



ANNUAL INFORMATION FORM

**For the fiscal year ended
December 31, 2017**

March 29, 2018

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form ("**Annual Information Form**") constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to, but not limited to, the following:

- financial results;
- new and emerging markets;
- customer adoption of technology and products;
- technological developments;
- plans to develop existing and create new customer relationships;
- opportunities to reduce customer costs;
- adequacy of facilities;
- dividend policy;
- plans to invest resources in research and product development;
- focus on expansion and its anticipated effect on growth opportunities;
- opportunities to mitigate seasonality;
- our business strategy;
- expectations regarding the ability to raise capital; and
- research and capital expenditures programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of, but not limited to, the risk factors set forth below and elsewhere in this Annual Information Form:

- negative conditions in the agricultural, general economic and financial markets;
- inability to introduce new technology and new products in a timely manner;
- departure of key personnel or consultants;
- competition;
- reliance on key suppliers and third parties;
- availability of key supplies and components;
- changes in the Global Navigation Satellite System ("**GNSS**") and other systems outside of our control;
- AgJunction's costs to purchase GNSS and other components could increase significantly;
- misappropriation of proprietary information;
- changes in income tax laws and other government regulations;
- losses from credit exposures;
- product liability;
- incorrect assessments of the value of acquisitions;
- fluctuation in foreign exchange or interest rates;
- conflicts of interest;
- successful development of new and emerging markets that we serve;
- damage or loss of use of physical facilities;
- legal claims for the infringement of intellectual property and other claims;
- other legal risks;
- stock market volatility and market valuations;
- cyber-security risks; and

- other factors discussed under "Risk Factors".

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: future technological developments; availability of key supplies, components, services, networks and developments; future exchange rates; the cost of expanding AgJunction's product lines; the impact of increasing competition; the nature and outcome of legal proceedings; the continuity of existing business relationships; conditions in general economic and financial markets; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; that AgJunction's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects; ability to obtain financing on acceptable terms; future operating costs; that counterparties to material agreements will continue to perform in a timely manner; and that there are no unforeseen events preventing the performance of contracts.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this Annual Information Form in order to provide shareholders with a more complete perspective on AgJunction's current and future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Annual Information Form. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements.

GENERAL MATTERS

This Annual Information Form contains company names, product names, trade names, trademarks and service marks of AgJunction and other organizations, all of which are the property of their respective owners.

CORPORATE STRUCTURE

AgJunction Inc. (the "**Corporation**", "**AJX**", "**AgJunction**", "**us**", "**we**", or "**our**", and where the context requires, also includes our predecessors and our subsidiaries) was incorporated as Canadian Systems International Inc. pursuant to the *Business Corporations Act* (Alberta) (the "**ABCA**") on July 31, 1990. On October 26, 1992, the Corporation changed its name to Communication Systems International Inc. On June 21, 2000, the Corporation changed its name to CSI Wireless Inc. On May 9, 2007, the Corporation changed its name to Hemisphere GPS Inc. On May 24, 2013, the Corporation changed its name to AgJunction Inc.

Effective April 30, 1996, the Corporation amended its articles to effect, among other things, a re-designation of the Corporation's Class A common shares to common shares of the Corporation ("**Common Shares**"), a stock split of the Common Shares on a 12,500 to 1 basis and to delete the "private company" share transfer restrictions. On May 23, 2013, the Corporation amended the "Other Provisions" contained in the articles of the Corporation to allow the Corporation to hold meetings of shareholders at any place within or outside of the Province of Alberta.

Our corporate head office is located at 2207 Iowa Street, Hiawatha, Kansas, 66434 and our executive offices are located at 46610 Landing Parkway, Fremont, California, 94538. The Corporation's registered office is located at 2400, 525-8th Avenue S.W., Calgary, Alberta T2P 1G1.

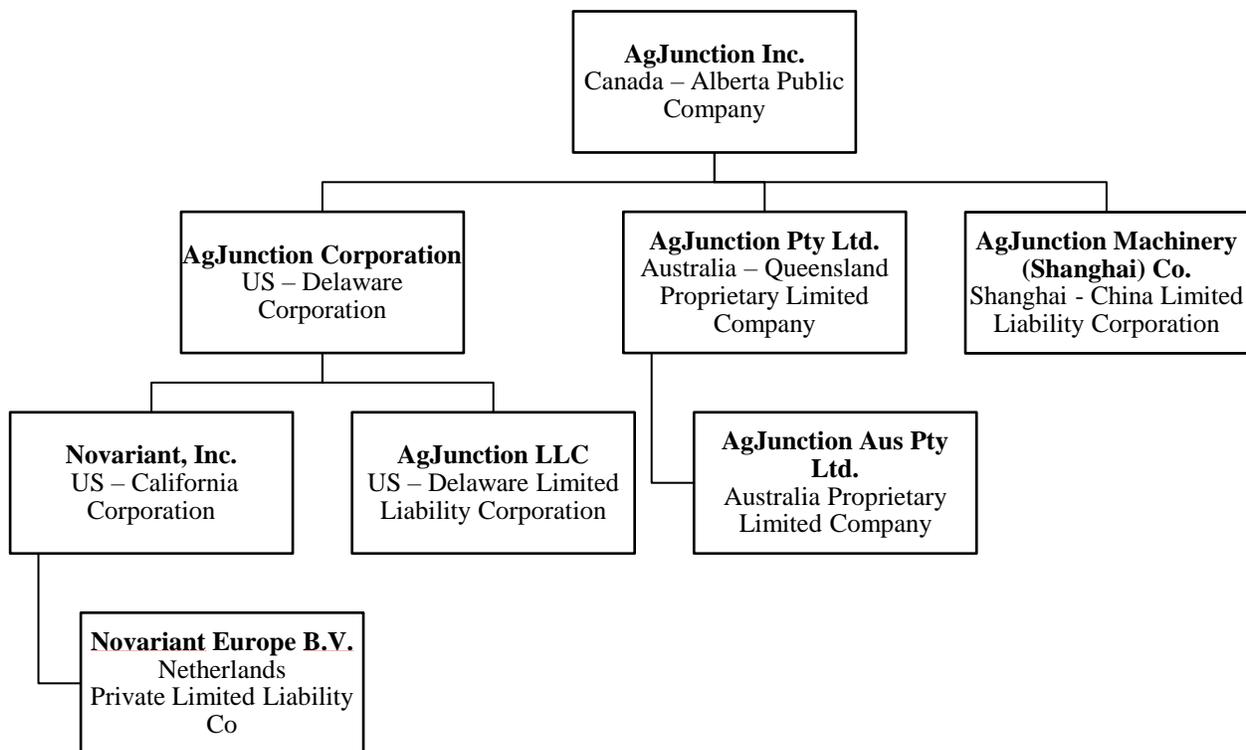
The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "AJX".

Inter-Corporate Relationships

AgJunction has two subsidiaries incorporated under the laws of the state of Delaware: AgJunction Corporation and AgJunction LLC. AgJunction Corporation is a wholly owned subsidiary of the Corporation and AgJunction Corporation holds 100% of the shares of AgJunction LLC. AgJunction has two subsidiaries incorporated in Australia. AgJunction Pty Ltd. is incorporated under the laws of the Australian State of Queensland. Its wholly-owned subsidiary, AgJunction AUS Pty Ltd. is incorporated under the laws of Australia. AgJunction has one subsidiary, AgJunction Machinery (Shanghai) Co., formed under the laws of China. On October 15, 2015, AgJunction completed a merger with Novariant, a company incorporated under the laws of the state of California, whereby Novariant, Inc. ("**Novariant**") became the wholly owned subsidiary of AgJunction Corporation. See "*General Development of the*

Business – Three Year History - 2015". Novariant has one subsidiary Novariant Europe B.V., an entity formed under the laws of the Netherlands.

The following chart sets forth, as of the date hereof, the name of each of our active subsidiaries and the jurisdiction of incorporation and laws of incorporation of each. Each of the subsidiary companies is a wholly owned subsidiary of its parent.



GENERAL DEVELOPMENT OF THE BUSINESS

This section discusses the major events or conditions that have influenced the general development of the Corporation over the last three completed financial years, as applicable, including significant acquisitions and dispositions that have occurred. All financial information referenced in this Annual Information Form is denominated in US dollars, unless otherwise indicated.

