longstanding tariff-rate quotas ("**TRQ's**") with sugar producing nations around the world, a regional foreign trade agreement (**FTA**) with Central America countries, the Dominican Republic and Colombia, and a bilateral trade agreement with Mexico. These agreements provide raw/refined sugar to the U.S. market. Again, these balances can shift from year to year depending on market needs, although TRQ volumes are more fixed. More specifically, the sugar access from Mexico is typically adjusted year to year as part of the USDA management of supply inputs and mandate of maintaining balance and adequate supplies.

According to the USDA website[3], "The U.S. sugar program uses domestic marketing allotments, TRQ's and high out-of-quota tariffs to restrict the amount of sugar available to the U.S. market. In conjunction with market price support, the program also supports U.S. sugar prices, which are usually well above comparable prices in the world market." The current structure of the program originated with the Agriculture and Food Act of 1981. The program has been reauthorized with some modifications in succeeding Acts.[4]

U.S. per capita consumption of sugar has remained mostly flat for the past 35 years.[5] (However, the total U.S. sugar market has shown steady long term growth, and is now approximately 2.5 million ST larger than it was 25 years ago, or an increase of approximately 30%, based on data presented by the USDA.[6]) This market figure can be surprising to some, as people erroneously assume that alternative sweeteners have caused declines in overall sugar consumption, but this is simply not the case.

US deliveries of refined sugar compared to US population.



Sources: USDA, Economic Research Service; U.S. Department of Commerce, Bureau of the Census.

Due to the relatively large size and scope of the US market, production and usage is spread throughout the entire country. The large legacy cane refineries operate in coastal ports, including Yonkers, New York, Baltimore,

[3] *https://ers.usda.gov/topics/crops/sugar-sweeteners/policy/*
[4] *USDA.gov > ERS > Sugar & Sweeteners > Policy.*
[5] *Rob Johnanssen - USDA Outlook forum, page 20.*
[6] *USDA ERS – Sugar and Sweeteners Outlook; March 2022, SSS-M-403, March 15, 2022.*

Maryland; Savannah, Georgia; New Orleans, Louisiana; and Crockett, California as well as grower integrated cane refineries in Florida and Louisiana. Additionally, there are many beet sugar factories located throughout the upper Midwest and mountain states.

There is also a secondary category of sugar suppliers, referred to as distributors, that fill in some gaps in the supply chain where refiners cannot easily manage longer and more complicated logistics.

Unlike the significant food manufacturing concentration in central Canada, and primarily Ontario, sugar demand and usage is spread somewhat more evenly throughout the US. Whereas virtually all major food manufacturing operations in Canada are located in Ontario and Québec, major food plants are located in most U.S. states and spread across the country.

Sugar Pricing Dynamics

Historically, the Sugar #11 Contract and Sugar #16 Contract markets have had a very low correlation, however, more recently that has changed, as the US market is now in a structural deficit which require additional imports of raw and refined sugar. High tier import duties are levied against the additional imported raw and/or refined sugar. As a result, the Sugar #16 Contract market currently reflects the Sugar #11 Contract price plus freight and duties, on an approximate basis.

Sucro's Market Share

Canadian Sugar Market

Sucro has been physically active in Canada since 2014, first operating as a liquid only plant (no granular sugar production), and more recently as a full granular refinery (able to provide dry, granular sugar as well as liquid).

We estimate the Canadian market to be approximately 1,525,000 MT for 2023. After backing out the estimated production of the two western refineries, we believe the eastern market to comprise approximately 1,225,000 MT. Due to logistical limitations, Sucro is only competitively active in eastern Canada, and we believe Sucro's current market share in eastern Canada, based on current annualized sales figures, to be between 8-10%. Sucro had previously announced (May 5, 2022) its intention to increase capacity at its current refinery location in Hamilton, Ontario however, these plans have been cancelled in favour of focusing efforts on the proposed major new refinery construction announced on February 21, 2023.

The Canadian sugar market is estimated to be growing faster than the US sugar market and beyond basic population increases. In fact, two of Canada's largest food manufacturers, and users of sugar, both made major plant expansion announcements on back-to-back days in April 2022.[7] Whereas the US market may be growing due to overall population growth[8], the Canadian market is estimated by management to be growing at 4-5% per year, due to the significant sugar pricing differential between the two markets, and subsequent growth of sugar containing product exports from Canadian plants to the US market. With most major Canadian food manufacturing plants located in Ontario, this overall sugar market growth is even more concentrated in the Ontario market, where Sucro's Hamilton refinery is ideally located.

The primary market for Sucro is bulk granular and liquid sugar. Sucro management believes this to be the largest, and fastest growing, segment of the market. The predominant usage categories include baking, confectionery, dairy and condiments. Also, due to the historical duopoly of the Canadian market prior to Sucro's arrival, along with Sucro's demonstrated practice of adding refining capacity, Sucro has been the beneficiary of significant customer support. Sucro's ability to provide added competition, increased capacity, and greater operational flexibility has been well-received by large, multinational food and beverage customers looking for greater supplier innovation and investment.

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[7] *April 28 Press release from Barry Callebaut – "Barry Callebaut plans USD104 million investment" and April 29 press release from Ferrero – "Sweet! Production Expansion, new jobs at Ferrero*".

[8] *Rob Johannsen, Director of Economics and Policy Analysis – American Sugar Alliance presentation at 2022 USDA Ag Outlook Forum, Washington, D.C. February 2022, page 20.*

US Sugar Market

Based on publicly available data, we believe the U.S. sugar market to be about 8.4 times the size of the Canadian market, and much broader in both geographic and competitive terms.

Notwithstanding Sucro's modest size relative to the overall US market, currently estimated by management at 1-2% market share, it has quickly established a relatively strong market position in organic sugar. Due to its low cost, integrated sourcing and refining business model, Sucro has developed unique supply chain capabilities. It has quickly achieved a strong position in what Sucro believes is the fastest growing segment of the overall sugar market – organic sugar. In fact, U.S. organic sugar imports have grown from virtually nothing, just over twenty years ago, to an estimated 269,751 MT in 2019/2020.[9] Despite that USDA estimate, the Specialty Sugar quota, used by industry to import organic sugar in the US, has been set at 210,000 MT for the current crop year (2023/2024).[10] Based on these two sources of data, Sucro management estimates its share of the US organic sugar market at between 18-25%.

Based on this USDA data[9], organic sugar imports have grown at a compound annual growth rate of greater 20% since inception in 1997/1998. Management believes the growth in the organic sugar segment has slowed in recent years due to higher pricing, and a more difficult economic environment that has proved challenging for organic products in all segments.

The USDA provides detailed monthly reports on various commodity crops, including sugar. These monthly reports are called World Agricultural Supply and Demand Estimates ("**WASDE**"), and provide details and projections into supply and demand issues .[2]

Competition

Sucro's primary customer markets are in North America and the Caribbean, although its supply chain activity is throughout the entire Americas. Competition in these markets is comprised of various companies with different reach and capabilities. For example, in North America, there are larger and considerably older legacy refineries; in some cases, with operations more than a century old (these date back to the late 1800's). The number of refineries in Canada and United States has been steadily reduced through decades-long consolidation in both jurisdictions, not only reducing the overall number of refineries but, in the U.S. market, also increasing the distance to the nearest competitor / customer.

In Canada, the number of sugar refiners was dramatically consolidated decades ago, and for the past 20-30 years the market has been an effective duopoly. Rogers Sugar (including Lantic) operates two cane sugar refineries, in Vancouver and Montreal, and a beet factory in Taber, Alberta. All sugar in Canada, other than the beet factory in Alberta, utilizes raw sugar imports sourced from cane. Redpath Sugar operates a single refinery in Toronto, Ontario. It is the country's largest refinery in terms of capacity, but has experienced operational problems that have resulted in several supply disruptions over the past few years. In the summer of 2022, the Redpath Sugar refinery operation were disrupted for two weeks, which resulted in a significant demand increase for Sucro. Customers appear to be increasingly focused on diversifying supply away from the traditional legacy refiners. This has resulted in Sucro completely selling out available capacity, at improved gross margins on a year over year comparison.

Given the smaller size and geographic concentration of the Canadian market, along with difficult, high-cost import logistics, the Canadian sugar market is almost entirely supplied by sugar refiners on a direct basis, or through very small wholesalers.

In the United States, the market is heavily weighted to two reasonably dominant producer/sellers. Domino Sugar (Domino Foods Inc.) is the overwhelming leading seller of refined cane sugar, while United Sugars Corporation is

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[9] *Sugar and Sweetener Outlook, SSS-M-392, Table 15/Figure 15, April 15, 2021, USDA Economic Research Service, Sowell, Andrew R, and Ronald C. Lord.*

[10] https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/july/ustr-announces-fiscal-year-2024-wto-tariff-rate-quota-allocations-raw-cane-sugar-refined-and

by far the leading seller of refined beet sugar (and some cane sugar as well). Together, Sucro believes the combined market share of these two leading sellers is approximately 60-65% of the market.

In both the cane and beet markets, there are secondary producers and sellers of both cane and beet sugar. For the most part, these other sellers are fairly regional, and are not overly active in the US northeast, or more specifically western New York, other than through secondary markets, including distributors.

Beyond the refineries, the US market has an active network of regional distributors that purchase wholesale sugar and resell to local customers. These distributors will either transfer the sugar from rail to truck, or else do limited light processing (i.e., produce liquid sugar). These companies are often competitively constrained by a higher cost of purchased wholesale sugar, and focus on smaller, regional customers. They also typically operate in areas that are logistically difficult for refiners to serve directly, or have a significant number and concentration of smaller customers. Due to the inability of distributors to effectively compete against vertically integrated refiners, the distributor market tends to be a residual market. Under current market conditions, where domestic supply is tight, distributors are in danger of being squeezed on supply, and losing market share.

In the U.S. market, there are also "trade houses" which are typically limited to imports of refined sugar from foreign sugar mills, and have little domestic market distribution and/or processing/refining capabilities. This lack of integration tends to limit options for customers, often resulting in added complications and costs, and limited effectiveness.

There are also other small-scale refineries and processors that have limited similarity to Sucro, and are active in different markets (solely within the US). These small-scale refineries are either located at significant distance from Sucro, within the US market, where freight costs would be prohibitively high and impractical, or do not have the same breadth of product availability (limited to conventional sugar and/or just liquid sugar).

Sucro's trading business competes with a variety of sugar trade houses and distributors. This is typically a very active and competitive field, with lower barriers to entry than the asset-driven refining business. However, Sucro's integrated model from sourcing of sugar through to refining, long term relationships, regional offices, and record of supply chain innovation, has contributed to a strong competitive position and growing sales in a typically challenging environment.

Food Industry Dynamics

In a North American sugar market that continues to grow, Sucro management has made the following observations:

- No evidence of declining sugar demand in total market consumption.
- In Canada, traditional sugar containing products ("**SCP**") are experiencing increased demand due to increased exports, primarily to the United States.
- Low calorie and artificial sweeteners have not materially impacted demand for sugar products.
- There has been substantial investment in SCP manufacturing facilities, particularly in Ontario, one of Sucro's key markets.
- Demand growth is expected to continue.

Competitive Strengths

Sucro has a number of competitive differences that makes it highly competitive in the sugar market, which management believes has led to its significant growth over the past five years.

Refining Assets in the US and Canada

Sucro is one of only two sugar suppliers that have refining assets in both Canada and the United States. This creates a significant operational and cost advantage leveraging two complementary refineries in such close proximity (though serving distinct markets). Furthermore, Sucro is only one of two sugar refiners across North America to provide competitive supply and services in both the United States and Canada, making it a more valued supplier to multinational customers.

Value Added Solutions and Services

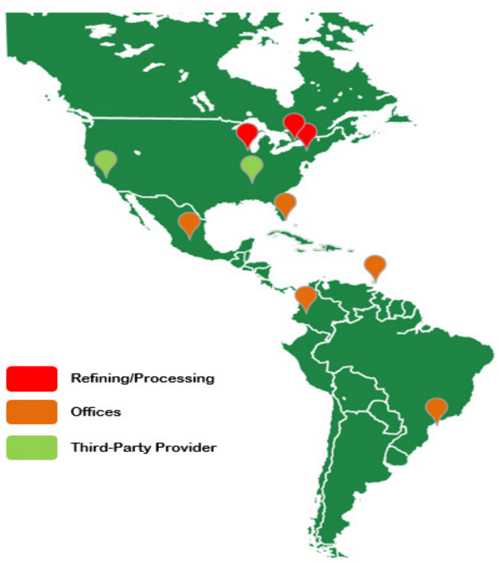
Sucro is one of only two sugar companies that has a network of refining and processing assets in Canada and the United States, augmented by additional warehouse and value-added processing providing customer services and supply chain solutions across much of the eastern United States.

Conventional and Organic Refining Capabilities

Sucro is one of only a few standalone North American sugar refiner capable of refining both conventional and organic sugar at its facilities, helping it establish a leading position in the rapidly growing organic sugar category. This unique operational and logistics capability provides what Sucro believes is the lowest cost import supply chain in the market. Sucro has established market leadership with an estimated share of the US organic sugar market of between 18 and 25% based on publicly available data[9][11]. Management believes that Sucro was the first company to utilize bulk vessel transport to import organic sugar, and its low-cost logistics and warehousing with its Lackawanna facility are an advantage vs. competitors' high-cost east and west coast ports.

Operations Throughout the Americas

Sucro is one of only a few integrated sugar supplier with offices, warehouses and refineries throughout the Americas, including an industry leading network throughout Latin America. Virtually every other North American sugar refiner is limited to domestic refining operations, and has no regional staff in Latin America. The same is true of distributors, who are generally forced to trade with trade houses. Conversely, the trade houses have somewhat similar regional capabilities as Sucro, but do not have the same scope of operations as Sucro has throughout North America. The expanded range of services and operations Sucro maintains provide Sucro with key advantages in its ability to source sugar, but also in providing added regional service to several major multinational customers.



City	State / Country	Function
Hamilton	Ontario	Granular Refinery with 130K t Capacity (2023E)
Lackawanna	New York	Granular Refinery with 350K t Expected Capacity (2026E)
Chicago	Illinois	Liquid Processing (50K t), Packaging and Warehousing

City	State / Country	Function
Miami	Florida	Headquarters
Mexico City	Mexico	Regional Office
Cali	Colombia	Regional Office
Port of Spain	Trinidad	Regional Office
Sao Paolo	Brazil	Regional Office

City	State / Country	Function
Memphis	Tennessee	Liquid Sugar Partner
Stockton	California	West Coast Liquid Sugar Partner

Integrated Supply Chain

Sucro has developed a comprehensive and integrated supply chain model that provides competitive advantages against more specialized or niche operators. Sucro's trading business is enhanced through its sale of sugar produced from the refinery side of Sucro, in addition to the sugar sourced from third parties. It also provides the trading

[11] https://www.federalregister.gov/documents/2022/09/19/2022-20168/fiscal-year-2023-tariff-rate-quota-allocations-for-refined-and-specialty-sugar

operation more sourcing and trading opportunities involving raw sugar. Also, Sucro has successfully leveraged its proficiency in managing bulk vessels to gain competitive advantage during the recent dramatic increase in container rates, further boosting trading operations by utilizing lower cost breakbulk vessels and shipping refined sugar in 1 MT tote bags quickly and efficiently to its customers. Sucro's trading business has also benefited significantly from its domestic sales force in the United States. The combination of an established and accomplished sales force in the United States, and Sucro's sugar sourcing and logistics capabilities has resulted in significant growth of trading operations from both third party and Sucro owned refineries.

Low-Cost Structure

Sucro has a low capital cost focus and has been an industry innovator, demonstrating the value of its smaller refinery model. Sucro's smaller refineries offer the advantages of significantly lower capital expenditure in building the refinery, along with lower overheads in managing smaller, more focused sugar production. Moreover, these smaller capacity refineries allow for entry into markets such as Canada, that does not have significant total sugar market volume available, or western New York, where the overall market is significant, and its location provides significant logistical advantages (direct access to bulk ocean vessels, and significant distance form competitive cane refiners).

Also, smaller refineries are inherently more flexible**,** and provide multiple operating benefits including organic sugar production, and flexibility in providing customers varying levels of refined sugar standards, as requested by customers. Customers are increasingly looking for the cost advantages of "less refined", or less processed sugar, and Sucro's smaller refinery format is uniquely able to meet these customer preferences.

Each refinery that Sucro has built, and is projected to build, has been significantly larger than before. The Lackawanna refinery is approximately three times the size of the Hamilton refinery, and the new Canadian refinery would be almost three times the size again of the Lackawanna refinery (in terms of refining capacity). Sucro is successfully combining its ability to build relatively low capital cost refineries, compared to its competitors, but will also be adding low operating cost capabilities due to the added throughput.