Three Year History

2015

On February 10, 2015, we announced a strategic original equipment manufacturer ("**OEM**") partnership with Pulse Aerospace ("**Pulse**") of Lawrence, Kansas, to integrate **SATLOC**®, application controls with a new generation of unmanned aerial system solutions for precision agriculture. The business partnership added to Pulse's portfolio of precision management tools by integrating its advanced unmanned aerial system technology together with the globally recognized **SATLOC**® brand of aerial guidance and application control technologies. The partnership with Pulse ended in 2016.

On February 26, 2015, we announced that we had received ISO 9001:2008 certification for all operations at our headquarters in Hiawatha, Kansas as well as our global engineering centers in Brisbane, Australia and Scottsdale, Arizona. We received such ISO 9001:2008 registration from NQA USA, an accredited registrar that performs assessments of management systems against requirements of national and international standards for quality. The certification is valid until January 25, 2020 and is applicable to all facets of AgJunction operations - design, development, production and distribution of its precision agriculture hardware solutions and associated components.

On March 16, 2015, we announced that we had entered into an agreement to acquire Novariant a premier provider of advanced steering solutions for precision agriculture, through a Plan of Merger under the Laws of the State of California (the "**Merger Transaction**").

On March 31, 2015, we announced that we had signed an agreement for the sale of our cloud services division to EFC Systems, Inc. for \$3.25 million in cash less net liabilities.

On June 1, 2015, we announced that Mr. Wes Dittmer had resigned as our Senior Vice President and Chief Financial Officer.

On June 25, 2015, we announced that Mr. Michael Manning had been appointed our Interim Chief Financial Officer and Senior Vice President.

On October 15, 2015, we announced that the Merger Transaction was completed and had received all required approvals, including, but not limited to, approval by the Novariant shareholders, approval by the AgJunction shareholders, receipt of all necessary regulatory and stock exchange approvals and satisfaction of certain other closing conditions that are customary for a merger transaction. Pursuant to the Merger Transaction, among other things, our wholly owned subsidiary, AgJunction MergeCo Inc., merged with Novariant and holders of the issued and outstanding shares ("**Novariant Shares**") in the capital of Novariant received our Common Shares in exchange for their Novariant Shares. An aggregate of 49,291,026 Common Shares were issued to holders of Novariant Shares and participants under their management retention plan pursuant to the Merger Transaction.

In connection with the completion of the Merger Transaction, Dave Vaughn, the former Chief Executive Officer of Novariant, was appointed our new Chief Executive Officer, and former AgJunction Chief Executive Officer, Richard Heiniger, commenced service on a consulting basis, as our Senior Project Advisor until October 15, 2017. Additionally, on that date, Jon Ladd was appointed Senior Strategic Advisor, Husam Kal was appointed to the new position of Senior Vice President of Global Operations and Business Information Systems and Mark Bittner was appointed our Senior Vice President of Global Sales and Customer Care. Messrs. Jon Ladd, Dave Vaughn and Jose Suarez, three former Novariant directors, were also appointed as directors of AgJunction and Barry D. Batcheller and Richard Heiniger resigned as directors.

On December 30, 2015, we announced the conclusion of an internal review to identify operating synergies following the completion of the Merger Transaction. As a result of such review, we implemented a program to consolidate operations and redundant resources, targeting a reduction of our global workforce by approximately 20% by the end of the third quarter of 2016. The targets were substantially achieved by the end of 2016; however, the cost savings were partially offset by adding additional resources of approximately \$0.8 million per year.

2016

On January 28, 2016, we announced that Mr. Bobac (Bob) Barjesteh was appointed to the newly formed position of Vice President, Mergers and Acquisitions, Intellectual Property and General Counsel (U.S.).

On February 9, 2016, we announced that Mr. Kevin Monk was appointed Vice President of Global Marketing.

On March 28, 2016, we announced that Mr. Michael Manning was appointed Chief Financial Officer and Senior Vice President. Mr. Manning was previously Interim Chief Financial Officer and Senior Vice-President.

On June 28, 2016, we announced the global strategic partnership with TeeJet Technologies ("**TeeJet**") whereby AgJunction became the preferred steering supplier for TeeJet's range of precision farming solutions.

On June 30, 2016, we announced the resignation of Mr. Kevin Monk, Vice President of Global Marketing.

On July 5, 2016, we announced that we had engaged Liolios Group to lead an expanded strategic investor relations and financial communications program for AgJunction.

On August 30, 2016, we announced the release of a Multi-Product ISO application control at the Farm Progress Show which enhanced the capabilities of our Outback Max by allowing five separate application channels to be controlled across a maximum of 50 separate sections.

On November 14, 2016, we announced that effective December 1, 2016, Scott Edmonds, Lori Ell and Ryan Levenson were appointed to our board of directors (the "**Board**"). We also announced that Mr. John M. Tye III had retired from the Board.

On December 6, 2016, AgJunction released the IntelliFlow2 application controller at the National Agricultural Aviation Association's annual convention. IntelliFlow2 replaces the current IntelliFlow product with a number of advancements, including a much smaller size and more robust enclosure, capable of better withstanding the harsh environment of an agricultural aircraft. Additionally, IntelliFlow2 is designed to control both liquid and dry gate systems using a single electronic control unit, enabling pilots to switch between liquid and dry application with the press of a button.

On December 8, 2016, we announced that Mark Anderson had resigned from our Board.

On December 19, 2016, we announced our purchase of the business assets, software, hardware, intellectual property and manufacturing rights of the GAC2 controller product from one of our long-term supply partners, Forkworks. The GAC2 controller has been incorporated into the Outback Guidance and is marketed as AC110, an existing technology allowing us to interface its section and rate control into a wide variety of implements throughout the precision agriculture marketplace.

2017

On February 27, 2017, we announced that we had entered into a letter of intent to licence certain of AgJunction's automated steering patents to Reichhardt GmbH Steuerungstechnik. The letter of intent set forth terms under which the parties were to negotiate a non-exclusive worldwide license to certain AgJunction patents in exchange for a license fee.

On March 20, 2017, we announced that we entered into a new strategic agreement with Hemisphere GNSS ("**Hemisphere**"). For a one-time payment received by AgJunction and a new long-term supply agreement, AgJunction agreed to release Hemisphere from a license restriction that prevented them from selling their GNSS products directly into the global agricultural market. Supply and market restriction agreements previously created between AgJunction and Hemisphere ended in 2016 while the market restriction agreements continued indefinitely.

On June 15, 2017, we announced that Mr. Jeff Morris was appointed our Vice President and Chief Marketing Officer. His title was later changed to Senior Vice President and Chief Marketing Officer on November 10, 2017.

On June 27, 2017, we announced that we had repurchased and returned to treasury for cancellation 7,852,989 of our Common Shares under an arm's length private transaction for consideration of \$1,766,923.

On November 7, 2017, we announced that Dr. M. Brett McMickell, Ph.D was appointed our Senior Vice President of Global Product Development.

SIGNIFICANT ACQUISITIONS

We did not complete any significant acquisitions during our most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

RECENT DEVELOPMENTS

Business and Operations

On January 2, 2018, we announced that we had filed a patent infringement lawsuit in the Western District of Texas against Raven Industries, Inc. ("**Raven**"). The lawsuit alleges that Raven products violate three of our patents related

to automated mechanical steering, implement steering, and system calibration technologies. The lawsuit seeks monetary damages and an injunction to prevent Raven from selling any products infringing AgJunction's patented technology.

On January 8, 2018, we announced that our *Outback Guidance*® brand had launched *REBEL*™, an affordable, all-in-one autosteering solution.

On March 13, 2018, we entered into a bulk purchase order with a customer to supply its Steering Solutions products for an aggregate purchase price of approximately \$55 million. Deliveries and payments under the purchase order will occur between July 1, 2018 and June 30, 2019.

DESCRIPTION OF OUR BUSINESS

General

AgJunction is a global leader of advanced guidance and autosteering solutions for precision agriculture applications. Its technologies are critical components in over 30 of the world's leading precision Ag manufacturers and solution providers and it holds over 130 fundamental steering and machine control patents. AgJunction markets its solutions under leading brand names including Novariant, Outback Guidance® and Satloc® and is committed to advance its vision by bringing affordable hands-free farming to every farm, regardless of terrain or size.

AgJunction's products and solutions offer accurate guidance and positioning, autosteering and machine control systems for the agriculture markets and are used throughout a farming operation during tilling, planting, spraying and harvesting. Our products and solutions enable a farmer's machine to precisely reach a pre-planned path and then "steer" that path with as little additional input from the farmer as possible. This requires a substantial expertise in technologies like position and motion sensors, situational awareness technologies like lidar, radar and cameras etc., understanding hydraulics and machine control, and various types of vehicle communication protocols.

Industry Background

Precision agriculture is a key component of the third wave of modern agricultural revolutions. The first agricultural revolution came along during the advent of increased mechanization, from 1900 to 1930. Each farmer produced enough food to feed about 26 people during this time. The 1990s prompted the Green Revolution with new methods of genetic modification, which led to each farmer feeding about 155 people. It is expected that by 2050, the global population will reach about 9.6 billion, and food production must effectively double from current levels in order to feed every mouth. With new technological advancements in the agricultural revolution of precision farming, each farmer will be able to feed 265 people on the same acreage.¹

AgJunction is a leading provider of accurate guidance and positioning, autosteering and machine control solutions for the agriculture markets. Our products and solutions are used throughout a farming operation during tilling, planting, spraying and harvesting. Our products and solutions enable a farmer's machine to precisely reach a pre-planned path and then "steer" that path with as little additional input from the farmer as possible. This requires a substantial expertise in technologies like position and motion sensors, situational awareness technologies like lidar, radar and cameras etc., understanding hydraulics and machine control and various types of vehicle communication protocols.

Business Strategy

Product Innovation:

Our success continues to be driven by our ability to innovate and deliver accurate guidance and positioning, autosteering, and machine control solutions that meet the evolving demands of farms, farmers and precision agriculture. We will continue to be market driven in our product innovation and research and development investments.

¹ https://en.wikipedia.org/wiki/Precision_agriculture

Develop Strategic Relationships:

We believe that strategic relationships are the foundation to our continued success. We will continue to invest in our relationships with OEMs, value added resellers ("VARs"), dealers, distributors and other customers we serve. We will continue to innovate and develop value-added solutions and services to strengthen our existing relationships and form new strategic relationships.

International Expansion:

We believe that international expansion is an important cornerstone to our continued business and market growth strategies. Additionally, it provides a level of safeguard to the seasonality and commodity price fluctuations associated with our exposure to the North American agricultural markets. Key emerging markets include South America, Asia Pacific (APAC) and Eastern Europe.

New Vertical Markets and Applications:

We have achieved a strong market position in precision agriculture in both ground and aerial market segments. To support mid to longer-term growth, we seek expansion into unaddressed ground market segments of farms with less than 1,000 acres. And emerging vertical markets, such as machine to machine communication and facilitating agriculture data utilization and retrieval, where we can leverage our core strengths in GNSS positioning, autosteering, and machine control systems.

Optimize Product Cost:

We will continue to aggressively pursue opportunities to reduce customer costs through product design, manufacturing efficiencies, procurement and logistics strategies, with an objective to balance functionality, performance and quality with customer needs.

Enhance Manufacturing Quality and Capacity:

All manufacturing activities have been outsourced to trusted partners that procure materials and manufacture our products to our specification. These outsourced partners carry the highest level of quality certifications required by us and expected by our customers. They will reduce costs, increase capacity and continue to provide a high-level of continuous process and quality improvements.

Quality Certification:

In respect to our internal quality process and procedures, we have received ISO 9001:2015 certification for all four sites in Fremont California, Scottsdale Arizona, Hiawatha Kansas and Brisbane Australia, confirming the Corporation's commitment to improving customer satisfaction in all aspects of its operations. AgJunction received its ISO 9001:2015 from NQA USA, an accredited registrar that performs assessments of management systems against requirements of national and international standards for quality. The certification ISO 9001:2015 is valid until January 15, 2020, and is applicable to all facets of AgJunction operations - design, development, production and distribution of its precision agriculture hardware solutions and associated components.

Pursue Strategic Growth:

We believe that we have the products, brands, people and intellectual property that can continue to support organic growth. We will further supplement our growth through a market driven focus coupled with strategic minded research and development investments, growth initiatives such as strategic partnerships, alliances, and acquisitions when and where we believe they will accelerate the achievement of our long-term business strategy. We cannot predict whether any opportunities will result in partnerships, alliances, or acquisitions and there can be no assurance that suitable candidates will be identified or acquired on favourable terms, or that the acquired operations will be profitably operated or integrated into our operations.

Invest in our Intellectual Capital:

We believe our employees have been, and will continue to be, the key factor in achieving our objectives. As a result, we continue to place a high priority on our intellectual capital.

Agriculture Products

Outback Guidance Products

In 2012, AgJunction GPS introduced *Outback MAX™* with *Outback ConnX™* — the next generation *Outback Guidance®* system that redefines simplicity in precision farming. Working seamlessly with *Outback eDriveX™* with *eTurns™*, the *Outback MAX™* integrated display terminal provides a full array of features including section and variable rate control, *Eclipse™* L1/L2 GPS and GLONASS guidance and video support for up to four monitoring cameras. The terminal is also capable of performing as an ISOBUS Universal Terminal allowing the terminal to communicate with ISO ready implements regardless of brand or color.

In addition to *Outback MAX™*, our Outback Guidance product line for agricultural markets includes our *Outback S-Lite*, *Outback Sts*, *Outback S3*, *Outback eDriveTC™*, *Outback ESi*, *Outback BaselineX™*, *Outback AC110™* and *Outback eDriveX™* product, featuring *eTurns* the Industry's first aftermarket and multi-tractor platform auto-turn solution. We recently released the *Outback AC110* integrated rate and section controller as well as our second-generation dual frequency, GPS + GLONASS, smart antenna *A320* and *A321* base station.

Outback STX is the Corporation's value based, touch screen terminal. Utilizing the embedded, smaller L1/L2 GPS and GLONASS P300 receiver, the *Outback STX* is capable of full RTK utilizing the same portable base station receiver units that calculate and broadcast localized code and carrier phase corrections to mobile GNSS receivers and *A321* base stations as *Outback MAX™*. *Outback STX* is also compatible with the full line of Outback autosteer systems such as *eDriveTC™* and *eDriveX™* along with VSi providing up to centimeter level guidance.

All of our Outback products enable farmers to navigate their fields with minimal overlap whether in straight lines or contours in any visibility, including darkness. Eliminating overlap saves enough time, fuel, fertilizer and pesticide that farmers say they typically recoup the costs of their easy-to-install and operate guidance systems in less than 12 months. The *Outback MAX™* and *STX* products provide increased functionality and accuracy required for more sophisticated growers. *Outback eDriveX™*, *eDriveTC™* and *Outback ESi* work with *Outback MAX™* and *Outback STX* to provide GNSS-assisted auto-steering that enables farmers to drive their tractors and other self-propelled agricultural equipment hands-free, along straight, contoured or pivot lines. Each system significantly increases the driving accuracy and enables operators to focus their attention on monitoring sprayers, combines or other equipment achieving even greater efficiency. A key benefit is the reduction in driver fatigue – enabling the machinery to operate for more hours each day or through the night if necessary. In addition, *eDriveX™* can be used in conjunction with precision farming techniques focused on improved efficiency, productivity and yields such as "strip-till" farming which requires highly accurate planting and application of fertilizer and other chemicals.

Outback A321, featuring AgJunction *Eclipse II* GNSS, RTK and *SureTrack™* technologies, provide accuracy to the centimeter level for agricultural applications while also being more affordable than competing systems. *Outback A321* is available as a portable or fixed base station receiver that calculates and broadcasts localized corrections to rover products. The *Outback A321* offers a wide range of communication options including 900 and 400 MHz radios.

Outback AC110 is an automatic rate and section control product that works directly with *Outback MAX™*. *Outback AC110* monitors and controls liquid, dry or anhydrous application rate and implement sections to minimize overlaps and skips. It offers single product rate control, up to ten section automatic control, manual section control and user adjustable section overlap. Machine and rate controller specific interface kits are available for a wide variety of vehicles and applications. On August 30, 2016, we released a Multi-Product ISO application control which enhances the capabilities of the *Outback Max™* by allowing five separate application channels to be controlled across a maximum of 50 separate sections.

On December 19, 2016, we announced our purchase of the business assets, software, hardware, intellectual property and manufacturing rights of the GAC2 controller product from one of our long-term supply partners, Forkworks. The

GAC2 controller has been incorporated into the Outback Guidance product line and is marketed as part of the *Outback AC110*.

Outback eDriveXD™ offers decimeter-level accuracy and the new high-performance *eDriveXC™* offers centimeter-level accuracy. The eDriveX Series products are engineered for compatibility with a wide variety of brands of tractors, sprayers, spreaders and combines via hydraulic or electric steer interfaces. Both systems are designed to be fully compatible with the *Outback MAX™* or *Outback STX™* advanced GPS Guidance terminals.