A sugar refiner's competitiveness is highly influenced by a number of factors including, the overall cost and age of its refinery operations, its fixed and variable cost structure, the inbound and outbound logistics costs, finished product standards, and the overall raw sugar feedstock cost and purity for the refineries. Sucro's new refineries utilize current technology to operate in an overall low capital cost structure. Furthermore, the refineries are highly flexible and uniquely able to meet multiple product standards requested by customers. It also allows for both conventional and organic refining, which is also unique to the industry. Sucro completed its existing refinery in Hamilton, Ontario, with an annual refining capacity of approximately 130,000 MT per year, for a total capital cost of approximately US$21 million, and expects to have refining capacity for 2025 in Lackawanna of up to 210,000 MT, for a total capital cost of approximately US$44 million.

Strong and Diversified Customer Base

Sucro's sales are broadly distributed throughout the industry and include many of the world's largest and recognizable multinational food and beverage companies including 10 of the world's 20 largest food companies and no single customer accounted for more than 10% of sales in fiscal 2023.

"Pure Play" Focus on Sugar

Sucro is the only public North American pure-play sugar company. Sucro's focus on this market has allowed it to develop operational expertise and compete with long-entrenched industry participants.

Growth Strategy

Sucro is a growth-oriented sugar refiner that has consistently achieved significant organic growth since inception in 2014. Its management team and Board of Directors have significant sugar industry experience and have successfully executed multiple growth projects throughout Sucro's history.

Sucro completed a comprehensive sugar refinery expansion in Hamilton, Ontario in 2019, becoming a full granular sugar refiner. Effectively, Sucro built an entire new parallel refining operation to its existing liquid plant, adding vacuum pans, strike receivers, centrifuges and drying capability. Based on strong customer support the Hamilton refinery quickly sold out all available volume (from current annualized production and sales). Based on significant customer demand and support, another expansion was announced in May 2022. However, based on updated sugar market projections in both Canada and the United States, Sucro revised its future expansion plans, and announced its intention in February 2023 to build a proposed major new refinery. This proposed new refinery is projected by management to eventually become the largest sugar refinery in southern Ontario. Sucro is leveraging its proven capabilities from its previous two refinery construction projects, which have both proven successful. Sucro is leveraging its capability in building lower capital cost sugar refineries and is expecting to achieve competitive advantage through the low cost to build and equip a refinery, but also gain long-term, low-cost operating advantages. This new refinery is expected to have a projected longer term nominal capacity of 1 million MT, and an estimated project cost of US$100 million. Operations are expected to commence in early 2026. Although a lease for the site to develop the project has recently been entered into, the project is still in an early stage of development with long lead times to intended completion, is subject to a number of risks and uncertainties, and may not be completed as proposed, or at all. See "*Risk Factors - Development of new refinery projects*".

Sucro's intention to make this investment is based on its view that the Ontario sugar market is growing at a rate which management believes is among the fastest in North America. Sucro is expected to absorb this future domestic sugar market growth over the next ten years, but also take advantage of export opportunities to the US in any years where the US market may need to import refined sugar (as it has in each of the past four years). When combined with Sucro's existing sales and logistics infrastructure, Sucro believes it will have a significant competitive advantage for any such export opportunities.

Sucro management is confident its southern Ontario expansion plans will continue on the success of the past few years. The overall demand for sugar in Canada has never been greater, and competitive supply constraints have severely hampered the legacy refiners from participating in this growth. Moreover, supply disruptions at the country's largest refinery have created an opportunity for Sucro to add new customers, and increase its market share.

In November 2022, Sucro opened another fully functional sugar refinery in Lackawanna, New York. This refinery is similar to the Hamilton refinery, as it focuses on bulk liquid and granular sugar production. The refinery started initial production in the fourth quarter of 2022 and following a successful quality certification audit completed in the second quarter of 2023, capacity and sales continued to increase throughout 2023.

This new Lackawanna, New York refinery will take advantage of the favorable U.S. sugar market conditions, along with Sucro's operational and logistic synergies that exist with the Hamilton refinery.

The opening of the new refinery in Lackawanna provides two principal growth opportunities over the next few years. Initially, the primary growth will occur by simply filling the projected capacity for bulk granular and liquid sugar. Similar to the experience in Hamilton, we expect this capacity to fill relatively rapidly due to Sucro's competitive advantage in the area, and having a significantly lower cost structure versus nearby regional distributors. Also, Sucro will be working with many of the customers it already services, which should make initial sales much easier to achieve.

We expect it will take several years to utilize available bulk capacity, which will generate most of Sucro's growth through this period (in addition to the continued growth in Hamilton). Sucro management expects this growth to be achieved with relatively low capital expenditures that will be incurred as part of the optimization of the refinery.

In February 2024, Sucro announced plans to construct a new full cane sugar refinery at its existing University Park, Illinois processing facility. Once complete, the new refinery will have a similar scale to the Company's Lackawanna facility in Western New York. The new refinery will have significant value-added specialty sugar capabilities, including large grain crystals used in specialty foods and confectionery, an integrated brown sugar line, specialty liquid production and organic sugar refining capabilities. Start-up and initial production are expected in 2026. The proposed new suburban Chicago refinery project is still in an early stage of development with long lead times to intended completion, is subject to a number of risks and uncertainties, and may not be completed as proposed, or at all. See "*Risk Factors - Development of new refinery projects*".

The new cane sugar refinery in Chicago meets growing customer demand for cane sugar in the U.S. Midwest, and efficiently adds increased production capacity for Sucro, while at the same time limiting the impact of added logistics costs. The new refinery will also include a focus on specialty sugar production, which have been chronically short of supply. Based on Sucro customer demand, management believes these specialty sugars to be growing at a much faster rate than the overall sugar market, and also provide significant pricing premiums compared to standard bulk sugar.

Additional growth will also be available eventually through expansion into premium categories including retail sugar (both organic and conventional sugar), specialty sugars, including yellow, brown and powdered sugar and various wholesale packaged sugar sales.

One of Sucro's potential growth opportunities is expanding its bulk industrial business into the retail sugar segment. Sucro would leverage its operational strengths in organic sugar, utilizing the "SweetLife by Sucro™" brand name. Management believes the current U.S. retail sugar market is underserved, lacking effective competition, and is investigating the overall market potential. This opportunity is still under consideration, and no future projections have been included.

Growth Plan

Note: Readers are cautioned that forward-looking statements are not guarantees of future performance. Actual results could differ materially from those currently anticipated due to a number of factors and risks. See "Cautionary Note Regarding Forward-Looking Information".
1. Forecasted production based on announced refinery investments – Lackawanna, NY; Hamilton (New), ON; and expansion of Chicago, IL.

Use of Financial Derivatives for Hedging Sugar

Canada

Sucro follows a rigorous hedging program for all purchases of raw cane sugar and sales of refined and liquid sugar in order to protect itself against fluctuations in the world sugar market. The Sugar 11 Contract is the world benchmark contract for raw sugar trading and used in Sucro's Canadian sugar business. This provides market prices for the physical delivery of raw cane sugar, free-on-board the receiver's vessel to a port within the country of origin of the sugar. It is traded on the ICE, quoted on a USD cents per pound basis, and has four delivery periods or prompt months (March, May, July and October). Sugar futures are traded in "lots" whereby each lot is equal to 50.8 metric tons. The ICE rules are strict and are governed by the New York Board of Trade. When a futures contract is entered into, an initial margin deposit must be sent to the regulated commodity exchange. The amount of the margin deposit is set by the regulated commodity exchange and varies by commodity. If the market price of a futures contract moves in a direction that is adverse to the Company's position, an additional margin deposit, called a maintenance margin, is required by regulated commodity exchanges. Subsequent price changes could require additional maintenance margin deposits or result in the return of maintenance margin deposits by the regulated commodity exchange. Futures prices are determined by market supply and demand.

Sucro's Canadian operations rely principally on forward purchase contracts with producers to ensure an adequate supply of product to fulfill the Company's forward sales. Sucro primarily makes raw sugar purchases at prices referenced to the Sugar 11 Contract sugar market at the ICE exchange. The Company manages the futures price risk by entering into exchange-traded futures. Sales are made by contract for delivery in a future period. Sales contracts are also based on the Sugar 11 Contract sugar market.

In order for a proper hedge to occur, the number of lots needs to be equivalent to the metric tons negotiated with clients and the opposite of the physical transaction is executed on the ICE exchange. As an example, assume the March 2024 Sugar 11 Contract is trading on January 1, 2024 on ICE at US$0.20 per pound, and a 20,000 metric ton vessel needs to be purchased by Sucro for March 2024 delivery. The seller and Sucro agree to fix the price of the vessel at US$0.20 cents per pound on January 1, 2024 and a total of 394 lots (20,000/50.8 MT per lot) of March 2024 Sugar 11 Contract futures are sold by Sucro on the ICE as a hedge to protect against sugar price movements between January 1 and March 31, 2024. Once Sucro's futures position has been established, the price is fixed at US$0.20 cents per pound and the futures position established will be applied to this specific contract.

The selling of refined or liquid sugar by Sucro to its customers is also hedged using the Sugar 11 Contract. When sales contracts are negotiated, the agreement specifies quantity, the period of delivery including which terminal months will be applied, and other components including refining margin and raw freight.

For example, assume a customer chooses to fix the price of their January 2024 requirements on December 1, 2023 when the March 2024 Sugar 11 Contract is trading at US$0.15 cents per pound. Sucro calculates the final selling price to the customer based on US$0.15 cents per pound. Once the sale has been confirmed, Sucro will immediately buy the equivalent number of Sugar 11 Contracts on the ICE to protect itself from any fluctuations in the sugar market and then will apply the Sugar 11 Contracts against the physical sales contract.

Once sugar has been delivered, Sucro will have a profit or loss associated with the physical delivery contract with the customer but will also have an offsetting profit or loss from the Sugar 11 Contracts purchased as a hedge.

Using the above examples, on the physical delivery side, there will be a loss of US$0.05 cents per pound as Sucro sold the sugar to the customer at US$0.15 cents per pound and purchased the sugar at US$0.20 cents per pound. However, there will be a corresponding gain on the futures side of US$0.05 cents per pound as Sucro will settle the future position at the original level of US$0.20 cents per pound which it bought at US$0.15 cents per pound.

Since purchases and sales contracts are based on the futures market and are hedged, it does not matter what direction the market takes, the profit or loss resulting from the delivery of the physical sugar will always be the difference between the premiums negotiated with the customer over and above the Sugar 11 Contract. The loss incurred on any physical transaction will be offset by the gain earned on the settlement of the futures position, and vice versa, due to the hedging of the transaction.

US

The benchmark for U.S. sugar, Sugar 16 Contract, also trades on the ICE exchange, however, unlike the Sugar 11 Contract, there is significantly less liquidity in the Sugar 16 Contract. As a result, while there are some customers that prefer the formula-based agreements as outlined above for the Canadian market, most supply agreements are fix priced contracts where the selling price and volume are set.

As a result, Sucro has the ability to hedge its supply position with the purchase of raw contracts or by matching fixed price supply and sales contracts. However, due to the limited liquidity in the Sugar 16 Contract, there is typically more exposure to price fluctuations in the US market than in the Canadian market.

Exposure to Losses

For purchases or sales of sugar that are not hedged or not completely hedged, losses may occur and such losses could be substantial. To mitigate against such losses, Sucro reviews its total hedged position on a daily basis and sets strict limits and parameters on unhedged positions.

In addition, the Company is exposed to customers defaults, where the purchase of the sugar is hedged but the Company no longer has an offsetting physical delivery contract. Sucro attempts to mitigate against such losses by strict credit policies and ongoing review of customer credit risks. See "*Risk Factors – Unhedged Trading Positions*".

Our Facilities

Sucro operates a network of operations and warehouses throughout North America.

Cane Sugar Refinery, Hamilton, Ontario, Canada

Sucro operates a cane sugar refinery in Hamilton, Ontario. The land and building are leased by Sucro subsidiary, Sucro Can Canada Inc., from the Hamilton-Oshawa Port Authority on a long-term lease expiring on January 31, 2034 (the "**Hamilton Lease**"). The Hamilton Lease was initially entered into on January 14, 2014 by a predecessor Sucro entity and has subsequently been assigned, extended and amended. Payments under the Hamilton Lease consist of basic rent calculated on a per-square-footage basis, and additional rent which primarily consists of cost recoveries. The Hamilton Lease provides for the lease of the premises for the purpose of various types of liquid and solid sugar processing, sugar storage, sales and distribution, administrative offices and all related and ancillary uses. All renewals and extensions have been exercised and there are no further renewals or extensions. The Hamilton Lease contains terms customary for an industrial lease, including, without limitation, restrictions on transfer, limitations on liability to the landlord, tenant indemnities, and insurance requirements. The Hamilton Lease also provided for tenant allowances to fund improvements to the premises, which allowances have been fully advanced and the improvements completed, and the allowances are being repaid to the landlord through rent payments.

This operation was started in 2014 and has gone through several expansions and modifications. The facility comprises approximately 50,000 square feet of production and storage space, approximately 4,600 square feet of office and approximately 13,700 square feet of outdoor storage space.

Expansion opportunities previously announced on May 5, 2022 have been cancelled in order to apply resources towards the new refinery project announced on February 21, 2023. If and when the new refinery is open and adequately commissioned, the current refinery in Hamilton would be closed.

New Refinery and Office Space, Hamilton, Ontario, Canada

A subsidiary of Sucro, Sucro Can Canada Inc., has entered into two leases with the Hamilton-Oshawa Port Authority in Hamilton, Ontario, in connection with the proposed major new refinery referred to in this AIF. One lease is on lands in the Port of Hamilton known as Pier 15 and the Randle Reef Environmental Containment Area (the "**Pier 15 Lease**"). The other lease is for almost all of the building located at 500 Sherman Ave N, Hamilton, Ontario, proximate to Pier 15 (the "**Office Lease**"). Both leases are dated October 17, 2023.

The term of the Pier 15 lease is 40 years commencing on November 1, 2023, with an option in favour of Sucro Can Canada Inc. to renew the term for a further 20 years. Payments under the Pier 15 Lease consist of basic rent calculated on a per-square-footage basis, additional rent which primarily consists of cost recoveries and fees based on the tonnage of cargo unloaded by the tenant in the Port of Hamilton. The Pier 15 Lease provides for the lease of vacant lands for the development of a sugar refining facility to be used for sugar refining and storage, warehouse and ancillary uses. The Pier 15 Lease contains terms customary for an industrial lease, including, without limitation, restrictions on transfer, limitations on liability to the landlord, tenant indemnities, and insurance requirements. The Pier 15 Lease also provides for a credit facility to the tenant to fund improvements on the premises.

The term of the Office Lease is 20 years commencing on November 1, 2023. Payments under the Office Lease consist of basic rent calculated on a per-square-footage basis, and additional rent which primarily consists of cost recoveries. The Office Lease provides for the lease of the three above grade floors of the building at 500 Sherman Ave N and its associate parking area for use as offices. The Office Lease contains terms customary for an office lease, including, without limitation, restrictions on transfer, limitations on liability to the landlord, tenant indemnities, and insurance requirements. See "*Risk Factors - Development of new refinery projects*".

Cane Sugar Refinery, Lackawanna, New York, USA

Sucro started its Lackawanna cane sugar operation in 2020. The original warehouse is part of a Foreign Trade Zone (FTZ) and is leased. A liquid sugar processing operation was added later in 2020, along with additional warehouse storage capacity. Following various expansions, Sucro now operates six separate warehouses at its Lackawanna site. The facility comprises approximately 40,000 square feet of warehouse space, approximately 3,700 square feet of processing area, approximately 52,000 square feet of shed space and approximately 35,000 square feet of raw sugar storage space.

In addition to the leased spaces, Sucro purchased approximately 12.04 acres of land plus three buildings, that previously comprised part of the Bethlehem Steel site, and is immediately adjacent to the original leased property. The total purchase cost was US$250,000 and included Sucro finalizing the land remediation, which was fully certified by the State of New York at the end of 2021. The three buildings total approximately 150,000 sq ft, and have each gone through extensive renovation. Approximately 70,000 square feet is used for raw sugar storage, approximately 20,000 square feet for refining operations and approximately 60,000 square feet for product finishing and packaging.

The new refinery opened in the fourth quarter of 2022, and has an eventual refining capacity target of 350,000 MT.

Current and Proposed Cane Sugar Operation, University Park, Illinois, USA

Sucro owns and operates a multi-function cane sugar facility in University Park, Illinois, a suburb of Chicago. This facility provides multiple value-added services, including liquid processing, specialty sugar production, packaging, and 185,000 square feet of warehouse space.

On February 20, 2024, Sucro announced plans to construct a new full cane sugar refinery at this site. Once complete, the new refinery is projected to have a similar scale to the Company's Lackawanna facility in Western New York. The new refinery is planned to have significant value-added specialty sugar capabilities, including large grain crystals used in specialty foods and confectionery, an integrated brown sugar line, specialty liquid production and organic sugar refining capabilities. Start-up and initial production are expected in 2026.

Cane Sugar Operation, Memphis, Tennessee, USA

Sucro has been working with a third party since 2017, providing sales and logistics support for several key customers in the Memphis area. These services have been uninterrupted since 2017.

Cane Sugar Operation, Stockton, California, USA

In February 2023 Sucro opened a west coast liquid sugar operation, in conjunction with an arm's length third party, in Stockton, California. The agreement is long term and exclusive, for liquid sugar services. The addition of a west coast liquid plant will help create additional sales opportunities and lower logistics costs.