On January 8, 2018, we launched *REBEL™* in North America. *REBEL™* is a new offering under our *Outback Guidance®* brand offering an affordable, all-in-one autosteering solution that is simple to use and simple to buy. *REBEL™* includes everything a farmer needs in one package to bring the latest innovations in autosteering to the equipment they already own.

Current Outback offerings include *REBEL™*, *Outback MAX™*, *Outback STX™*, *eDriveXC™*, *eDriveXD™*, *Outback ESi*, *Outback AC110*, *Outback A321* and *Outback A320*.

Other Steering Product Lines

SimpleSteer™ was released in August of 2013 and is a high-precision autosteering display solution for precision agriculture that runs on a consumer tablet device or a smart phone. The *SimpleSteer™* software solution converts a consumer tablet into a wireless control console for advanced autosteering operation of tractors, combines, and other farm vehicles. *SimpleSteer™* is offered as an affordable easy-to-use autosteer display alternative to complement AgJunction's current suite of precision steering solutions that is available through select VAR partners. *SimpleSteer™* was awarded the 2014 AE50 Outstanding Innovation award.

The MDU-G4 Steering Wheel Motor was released in December of 2013. MDU-G4 is a fourth generation hands-free, cost-effective, assisted steering solution that provides centimeter (sub-inch) level accuracy, when used with an RTK correction signal, without the complexity of installing a hydraulic system. MDU-G4 mounts on an existing steering wheel without requiring the removal of the steering wheel during install and can be switched between vehicles seamlessly in minutes.

The ECU-S1 Autosteering Controller was released in January of 2014. The ECU-S1 is a high-precision autosteering controller that can be interfaced with any certified partner GNSS receiver and display to build a complete autosteering solution for precision agriculture applications. The ECU-S1's unique ability to interoperate with multiple GNSS receivers and/or displays provides OEMs with flexibility to select the best-of-the-breed display, GNSS source and vehicle interface. The ECU-S1 offers industry-leading performance in terms of line acquisition and steering accuracy and provides an ideal solution for OEMs and VARs that demand greater flexibility for product configuration and customization. The ECU-S1 was awarded the 2015 AE50 Outstanding Innovation award from the American Society of Agricultural and Biological Engineers at the 2015 Agricultural Equipment Technology Conference.

AgJunction, offers highly *customized steering system install kits* that are engineered specifically for the vehicle type on which they are to be installed and are as non-intrusive as possible (no modification or deterioration of the vehicle). This differentiation from a generic non-vehicle specific kit ensures steering performance is optimized in a retrofit application. Moreover, with over 1,000 kits to choose from, AgJunction's VAR and OEM customers can rely on these install kits to seamlessly install steering solutions with reduced machine downtime.

Air Agriculture Products

Our air agriculture products include guidance systems, rate control, cloud-based software and related services for the aerial application market. This includes spraying and spreading equipment, pattern and mission control software, automated constant or variable flow control for liquid and dry materials, prescription mapping, asset tracking and cloud-based file pushing/pulling. Products include *Satloc G4*, *Satloc Bantam*, *LiteStar IV™*, *Intelliflow2®*, *MapStar™* and *HQ Asset Tracker™*.

Satloc G4 is our top end aircraft guidance system for aerial applicators. It delivers a high-level of guidance performance through an intuitive lightbar and graphical display while enabling aerial application companies to leverage cloud-based services in order to make their jobs more efficient. *Satloc G4's* connectivity feature offers pilots the ability to transfer application data wirelessly, accept work orders and maps through the Internet, access the guidance system from remote locations such as the office or truck and directly communicate through Skype™ audio and video. *Satloc G4* contains the processing power of the Intel® Core™ i7 processor and Microsoft® Windows® 7, 64-bit operating system. It lends itself to a high level of instant communication, data retrieval and transfer, knowledge center access and improved training and troubleshooting methods. Combining this with *G4's* guidance patterns and automated liquid and dry rate control capability, pilots are able to fly and apply with improved performance, efficiency and safety.

Satloc Bantam is our mid-level aerial guidance system for aerial applicators. *Bantam* allows pilots to fly and spray precise patterns using constant rate flow control reducing fuel, flying time and application costs. The system is lightweight and rugged, perfectly designed for specialty installations in helicopters and smaller aircrafts.

LiteStar IV is the current entry-level guidance system and designed to offer basic guidance features to customers needing only the essentials to work on spray jobs.

IntelliFlow2 enables liquid application control for aerial guidance applications. *IntelliFlow2* has the capability to operate in variable rate mode or automatically turn on and off inside and outside of field boundaries.

MapStar is a unique multi-featured pre-flight and post-analysis desktop software that provides the operator with important information regarding the entire application and essential flight parameters. Common GIS formats can be converted within this software to allow ease of use with other software platforms.

HQ Asset Tracker is a real-time tracking system that operates with cell or satellite modems. Logins are performed through a website managed by AgJunction and users can track their aircraft and other assets. The *Satloc G4*, and *Satloc Bantam* can output configurable data sets to be broadcast, recorded and viewed live on our website. Managers, ground crews and all support staff can now make better decisions with real time knowledge of key status data such as arrival times and remaining load per aircraft. *HQ* can send work orders directly to the *Satloc G4* to significantly reduce setup and management time. *HQ* provides for the exchange of information between our customers and third-party companies for improved management services.

Research and Product Development and Specialized Skills and Knowledge

The focus of AgJunction's research and development team is the expansion of our core machine control solutions and positioning sensor technologies and on developing new products and applications. We believe that our research and product development capabilities are critical factors contributing to our success and are primary barriers to potential competitors' entry into the machine control agricultural industry. Accordingly, we intend to continue investing significant resources in research and product development.

Our research and development team includes individuals with specialized skills in the following disciplines, among others: electrical engineering, radio-frequency engineering, geomatics engineering, vision engineering, mechanical design, system architecture and software design. Although the availability of these resources is limited, we have not experienced significant problems accessing the required skill and knowledge required for our research and development activities.

Intellectual Property and Intangible Properties

We have developed a significant portfolio of intellectual property including trade secrets, technology, product designs, software, patents, trademarks and brand names, among others. As of December 31, 2017, on a consolidated basis, we hold approximately 132 patents and had 49 patents pending in the USA, Canada, Europe and Australia in addition to a few other international filings.

On January 2, 2018, we announced that we had filed a patent infringement lawsuit in the Western District of Texas against Raven Industries, Inc. The lawsuit alleges that Raven products violate three of our patents related to automated mechanical steering, implement steering, and system calibration technologies. The lawsuit seeks monetary damages and an injunction to prevent Raven from selling any products infringing AgJunction's patented technology.

Marketing, Sales and Distribution

Our strategy for sales and distribution of our products in our air and non-North American ground agriculture product lines has generally been through large OEMs, dealer networks and distributors with established channels for multi-country distribution. This strategy eliminates the need to devote significant direct resources to developing these distribution channels on our own. This strategy has enabled us to participate in a broader range of high-growth commercial and consumer GNSS-enabled markets.

For sales of ground agriculture products in North America and Australia, we have established over 175 Outback Guidance Centres ("**OGC**"). Each OGC is responsible to support sales of our Outback line of products to end-user customers in defined territories. Outside of North America and Australia, we have established relationships with a variety of distributors for the Outback product line who sell to the end-user customers.

Our agriculture division serves global markets. Of our 2017 sales, 57% (2016–58%) occurred in North America, 38% (2016 – 31%) occurred in Europe, the Middle East and Africa, 5% (2016 – 11%) occurred in Asia and the Pacific, including Australia. From a customer's perspective, the primary benefits provided by our products are increased accuracy in navigation, improvements in productivity, increased safety and savings in costs and time. For example, in farming applications, our guidance products result in savings to users through reduced overlap and reduced driver fatigue. In addition, our products can be used in conjunction with precision farming techniques focused on improved efficiency, productivity and yields such as "strip-till" farming which requires highly accurate planting and application of fertilizer and other chemicals. Significant cost savings can be achieved by using these types of precision farming techniques.

Competition

We have competitors in each of our target markets and expect competition to intensify as acceptance and awareness of machine control technology increases. One of our main competitors is Trimble Navigation Limited ("**Trimble**"). Trimble's products currently address the survey and mapping, tracking and communications, navigation, precision agriculture, construction, and military systems markets. Other competitors offering products similar to those of AgJunction include Topcon Positioning Systems Inc., Leica Geosystems, NovAtel Inc. and Raven. In addition, we expect to face competition from new market entrants over time.

We believe the principal competitive factors in the markets we serve include: price, ease of use, physical characteristics, power consumption, product features (including accuracy), breadth of solution, product reliability, size of the installed base, brand reputation, vendor reputation and financial stability of the vendor. We believe that our products compete favourably with competitors' products on many of the foregoing factors and as a result, we have achieved a strong market position in certain areas including ground agricultural guidance and auto-steering, aerial agricultural guidance and flow control. We recognize that some of our competitors may have access to greater financial, marketing, service and support and technological resources. See "*Risk Factors*".

Manufacturing

We utilize outsourced manufacturing partners in lower cost regions in the procurement of materials per our specification, applying highly skilled labour and best in class manufacturing practices to manufacture, test and directly ship products to our customers. We utilize our Hiawatha, Kansas facility for some product configuration activities as needed, as a service and repair center, as well as one of the two fulfilment operations centers in the United States.

Our operations organization provides production engineering services internally and for our external manufacturing partners to ensure that our products can be manufactured at the highest level of quality and test coverage, technical production problems are corrected and averted and alternative production methodologies are introduced to remain competitive. In addition, vendor and subcontractor qualifications are reviewed by the operations engineering and quality group whilst test engineering provides test methodologies, equipment and software and guides our internal engineering and our external manufacturing partners in achieving specifications and ensuring product integrity. We carefully select, classify and qualify our suppliers. Achieving multiple supply sources for all components used in our assemblies is our ultimate and desired goal, and is evaluated on a regular basis, but currently is not available in all circumstances. However, we do apply various risk mitigation solutions in dealing with single sourced components.

The continued utilization of our Enterprise Resource Planning ("**ERP**") system has assisted us to improve the effectiveness and efficiency of our operations, including inventory management and manufacturing. In addition, we have undertaken a number of initiatives focused on improving our effectiveness in quality, procurement, inventory management, design cost, product-life cycle management, among others. The Company completed implementation of the new ERP system integrating all of its operations effective the fourth quarter of 2017. We are determined to maintain our position as a low-cost, customer focused, high-quality producer and to ensure that production processes are responsive, smooth and flexible to serve the needs of our customers, this ERP implementation will assist us in doing so.

Facilities

We conduct operations from facilities in Scottsdale, Arizona; Fremont, California; Hiawatha, Kansas; Winnipeg, Manitoba and Brisbane, Australia; to assemble certain of our products, carry out research and development, sales and marketing, and finance and administration activities. We own the facility in Hiawatha, Kansas and lease the facilities in other locations.

Cyclical

The cyclical nature and competitiveness of the industry in which we sell and distribute our products may have an effect on the Corporations' ability to generate revenue and earnings. Our business tends to peak during the first six months of the year, drop off fairly significantly in the third quarter and then demand for our products and services increases again in the fourth quarter. This volatility can create fluctuating demand for our products and services, which can have an adverse effect on the Corporation's business, financial condition, cash flow and results of operations.

Personnel

At December 31, 2017, we had 143 employees in total, with 55 in research and development, 36 in sales and marketing, 28 in operations and 24 in administration.

As of December 31, 2017, we had 17 contractors in total working in various divisions.

Anticipated Changes in the Business

As at the date hereof and other than as disclosed herein, we do not anticipate that any material change in our business will occur during the balance of the 2018 financial year. See "*General Development of the Business*" and "*Recent Developments*".

Reorganizations

As at the date hereof and other than as disclosed herein, there have been no material reorganizations of the Corporation and or any of our subsidiaries within the three most recently completed financial years or proposed for the current financial year. See "*General Development of the Business*".

CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of first preferred shares, issuable in series (the "**First Preferred Shares**") and an unlimited number of second preferred shares, issuable in series ("**Second Preferred Shares**"). As at March 23, 2018, an aggregate of 116,858,275 Common Shares, no First Preferred Shares and no Second Preferred Shares were issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to each class of shares.

Common Shares

The holders of Common Shares are entitled to one vote at all meetings of our shareholders except at meetings of which only holders of a specified class of shares are entitled to vote. The holders of Common Shares are entitled to receive, subject to the prior rights and privileges attaching to any other class of our shares, such dividends as may be declared by us. Holders of Common Shares are entitled upon any liquidation, dissolution or winding-up of the Corporation, subject to the prior rights and privileges attaching to any other class of shares of the Corporation, to receive the remaining property and assets of the Corporation.

First Preferred Shares

Our Board may at any time and from time to time issue First Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. The Corporation has no outstanding First Preferred Shares at this time.

The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series with respect to accumulated dividends and return of capital. The First Preferred Shares shall be entitled to a preference over the Second Preferred Shares and the Common Shares and over any other shares of the Corporation ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs.

The rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the First Preferred Shares given as specified in our articles.

Second Preferred Shares

Our Board may at any time and from time to time issue Second Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. The Corporation has no outstanding Second Preferred Shares at this time.

The Second Preferred Shares of each series rank on a parity with the Second Preferred Shares of every other series with respect to accumulated dividends and return of capital. The Second Preferred Shares shall be entitled to a preference over the Common Shares and over any other shares of the Corporation ranking junior to the Second Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs.

The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Second Preferred Shares given as specified in our articles.

Shareholder Rights Plan

On March 19, 2010, our Board approved the adoption of a shareholder protection rights plan, which was approved by our shareholders on May 18, 2010 and was re-approved by shareholders on May 15, 2013. On May 26, 2016, shareholders approved an amended and restated shareholders rights plan agreement (the "**Shareholder Rights Plan**"), which was amended in response to the legislative changes to Canada's take-over bid regime, which were adopted in 2016. The Shareholder Rights Plan is effective until the close of business of the annual general meeting of shareholders of AgJunction held in 2019, unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms.

Pursuant to the Shareholder Rights Plan, one right ("**Right**") is attached to each Common Share. The Rights will separate from the Common Shares to which they are attached and will become exercisable upon the occurrence of certain events in accordance with the Shareholder Rights Plan. Subject to adjustments as provided in the Shareholder Rights Plan, each Right will entitle the holder to purchase one Common Share at a price equal to \$50.00 (the "**Exercise Price**") and, in the event of a "Flip-In Event", as that term is defined in the Shareholder Rights Plan, each Right will constitute the right to purchase from us, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms of the Shareholder Rights Plan, that number of Common Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event), equal to twice the Exercise Price. The Shareholder Rights Plan is similar to plans adopted by several other Canadian issuers and approved by their security-holders. A copy of the Shareholder Rights Plan is available on our SEDAR profile at www.sedar.com.

Prior Sales

During the year ended December 31, 2017, we granted an aggregate of 1,847,207 stock options to acquire an aggregate of 1,847,207 Common Shares with a weighted average exercise price of Cdn \$0.5406. Other than such stock options, we did not issue any securities, other than Common Shares (including Common Shares under the restricted share plan of the Corporation), during the year ended December 31, 2017.

DIVIDEND POLICY

We have not paid any dividends on the Common Shares during the last three financial years. The future payment of dividends will be determined by the Board, and will depend on the financial needs of the Corporation to fund future growth, the general financial condition of the Corporation, capital expenditure requirements, potential acquisition opportunities, debt position and other conditions that the Board may consider relevant at such future time, including the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including capital expenditure requirements, general and administrative costs and foreign exchange rates.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To our knowledge, as of March 23, 2018, the only Common Shares held in escrow or subject to contractual restriction on transfer are the following:

| Designation of class | Number of securities held in escrow or that are subject to a contractual restriction on transfer | Percentage of class |
|--|---|----------------------------|
| Common Shares (restricted shares ⁽¹⁾) | 2,046,885 | 1.75% |

Note:

- (1) These Common Shares are issued to directors, officers and other service providers of ours and are subject to vesting and risk of forfeiture under the terms of our restricted share plan.

MARKET FOR SECURITIES

Our Common Shares are listed and posted for trading on the TSX under the symbol "AJX".