Warehouse, Memphis, Tennessee, USA

Sucro has a long-term warehouse agreement with a warehouse operator to unload, store and transfer raw bulk raw sugar.

Warehouse, Bond St, Chicago, Illinois, USA

Sucro leases and operates a 46,000 square feet warehouse, used to store limited specialty ingredients and provide transfer services.

Other

Sucro utilizes additional third-party warehouses throughout the United States to manage its logistics for both inbound raw and refined sugar, as well as outbound transfers and customer deliveries. Sucro does not own or lease these warehouses, nor are any long-term agreements in place.

Sales, Marketing & Distribution

Sucro's sugar is sold, through is trading operation, in the United States under the trade name "SweetLife by Sucro™". This trademark has been registered to Sucro in the United States and Canada. . These products include conventional and organic sugar, as well as different product varieties, including granular and liquid sugar.

Sucro's organic sugar is primarily sold in multiple package formats, including 50 lb bags, 1MT totes, and bulk tankers. Conventional sugar is typically sold in bulk and liquid tankers, although smaller packages are also being developed.

Sucro does not utilize any conventional marketing programs and has no formal marketing budget. This lack of formal marketing is not unusual in a mature commodity business like sugar, and even the largest sugar companies with established retail brands do little or no marketing behind their brands. Throughout Sucro's existence it has relied on strong customer support and industry word of mouth, that have effectively promoted Sucro's advantages. It has a website (www.SweetLife.life) where company details and information are shared.

In Canada, Sucro's trading operation sells bulk industrial sugar FOB Sucro's refinery, and customers manage the outbound freight to their plants. However, in the United States, sales are typically made on a delivered basis, with Sucro arranging freight. Most of these deliveries are booked through third party transport carriers; however, Sucro has recently purchased several tanker trailers and seeks to take a more active and integrated role in managing outbound freight of sugar from its refinery in Lackawanna, New York and University Park, Illinois.

Personnel

As of December 31, 2023, we had approximately 221 employees and approximately 9 independent contractors working for the Sucro group with approximately 134 in manufacturing, 5 in sales and marketing, and 73 in general and administrative and office roles (including our management team).

The Company has approximately 37 unionized employees in its cane sugar refinery facility in Hamilton, Ontario who are represented by the Labourer's' International Union of North America, Local 837. The Hamilton collective agreement has an expiry date of June 30, 2025. The Company believes it has good relations with its unionized employees and does not anticipate any labour disruptions in 2024. None of the Company's other employees are unionized.

Intellectual Property

Sucro relies on a combination of federal, state, common law and international legal rights, as well as contractual restrictions, to protect its intellectual property, including trademarks, domain names, trade secrets, patents and confidentiality agreements with employees and third parties. Sucro is allowed to use the following two trademarks in the United States: "SweetLife by Sucro" and "Celebrate Sweetly". As of the date hereof, Sucro has one patent pending with the United States Patent and Trademark Office for "Production of White Sugars and High-Quality Liquid Sugars."

The Company controls access to and use of its proprietary technology and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors and third parties. The Company intends to pursue additional intellectual property protection to the extent it believes it would be beneficial and cost effective to do so. Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology. For more information regarding the risks relating to intellectual property, see "*Risk Factors*."

Government Regulation

<u>Canada</u>

The Canadian sugar market is considered a "world" sugar market, meaning it is an open market for foreign sugar to enter, either duty free for raw sugar or with nominal duties in the case of refined sugar.

However, in July 1995, the Canada Revenue Agency made a preliminary determination, followed by a final determination in October 1995, that there was dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom ("**UK**"), the Netherlands and the Republic of Korea into Canada, and that subsidized refined sugar was being imported into Canada from the European Union ("**EU**"). The Canadian International Trade Tribunal ("**CITT**") conducted an inquiry and on November 6, 1995 ruled that the dumping of refined sugar from the United States, Denmark, Germany, the UK and the Netherlands as well as the subsidizing from then EU was threatening material injury to the Canadian sugar industry. The ruling resulted in the imposition of protective duties on these unfairly traded imports.

Under Canadian laws, these duties must be reviewed every five years. On August 6, 2021 the CITT concluded its fifth review of the 1995 finding and issued its decision to continue the finding against dumped and subsidized sugar from the U.S. and EU for another five years.

The duties on imports of U.S. and EU refined sugar are important to Sucro and to the Canadian refined sugar industry in general because they protect the market from the adverse effect of unfairly traded imports from these sources. There is no assurance that the CITT determination in the next review will continue the duty protection for another five years.

On November 30, 2018, a new North American Free Trade Agreement (NAFTA) deal was signed by the three countries – the Canada-United States-Mexico Agreement (known as "CUSMA" in Canada and "USMCA" in the United States). The implementation of the new NAFTA deal will have limited impact and opportunity for Sucro beyond the added possibility of refined sugar exports (from Canada) to the US, on the rare and unusual circumstances when the U.S. announces increases to the refined sugar TRQ due to acute domestic sugar shortages.

<u>United States</u>

The United States is a controlled access market for sugar, with significant restrictions and barriers to entry. The USDA is responsible for ensuring the overall market is in balance, and closely monitors both the supply and demand of sugar to ensure a reasonably balanced market.

The following information has been obtained or reproduced from the USDA website.[12]

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[12] *www.ers.usda.gov Sugar and Sweeteners – Policy*

The U.S. sugar program uses domestic marketing allotments, TRQs and high out-of-quota tariffs to restrict the amount of sugar available to the U.S. market. In conjunction with market price support, the program also supports U.S. sugar prices, which are usually well above the comparable prices in the world market. The current structure of the program originated with the Agriculture and Food Act of 1981. The program has been reauthorized with some modifications in succeeding Farm Acts. An important aspect of the program is that it operates, to the maximum extent possible, at no cost to the Federal Government by avoiding loan forfeitures to USDA's Commodity Credit Corporation (CCC).

The Feedstock Flexibility Program (FFP) is designed to divert sugar in excess of domestic food consumption requirements to ethanol production.

Although not part of the U.S. sugar program nor any legislation, a key constraint currently limiting the supply of imported sugar is the operation of suspension agreements between the United States and Mexico. These agreements were originally signed in 2014 and amended in 2017. Under these agreements, the United States has suspended the imposition of prohibitive anti-dumping (AD) and countervailing duties (CVD), which, if imposed, would make Mexican sugar uncompetitive in the U.S. market. In turn, Mexican sugar producers must comply with minimum process and maximum quantities for sugar shipped into the United States.

Flexible Marketing Allotments

Sugar sold in the United States for domestic human consumption by domestic sugar beet and sugarcane processors is subject to marketing allotments that are designed to limit domestic supplies. An overall allotment quantity (OAQ) is established at not less than 85 percent of estimated deliveries for domestic human consumption for the marketing year (October through September).

The OAQ is divided between refined beet sugar (54.35 percent) and raw cane sugar (45.65 percent). USDA has authority to reallocate these allocations during the year.

The program provides for several contingencies that could require reassignment of allotments during the crop year. If a cane processor cannot market its allocation, it is reassigned to the other processors within the same State, taking into account their ability to make up the deficit and also the interests of producers served by the processors. If the deficit cannot be eliminated by this step, the remainder is allocated to the other cane-producing States, and then to the processors in those States. If the deficit still is not eliminated, it is assigned to the USDA's CCC for sale from CCC inventories. IF CCC inventories are insufficient to cover the deficit, then the deficit is assigned to imports.

As substantially all sugar producers in the United States are vertically integrated, with growers and refiners linked through ownership or cooperatives, Sucro does not have access to purchase US domestic sugar and instead sources its sugar needs outside the United States. As such, Sucro is not affected by the US marketing allotments.

Sugar Tariff-Rate Quotas and Other Trade Measures

TRQs limit imports of sugar by permitting a given quantity to enter duty-free or at a low duty. Any quantity in excess of the TRQ amount can still be imported, but at a higher rate of duty. There are TRQs established under both multilateral and bilateral trade agreements.

Prior to the start of the fiscal year (October 1-September 30), the Secretary of Agriculture announces the quantity of sugar that may be imported at preferential in-quota tariff rate during the fiscal year. There is no limit to the quantity that may be imported at the higher over-quota tariff rate.

Multilateral Agreements

The United States negotiated sugar TRQs as part of the Uruguay Round Agreement on Agriculture ("**AoA**"). These are also called World Trade Organization (WTO) TRQs. In the AoA, the United States agreed to provide access annually for not less than 1,117,195 metric tons raw value (MTRV) for raw sugar, and 22,000 MTRV for refined sugar. As provided for in the Harmonized Tariff Schedule of the United States, whenever the Secretary of

Agriculture believes that domestic supplies of sugars may be inadequate to meet domestic demand at reasonable prices, the Secretary may increase the raw or refined WTO TRQs.

The authority to allocate TRQs rests with the Office of the U.S. Trade Representative (USTR), which currently allocates the WTO raw sugar TRQ to 40 countries based on a representative period (1975-81) when trade was relatively unrestricted. USTR currently allocates the refined sugar tariff-rate quota between Canada, Mexico and an additional quantity open to any country on a first-come, first-served basis.

The Secretary also may reserve a quantity for specialty sugar, which is currently a component of the refined sugar TRQ. The base quantity for specialty sugar is 1,656 MTRV. The Secretary has expanded the specialty sugar TRQ in recent years to accommodate a rapidly growing U.S. market for organic sugar, as domestic production of organic sugar is limited to a single company.[13]

Bilateral Foreign Trade Agreements

The United States has negotiated various foreign trade agreements (FTAs) that include sugar TRQs. Under the USMCA (United States-Mexico-Canada Agreement, previously NAFTA), sugar from Mexico (but not Canada) is duty-free and quota-free, although there will be constraints to Mexican access so long as the U.S.-Mexico sugar suspension agreements, or the AD/CVD duties, remain in place. The USMCA affords Canada a TRQ of 9,600 MT for refined beet sugar and a TRQ of 9,600 MT for sugar containing products. The USMCA also provides that should USDA announce an increase in the U.S. WTO refined sugar TRQ, Canada will be granted an additional allocation equal to 20% of such increase, which may be made from raw sugar not of Canadian origin.

DESCRIPTION OF SHARE CAPITAL

The Company is incorporated in the Cayman Islands and governed by the corporate laws of the Cayman Islands. The Cayman Islands are a British Overseas Territory and its corporate laws are based on English common law. Cayman Islands corporate laws provide international businesses with significant flexibility in conducting their affairs. There are no director or officer residency requirements, the register of shareholders and minute books are not required to be held in the Cayman Islands and meetings of shareholders may be held in a location outside of the Cayman Islands.

The Company's authorized share capital consists of (i) 490,000,000 Subordinate Voting Shares; and (ii) 1,000,000 Proportionate Voting Shares.

The following describes the Company's authorized share capital. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of the Company's articles and memorandum of association (the "**Memorandum of Association**").

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

Subordinate Voting Shares and Proportionate Voting Shares

Dividend Rights

All Shares shall rank equally with the other Shares as to dividends, without preference. No dividend may be declared on any class of Shares unless a dividend is simultaneously declared on the other classes of Shares. Subordinate Voting Shares shall be entitled to the same dividend amount on a share-for-share basis and the dividend amount per share for Proportionate Voting Shares shall be one hundred (100) times the dividend amount per Subordinate Voting Share.

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[13] https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/september/ustr-announces-fiscal-year-2022-wto-tariff-rate-quota-allocations-raw-cane-sugar-refined-and;
https://www.fas.usda.gov/programs/sugar-import-program/applying-global-specialty-sugar-certificate

Voting Rights

The holders of Subordinate Voting Shares are entitled to one vote per Subordinate Voting Share and the holders of Proportionate Voting Shares are entitled to one hundred (100) votes per Proportionate Voting Share. Holders of Subordinate Voting Shares and Proportionate Voting Shares are entitled to receive notice of any meeting of shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote.

Offer to Purchase

The Company may not make an offer to purchase any outstanding Proportionate Voting Shares unless at the same time it makes an offer to purchase, on the same terms, an equivalent proportion of the outstanding Subordinate Voting Shares.

Redemption

No class of Shares is redeemable at the option of either the Company or the holder of any such Shares.

Quorum at Meetings of Shareholders

A quorum for the transaction of business at a meeting of shareholders shall be not less than two shareholders present in person or represented by proxy and entitled to vote at the meeting and representing in the aggregate not less than 10% of the votes attaching to all outstanding voting shares of the Company.

Redemption and Conversion Rights

Holders of Subordinate Voting Shares have no redemption or conversion rights. Proportionate Voting Shares are not redeemable, however, are convertible at any time at the option of the holder into fully-paid, non-assessable Subordinate Voting Shares, subject to the limitations noted below. Holders of Proportionate Voting Shares have the right to convert such shares into Subordinate Voting Shares on the basis of one hundred (100) Subordinate Voting Shares for each Proportionate Voting Share. The Company also has the right to cause all, but not less than all, of the Proportionate Voting Shares to be converted into Subordinate Voting Shares on the same conversion basis in certain circumstances.

Conversion Limitations

During the period prior to January 1, 2027, before any holder of Proportionate Voting Shares shall be entitled to convert Proportionate Voting Shares into Subordinate Voting Shares, the directors (or a committee thereof) or other designated officer of the Company shall determine if a conversion limitation shall apply to the conversion of Proportionate Voting Shares. The Company intends to use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the U.S. Exchange Act). The holders of Proportionate Voting Shares shall not have the right to convert any portion of the Proportionate Voting Shares, to the extent that after giving effect to all permitted issuances after such conversions of Proportionate Voting Shares, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by residents of the United States would exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares issued and outstanding on the relevant determination date after giving effect to such conversions. The directors have the discretion to increase the 40% threshold to an amount not to exceed 50% or to waive the application to any or all conversions.

Liquidation Rights

Upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Subordinate Voting Shares and Proportionate Voting Shares, without preference or distinction, will be entitled to participate rateably (in the case of Subordinate Voting Shares, on a share-for-share-basis, and in the case of the Proportionate Voting Shares, on the basis of one hundred (100) times the applicable rate for the Subordinate Voting

Shares), in the remaining property of the Company, subject to the prior rights of the holders of any other prior ranking shares that may be outstanding at such time.

Subdivision and Consolidation

No subdivision or consolidation of the Subordinate Voting Shares or the Proportionate Voting Shares shall occur unless, simultaneously, the other class of Shares are subdivided or consolidated or otherwise adjusted so as to maintain and preserve the relative rights of the holders of Shares of each of the said classes.

Take-over Bid Protection – Coat-tail Agreement

Under applicable Canadian law, an offer to purchase Proportionate Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSXV designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares are entitled to participate on an equal footing with holders of Proportionate Voting Shares, SC Americas Corp., the owner of approximately 95% of the Proportionate Voting Shares (the "**Coat-tail Shareholder**") has entered into a customary coat-tail agreement dated October 30, 2023 with the Company and Odyssey Trust Company, as trustee (the "**Coat-tail Agreement**"). The Coat-tail Agreement contains provisions customary for dual class, TSXV-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Proportionate Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coat-tail Agreement do not apply to prevent a sale by the Coat-tail Shareholder or a Permitted Holder of Proportionate Voting Shares, if, concurrently with the offer to purchase or Proportionate Voting Shares, an offer is made to purchase issued and outstanding Subordinate Voting Shares that:

(a) offers a price per Subordinate Voting Share at least as high as the highest price per share, on an As-Converted Basis, to be paid pursuant to the take-over bid for the Proportionate Voting Shares;

(b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Proportionate Voting Shares to be sold (exclusive of Proportionate Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

(c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Proportionate Voting Shares; and

(d) is in all other material respects identical to the offer for Proportionate Voting Shares.

In addition, the Coat-tail Agreement does not prevent the transfer of Proportionate Voting Shares by the Coat-tail Shareholder to Permitted Holders, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (assuming the vendor or transferee were resident in Canada) or constitutes or would constitute an exempt take-over bid (as defined in Canadian securities legislation). The conversion of Proportionate Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Proportionate Voting Shares for the purposes of the Coat-tail Agreement.

Under the Coat-tail Agreement, any sale of Proportionate Voting Shares by a holder of Proportionate Voting Shares is conditional upon the transferee becoming a party to the Coat-tail Agreement, to the extent such transferred Proportionate Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Company's Memorandum of Association. The Coat-tail Agreement also permits Coat-tail Shareholders to grant a bona fide security interest in Proportionate Voting Shares to any financial institution with which it deals at arm's length in connection with a bona fide borrowing, provided that the financial institution shall abide by the terms of the Coat-tail Agreement as if such financial institution were a Coat-tail Shareholder.

The Coat-tail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coat-tail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may reasonably require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coat-tail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the total outstanding number of Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee.

Other than in respect of non-material amendments and waivers that do not adversely affect the interests of holders of Subordinate Voting Shares, the Coat-tail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSXV and any other applicable securities regulatory authority in Canada; and (b) the approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, voting together as if they were a single class, excluding votes attached to Subordinate Voting Shares held by the Coat-Tail Shareholders or their affiliates and any persons who have an agreement to purchase Proportionate Voting Shares on terms which would constitute a sale or disposition for purposes of the Coat-tail Agreement, other than as permitted thereby.