The following table shows the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

| Period | High (Cdn\$) | Low (Cdn\$) | Volume |
|--------------------|--------------|-------------|-----------|
| <u>2017</u> | | | |
| January | 0.52 | 0.465 | 359,177 |
| February | 0.56 | 0.45 | 1,468,445 |
| March | 0.58 | 0.49 | 2,026,810 |
| April | 0.6 | 0.53 | 1,426,080 |
| May | 0.65 | 0.56 | 1,571,712 |
| June | 0.67 | 0.54 | 953,259 |
| July | 0.6 | 0.52 | 433,652 |
| August | 0.54 | 0.47 | 639,072 |
| September | 0.53 | 0.47 | 560,560 |
| October | 0.5 | 0.44 | 515,310 |
| November | 0.55 | 0.45 | 771,006 |
| December | 0.55 | 0.465 | 922,724 |
| <u>2018</u> | | | |
| January | 0.54 | 0.495 | 915,479 |
| February | 0.54 | 0.48 | 2,999,500 |
| March 1 – March 22 | 0.75 | 0.50 | 1,211,020 |

DIRECTORS AND OFFICERS

The names, provinces/states and countries of residence, positions with the Corporation and principal occupation during the last five years of the directors and officers of the Corporation are set out below and in the case of directors, the period each has served as a director of the Corporation

| Name, State/Province and Country of Residence | Position | Principal Occupation During the Last Five Years |
|--|--|--|
| Scott B. Edmonds ⁽¹⁾⁽³⁾⁽⁷⁾ British Columbia, Canada | Director since December 2016 and Chair of the Corporate Governance Committee | Mr. Edmonds has been a Director and the President & Chief Executive Officer of Photon Control Inc. since March 2017. He was an independent consultant and corporate director from October 2014 to March 2017. From 2007 to 2014 he was first the Chief Financial Officer (2007 – 2009) and then the Chief Executive Officer (2010-2014) of Webtech Wireless Inc., a supplier of hardware and software-as-a-service solutions to fleet managers across North America. Prior to his role at Webtech Wireless Inc., Mr. Edmonds held senior management positions in the high-tech industry after a ten-year career with The Walt Disney Company in France and Asia. Mr. Edmond's past board experience includes roles with hardware manufacturer Vecima Networks Inc. He is a Chartered Accountant and holds the ICD.D designation from the Institute of Corporate Directors. Mr. Edmonds earned a degree in Finance from Bishop's University and completed the Executive Development Program at the Kellogg School of Management at Northwestern University. |

| Name, State/Province and Country of Residence | Position | Principal Occupation During the Last Five Years |
|--|---|---|
| Lori S. Ell ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Alberta, Canada | Director since December 2016, Lead Director of the Corporation and Chair of the Audit Committee | Currently President of Growing Ideas, a business consulting practice located in Calgary, Alberta. From 2004 to 2012, Ms. Ell was the President of Agristar Inc, an agri-food manufacturing company. Prior thereto Ms. Ell was CFO for Quortech Solutions Ltd. a technology company. Ms. Ell is a Certified Public Accountant, holds a Bachelor of Management degree, and holds an ICD.D designation from the Institute of Corporate Directors. Ms. Ell sits on the board of directors for the Calgary Co-op, Wild Rose Brewery and Indigenous and Northern Affairs Canada. |
| Jonathan W. Ladd ⁽⁵⁾ New Hampshire, USA | Director and Senior Strategic Advisor since October 2015 and Chair of the Board | Independent Business Consultant and currently Board Chair and Senior Strategic Advisor for AgJunction since October 2015. Director of Novariant Inc. from October 2012 to October 2015. Prior thereto, over 35 years of senior management experience in the GPS/GNSS and the wireless industries, including Chief Executive Officer and Chair at Brilliant Telecommunications, President and Chief Executive Officer at NovAtel Inc., senior executive positions at Thales Navigation, Magellan Inc. and Ashtech Inc. and board positions at Hemisphere, Trusted Positioning Inc., Nexteq Navigation, RF Monolithics and Ashtech A/O. |
| Ryan J. Levenson ⁽¹⁾⁽²⁾⁽⁶⁾ Georgia, USA | Director since December 2016 and Chair of the Compensation Committee | Founding Principal, Managing Member and Portfolio Manager of Privet Fund Management LLC since 2007. Mr. Levenson is a board member with Hardinge, Inc., Great Lakes Dredge and Dock Corp. |
| Jose F. Suarez ⁽²⁾⁽³⁾ California, USA | Director since October 2015 | Managing Director of Patricia Industries (formerly, Investor Growth Capital, Inc). Prior thereto, based in Investor Growth Capital, Inc.'s Asian office managing a broad range of investments both in the public markets and in privately negotiated situations. |
| David E. Vaughn California, USA | Director, President and Chief Executive Officer since October 2015 | Currently, President and Chief Executive Officer of AgJunction since October 2015. President and Chief Executive Officer of Novariant from May 2012 to October 2015. Prior thereto, over 20 years of senior executive experience in precision guidance and agri-businesses similar to AgJunction. His roles included executive-level positions with Topcon Positioning Systems Inc., NovAtel Inc., Magellan Inc. and Trimble Navigation Limited. He has served on the board of directors for a number of technology corporations and has extensive professional experience in the high-tech sector, including serving in an executive capacity with Apple Inc. and Hewlett-Packard. |
| Bobac (Bob) A. Barjesteh Colorado, USA | Vice President, Mergers and Acquisitions, Intellectual Property and General Counsel (US) since January 2016 | Currently Vice President, Mergers and Acquisitions, Intellectual Property and General Counsel (US) of AgJunction since January 2016. Managing Director and Chief Legal Officer with ClaroVia Technologies LLC from November 2012 to December 2015. Other roles included executive and management positions at 3M Company and Arthur Anderson LLC. |

| Name, State/Province and Country of Residence | Position | Principal Occupation During the Last Five Years |
|---|--|---|
| Mark S. Bittner California, USA | Senior Vice President of Global Sales and Customer Care since October 2015 | Currently, Senior Vice President of Global Sales and Customer Care of AgJunction since October 2015. Over 30 years of sales management experience, serving in an executive role at Novariant from July 2012 to October 2015. Prior thereto, held executive positions at Topcon Positioning Systems Inc., Tierra S.p.A, Proxim Wireless, At Road and held other leadership roles at Trimble Navigation Limited and ExxonMobil. |
| Husam Kal California, USA | Senior Vice President of Global Operations since October 2015. | Currently, Senior Vice President of Global Operations of AgJunction since October 2015. Over 25 years of supply chain, operations and engineering experience, including executive roles at Novariant from July 2012 to October 2015 and TRIA from August 2011 to November 2012. Prior thereto, held influential leadership roles at Trimble Navigation Limited, Proxim Wireless, Lucent Technologies and Hypercom. |
| Michael A. Manning Missouri, USA | Senior Vice President and Chief Financial Officer since July 2015 | Currently, Senior Vice President and Chief Financial Officer of AgJunction since July 2015. Interim CFO for Heartland Automotive from January to July 2015. Chief Financial Officer with Unitech Holdings from 2012 to 2014. Prior thereto, Global Chief Financial Officer of the Hospitality unit with ASSA ABLOY's Global Technologies Division, and Chief Financial Officer and then President of Cargotec Holding, Inc. |
| Jeff Morris California, USA | Senior Vice President and Chief Marketing Officer since June 2017 | Currently Senior Vice President and Chief Marketing Officer of AgJunction since June 2017. With over 20 years of marketing experience, holding senior positions at Trimble Inc., AutoZone, Symantec Corporation and Microsoft. Most recently, Mr. Morris served as Trimble's senior director of marketing and product management from November 2014 to March, 2017. |
| Dr. M. Brett McMickell, Ph.D. Arizona, USA | Senior Vice President of Global Product Development since August 2017 | Currently Senior Vice President of Global Product Development of AgJunction since August 2017. Prior to joining AgJunction, Dr. McMickell served as Senior Director of Engineering in charge of Actuation Systems at Honeywell Aerospace. He brings experience from leading electrical, software, and mechanical system development companies. He was awarded the American Institute of Aeronautics and Astronautics (AIAA) Lawrence Sperry Award for his achievement in the advancement of small satellite technology. Dr. McMickell holds a Masters in Business Administration in Global Management from the Thunderbird School of Global Management. He received his Masters in Science and PhD in Aerospace and Mechanical Engineering from the University of Notre Dame. He also received a Bachelor of Science in Mechanical Engineering from the University of Utah. |

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Lead Independent Chair and Audit Committee Chair.
- (5) Chairman of the Board.
- (6) Compensation Committee Chair.
- (7) Corporate Governance Committee Chair.

Our directors will hold office until the next annual general meeting of our shareholders or until each director's successor is appointed or elected pursuant to the ABCA.

As at March 23, 2018, our directors and officers as a group, beneficially owned or controlled or directed, directly or indirectly, 35,265,904 Common Shares or approximately 30.2% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No current director or executive officer of the Corporation has, within the last ten years prior to the date of this document, been a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that: (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) 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 of an issuer, and which resulted in the issuer being subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer.