No provision of the Coat-tail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

Nomination of Directors

Certain advance notice provisions with respect to the election of directors are included in the Company's Memorandum of Association (the "**Advance Notice Provisions**"). The following description is a summary only and is qualified in its entirety by the full text of the applicable provisions of the Advance Notice Provisions. A copy of the Company's Memorandum of Association may be obtained by contacting the Company and is available for viewing and download under the Company's profile on the SEDAR+ website at www.sedarplus.ca.

The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Once in effect, only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors to the Board. Nominations of persons for election to the Board may be made for any annual meeting of shareholders, or for any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the directors of the Company, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a requisition of the shareholders made in accordance with applicable law and the Company's Memorandum of Association; or (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the Company's register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provisions.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Board. To be timely, a Nominating Shareholder's notice to the directors must be made: (a) in the case of an annual meeting of Shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting and the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors of the Company (whether or not called for other purposes), not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument

54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy-related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

To be in proper written form, a Nominating Shareholder's notice to the Board must set forth, among other things: (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person for the past five years; (C) the class or series and number of shares which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (D) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "**Arrangements**"), including without limitation financial, compensation and indemnity related Arrangements, between the proposed nominee or any associate or affiliate of the proposed nominee and any Nominating Shareholder or any of its representatives; and (F) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to applicable securities laws; and (b) as to the Nominating Shareholder giving the notice, (A) the name, age, business address and, if applicable, residential address of such Nominating Shareholder; (B) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares; and (C) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to applicable securities laws. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, the discretion to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Subordinate Voting Shares are listed for trading on the TSXV in Canada under the symbol "SUG". The following table sets out the monthly trading history of the Subordinate Voting Shares during the fiscal year ended December 31, 2023 subsequent to the completion of the Company's initial public offering and posting of its Subordinate Voting Shares for trading on the TSXV on October 30, 2023.

Month	High ($)	Low ($)	Volume
December 2023	C$10.375	C$9.90	7,354
November 2023	C$10.95	C$10.00	145,438
October 30 - 31	C$10.89	C$10.50	31,700

Prior Sales

The following table summarizes the issuances of Proportionate Voting Shares of the Company during the 12-month period ended December 31, 2023.

Date of Issuance	**Type of Security**	**Number of Shares Issued**	**Issuance/Exercise Price per Security (US$)**
October 2, 2023	Proportionate Voting Shares	167,189.29 [(1)]	N/A

Notes:

(1) Issued in exchange for securities of Sucro Holdings pursuant to the Reorganization.

DIVIDEND POLICY

On November 29, 2023, the Company declared a dividend of C$0.10 per Subordinate Voting Share and C$10.00 per Proportionate Voting Share, which was paid on December 29, 2023. Management of the Company has recently reviewed the Company's commitments and opportunities for the application of its capital and has determined not to pay a dividend on the Company's Shares at this time in order to invest in more accretive opportunities, including funding planned capital expenditures. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrow

The following table summarizes Shares held in escrow at December 31, 2023.

Designation of class	**Number of securities held in escrow**	**Percentage of class**	**Percentage of total voting rights**
Subordinate Voting Shares	1,037,919[(1)]	15.5%	4.4%
Proportionate Voting Shares	150,470.36[(1)]	90.0%	64.3%

Notes:

(1) Held in escrow pursuant to the terms of an escrow agreement (the "**Escrow Agreement**") between the Company, Odyssey Trust Company, as trustee, and certain shareholders of the Company. Pursuant to the terms of the Escrow Agreement, the escrowed Shares will be released from escrow as to one-sixth on each of April 30, 2024, October 30, 2024, April 30, 2025, October 30, 2025, April 30, 2026 and October 30, 2026. The escrowed Shares may be released earlier in certain circumstances as provided in the Escrow Agreement. The escrowed Shares cannot generally be transferred or otherwise dealt with while in escrow other than pursuant to certain permitted transfers or dealings within escrow as provided for in the Escrow Agreement.

Voluntary Lock-Ups

In connection with lock-up agreements ("**Lock-up Agreements**") provided to the underwriters in connection with the Company's initial public offering completed on October 30, 2023, directors, executive officers and shareholders holding at least 5% of the Shares (on an As-Converted Basis) agreed that they will not, directly or indirectly, without the prior written consent of the underwriters, such consent not to be unreasonably withheld, issue, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on October 30, 2023 and ending on April 29, 2024, subject to certain limited exceptions, including (i) *bona fide* gifts to immediate family members; (ii) dispositions to any trust for the benefit of the shareholder and/or their immediate family members, (iii) transfers by entities to controlled, managed or affiliated entities, (iv) pledges or grants of security interests, (v) the exercise of outstanding convertible securities, or (vi) in order to accept a *bona fide* take-over bid made to all securityholders of the Company or similar business combination transaction.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, jurisdiction of residence, positions held with the Company, principal occupations during the five years preceding the date hereof, and duration of service of the current directors with the Company or Sucro Holdings. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. Additional biographical information for each individual is provided below.

Name, Province or State and Country of Residence	Position with the Company	Principal Occupation for Prior Five Years	Director of Sucro Holdings or the Company Since
Jonathan Taylor Florida, United States	Director, President & Chief Executive Officer	President & Chief Executive Officer of Sucro	August 2013
Don Hill(2) Nassau, Bahamas	Director (Chairman)	Self employed consultant from October 2019 to present; President of DJH Sugar Advisory Services Inc. (a consulting company) from October 2012 to September 2019	April 2019
Andrew Ferrier(1) Auckland, New Zealand	Director (Lead Director)	Executive Chairman of Canz Capital Ltd. (a private investment company)	January 2023
Brian O'Malley(1)(2)(3) New Jersey, United States	Director	Retired; President & CEO of Domino Foods, Inc. (a sugar marketing company) from January 2001 to May 2019	November 2020
Françoise Duboc(1)(3) North Carolina, United States	Director	Retired; Executive Director/Senior Managing Director of Macquarie Bank Limited (a global financial services company) from May 2005 to January 2020	July 2022
Anthony Cina(1)(2)(3) Ontario, Canada	Director	President, Cina & Associates Inc. (a consulting company) from January 2020; Senior Vice President, Administration, Yamana Gold Inc., (a public gold mining company) from January 2014 to April 2018	December 2022
Stefano D' Aniello Florida, United States	Chief Financial Officer & Secretary	Chief Financial Officer of Sucro; Senior Attorney with Hunton Andrews Kurth LLP (a law firm) February 2015 to September 2019	N/A
Matt Dyer Illinois, United States	Vice President, US Sales, Sucro Holdings	Vice President, US Sales, Sucro Holdings; President & Chief Operating Officer of Pullman Sugar LLC (a custom blender and refiner of sweeteners) from January 2016 to March 2020	N/A
Eli Cohen Ontario, Canada	Vice President, Sales & Marketing, Sucro Holdings	Vice President, Sales & Marketing, Sucro Holdings; Senior Director of Sales of The Maple Treat Corporation (a	N/A

		manufacturer and distributor of maple products) from November 2018 to November 2020	
Oliver Hire Florida, United States	Vice President and Head Trader, Sucro Holdings	Vice President and Head Trader, Sucro Holdings; Senior Trader of C Czarnikow Sugar Inc. (a sugar trading company) from September 2013 to June 2023	N/A

Notes:
(1) Independent director for the purposes of NI 58-101.
(2) Member of the CNG Committee.
(3) Member of the Audit Committee.

Security Holdings

As a group, our directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 18,027,058 Subordinate Voting Shares (on an As-Converted Basis), representing approximately 77.0% of the equity and 77.0% of the voting rights of our shares (on a non-diluted basis).

Biographical Information Regarding the Directors and Executive Officers

Jonathan Taylor, Director, President and Chief Executive Officer

Jonathan is Sucro's founder and Chief Executive Officer, a position he has held since inception in 2014. Jonathan's extensive experience in the sugar industry dates back to 2006, and he has since worked in increasingly responsible commercial and business development positions within the industry. Jonathan recognized the long-term consolidation trend taking place in the North American sugar industry, combined with increasingly challenging and undervalued logistics, and was determined to create an innovative, dynamic, new business model that could take advantage of the shifting, increasingly profitable industry. Conventional thinking in the sugar industry was that very large, high-cost sugar refineries were absolutely required and would go unchallenged in the market. Mr. Taylor's vision was radically different; and he would focus on the entire supply chain, and utilize smaller, strategically located sugar refineries to not only compete effectively against traditional refiners, but also achieve leadership in niche categories. Mr. Taylor, and Sucro, is increasingly sought after for his innovative thinking, and willingness to develop alternative new supply chain opportunities. Jonathan's vision of smaller, more flexible, strategically located refineries, has been enthusiastically welcomed by many of the largest food and beverage manufacturers, and Sucro continues to invest and grow at industry leading levels. Mr. Taylor's leadership and unparalleled perseverance resulted in going from a start up to a leading industry innovator, with over $500 million in annual revenue. Jonathan holds a Bachelor of Science degree from Cornell University.

Don Hill, Chairman of the Board and Director

Don is a proven leader with 40 years of food industry experience. Don has 10 years of executive level experience at Redpath Sugar Ltd., where he was Senior Vice President & General Manager, and played a leading role in Redpath Sugar's transformational growth strategy to become the largest sugar refiner in Eastern Canada. Don later became President & CEO of Streamline Foods Ltd., and successfully grew this major sugar using company and food exporter, ultimately selling the business to Redpath Sugar. Mr. Hill then began his own consulting business, DJH Sugar Advisory Services, successfully working with industry leading food manufacturers on long term relationships, some of which remain currently active. Don started his advisory role with Sucro Sourcing in 2014, and has been actively involved in the growth and development of Sucro since inception. Don has decades of experience serving on various trade association and private company boards and committees, including the Canadian Sugar Institute (CSI), the Grocery Products Manufacturers of Canada (the GPMC), Streamline Foods Ltd., and Canadian Libbey-Owens (CLO). Don holds a Bachelor of Commerce (BComm) degree from the University of Toronto.

Andrew Ferrier, *Director (Lead)*

Andrew is an experienced global business executive. He currently runs his own private investment company, Canz Capital Ltd., and sits on a Thought Leader's Group for New Zealand's Ministry for Primary Industries. He has served as a Director for NYSE listed global agribusiness Bunge Ltd. in New York and as a Director of TSX listed George Weston Ltd. in Toronto. In addition, Andrew has served as Chairman of New Zealand Trade and Enterprise, New Zealand's international economic development agency, Chairman of Orion Health Ltd. in Auckland, and as a Councillor for the University of Auckland. Andrew was formerly the Chief Executive Officer of New Zealand's largest company, Fonterra Co-operative Group Ltd. Prior to moving to New Zealand, Andrew served as Chief Executive Officer and a Director of GSW Inc. in Toronto, and spent 16 years in the sugar industry, with CEO roles in Canada and the U.S. Andrew has a BBA degree from the University of New Brunswick and an MBA from Concordia University.

Brian O'Malley, Director

Brian is a proven leader with 18 years (2001-2019) experience as President & CEO of Domino Foods, Inc., part of the ASR Group and the largest marketer of sugar in North America. Drawing on nearly four decades of service in the US sugar industry, Brian was a key contributor to ASR Group's growth in North America. More specifically, Brian was a key contributor to the 2005 acquisition of California & Hawaiian Sugar Company ("**C&H**") from CitiBank which positioned the company nationally in addition to subsequent acquisitions in Canada (Redpath Sugar Ltd.) and Mexico (Ingenio San Nicolas) which solidified ASR's North American footprint. Other smaller acquisitions helped to increase the more value-added segments of the business (specialty and foodservice) while becoming less dependent on the commodity segments. Brian had profit and loss responsibility for the US based business and the management of the 3 most significant sugar brands (Domino, C&H and Florida Crystals) in North America. In addition to his role at Domino Foods, Inc, Brian is also a former Chairman of The Sugar Association (Washington, DC) and a past President of the International Sugar Club (New York City). Brian continues to serve as a Trustee of Christian Brothers Academy in Lincroft, NJ for the past 9 years and is an Executive Mentor/Coach with The ExCo Group based in Arlington, VA. Brian obtained a Masters in Business Administration (MBA) from Rutgers University in 1991.

Françoise Duboc, *Director*

Françoise was a former Senior Managing Director / Executive Director at the investment bank, Macquarie Bank Ltd in New York, where she established and led Macquarie's Structured Commodity Finance business, across North America and Europe. Françoise began her career in Paris, France with the French international banking group, Credit Agricole S.A. and was later tasked with setting up a trade finance department for Latin America with Credit Agricole New York. In 1997 she was asked to join the privately held partnership, Brown Brothers Harriman as a senior lender. Françoise earned a Master's Degree at the Institut d'études politiques de Paris (Science Po).and has served as a director on several boards, including the Coffee, Sugar Cocoa Exchange, Inc., Macquarie Futures USA Inc., and Macquarie Physical Commodities, LLC.

Anthony Cina, *Director*

Tony has over 30 years' experience in accounting, finance and tax-related matters and has extensive experience in the mining industry. Tony is a corporate director on various boards and has been a director and board advisor to various mining and technology-related public and private companies. Prior to these roles, Mr. Cina served in several senior executive roles with mining companies, most recently as Senior Vice President, Business Administration at Yamana Gold Inc. Prior to joining Yamana, Tony was Chief Financial Officer of Itafos Inc. and currently serves as its non-executive Chairman. Tony is a Chartered Accountant and Chartered Professional Accountant and received the ICD.D designation from the Institute of Corporate Directors. Tony holds a Bachelor of Commerce degree from the University of Toronto.

Stefano D'Aniello, Chief Financial Officer and Secretary

Stefano is the Company's Chief Financial Officer, a position he has held with Sucro since 2019. Mr. D'Aniello spent over 15 years in the financial industry, serving in multiple capacities, which have provided him with a breadth of experience in credit, risk, capital markets, governance and internal controls, mergers and acquisitions, and regulatory matters. His past roles include representing financial institutions in capital markets transactions at White & Case LLP in New York and Sao Paulo, establishing the US capital markets and US broker-dealer services of BBVA (Banco Bilbao Vizcaya Argentaria, S.A.) in New York, and advising Latin American financial institutions in strategic transactions at Hunton Andrews Kurth in Miami. It was in this last role that Mr. D'Aniello was introduced to Sucro in 2015. As his outside responsibilities with Sucro expanded and the business scaled, it was only a matter of time before Mr. D'Aniello joined Sucro and took on a broader role. Mr. D'Aniello holds a JD from the University of Pennsylvania Law School.

Matt Dyer, Vice President, US Sales, Sucro Holdings

Dyer is an Airborne Army Ranger Veteran, honorably discharged after 8 years of service as an Engineering Captain. A former President and COO of a major food manufacturer and distributor, specializing in turn-around asset restructuring with over 13 years in the food and sweetener industries. Matt founded Amerikoa Ingredients, LLC in 2020 with a focus on organic sweeteners and creative supply chain solutions. This ultimately led Matt to join the Sucro team full time in 2021 to manage key US distribution and commercial assets under the "Sweet Life by Sucro" brand. Matt holds a Bachelor of Science (B.Sc.) degree from Illinois State University and a Masters of Business Administration (MBA) from the University of Illinois.

Eli Cohen – Vice President, Sales and Operations, Sucro Holdings

Eli is an experienced food industry executive with a diverse set of skills, holding key leadership positions in sales, supply chain, operations, and general management. Eli gained broad experience in the food industry from various executive positions held with a diverse group of large and small companies including Nestle S.A., Yaya Foods (PVT) Ltd., and Lantic Inc. Eli's proven leadership and executive management experience has been a critical addition to Sucro.

Oliver Hire – Vice President & Head Trader, Sucro Holdings

Oliver is an experienced trader with a demonstrated history of working in international commodity markets. Oliver started as a financial analyst with BP plc in London, where he was at the center of the group's operational risk management strategy and response to one of the BP's most significant and challenging transformations following Deepwater Horizon. With subsequent contributions to BP's development of its bioethanol from sugar cane in Brazil business, Oliver was recruited by Czarnikow Group in London to grow its sugar trading operations in the Americas. At Czarnikow, Oliver was instrumental to creating long term raw sugar supply contracts from Guatemala and El Salvador to the Korean refining industry, and later took the responsibility as Head Trader for Czarnikow Americas, relocating in 2013 to Miami to open the office and grow Czarnikow's commercial footprint across North America, Mexico, and Central America. Over the last ten years, Oliver has become a well-known and influential participant in the US domestic sugar industry. He holds a seat on the ICE Domestic Raw Sugar Advisory Committee, and has been a frequent keynote speaker at US domestic sugar conferences, as well as at the International Sugar Organization. In June 2023, Oliver took the position as Vice President and Head of Trading for Sucro, and is responsible for the group's trading operations across its geographies. He is a British national, and holds a Master of Science degree with distinction from the University of Bristol.

Penalties or Sanctions

None of the directors or executive officers of the Company, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the directors or executive officers of the Company, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

Other than disclosed below, none of the directors or executive officers of the Company, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this AIF, or has been within the 10 years before the date of this AIF: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) other than as described below, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

In early 2015, while Mr. Cina was a director of MBAC Fertilizer Corp (now known as Itafos Inc.) ("**Itafos**"), Itafos undertook a strategic review process in light of its financial constraints at the time. This process ultimately led to Itafos pursuing completion of a recapitalization transaction in 2016 (the "**Recapitalization**") under an amended and restated plan of compromise and arrangement under the Companies' Creditors Arrangement Act (Canada) and an extrajudicial restructuring proceeding in Brazil. Mr. Cina remained a director of Itafos when the company pursued the Recapitalization. Itafos completed the Canadian portion of the Recapitalization on October 27, 2016, and the Brazilian portion of the Recapitalization on March 31, 2017. In connection with the Recapitalization, Itafos was delisted from the Toronto Stock Exchange and transitioned to the TSXV.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. A director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by the Board or any committee on which he or she serves, such director will be required to abstain from voting with respect to the matter. Directors will also be required to comply with the relevant provisions of the Caymans Act regarding conflicts of interest.

There are no known existing or potential conflicts of interest among the Company, its subsidiaries and their respective promoters, directors and officers or other members of management of the Company or its subsidiaries, or, to the best of the Company's knowledge, of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers currently serve, or in the future may serve, as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company or its subsidiaries and their duties as a director or officer of such other companies.

Audit Committee

The Audit Committee consists of a minimum of three directors, all of whom are persons determined by the Board to be financially literate within the meaning of NI 52 -110. A majority of the members have been determined by the Board to be independent directors within the meaning of NI 52-110. The Audit Committee is comprised of Anthony Cina, who acts as chair of this committee, Brian O'Malley and Francoise Duboc.

Financial Literacy of the Audit Committee

Each member of the Audit Committee has gained financial literacy through their education and experience serving as directors and/or as members of management of other companies, and in the case of Mr. Cina, by serving on or chairing a number of other audit committees. Such education and experience has provided each member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(d) an understanding of the internal controls and necessary procedures for financial reporting.

The financial education and experience of each member of the Audit Committee relevant to the performance of their duties as a member of the Audit Committee is set out below.

● Mr. Cina is a Chartered Professional Accountant (CPA) and a Chartered Accountant (CA) (Ontario) with over 30 years of public practice and public company experience in audit, accounting, tax and M&A matters. Mr. Cina practiced professionally for 20 years and proceeded to serve in several senior executive roles with public companies, primarily in the mining and chemicals sectors. including as Chief Financial Officer. Mr. Cina currently serves on the Board of Directors of various public companies and is Chairman of the audit committees of Itafos Inc. and Tempus Resources Limited. He also holds the ICD.D designation from the *Institute of Corporate Directors* in Canada and is a member of the *National Association of Corporate Directors (NACD)* in the US.

● Mr. O'Malley now retired, was President & CEO of Domino Foods, Inc from January 2001 until May 2019. Domino Foods, Inc. is the largest marketer of sugar products in North America. In his role as CEO of Domino Foods, Inc., Mr. O'Malley had a leadership role in corporate acquisitions and profit and loss responsibility for the company's US-based business, and was routinely involved in financial statement review and analysis internally, and of third-party sugar industry participants. Mr. O'Malley holds a Bachelor's degree in Business Administration from Rowan University (1981) and a Master's degree in Business Administration from Rutgers University (1991).

● Ms. Duboc now retired, was a Senior Commodity Finance Bank Executive with 40 years experience in financing commodity-based merchants and processors, providing debt financing, liquidity and risk management solutions for clients in the US, Europe, Central and South America. As a Senior Managing Director for the investment bank, Macquarie Bank Ltd., Ms. Duboc developed extensive experience analyzing balance sheets, forward book and commodity trading positions. Ms. Duboc has served on various Boards of Directors including the futures broker, Macquarie Futures USA, as well as the precursor to the New York Board of Trade (NYBOT) where she also served on the margin committee.

For additional details regarding the relevant education and experience of each member of the Audit Committee, see "*Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers*."

Audit Committee Charter

The Board has adopted a written charter in the form attached hereto as Appendix "A", which sets forth the purpose, composition, authority and responsibility of the Audit Committee, consistent with NI 52-110. The Audit Committee assists the Board in fulfilling its oversight of, among other things:

- the quality and integrity of the Company's financial statements and related information;
- the qualifications, independence, appointment and performance of the external auditor;
- the accounting and financial reporting policies, practices and procedures of the Company and its subsidiaries and affiliates;
- the Company's risk management practices and legal and regulatory compliance;
- management's design, implementation and effective conduct of internal controls over financial reporting and disclosure controls and procedures;
- the performance of the Company's internal audit function, if applicable; and
- preparation of disclosures and reports required to be prepared by the Audit Committee by any law, regulation, rule or listing standard.

It is the responsibility of the Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditor and management of the Company. The Audit Committee is given full access to the Company's management and records and external auditor as necessary to carry out these responsibilities.

The Audit Committee has the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of compensation to the external auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Pre-Approval Policies and Procedures

The Audit Committee's charter requires the Audit Committee to pre-approve the provision of non-audit services by the Company's external auditors. Any such pre-approval would consider whether the provision of services other than audit services is compatible with maintaining the auditor's independence.

External Auditor Service Fee

Fees paid to the Company's external auditors, Baker Tilly WM LLP, with respect to audit and audit related matters, tax advice and all other fees for the years ended December 31, 2023 and December 31, 2022 are as follows:

	Fiscal 2023	**Fiscal 2022**
Audit fees	US$612,034	US$127,500
Audit related fees(1)	-	-
Tax compliance	-	-
All other fees(2)	-	-
Total fees paid	US$612,034	US$127,500

Notes:
(1) Fees for assurance and related services not included in audit service above.
(2) All other fees not included above.

Exemption

The Company is relying upon, to the extent necessary, the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2024. This exemption exempts a "venture issuer" from the requirement for all members of its audit committee to be independent, as would otherwise be required by NI 52-110.

RISK FACTORS

Investing in the securities of the Company involves a high degree of risk and you should carefully consider the risks and uncertainties described below before making a decision to invest in any securities of the Company. If any of the risks discussed in this AIF actually occur, alone or together with additional risks and uncertainties not currently known to us, or that we currently deem immaterial, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our securities could decline, and prospective investors could lose part or all of their investment. The following summary of "risk factors" does not purport to be exhaustive or to summarize all the risks that may be associated with purchasing or owning securities of the Company. Each potential investor is advised and expected to conduct its own investigation into the Company and to arrive at an independent evaluation of the investment.

Risks Related to the Company's Business and the Sweetener Industry

Pandemics, epidemics or other public health emergencies

The Company's business, results of operations, financial conditions, cash flows and stock price may by adversely affected by pandemics, epidemics, or other public health emergencies, such as the COVID-19 pandemic ("**COVID-19**"). Such events could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline, impacting economic activity through disruption in supply and delivery chains.

In March 2020, the World Health Organization characterized COVID-19 as a pandemic. The COVID-19 pandemic has resulted in governments around the world implementing stringent measures to help control the virus. Over the past several months, the level of criticality of the COVID-19 pandemic has decreased and many governments have eased their respective restrictions on individuals and businesses. There could be no assurance that the recent decrease in restrictive measures will continue. Should COVID-19 virus outbreaks reappear and become more widespread, such measures might be imposed again by governments and lead to further business disruption.

The effect of COVID-19 on the Company's business may continue for an extended period of time and the ultimate impact of the pandemic on the Company will depend on future developments that are uncertain and cannot be predicted including, without limitations, the duration and severity of the pandemic, the duration of government mitigation measures, the effectiveness of the actions taken to contain and treat the virus, and the length of time it takes for normal economic and operating conditions to resume. The impact of COVID-19 on the Company has or may include curtailment of operations if deemed non-essential, logistic issues related to supply and delivery of products, stock market volatility resulting in both valuation changes to portfolio investments and limiting access to capital markets, revaluation of other financial assets, foreign translation risk, and delays in financial reporting.

All of the Company's facilities continue to operate as expected and preventive measures remain in place in accordance with emergency response plan and applicable local government directives. The Company continues to actively monitor the situation, which remains uncertain, and may take further actions as required or recommended by authorities.

Reliance of the Company on licensing

The Company's business operations, including its ability to process and sell refined sugar products in North America, are dependent on maintaining and renewing its licences and permits, as applicable, and on maintaining licences and/or permits or obtaining additional licences and permits from the applicable regulatory authorities, as required. Although the Company believes that it is complying in all material respects with the terms of its existing licences, there is no assurance that the Company will be able to maintain its licences and permits, renew or extend them on the same or similar terms, or obtain any remaining licences and permits that it requires to operate. Any failure to maintain such licences, or failure or delay in obtaining licences for existing or expanded operations, would have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

In addition, these licences and permits are subject to ongoing compliance and reporting requirements and must be renewed from time to time. Although the Company believes it will meet the requirements for future extensions or renewals of its licences and permits there can be no guarantee that applicable regulatory authorities will extend or renew its licences and permits, and if extended or renewed, that the licences and permits will be extended or renewed on the same or similar terms. Should the licences and permits not be renewed, or renewed on different terms, it would have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company may be unable to obtain, maintain or renew the necessary licences, permits, certificates, authorizations or accreditations to operate its business or may be required to do so on less advantageous terms. The Company may not be able to comply fully with the wide variety of laws and regulations applicable to the sweetener industry in the jurisdictions in which it operates. Failure to comply with or to obtain the necessary licences, permits, certificates, authorizations or accreditations could result in restrictions on the Company's ability to operate in the industry in any jurisdiction, which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Disruption of supply chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's, and other industry participants', supply chains, interrupt operations, increase operating expenses, and thereby result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see "*Risk Factors – Pandemics, epidemics or other public health emergencies*"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road. The extent to which COVID-19 or any other contagious disease impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of this or any other outbreak and the actions to contain those outbreaks or treat its impact, among others.

Fluctuations in raw sugar prices

The world price of raw sugar fluctuates due to various supply and demand factors. While the Company employs certain hedging strategies to mitigate the risk of significant price increases, such hedging strategies may not be sufficient and price increases could have a material adverse effect on the Company's business, financial condition and results of operations if the Company is unable to pass cost increases onto customers.

In addition, the Company may be subject to margin calls on futures or other hedging products purchased which could have a material adverse effect on the Company's business, liquidity, capital resources and financial condition.

Unhedged Trading Positions

Although the Company uses derivative instruments, including commodity futures and forward contracts, to manage its exposure to fluctuating sugar commodities, it does from time to time maintain unhedged open contracts or trading positions. The Company manages open positions with strict policies, which limit its exposure to market risk and require routine reporting to management of potential financial exposure. Notwithstanding these measures, the Company is exposed to commodity price risk on its unhedged fixed price commodities forward and future contracts through its exposure to the market price of the commodity of sugar. The Company is also subject to the risk of counterparty defaults on both hedged and unhedged fixed price commodities forward and future contracts.

Unhedged trading positions and counterparty defaults could result in significant trading losses for the Company and could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Government regulations and foreign trade policies with regard to the sugar segment

In July 1995, the Department of National Revenue (now Canada Revenue Agency) made a determination that there was dumping of refined sugar from the US, Denmark, Germany, the UK, the Netherlands and the Republic of Korea into Canada, and that subsidized refined sugar was being imported into Canada from the EU. The CITT conducted an inquiry and ruled that the dumping of refined sugar from the US, Denmark, Germany, the UK and the Netherlands, as well as the subsidizing of refined sugar from the EU, was threatening material injury to the Canadian sugar industry. The ruling resulted in the imposition of protective duties on these unfairly traded imports.

Under Canadian laws, these duties must be reviewed every five years. In August 2021, the CITT concluded its fifth review of the 1995 findings and issued its decision to continue the duties for another five-year period against (i) dumped sugar from the US, Denmark, Germany, the Netherlands, and the UK, and (ii) subsidized sugar from the EU. The Canadian Sugar Institute ("**CSI**") and its members participated fully in the review and submitted detailed evidence and witness testimony to the CITT. The CITT agreed that imports of dumped and subsidized sugar would likely cause material injury to the Canadian industry if the duty protection was removed.

Following the CITT's review, the Canadian Border Services Agency ("**CBSA**") concluded a re-investigation in March 2022 to update the levels of duty protection applicable to dumped sugar from the US, Denmark, Germany, the Netherlands, and the UK and subsidized sugar from the EU. The CBSA determined that anti-dumping duties will continue to apply to imports of dumped sugar from the US, Denmark, Germany, the Netherlands and the UK and ruled that a countervailing duty will continue to apply to imports of subsidized EU sugar.

The duties on imports of US, EU, and UK refined sugar are important to the Company and to the Canadian refined sugar industry in general because they protect the market from the adverse effects of unfairly traded imports from these sources. The government support and trade distorting attributes of the US and EU sugar regimes continue to generate surplus refined sugar production and exports that threaten the Canadian sugar market.

Although the recent ruling is for a period of five years, it could be challenged by market participants for review if there is a material change in market conditions. If the duties were to be eliminated or significantly reduced in the future, there could be a material financial impact to the Company and other members of the Canadian refined sugar industry.

In the U.S., the U.S. sugar program provides a price guarantee to producers of sugar beets and sugarcane and to the processors of both crops. The USDA, which administers the program achieves this by limiting the amount of sugar supplied for food use in the U.S. market through various tools. Any decreased in marketing allotments that processors can sell or additional import quota restrictions imposed under the U.S. sugar program could have a material adverse effect on the Company's business, prospects, growth strategy, financial condition, results of operations and, liquidity.

Development of new refinery projects

Construction costs and the estimated period to complete a project can be impacted by a wide variety of factors, many of which are beyond the control of the Company. The capital expenditures and time period required to complete the construction and commissioning of the Company's proposed sugar refinery projects in Southern Ontario and University Park, Illinois, may be negatively impacted as result of inflation, labour availability and productivity, the availability of equipment and materials, weather, market conditions or other events that impact construction and commissioning schedules and may have a material adverse effect on the Company's business operations, liquidity and capital resources.

The Company may experience increases in capital expenditures and construction and delays in the commencement of sugar refining activities or commissioning of the refineries, which ultimately could impact the timing of production and sales. Actual costs, operational efficiencies, production volumes or economic returns from the new sugar refinery projects may differ materially from the Company's estimates and variances from expectations could have a material adverse effect on the Company's business, financial conditions and results of operations and, liquidity.

The Company's proposed new refineries are at an early stage of development with long lead times to intended completion. As a result of the factors indicated above, market conditions or other factors specific to the Company, it is possible that the projects may not proceed as currently proposed or at all, and this could have a material adverse effect on the Company's business, prospects, growth strategy, financial condition, results of operations and, liquidity.

Weather and other factors related to raw sugar production

Sugar cane crops are affected by weather conditions during the growing, harvesting and processing seasons which can affect supply available for processing. A reduction in the quantity or quality of sugar cane harvested due to adverse weather conditions, climate change, global warming, inflation and increased input costs, disease or other factors could result in decreased production available for purchase and processing by the Company, and could adversely affect the business, financial condition and results of operations of the Company.

The Company's production of refined sugar is based on the availability of raw cane sugar. Extreme weather events create a risk of damage for the annual crops of sugar cane. The size and quality of the crops are directly impacted by weather conditions. The adverse effect of global climate change could result in supply disruption and significant increase in the purchase price for the raw materials used by the Company.

Security of supply of raw sugar

As a processor of raw materials, the Company is exposed - in spite of regional diversification - to procurement risks. These relate mainly to above-normal fluctuation of harvest yields, due primarily to extreme weather conditions (climate change), as well as pests and diseases that attack crops. The associated risks result from greater evaporation and even more frequent and intense extreme weather events, such as sustained drought, flooding, storms and hail. In addition, geographically shifting climatic zones or rainfall can negatively impact regional production of agricultural raw materials. An extended growing period due to fewer frost days and faster heating of the soil would lead to competition with other crops when farmers decide what to plant. Any such risk could have material adverse impacts on the Company's assets, financial conditions and results of operations.

To mitigate against raw sugar supply shortages, the Company enters into supply contracts with suppliers. For raw sugar supply not under contract or as result of the expiry of a contract the Company is unable to renew or replace, significant premiums may be paid on the purchase of raw sugar on a periodic basis, which may negatively impact profit margins.

Regulatory compliance

The Company's business and operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Global Affairs Canada and the Canadian Food Inspection Agency and other federal, provincial and local regulatory agencies and, in the U.S., the USDA and U.S. Customs and Border Protection and other federal and state agencies) relating to, among other things, the manufacture, sale and import and export of sugar products. Laws, regulations and guidelines, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the Company's activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on its products. Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the production, sale, import and export, as applicable, of the Company's products. The effect of relevant governmental authorities' administration, application, investigation and enforcement of their respective regulatory regimes, as a result of their own internal reviews or procedures, or third party complaints, and whether of merit or without merit, may result in delays in obtaining, or failure to obtain, necessary regulatory approvals and may significantly delay or impact the Company's operations, development of markets, products and sales initiatives and could have a material adverse effect on the use and focus of management time and Company resources and more generally on our business, financial condition and results of operations.