Other than disclosed below, no current director or executive officer or security holder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the last ten years prior to the date of this document, been a director or executive officer of any company (including the Corporation) that, while such 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;

- Mr. Vaughn acted as chief executive officer and a director of Soil and Topography Information, LLC ("**STI**"), a Delaware corporation which was incorporated on October 19, 2010. STI entered into a security agreement dated February 10, 2010 with Pivotal Investment Partners I, L.P. ("**Pivotal**"). The security agreement secured a loan agreement between STI and Pivotal and a secured convertible promissory note in the principal amount of \$250,000. STI was formally dissolved on October 27, 2013, following a management approved assignment of assets in lieu of foreclosure in favor of Pivotal, through its assignee, Soil Data, LLC.
- Mr. Ladd acted as chief executive officer and a director of Brilliant Telecommunications, Inc. ("**Brilliant**"). On February 18, 2011, Brilliant reached an agreement regarding the sale of substantially all of its assets to Juniper Networks. Such sale was conducted via an assignment for the benefit of creditors' process under the laws of the State of California. As part of this process, all of Brilliant's assets were transferred to a trustee who then distributed the proceeds of the sale. Mr. Ladd resigned from his positions with Brilliant shortly after the agreement with Juniper Networks was reached. On or about August 9, 2011, one of Brilliant's former customers filed a lawsuit against Brilliant and Juniper Networks alleging breach of contract and unfair business practice. On or about September 28, 2011, a default judgment was entered by the court against Brilliant. No director or executive officer of Brilliant was ever named in such law suit and Mr. Ladd had no involvement nor any liability in connection with such law suit or any other proceeding.

No current director or executive officer or security holder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the last ten years prior to the date of this document, 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 his or her assets.

No current director or executive officer or security holder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors and officers of the Corporation may, from time to time, be involved in the business and operations of other issuers, in which case a conflict may arise. See "*Risk Factors*".

The ABCA provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein and in connection with the Merger Transaction, there were no material interests, direct or indirect, of our directors or executive officers, any person or company who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such 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 Corporation. See "*Directors and Officers*".

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by us during, or related to, our most recently completed financial year other than RSM US LLP, AgJunction's auditors appointed on April 8, 2015. RSM US LLP has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the Professional Chartered Accountants of Alberta.

In addition, neither RSM US LLP, nor any director, officer or employee of RSM US LLP, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

MATERIAL CONTRACTS

As of December 31, 2017, we currently have no material contracts in place that were entered into outside of the ordinary course of business.

AUDITORS, TRANSFER AGENT AND REGISTRAR

RSM US LLP, Suite 400, 4801 Main Street, Kansas City, Missouri, are the auditors of the Corporation.

Computershare Trust Company of Canada, 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8, is the Transfer Agent and Registrar of the Corporation.

AUDIT COMMITTEE INFORMATION

Our audit committee (the "**Audit Committee**") is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee is composed of three external, independent directors. All three are financially literate, meaning they are able to read and understand financial statements that present a breadth and level of complexity at accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of AgJunction. The Audit Committee's Charter is available in Appendix "A" to this Annual Information Form.

Audit Committee Members

Scott B. Edmonds, Vancouver, British Columbia

Scott Edmonds has over 30 years' experience in various operational, strategic and financial leadership roles in both large and small companies in Canada, Europe and Asia. Mr. Edmonds was the Chief Executive Officer of Webtech Wireless Inc. and was also the Chief Financial Officer of two other software companies. Mr. Edmonds has served on a variety of public and private company boards over the past ten years, including, Vecima Networks Inc., Consumer Protection BC, Webtech Wireless Inc., Apivio Systems Inc. and Bridges Transitions Inc. Mr. Edmonds holds a degree in finance and is a chartered accountant. Additionally, Mr. Edmonds completed the Executive Development Program at The Kellogg School and has received the ICD.D designation from the Institute of Corporate Directors.

Lori S. Ell, Calgary, Alberta

Ms. Ell has over 25 years of broad-based executive experience working with multi-billion dollar, start-up, and mid-market companies in diverse industries including oil & gas, technology, and food manufacturing. Her most recent position was as President of Agristar Inc, and prior to that, CFO for Quortech Solutions Ltd. Currently, Ms. Ell consults with business leaders to help construct processes for strategic execution. She is also a Chair with TEC-Canada, where she leads a select group of Chief Executive Officers through confidential peer advisory forums and provides one-to-one executive coaching. She sits on several private and not-for profit boards, she holds a Bachelor of Management degree, is a Certified Public Accountant and has also received her ICD.D in Board Governance from the Institute of Corporate Directors.

Ryan J. Levenson, Atlanta, Georgia

Ryan Levenson is the founding principal, managing member and portfolio manager of Privet Fund Management LLC. Prior to founding Privet in 2007, Mr. Levenson served as vice president of business development at MSI, a privately held building products distributor and construction services company. Prior thereto, Mr. Levenson served as a financial analyst for Cramer Rosenthal McGlynn LLC's long/short equity hedge fund. Mr. Levenson sits on the board of directors of Hardinge, Inc. and Great Lakes Dredge and Dock Corp. and holds a bachelor of arts from Vanderbilt University.

Pre-approval Policies and Procedures – Audit and Non-Audit Services

We have adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by RSM US LLP as set forth in the Audit Committee charter, which is reproduced in Appendix "A" to this Annual Information Form. The Audit Committee has approved the provision of a specified list of audit and permitted non-audit services that the Audit Committee believes to be typical, reoccurring or otherwise likely to be provided by RSM US LLP during the current fiscal year. The list of services is sufficiently detailed as to the particular services to be provided to ensure that the Audit Committee knows precisely what services it is being asked to pre-approve and it is not necessary for any member of management to make a judgment as to whether a proposed service fits within pre-approved services.

Auditor Service Fees

The following fees are for services provided by RSM US LLP for the years ended December 31, 2016 and December 31, 2017.

| <u>Type of Service Provided</u> | <u>Year ended December 31, 2016</u> | <u>Year ended December 31, 2017</u> |
|---------------------------------|-------------------------------------|-------------------------------------|
| Audit and Quarterly Review Fees | 287,200 | 229,461 |
| Audit-Related Fees | - | - |
| Tax Fees (compliance related) | 62,400 | 78,500 |
| All Other Fees | 43,110 | 40,814 |
| Total | <u>392,730</u> | <u>348,775</u> |

Audit and quarterly review fees consist of fees for the audit of the Corporation's annual financial statements, including the aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements, which include services that are normally provided in connection with statutory and regulatory filings or engagements and include fees related to the application of International Financial Reporting Standards. Tax Fees consist of the aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning. All Other Fees listed relate to services provided by RSM US LLP in connection with goodwill analysis, setting up AgJunction's subsidiary in China, transfer pricing and unclaimed property.

RISK FACTORS

The following is a summary of certain risk factors relating to our business. The information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. An investment in the Common Shares of the Corporation involves a significant degree of risk. Prospective investors should carefully consider the following factors, together with other information contained in this Annual Information Form.

Market Conditions

In February 2018, the US Department of Agriculture ("USDA") reported total farm cash receipts increased by \$7.8 billion, or 2.2% resulting in an increase in net farm income of \$2.3 billion or 3.7% in 2017 versus 2016. This marks the first year of increases in net farm income since 2013 which resulted in slightly higher sales of new farm equipment (per the Association of Equipment Manufacturers) in the US, which is the Corporation's primary market. Per the USDA, net cash farm income is forecasted to decrease by \$5.1 billion, or 5.0% in 2018 resulting in net farm income decline of 4.3% versus 2017. Cash receipts from crops in 2018 are projected to be down \$1.5 million or 0.8% when compared to 2017 with both corn and wheat receipts projected to finish down, 4.0% and 3.5% respectively. Management views the 2018 fundamentals of its global agriculture markets to be neutral to slightly up with expectations of new machine sales to remain flat to slightly up and existing field equipment sales to be slightly up. Sales are expected to lag slightly behind the agriculture cycle and related upturn due to the Corporation's customer base and mix of machine manufacturers. The outlook for 2019 and beyond is positive, driven by the following key factors: population growth, limited arable land, the need for increased output, and a relatively low global penetration of precision agriculture technologies such as Global Navigation Satellite Systems (GNSS) and autosteering. Should negative conditions arise in any of the key markets in 2018, we could realize lower-than-expected revenues in the impacted market areas and this could affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

Goodwill Impairment

Following a goodwill impairment charge of approximately \$11.3 million that we recognized in the third quarter of 2016, as of December 31, 2016, we had goodwill of \$0.1 million. No goodwill impairments were taken in 2017. Changes to the assumptions in our financial model and our responses to market conditions could result in further goodwill impairment charges which could adversely impact our results of operations. The process of determining the

recoverable amount is subjective and requires management to exercise significant judgement and assumptions. The most significant assumptions underlying the model prepared by management include: revenue, revenue growth, gross margins, operating expenses, income taxes, weighted average cost of capital, and capital expenditures. Significant factors impacting these assumptions include estimates of future market share, competition, technological developments, interest rates and market trends. The assumptions incorporated into the discounted cash flow model reflect management's long-term view of AgJunction's business and the market in which it competes.