In addition, the regulatory environment for our products continues to develop. While the Company endeavors to comply with all relevant laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations could subject us to negative consequences, including, but not limited to, civil and criminal penalties, damages, fines, the curtailment of our operations, asset seizures, revocation or imposition of additional conditions on licenses to operate the Company's business, the denial of regulatory applications, the suspension or expulsion from a particular market or jurisdiction or the imposition of additional or more stringent inspection, testing and reporting requirements, any of which could materially adversely affect our business, financial condition and results of operations. Additionally, scheduled or unscheduled inspections of the Company's facilities or facilities of our joint ventures or third party suppliers by applicable regulatory agencies could result in adverse findings that could require significant remediation efforts and/or temporary or permanent shutdown of the Company's facilities or those of our joint ventures or third party suppliers. The outcome of any regulatory or agency proceedings, investigations, inspections, audits, and other contingencies could harm the Company's reputation, require it to take, or refrain from taking, actions that could harm its operations or require it to pay substantial amounts of money, harming our results of operations, financial condition and cash flows. There can be no assurance that any future regulatory or agency proceedings, investigations, inspections and audits will not result in substantial costs or a diversion of management's attention and resources, negatively impact the Company's future growth plans and opportunities or have a material adverse impact on its business, financial condition and results of operations.

Development of new products

It is likely that the Company and its competitors will seek to introduce new products in the future, including additional premium organic and raw sugar products and natural and synthetic alternative sweeteners. In attempting to keep pace with any new market developments, the Company may need to deploy significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. As well, the Company may be required to obtain and maintain additional regulatory approvals from applicable regulatory authorities, which may take significant amounts of time. The Company may not be successful in developing appealing new products, bringing such products to market in time to be effectively commercialized, gaining market acceptance for such products or obtaining any required regulatory approvals which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has a limited operating history

The Company has a limited operating history in the refined sugar industry and, accordingly, potential investors will have a limited basis on which to evaluate the Company's ability to achieve its business objectives. The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will be able to successfully maintain and expand the market for its products. The Company faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams while at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company may not be able to achieve or maintain sufficient working capital to meet future obligations

The Company's ability to satisfy its working capital requirements will depend on a number of factors, some of which are beyond its control. Factors that will influence the Company's ability to achieve or maintain sufficient working capital to meet its future obligations will include general global economic conditions, inflationary pressures, credit and capital market conditions, refined sugar industry conditions and results of operations. There is no guarantee that the Company will continue to have positive working capital in the future, or that the working capital generated from operations will be sufficient to cover its expansion plans or the cost of future operations.

Need for additional financing

To fund its current operations and anticipated growth, additional funds may be required. A portion of these funds may come from equity offerings or debt financing. The Company cannot guarantee it will achieve cash flow positive status in the future or have access to sufficient financial resources to fund its operations. Negative cash flow would restrict the Company's ability to pursue its business objectives which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The building and operation of the Company's sugar refineries and business are capital intensive. In order to execute the anticipated growth strategy, the Company will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures and to undertake additional acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed, or on terms which are acceptable to the Company. The Company's inability to raise financing to support on- going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

Risks inherent to the sweetener industry

The Company operates in a regulated and rapidly evolving market. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to vary from those described in any forward-looking statements. The industry is subject to controls and regulations, which may significantly affect the financial condition of market participants. The laws, regulations and guidelines generally applicable to the refined sugar industry domestically and internationally may change in ways unforeseen by the Company as at the date of this AIF. The Company's operations are subject to a variety of laws and regulations relating to the processing and sale of sugar. While to the knowledge of management, the Company is currently in material compliance with all such laws, any changes to such laws and regulations may have a material adverse effect on its business, prospects, financial condition and results of operations. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to sell and distribute sugar products. Amendment to current laws and regulations governing the processing and sale of sugar products, or more stringent implementation thereof, could cause increases in expenses and costs, which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Market development

The organic sugar market is relatively new and continuing to develop and one that the Company is targeting for growth. This market may not continue to exist or grow as anticipated or the Company may ultimately be unable to succeed in this market. Development of the organic sugar market may be slower or less than originally anticipated due to a variety of factors that are out of the Company's control, including: (i) delayed regulatory approvals; (ii) supply chain issues; or (iii) lack of successful research and development for organic sugar products. Any of these could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Credit Facility and other indebtedness

The Company's Credit Facility limits, among other things, the Company's ability to permit the creation of certain liens, make investments, dispose of the Company's material assets or, in certain circumstances, pay dividends or pursue capital intensive growth initiatives. In addition, the Credit Facility limits the Company's ability to incur additional indebtedness and requires the Company to maintain specified financial ratios and meet financial condition covenants. Events beyond the Company's control, including changes in general economic and business conditions, inflation, natural disasters, outbreaks of illness or other factors, may affect the Company's ability to satisfy these covenants or make principal or interest payments, which could result in a default under the Credit Facility. The Credit Facility contains provisions whereby an event of default would occur in the event of a change of control, defined as (a) Jonathan Taylor ceasing to beneficially own and control, of record and beneficially, directly or indirectly, at least 51% of the outstanding voting equity interests of Sucro Holdings; (b) Sucro Holdings ceasing to beneficially own and control, of record and beneficially, directly or indirectly, at least 100% of each class of outstanding equity interests of subsidiary Sucro Can Sourcing LLC and the guarantors (other than Sucro Holdings and the Company); or (c) Jonathan Taylor ceasing for any reason (including death or disability) to be a director or similar member of the governing body of Sucro Can Sourcing LLC.

To fund the Company's operations and growth, the Company has incurred significant indebtedness and its capital structure is highly leveraged. Any failure by the Company to generate sufficient cash flow to service its indebtedness or to reduce or maintain indebtedness at serviceable levels, could have a material adverse effect on the Company's business, liquidity and financial condition.

If an event of default under the Credit Facility occurs, the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due. An event of default under the Credit Facility may also give rise to an event of default under existing and future debt agreements and, in such event, the Company may not have sufficient funds to repay amounts owing under such agreements.

The Company's working capital line of credit under the Credit Facility is uncommitted and the lender may refuse requests for additional advances when needed, and the Company may not be able to access alternate sources of working capital or do so in a timely basis in such circumstances, which could have a material adverse effect on the Company's business, liquidity and financial condition.

The uncommitted portion of the Credit Facility (US$250 million of the US$300 million facility) is also repayable on demand. In addition, the Credit Facility expires on August 23, 2024 and if not extended or replaced by another credit facility, all amounts outstanding under the facility would be due and payable. If a demand for repayment were made or the Credit Facility is not renewed, the Company may not have sufficient funds or alternate sources of funding on a timely basis to repay amounts owing.

Interest rates on a number of the Company's loans and other indebtedness are floating rates and fluctuate with changes in interest rates generally. Increases in interest rates could have a material adverse effect on the Company's business, prospects, financial condition and results of operations if the Company is unable to recover these increases in the pricing of its products or other product cost savings.

Changes in consumer habits or preferences

The sweetener market, both national and international, has experienced change over the last few years as consumer preferences and consumption patterns have shifted and demand increased for more natural products. As a result of evolving customer trends and as the development of new products continues, the Company will need to anticipate and meet these trends and developments in a competitive environment on a timely basis. The failure of the Company to anticipate, identify and react to shifting consumer and retail customer trends and preferences through successful innovation, new product offerings and enhanced production capability could adversely result in reduced demand for its products, which could in turn affect its financial performance and results of operations.

Management of growth and capacity constraints

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Management has limited experience managing a public company

Most members of management have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Management may not successfully or efficiently manage its transition to being a public company subject to significant regulatory oversight and reporting obligations under applicable securities laws and the scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from management and could divert their attention away from the day-to-day management of the Company's business, which could materially adversely affect its business, financial condition and operating results.

Competition within the refined sugar industry

The market in which the Company operates is competitive and fast moving and may become even more competitive. The Company faces intense competition from other companies, some of which can be expected to have a longer operating history, more financial resources, and may have more sales and distribution and marketing experience than the Company. Increased competition by larger and better financed competitors could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Strategic acquisitions and partnerships

The Company may enter into strategic acquisitions, partnerships or similar relationships that it believes will complement or augment its business. The Company's ability to complete such strategic acquisitions or partnerships is dependent upon, and may be limited by, the availability of suitable candidates and capital. There can be no assurance that the Company will be able to identify acquisition or partnership opportunities that meet its strategic objectives, or to the extent such opportunities are identified, that it will be able to negotiate terms that are acceptable to it. In addition, strategic acquisitions or partnerships could present unforeseen integration obstacles or costs, may not enhance the Company's business, and may involve risks that could adversely affect the ongoing business of the Company, including significant amounts of management time that may be diverted from operations to pursue and complete such transactions or maintain such strategic partnerships. Future strategic acquisitions or partnerships could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic acquisitions or partnerships will achieve, or that the Company's existing strategic partnerships will continue to achieve, the expected benefits to the Company's business or that the Company will be able to consummate future strategic partnerships on satisfactory terms, or at all. The Company may also experience negative reactions from the financial markets, which could cause a decrease in the market price of the Company's securities, particularly if the market price reflects market assumptions that acquisitions or partnerships will be completed or completed on certain terms.

Competition from alternative sweeteners

In addition to sugar, the overall sweetener market also includes corn-based sweeteners, such as HFCS, an alternative liquid sweetener, which can be substituted for liquid sugar in soft drinks and certain other applications; and non-nutritive, high intensity sweeteners such as aspartame, sucralose and stevia. Differences in functional properties and prices have tended to define the use of these various sweeteners. Sugar is facing competition from sweeteners like high fructose syrups, dextrose, and from low-calorie ingredients, such as polyols and additives (including high intensity sweeteners like aspartame, sucralose or stevia). The use of alternative sweeteners, in particular by soft drink and confectionery producers, has adversely affected the growth of the overall demand for sugars, and may continue to do so in the future. The Company cannot predict the consumption trend for these alternative sweeteners or for other similar products. However, if their use further decreases demand for sugar, this could negatively affect the Company's business. More generally, any increase in the demand of products that substitute the Company's products could result in a significant decrease in the demand for the Company's products and therefore have a material adverse effect on the Company's business, financial position and results of operations. The substitution of other sweeteners for sugar has occurred in certain products in the past. The Company is not able to predict the availability, development or potential use of these sweeteners and their possible impact on the Company's operations. The continued development and distribution of alternative sweetener products, natural or synthetic, and the popularity of such products, could have a material adverse effect on the Company's business, financial condition or results of operations.

Negative public opinion

Damage to the Company's reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity or health claims for sugar or sugar products, or the manner in which sugar cane is grown or cultivated, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views regarding the Company's activities and the refined sugar industry in general, whether true or not. The Company does not ultimately have direct control over how the Company or the refined sugar industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to the Company's overall ability to advance its business strategy and realize on its growth prospects, which could have a material adverse effect on the Company's business, financial condition or results of operations.

As the population in many developed countries becomes more health-conscious, consumer preferences are changing, resulting in a decline in the overall consumption of foods containing full-calorie sweeteners. Because of concerns about weight gain or dental hygiene, some consumers choose to avoid products that contain sugar, or opt for products with reduced sugar content or containing low-calorie sweeteners. In addition, initiatives are ongoing at the World Health Organization and internationally at various levels to enact legislation to combat obesity, especially among children. This could include the implementation of tax duties for sugar-rich products and measures restricting advertising for sugar-based products such as the tax on sugar content introduced in 2016 in the UK. Any significant decline in demand for sugar and sweeteners in mature markets that is not offset by increased sales in developing countries or new end markets or by increased market share may adversely affect the Company's business, financial position and results of operations.

Increasing public concern about obesity and other health conditions; possible new or increased taxes on products containing sugar, such as sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; shift in consumer preferences from sugar to other types of sweeteners; additional governmental regulations concerning the marketing, labeling, packaging or sale of products and negative publicity may reduce demand for the products of the Company and could materially adversely affect the Company's business, financial condition or results of operations.

Special interest groups

There are a number of industry lobby groups and associations that the Company may not have membership in, and their lobbying activities on behalf of members may be adverse to the interests of the Company. Special interest groups are often used by food industry segments (e.g., confectionery), critics of the sugar industry (e.g., Sweetener Users Association) and sugar companies themselves (e.g., The Canadian Sugar Institute), which lobby on behalf of the industry or individual companies. Adverse impacts of such lobbying, related to the sugar industry generally, or the Company's operations specifically, could have a material adverse impact on, including but not limited to, the laws under which the Company operates and its reputation. Reputation loss may result in decreased investor, consumer, and/or customer confidence, which could have a material adverse impact on the Company's business, results of operations and financial condition.

Dependence on key management and employees

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of a small number of officers, key employees and outside contractors. Relationships between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by relevant government authorities in the jurisdictions in which the Company operates. Changes in applicable legislation or in the relationship between the Company and its employees or contractors may have a material adverse effect on the Company's business, results of operations and financial condition. The Company's ability to manage its operating, development, and financing activities will depend in large part on the efforts of key management personnel, including its CEO, Jonathan Taylor. The loss of the services of one or more of these individuals could adversely affect the Company's profitability, results of operations and financial condition. The Company faces significant competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel. The Company does not hold key person insurance on any of these individuals.

The Company may not be able to maintain or renew its leases for its facilities

The Company may be unable to maintain or renew its leases for its facilities, including its leases for its refining facilities in Hamilton, Ontario, on commercially acceptable terms or at all. Moreover, under certain circumstances, the Company's leases may be terminated at the option of the Company's landlord and there can be no assurance that such termination will not occur during the term of the leases. The termination of any lease, an inability to renew any lease or the renewal of any lease on terms less favourable to the Company, including at a rental rate higher than the prevailing rate under the applicable lease prior to expiration, could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. In addition, in the event of termination or non-renewal of any of the Company's leases, the Company may be unable to locate suitable replacement properties for its facilities or it may experience delays in relocation that could significantly disrupt its operations, which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, natural disasters, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Lack of diversification of assets

The Company currently maintains only one processing facility in each of Canada and the United States. Any disruption in operations at these facilities could materially affect production of the Company's products and distribution of those products to customers in the markets served by these facilities and could have a materially adverse effect on customer relations, the business, prospects, financial condition and results of operations of the Company.

Fraudulent or illegal activity by employees, contractors and consultants

The Company is exposed to the risk that any of its employees, independent contractors and consultants may engage in fraudulent or other illegal activity or any activity not in compliance with applicable legislation. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities that violate (i) government regulations, (ii) manufacturing standards, (iii) federal, state and provincial healthcare fraud and abuse laws and regulations, (iv) laws that require the true, complete and accurate reporting of financial information or data; or (v) the Company's licences and permits, as applicable. It may not always be possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the Company, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the operations of the Company, any of which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Environmental matters

The operations of the Company are subject to environmental regulations imposed by federal, state, provincial and local governments in Canada and the U.S., including those relating to the treatment and disposal of wastewater and cooling water, air emissions, contamination and spills of substances. Management believes that the Company is in compliance in all material respects with environmental laws and regulations. However, these regulations have become progressively more stringent and the Company anticipates this trend will continue, potentially resulting in the incurrence of material costs to achieve and maintain compliance.

Violation of these regulations can result in fines or other penalties, which in certain circumstances can include clean-up costs. As well, liability to characterize and clean up or otherwise deal with contamination on or from properties owned, used or controlled by the Company currently or in the past can be imposed by environmental regulators or other third parties. Such liabilities could materially adversely affect the Company's business, financial condition and results of operations.

Employee relations

The Company's sugar refining operations in Hamilton, Ontario are unionized and a collective bargaining agreement is currently in place for this facility. The collective bargaining agreement will expire in fiscal 2025. We expect this agreement to be renewed at competitive rates. The Company has contingency plans in place to mitigate the impact of labour disruptions at its facilities however, any labour disruptions could affect the ability of the Company to service its customers, result in a loss of goodwill and could materially adversely affect the Company's business, financial condition and results of operations.

Inability to sustain and effectively manage growth and development

The Company is an early-stage company attempting to grow its business rapidly. Its ability to grow will depend on a number of factors, many of which are beyond its control, including the availability of sufficient capital on acceptable terms, changes in laws and regulations respecting the processing, sales and distribution of refined sugar products, competition, ability to recruit and retain experienced personnel, ability to manage complex international operations and other factors outlined herein. In addition, the Company is subject to a variety of business risks generally associated with developing companies. As its operations grow in size, scope and complexity, and as it identifies and pursues new opportunities, it may have difficulty in implementing or maintaining required new or improved controls and such difficulty may, in the future, result in material weaknesses in the Company's internal control over financial reporting or material misstatements in its future consolidated financial statements.

In addition, as the Company grows its business, it will need to effectively execute on business opportunities, continue to build on and deploy its assets, and access new capital. The ability to execute these initiatives successfully, as well as to complete acquisitions and otherwise capitalize on other growth opportunities, may redirect the Company's limited resources and require expansion of its infrastructure. As a result, the Company may be required to commit financial, operational and technical resources in advance of any increase in its revenues or sales volumes, and there is no assurance that revenue or sales volumes will actually increase. The Company may not respond adequately or quickly enough to the changing demands that expansion will impose on its management, employees and existing infrastructure, and any changes to its operating structure may result in unanticipated costs or inefficiencies. As the Company grows, changes may have a negative impact on its operations, and cost increases resulting from its inability to effectively manage its growth could adversely impact is profitability.

Any failure to effectively manage the Company's growth could result in difficulty or delays in servicing its customers, declines in quality or consumer satisfaction, increases in costs, difficulties in introducing new products or other operational difficulties, and any of these difficulties could adversely impact the Company's business and results of operations. There can be no assurance that the Company will be able to effectively manage its expanding operations, achieve profitability, attract and retain sufficient personnel or successfully make or integrate strategic investments or acquisitions.

Product liability due to the nature of the Company's products

As a distributor of products designed to be eaten by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with clients and consumers generally, and could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company.

Product recalls including contamination and unintended harmful side effects

Distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If products sold or distributed by the Company are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has procedures in place for testing of products in accordance with applicable law, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for products distributed by the Company and could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other applicable regulatory authorities, requiring further management attention and potential legal fees and other expenses.

Product exchanges and returns may adversely affect the business

If the Company is unable to maintain an acceptable degree of quality control over the products it distributes, the Company will incur costs associated with the exchange and return of the products. Any of the foregoing on a significant scale may have a material adverse effect on the business, results of operations and financial condition.

Any prolonged disruption in delivery services used to distribute our products

The Company depends on fast, cost-effective and efficient delivery services to obtain raw materials for processing and to distribute our products to customers. Any prolonged disruption of these services could have an adverse effect on the Company's financial condition and results of operations. Rising costs associated with the delivery services the Company uses to obtain raw materials or ship products may also adversely impact the Company's business and its ability to operate profitably.

Protection of intellectual property

The Company's success depends in part on its ability to protect its ideas and technology. Even if it moves to protect its technology with trademarks, patents, copyrights or by other means, it is not assured that competitors will not develop similar technology, business methods or that the Company will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does the United States and Canada. Actions taken by the Company to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningful impact on its ability to successfully grow its business.

Inability to offer brands that attract or retain customers

The Company's success is dependent upon, among other things, continually offering desirable and effective sweetener products and growth in the number of consumers. Campaigns designed to enhance the brands offered by the Company and attract consumers, subject to restrictions imposed by law, can be expensive and may not result in increased sales. If the Company is unable to attract new consumers, it may not be able to increase its sales.

Reliance on information technology and cybersecurity

The Company is reliant on the continuous and uninterrupted operation of its Information Technology ("**IT**") systems, both those hosted by itself and third parties. User access and security of all IT systems can be critical elements to the operations of the Company. Protection against cybersecurity incidents, cloud security and security of all of the Company's IT systems, whether hosted by itself or third parties, are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption of sales or other business operations and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems, whether hosted by itself or third parties, could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's or third parties' employees or vendors. A cybersecurity incident resulting in a security breach or failure to identify a security threat could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy or securities laws and regulations, and remediation costs.

While the Company has established business continuity plans and risk management systems seeking to address system breaches or failures including, but not limited to, intrusion prevention and firewall hardware systems, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed.

Any such unauthorized entry or breach into the Company's IT systems, whether hosted by the Company or third parties, could have an adverse impact on the Company's financial condition and operations.

Conflicts of interest in respect of directors and officers of the Company

All decisions to be made by the directors and officers involving the Company are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Company. In addition, such directors and officers are required to declare their interests in, and to refrain from voting on, any matter in which they may have a material conflict of interest. However, certain of the directors and officers of the Company are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Company.

Constraints on marketing products due to statutory prohibitions

The Company intends to develop brand/product differentiation strategies to retain and grow brand market share. The potential for success of these strategies is uncertain, dependent on various factors, and subject to various challenges.

The development of the Company's business and operating results may be hindered by applicable regulatory restrictions on promotional activity and packaging.

If the Company is unable to effectively market its offered products and compete for market share, or if the costs of compliance cannot be absorbed through increased selling prices for its offered products, it could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Consumer preferences may change, and the Company may be unsuccessful in acquiring or retaining customers and keeping pace with changing market developments

As a result of changing consumer preferences, many consumer products attain financial success for a limited period of time. Even if the products offered by the Company find success at wholesale or retail levels, there can be no assurance that such products will continue to be profitable. The Company's success will be significantly dependent upon its ability to offer new and improved product lines and adapt to consumer preferences. Even if the Company is successful in introducing new products, a failure to gain customer acceptance could cause a decline in the products' popularity and impair its brand. In addition, the Company may be required to invest significant capital in the creation of new product lines, brands, marketing campaigns, packaging and other product features, none of which are guaranteed to be successful. Failure to introduce new features and product lines and to achieve and sustain market acceptance could result in the Company being unable to satisfy customer preferences and generate revenue.

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact its ability to attract and retain customers, including its ability to continually offer desirable and effective products, the successful implementation of its customer acquisition plan and the continued growth in the aggregate number of potential customers. The Company's failure to acquire and retain customers could have a material adverse effect on the Company.

The organic sugar market is in its early stages of development and it is likely that the Company, and its competitors, will seek to offer new products in the future. In attempting to keep pace with any new market developments, the Company may need to spend significant amounts of capital in order to successfully generate revenues from new products it offers. Additionally, the Company may be required to obtain additional regulatory approvals from applicable regulatory authorities, which may take significant amounts of time and cost. The Company may not be successful in offering appealing new products, anticipating shifts in social trends and consumer demands, or obtaining any required regulatory approvals, which, together with any expenditures made in the course of such product introductions and regulatory approval processes, may have a material adverse effect on the Company's business and results of operations.

In addition, the patterns of sugar and sweetener consumption in North America and elsewhere in the world may shift over time due to a variety of factors, including changes in demographics, social trends, public health polices and other leisure or consumption behaviors. If consumer preferences were to move away from the Company's products or sweetener products in general, or if the Company is unable to anticipate and respond effectively to shifts in consumer behaviors, it may be adversely affected.

Decreases in the value of the Company's assets could lead to impairments in the future

Potential impairment of real estate, leasehold improvements, machinery and equipment may significantly impact the Company's profitability. These assets are tested for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset exceeds its recoverable amount. If an impairment exists, the Company would be required to take an impairment charge with respect to the impaired asset. Events giving rise to impairment are difficult to predict and are an inherent risk. As a result of the significance of these assets relative to total assets of the Company, should such an impairment of these assets occur, it could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Credit risk

Credit risk is the risk that the counterparty to a contract or financial instrument fails to meet its contractual obligations, resulting in a financial loss to the Company. The Company has credit risk exposure based on the balance of its cash, trade and other receivables. There are no assurances that the Company's counterparties, including suppliers and customers, will meet their contractual obligations to it.

Nature of supply and sale contracts

The Company's contract for both the supply of raw sugar and sale of its refined products are short-term in nature and could have a material adverse effect on the Company's business, financial condition or results of operations if the Company is not able to renew or replace these contracts on comparable terms. The Company believes it has low exposure with respect to the loss of customers due to a diverse and non-concentrated customer base.

Global financial conditions

Global financial conditions may be subject to high volatility which could result, as they have in the past, in numerous commercial and financial enterprises either going into bankruptcy or creditor protection or having had to be rescued by governmental authorities. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions can cause the broader credit markets to further deteriorate and stock markets to decline substantially. Banks have been adversely affected by various worldwide economic crises and have somewhat curtailed existing liquidity lines, increased pricing and introduced new and tighter borrowing restrictions to corporate borrowers, with limited access to new facilities or for new borrowers. The global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, Russia began a full-scale military invasion of Ukraine. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets and interest rates. These factors could negatively impact the Company's ability to access liquidity needed for the Company's business in the longer term. These factors may impact the Company's future ability to obtain equity, debt or bank financing on terms favourable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In addition, certain of the Company's customers could be unable to pay the Company in the event that they are unable to access the capital markets to fund their business operations.

Management of growth in respect of staff and other resources

As the Company grows, the Company will also be required to hire, train, supervise and manage new employees. The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage any future growth could have a material adverse effect on the Company's business, financial condition or results of operations.

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. It is also possible that the final costs of major materials, including packaging materials, contemplated by the Company's expenditure plans may be significantly greater than anticipated by management, and may be greater than funds available to the Company, in which circumstance the Company may have to curtail, or extend the timeframes for completing, its expenditure plans. This could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Internal controls over financial reporting

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares. In addition, the Company is listed on the TSXV and as a "venture issuer" is not required to establish and maintain disclosure controls and protocols and internal controls over financial reporting which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided by the Company under applicable securities legislation.

Difficulty to forecast sales and other business metrics

If the Company underestimates the demand for its products, it may not be able to offer products to meet the demand, and this could result in delays in obtaining products from suppliers, the shipment of products, as well as damage to reputation and partner relationships. If the Company overestimates the demand for its products, it could face carrying charges for any excess production and a trading loss in the event the excess production is not hedged or is re-sold at a loss, which would harm the Company's gross margins and profitability.

In addition to inherent risks and difficulties forecasting sales, anticipated costs and yields are also challenging to predict with certainty. If the Company makes capital investments based on flawed sales and costs forecasts, the Company may not achieve its expected, or any, return on invested capital. Failure to realize forecasted sales and costs could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may become a party to litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Subordinate Voting Shares and could use significant resources and demand significant time and attention by management. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

The Company's operations in foreign countries may be subject to a higher degree of political, social, regulatory and economic risk

A number of risks are inherent in international operations, including risks associated with: (i) foreign currency fluctuations and devaluations; (ii) political, social, security and economic instability in foreign countries; (iii) changes in and compliance with local laws and regulations, some of which may be arbitrary, or uncertainty regarding the interpretation and/or application of applicable laws, including export and import control laws, sanctions regulations, tax laws, labour laws, employee benefits, currency restrictions and other requirements; (iv) differences in tax regimes and potentially adverse tax consequences of operating in foreign countries or unfavourable or arbitrary tax enforcement; (v) customizing products for foreign countries; (vi) legal uncertainties regarding enforcement of laws and judgments, liability, export and import restrictions, tariffs and other trade barriers; (vii) governmental regulations regarding currency or price controls, profit repatriation, labour, or health and safety matters; (viii) hiring qualified foreign employees; (ix) difficulty in converting currency, exporting currency out of the foreign jurisdiction and repatriating profits; (x) increased risk relating to claims of corruption, and bribery, civil unrest and economic uncertainty; (xi) increased risks relating to title to assets, potential expropriation or nationalization of assets and access to assets; and (xii) difficulty in accounts receivable collection and longer collection periods. Accordingly, as a result of these risks, the Company's current foreign operations and any future expansion of its operations internationally could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company's expansion efforts may not be successful

There is no guarantee that the Company's expansion strategy will be successful. Such activities will require, among other things, various regulatory approvals, licences and permits and there is no guarantee that all required approvals, licences and permits will be obtained in a timely fashion or at all. There is also no guarantee that the Company will be able to complete any of the foregoing activities as anticipated or at all. The Company's failure to successfully execute its expansion strategy (including receiving required regulatory approvals, licences and permits) could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company's expansion into any jurisdictions outside of U.S. and Canada is subject to additional business risks, including new or unexpected risks, or could significantly increase the Company's exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. In addition, international expansion could subject the Company's business to certain risks relating to fluctuating exchange rates or require a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Fluctuations in foreign currency exchange rates could harm the Company's results of operations

The Company may be exposed to fluctuations of the U.S. dollar against certain other currencies because it presents its financial statements in U.S. dollars, while a portion of its assets, liabilities, revenues and costs are, or will be, denominated in other currencies, including the Canadian dollar, and Mexican Peso. Exchange rates for currencies of the countries in which the Company currently operates or intends to operate in the future may fluctuate in relation to the U.S. dollar, and such fluctuations may have a material adverse effect on the Company's earnings or assets when translating foreign currency transactions into U.S. dollars.

Reliance on international advisors and consultants

The Company relies on international advisors and consultants. The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the purchase and processing of raw materials, banking system and controls, as well as local business culture and practices are different from those in Canada and the United States. The officers and directors of the Company must rely, to a great extent, on the Company's local management team and employees as well as legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the processing and sale of sweetener products as well as in respect of banking, financing, labour, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the control of the Company. The impact of any such changes could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company may be responsible for corruption and anti-bribery law violations

The Company's business is subject to U.S. and Canadian laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, prospects, financial condition and results of operations.

Uncertainty of dividends

Although the Company declared and paid an initial dividend on its Subordinate Voting Shares in December 2023, there can be no assurance that any future dividends will be declared or paid. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. If future dividends are not declared, investors may not receive any return on an investment in the Subordinate Voting Shares unless they sell their Subordinate Voting Shares for a price greater than that which such investors paid for them. Any dividends paid by the Company are subject to tax.

Risks Related to the Ownership of Our Shares and other Risks

Risks related to forward-looking information

The forward-looking statements included in this AIF and other disclosure documents publicly filed by the Company relating to, among other things, future results, performance, achievements, prospects or opportunities of the Company or the market in which the Company operates, are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Company that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this prospectus. See "*Cautionary Note Regarding Forward-Looking Information.*"

Risk of loss of entire investment

An investment in the Subordinate Voting Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company.

Liquidity

The Company cannot predict at what prices the Subordinate Voting Shares will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

The market price of the Subordinate Voting Shares may be volatile as a result of factors beyond the Company's control

Securities markets have a high level of price and volume volatility, and the market price of shares of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including without limitation the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations, including changes in earnings or variations in operating results;
- change in the value of the Company's assets;
- operating performance and, if applicable, share price performance of the Company's competitors;
- addition or departure of members of management and other key personnel;

- release or expiration of lock-up, escrow or other resale restrictions in respect of outstanding Subordinate Voting Shares;
- sales of additional Subordinate Voting Shares;
- conditions in the economy in general or in the processed food industry in particular;
- the impact of the ongoing COVID-19 global pandemic and measures to prevent its spread, and the resulting economic uncertainty;
- changes in applicable laws and regulations;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues; and/or
- loss of a major funding source.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities and that have often appeared to have been unrelated to the operating performance, underlying asset values or business prospects. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, underlying asset values or business prospects have not changed. There can be no assurance that continuing fluctuations in share price and volume will not occur, which could have an adverse effect. No prediction can be made as to the effect, if any, that future sales of Subordinate Voting Shares or the availability of Subordinate Voting Shares for future sale (including Subordinate Voting Shares issuable upon the exercise of stock options or other rights) will have on the market price of the Subordinate Voting Shares prevailing from time to time. Sales of substantial numbers of Subordinate Voting Shares, or the perception that such sales could occur, could adversely affect the prevailing price of the Company's Subordinate Voting Shares.

In addition, the trading market for the Subordinate Voting Shares may rely in part on the research and reports that securities analysts and other third parties choose to publish about the Company, if applicable. The Company does not control these analysts or other third parties and it is possible that no analysts or third parties will cover the Company. The price of the Subordinate Voting Shares could decline if one or more securities analysts downgrade the Company or if one or more securities analysts or other third parties publish inaccurate or unfavourable research about the Company or cease publishing reports about the Company.

As a result of any of these factors, the market price of the Subordinate Voting Shares may be volatile and, at any given point in time, may not accurately reflect the long-term value of the Company. This volatility may affect the ability of holders of Subordinate Voting Shares to sell their Subordinate Voting Shares at an advantageous price.

Future sales of Subordinate Voting Shares by existing shareholders

Sales of a substantial number of issued and outstanding Subordinate Voting Shares in the public market by existing shareholders could occur at any time after the expiration of the contractual lock-up period and escrow restrictions described under "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*" in this AIF, subject to certain exceptions. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares intend to sell their Subordinate Voting Shares, could reduce the market price of the Subordinate Voting Shares. The Company cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price for the Subordinate Voting Shares. If the market price of the Subordinate Voting Shares was to drop as a result, it could impair the Company's ability to raise additional capital through the sale of securities.

While certain of the Company's existing shareholders have agreed not to sell their shares for 180 days following the Closing Date, there can be no assurance that following such a restriction period some or all of such shareholders will not sell all or a substantial portion of their shares that are free of resale restrictions. The Company cannot predict the size of future issuances of the Subordinate Voting Shares or the effect, if any, that future issuances and sales of Subordinate Voting Shares will have on the market price for such securities.

Dilution

The Company is authorized to issue shares, up to the limits set forth in its Memorandum of Association, for such consideration and on those terms and conditions as shall be determined by the Board without the approval of shareholders, subject to applicable stock exchange and regulatory requirements. The Company may make future acquisitions or enter into other transactions involving the issuance of securities which may be dilutive.

Future offerings of debt and equity

In the future, the Company may attempt to increase its capital resources by making offerings of debt securities or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of the Company's debt securities and lenders with respect to other borrowings will be entitled to receive a distribution of the Company's available assets prior to the holders of its Subordinate Voting Shares. Additional equity offerings may dilute the holdings of the Company's existing shareholders or reduce the market price of its Subordinate Voting Shares, or both. The Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control. As a result, the Company cannot predict or estimate the amount, timing or nature of its future offerings, and purchasers of its Subordinate Voting Shares in this Offering bear the risk of the Company's future offerings reducing the market price of its Subordinate Voting Shares and diluting their ownership interest in the Company.

Claims for indemnification by the Company's directors and officers

The Company's constating documents provide that the Company will indemnify its directors and officers to the fullest extent permitted by law, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director or officer of the Company or any of its subsidiaries. The Company may be required to indemnify its officers and directors against all reasonable fees, expenses, charges and other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification.

Significant ownership by the Principal Shareholder

The Company's Proportionate Voting Shares have 100 votes per share and the Company's Subordinate Voting Shares, which are the shares that are publicly traded, have one vote per share. The Principal Shareholder holds an approximate 68% voting (and an approximate 68% equity) interest in the Company through ownership of Proportionate Voting Shares. As a result, the Principal Shareholder has over 50% of the voting power over all corporate actions requiring shareholder approval, including election of the Company's directors and significant corporate transactions.

The concentrated voting control of the Principal Shareholder will limit the ability of holders of Subordinate Voting Shares to influence corporate matters for the foreseeable future, including the election of directors of the Company as well as with respect to decisions regarding amendment of the Company's share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of the Company's business, merging with other companies and undertaking other significant transactions. As a result, the Principal Shareholder will have the ability to influence many matters affecting the Company and actions may be taken that holders of Subordinate Voting Shares may not view as beneficial. The market price of the Subordinate Voting Shares could be adversely affected due to the significant voting interest of the Principal Shareholder. The Subordinate Voting Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where the Principal Shareholder did not have the ability to significantly influence or determine matters affecting the Company. Additionally, the Principal Shareholder's interest in the Company may discourage transactions involving a change of control of the Company, including transactions in which an investor, as a holder of Subordinate Voting Shares, might otherwise receive a premium for its Subordinate Voting Shares over the then-current market price.

Limited voting rights of the Subordinate Voting Shares

The Board will determine major policies and strategy, including policies and strategy regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies and strategies without a vote of the holders of Subordinate Voting Shares. The Board's broad discretion in setting policies and strategies and the limited ability of holders of Subordinate Voting Shares to exert control over those policies and strategies may increase the uncertainty and risks of an investment in the Company.

Enforcement of judgments against foreign persons may not be possible

Investors should be aware that the Company and most directors and officers of the Company are located outside of Canada and, as a result, it may not be possible for purchasers of the Subordinate Voting Shares to effect service of process within Canada upon the Company and these persons. All or a substantial portion of the assets of the Company and these persons are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such persons in Canada or to enforce a judgment obtained in Canadian courts against such persons outside of Canada.

Foreign Private Issuer Status

The Company is currently a Foreign Private Issuer, as that concept is defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 of the U.S. Exchange Act. The term "Foreign Private Issuer" is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

- more than 50% of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and

  any one of the following:

- the majority of the executive officers or directors are United States citizens or residents, or
- more than 50% of the assets of the issuer are located in the United States, or
- the business of the issuer is administered principally in the United States.

For purposes of determining whether more than 50% of its outstanding voting securities are held "of record" by U.S. residents, the Company will have to "look through" the record ownership of brokers, dealers, banks, or nominees holding securities for the accounts of its customers, and also consider any beneficial ownership reports or other information available to the Company. It will have to conduct this "look through" in three jurisdictions: the United States; the Company's home jurisdiction; and the primary trading market for the Company's voting securities, if different from the Company's home jurisdiction. Additionally, if the Company is not able to obtain information about the record holders' accounts after reasonable inquiry, the Company may rely on the presumption that such accounts are held in the broker's, dealer's, bank's, or nominee's principal place of business.

In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Proportionate Voting Share is counted as one voting security and each issued and outstanding Subordinate Voting Share is counted as one voting security for the purposes of determining the 50% U.S. resident threshold. Accordingly, the Company is expected to be treated as a "'Foreign Private Issuer". However, should the SEC's guidance and interpretation change, the Company may lose its Foreign Private Issuer status.

Loss of Foreign Private Issuer Status

The Company may lose its expected status as a Foreign Private Issuer if, as of the last business day of the Company's second fiscal quarter for any year, more than 50% of the Company's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States. Loss of Foreign Private Issuer status may have adverse consequences on the Company's ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Company's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Company seek to list on a securities exchange in the United States, loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company could lose its status as a Foreign Private Issuer if all or a portion of the Proportionate Voting Shares directly or indirectly held of record by U.S. residents are converted into Subordinate Voting Shares. The conversion rights attached to the Proportionate Voting Shares contain restrictions on conversion that are intended to avoid such a result, however there can be no guarantee that such restrictions on conversion will be implemented, effective to prevent the Company from potentially losing Foreign Private Issuer status if a sufficient number of Proportionate Voting Shares are converted into Subordinate Voting Shares and such Subordinate Voting Shares are acquired, either upon conversion or pursuant to a subsequent transaction, by U.S. residents. In addition, the Company could potentially lose its Foreign Private Issuer status as a result of future issuances of Shares from treasury to the extent such shares are acquired by U.S. residents.

The Company is a holding company

The Company is a holding company and essentially all of its assets are expected to be the capital stock or ownership interests of its subsidiaries. As a result, shareholders of the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on its operating results and are subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing its debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of its claims from the assets of those subsidiaries before the Company.

Certain Tax Risks

For U.S. federal income tax purposes, the Company is treated as a U.S. domestic corporation. Accordingly, the Company will be required to file a U.S. federal income tax return annually with the IRS and collect U.S. federal withholding tax on distributions to its shareholders. A non-U.S. shareholder may be required to disclose ownership of shares to such non-U.S. shareholder's home jurisdiction. The Company may be required to disclose any shareholders that are non-U.S. shareholders to the IRS. Further, under automatic tax information exchange agreements between the United States and certain jurisdictions, a non-U.S. shareholder's ownership of shares and receipt of any distributions may, in certain circumstances, be reported to the non-U.S. shareholder's home jurisdiction.

PROMOTERS

Jonathan Taylor, the Chief Executive Officer and a director of the Company has been a promoter of the Company within its two most recently completed financial years. As of the date of this AIF, Jonathan Taylor beneficially owns, controls, or directs, directly or indirectly 158,941.02 Proportionate Voting Shares, representing 95.1% of the issued and outstanding Proportionate Voting Shares on a non-diluted basis and approximately 68% of the issued and outstanding Shares on an As-Converted Basis. Pursuant to the Reorganization, SC Americas Corp., a company controlled by Mr. Taylor, exchanged 5,298,034 membership units of Sucro Holdings for 158,941.02 Proportionate Voting Shares of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of our most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition, cash flows or results of operations.

We are not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against us, nor have we entered into any settlement agreements before a court or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below or otherwise in this AIF, there are no material interests, direct or indirect, of any of our directors or executive officers, any person or company that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company. On December 28, 2021, Sucro Holdings entered into an asset purchase agreement with a company controlled by Jonathan Taylor to acquire real property and equipment comprising sugar storage, packaging and processing operations in Atlanta, Georgia and University Park, Illinois. The property and equipment were purchased for total consideration of US$9,395,000, being the fair market value ascribed to the assets in independent valuations obtained by Sucro Holdings. The purchase price was satisfied by Sucro Holdings in cash and funded by third party financing received.

Pursuant to a promissory note dated August 25, 2022, SC Americas Corp., a company controlled by Jonathan Taylor, is indebted to Company subsidiary Sucro Chicago LLC in the amount of US$775,418 as at December 31, 2023. The loan is unsecured, bears simple interest at the rate of 8% per annum and is repayable on August 25, 2024.

Pursuant to a promissory note dated August 16, 2023, SC Americas Corp., a company controlled by Jonathan Taylor, is indebted to Sucro Holdings in the amount of US$2,214,015 as at December 31, 2023. The loan is unsecured, bears simple interest at the rate of 8% per annum and is repayable on August 16, 2024.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta.

MATERIAL CONTRACTS

The following are the only material contracts of the Company that are in effect (other than certain agreements entered into in the ordinary course of business). The summaries describe the material attributes of each of the material contracts and are subject to, and qualified in their entirety by reference to, the provisions of that agreement, which contains a complete statement of those attributes and characteristics, copies of which have been filed with the Canadian securities regulatory authorities and are available on SEDAR+ at www.sedarplus.ca, under the Company's profile. Investors are encouraged to read the full text of such material agreements.

(a) the Coat-tail Agreement (see "*Description of Share Capital – Take-Over Bid Protection – Coat-tail Agreement*");
(b) the Escrow Agreement (see "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*");
(d) the Credit Facility agreement (see details below);
(e) the Hamilton Lease (*see "Description of the Business – Our Facilities*"); and

(f) the Pier 15 Lease (*see “Description of the Business – Our Facilities*”).

Credit Facility

The Company’s indirect wholly-owned subsidiary, Sucro Can Sourcing LLC (“**Sourcing**”), which is engaged in raw sugar origination and distribution, has entered into a senior secured revolving credit facility dated as of August 25, 2022, as amended, and maturing on August 23, 2024 of up to US$300 million, of which a US$50 million tranche is committed and a US$250 million tranche is uncommitted and repayable on demand (subject to certain borrowing base limitations and the right of Sourcing to increase the facility by up to US$50M and allocate among the committed and uncommitted tranches) with a syndicate of financial institutions at arm’s length to the Company and administered by Coöperatieve Rabobank U.A., one of the lenders and administrative agent (the “**Credit Facility**”). As at December 31, 2023, the aggregate amount outstanding under the Credit Facility was US$189,777,187.19.

The Credit Facility is guaranteed by the Company, Sucro Holdings, Sucro Trading SRL and Sugar Latam del Ecquador. As security for Sourcing’s obligations under the Credit Facility, Sourcing and Sucro Trading SRL have provided the lenders with a first priority lien over all of their assets, subject to certain exclusions and permitted liens, and Sourcing has also pledged 100% of the equity interests it holds in the capital of all of its subsidiaries in favour of the lenders.

Subject to certain exceptions, the Credit Facility contains restrictive covenants customary for credit facilities of this nature, including, without limitation, restrictions on Sourcing to grant or create any mortgage, charge, lien, pledge, security interest or other encumbrance, sell, transfer, lease or otherwise dispose of any of its properties or assets, make distributions, acquisitions, loans, advances or guarantees, merge, amalgamate or consolidate with other persons, make investments, incur indebtedness, enter into any sale-leaseback transactions or repay indebtedness.

The Credit Facility also contains provisions whereby an event of default would occur in the event of a change of control. A “change of control” is defined in the Credit Agreement as the occurrence of any of the following events: (a) Jonathan Taylor ceasing to beneficially own and control, of record and beneficially, directly or indirectly, at least 51% of the outstanding voting equity interests of Sucro Holdings; (b) Sucro Holdings ceasing to beneficially own and control, of record and beneficially, directly or indirectly, at least 100% of each class of outstanding equity interests of Sourcing and the guarantors (other than Sucro Holdings and the Company); or (c) Jonathan Taylor shall cease for any reason (including death or disability) to be a director or similar member of the governing body of Sourcing.

Borrowings under the Credit Facility bear interest based at the Secured Overnight Financing Rate (SOFR) plus an applicable margin and is payable monthly.

INTERESTS OF EXPERTS

Baker Tilly WM LLP is the auditor of the Company and has confirmed that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, will be contained in the Company’s management information circular for the 2024 annual meeting of our shareholders. Additional financial information is also provided in the Company’s audited annual consolidated financial statements and management’s discussion and analysis of our financial condition and results of operations for our most recently completed fiscal year ended December 31, 2023. Such documentation, as well as additional information relating to the Company, may be found under the Company’s profile on SEDAR+ at www.sedarplus.ca.

APPENDIX A
CHARTER OF THE AUDIT COMMITTEE

1. General

A. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of Sucro Limited (the "**Company**"). The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Company's financial controls and reporting and monitoring whether the Company complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

(1) The Committee should be comprised of a minimum of three directors.

(2) The Committee must be constituted as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**").

(3) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(4) No independent members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Company or any of its related parties or subsidiaries.

(5) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements).

(6) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Company as to the non-audit services provided to the Company by the external auditor, (iv) financial statements of the Company represented to them by a member of management or in a written report of the external auditor to present fairly the financial position of the Company in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. <u>Meetings</u>

The Committee should meet not less than four times annually. The Committee should meet within 60 days following the end of the first three financial quarters of the Company and shall meet within 120 days following the end of the fiscal year of the Company. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine.

The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' prior notice to each of the other Committee members. A quorum of the Committee may waive the requirement for notice. In addition, each of the Chair of the Board, Chief Executive Officer, the Chief Financial Officer and the external auditor shall be entitled to request that the Chair call a meeting, which shall be held within 72 hours of such request.

The Committee may ask members of management and employees of the Company (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the Company (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Company with management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the review and approval of the Company's interim financial statements.

The Committee shall determine any desired agenda items.

5. <u>Committee Activities</u>

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Disclosure

(1) Review, approve and recommend for Board approval the Company's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion and analysis and press release.

(2) Review, approve and recommend for Board approval the Company's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion and analysis and press release.

(3) Review and approve any other press releases that contain material financial information and such other financial information of the Company provided to the public or any governmental body as the Committee requires.

(4) Satisfy itself that adequate procedures have been put in place by management for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and the related management's discussion and analysis.

(5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Company and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(6) Receive periodically management reports assessing the adequacy and effectiveness of the Company's disclosure controls and procedures.

B. Internal Control

(1) Review management's process to identify and manage the significant risks associated with the activities of the Company.

(2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.

(3) Have the authority to communicate directly with the internal auditors, if applicable.

(4) Receive periodical management reports assessing the adequacy and effectiveness of the Company's internal control systems.

(5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with management and the external auditors and assess whether recommendations made by the external auditors have been implemented by management.

(6) Consider, and if deemed appropriate, approve changes to the Company's accounting principles and practices as suggested by management with the concurrence of the external auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in such accounting principles and practices.

C. Relationship with the External Auditor

(1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.

(3) Advise the external auditor that it is required to report to the Committee, and not to management.

(4) Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor and resolving disagreements between the external auditor and management.

(5) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Company's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.

(6) Review any major issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Company's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.

(7) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.

(8) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Company, management or employees that might interfere with the independence of the external auditor.

(9) Pre-approve all non-audit services to be provided by the external auditor, or delegate such preapproval of non-audit services to the Chair of the Committee; provided that the Chair shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.

(10) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(11) Periodically consult with the external auditor out of the presence of management about (a) any significant risks or exposures facing the Company, (b) internal controls and other steps that management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the Company, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(12) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.

D. Audit Process

(1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(2) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(3) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.

(4) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(5) Review with the external auditor and management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(6) Review the system in place to seek to ensure that the financial statements, management's discussion and analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Process

(1) Review the integrity of the Company's financial reporting processes, both internal and external, in consultation with the external auditor.

(2) Monitor and review the effectiveness of the Company’s internal audit function, including ensuring that any internal auditors have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no internal auditors, consider, on an annual basis, whether the Company requires internal auditors, report to the Board on the internal auditors’ performance and make related recommendations to the Board.

(3) Review all material balance sheet issues, material contingent obligations and material related party transactions.

(4) Review with management and the external auditor the Company’s accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor’s preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. Other

(1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(2) Review the public disclosure regarding the Committee required from time to time by NI 52-110.

(3) Review in advance, and approve, the hiring and appointment of the Company’s Chief Financial Officer.

(4) Establish and oversee the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing.

(5) Perform any other activities as the Committee or the Board deems necessary or appropriate.

(6) Review, with the Company’s counsel, legal and regulatory compliance matters, including corporate securities trading policies, any off-balance sheet structures, and any other matters that could have a significant impact on the Company's financial statements.

(7) Confirm that appropriate actions are taken to review the status, results and resolutions of complaints regarding accounting, internal accounting controls or auditing matters submitted to the Committee by the Governance, Nominating and Compensation Committee of the Board of Directors.

G. Role of the Committee Chair

To fulfill the responsibilities and duties as Chair, the Chair of the Committee should:

(1) Provide leadership to the Committee and oversee the operation of the Committee following appropriate corporate governance practices.

(2) Chair meetings of the Committee, unless not present, including in-camera sessions.

(3) Set the agenda for each meeting of the Committee, with input from the other Committee members and take reasonable steps to ensure that the Committee has an opportunity at its meetings, where needed or appropriate, to meet in separate closed sessions without management present, and with or without internal personnel or external advisors, as needed.

(4) Act as liaison and maintain communication with the Board to optimize and coordinate input from directors, and to optimize the effectiveness of the Committee.

(5) Facilitate effective communication between members of the Committee and management and encourage an open and frank relationship between the Committee and independent advisors.

(6) Perform such other duties as may be delegated from time to time to the Chair by the Board.

6. Independent Advice

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the Company, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

7. Annual Evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

(1) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.

(2) Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.

8. No Rights Created

This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this Charter should comply with all applicable law and the Company's constating documents, this Charter does not create any legally binding obligations on the Committee, the Board, any director or the Company.