Dependence on New Products

We must continue to make significant investments in research and development to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development-stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If we are unable to successfully define, develop and introduce competitive new products, and enhance existing products, our future results would be adversely affected.

Dependence on Key Personnel and Consultants

Our success is largely dependent upon the performance of personnel and key consultants. The unexpected loss or departure of any of the key officers, employees or consultants could be detrimental to our future operations. Our success will depend, in part, upon our ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, research and development, management, and other employees is high in the GNSS, precision steering and machine control industry. There can be no assurance that we will be able to engage the services of such personnel or retain our current personnel. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of our management.

Competition

We are in a highly competitive industry that is constantly evolving and changing. We expect this competition to increase as new competitors enter the market. Many of our competitors have greater financial, technical, sales, and production and marketing resources. We compete with companies that also have established customer bases and greater name recognition. This may allow competitors to respond more quickly and better implement technological developments. There is no assurance that we will be able to compete on the same scale as these companies. Such competition may result in reduced sales, reduced margins or increased operating expenses.

Third-Party Dependence

Many of our products rely on signals from satellites and other ground support systems that we do not own or operate. Such satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites have limited design lives and are subject to damage by the hostile space environment in which they operate. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of the GNSS and/or the growth of current and additional market opportunities, which would adversely affect our results of operations. In addition, there is no assurance that the US government will remain committed to the operation and maintenance of GPS satellites over a long period of time; or, that the policies of the US government for the commercial use of GPS without charge will remain unchanged.

We are also largely dependent on the ability of farmers and agricultural subcontractors known as custom operators to purchase agricultural equipment, which includes our products. Agricultural income levels are affected by agricultural commodity prices and input costs. As a result, changes in commodity prices that reduce agricultural income levels could have a negative effect on the ability of growers and their contractors to purchase our products.

Availability of Key Suppliers

We are reliant upon certain key suppliers for raw materials and components and no assurances can be given that we will not experience delays or other difficulties in obtaining supplies, as a result of trade disputes or other matters. While no single vendor currently supplies more than 10% of the raw materials used by us, the raw materials used in certain operations are available only through a limited number of vendors. Currently, Hemisphere, Honor Tone

Limited, Flextronics International Europe B.V. and Flextronics Technologies Mexico S. de R.L. de C.V. provide over 10% of our direct material purchases used in our operations. Although we believe there are alternative suppliers for most of our key requirements, if our current suppliers are unable to provide the necessary raw materials or otherwise fail to timely deliver products in the quantities required, any resulting delays in the manufacture or distribution of existing products could have a material adverse effect on our results of operations and our financial condition. Further, unusual supply disruptions, such as disruptions caused by natural disasters, could cause suppliers to invoke "force majeure" clauses in their supply agreements, causing shortages of material. Success in offsetting higher raw material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly. If we are not able to fully offset the effects of material availability and costs, financial results could be adversely affected.

We consume significant amounts of raw materials, the costs of which reflect in certain instances market prices for natural gas, oil and other market forces. These prices are subject to worldwide supply and demand as well as other factors beyond our control. Although we are sometimes able to pass such price increases to our customers, significant variations in the cost of raw materials can affect our operating results from period to period.

Intellectual Property

The industry in which we operate has many participants that own, or claim to own, proprietary intellectual property. We have received, and may receive, claims from third parties alleging that the Corporation has infringed the intellectual property rights of others and we have and may in the future commence lawsuits against others who the Corporation believes are infringing upon its rights. Determination of the rights to intellectual property is very complex and costly litigation may be required to establish if we have violated the intellectual property rights of others or if others have violated the Corporation's intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (a) pay substantial damages and third party litigation costs; (b) cease the development, use, sale or importation of products that infringe upon other patented intellectual property; (c) expend significant resources to develop, license or acquire non-infringing intellectual property; (d) discontinue products incorporating infringing technology; (e) obtain licences to the infringing intellectual property; and/or (f) incur legal and other costs. The Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial results.

Climate Change

A major segment of AgJunction's products are sold to participants in the farming industries in the United States, Canada, and Australia and other regions in which AgJunction operates. These industries are vulnerable to the effects of climate change. If climate change has a significantly negative impact on the farming industries in the regions in which we operate, it may have a material adverse effect on our business and financial results. Demand for our products in those regions may be materially adversely affected and the costs of shifting our operational focus to new regions with a larger customer base may be substantial, if such regions can be found at all.

Government Regulation

Our products are subject to government regulation in the United States, Canada, Australia and other regions in which we operate. Although we believe that we have obtained the necessary approvals for the products that we currently sell, we may not be able to obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change or we may not be able to obtain regulatory approvals from countries in which we may desire to sell products in the future.

Credit Risk

We have an increasing exposure to credit risk related to trade balances owing from customers. In the normal course of business, we monitor the financial condition of our customers and review the credit history of new customers to establish credit limits. We establish an allowance for doubtful accounts that corresponds to the credit risk of our customers, historical trends and economic circumstances. Losses could be realized by us if customers default on their balances owing. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Major Customers

In 2017, two customers each individually account for over 10 percent of the Corporation's total revenue. One customer approximates 31% or \$14.2 million of total revenue and is included in Europe, Middle East and Africa ("EMEA") geographic region. The second customer approximates 25% or \$11.6 million of total revenue and is included in the Americas geographic region. In 2016, one customer accounted for 26% or \$10.9 million of total revenue included in the EMEA geographic region and another accounted for 23% or \$9.6 million of total revenue included in the Americas geographic region. If any one of these customers ceases to be a customer for our products, this could have an adverse effect on our revenues.

Technology Risk

Our success in the agricultural machine control market may depend in part on our ability to develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end-user preferences and requirements. Our products embody complex technology that may not meet those standards, changes and preferences. We may be unable to successfully address these developments on a timely basis or at all. Failure to respond quickly and cost-effectively to new developments through the development of new products or enhancements to existing products could cause us to be unable to recover significant research and development expenses and could reduce our revenue.

Future Acquisitions

We may seek to expand our business and capabilities through the acquisition of compatible technology, products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on favourable terms, or that the acquired operations can be profitably operated or integrated in our operations. In addition, any internally generated growth experienced by us could place significant demands on our Management, thereby restricting or limiting our available time and opportunity to identify and evaluate potential acquisitions. To the extent Management is successful in identifying suitable companies or products for acquisition, we may deem it necessary or advisable to finance such acquisitions through the issuance of Common Shares, securities convertible into Common Shares, debt financing, or a combination thereof. In such cases, the issuance of Common Shares, First or Second Preferred Shares or convertible securities could result in dilution to the holders of Common Shares at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result in, among other things, the encumbrance of certain of our assets, impeding our ability to obtain bank financing, decreasing our liquidity, and adversely affecting our ability to declare and pay dividends to our shareholders.

Proprietary Protection

Our success will depend, in part, on our ability to obtain patents, maintain trade secrets and unpatented know-how protection and to operate without infringing on the proprietary rights of third parties or having third parties circumvent our rights. We rely on a combination of contract, copyright, patent, trademark and trade secret laws, confidentiality procedures and other measures to protect our proprietary information. There can be no assurance that the steps taken will prevent misappropriation of our proprietary rights. Our competitors could also independently develop technology similar to our technology. Although we do not believe that our products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against us, or that any such assertions or prosecutions will not materially adversely affect our business, financial condition or results of operations. Irrespective

of the validity or the successful assertion of such claims, we could incur significant costs and diversion of resources with respect to the defence thereof, which could have a material adverse effect on our business.

Additional Funding Requirements

The Corporation's cash flow from its operations may not be sufficient to fund its ongoing activities at all times and from time to time, the Corporation may require additional financing in order to carry out its activities. Failure to obtain financing on a timely basis could cause the Corporation to miss certain acquisition opportunities and reduce or terminate its operations. Due to global economic and political volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs.

To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing operations may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's business may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing shareholders

Foreign Currency Exchange Rate Fluctuations

Sales of our products are transacted primarily in US dollars. Expenses are incurred in US dollars, Australian dollars, Canadian dollars, Chinese RMB and European euro and currencies of non-European Union members, and as a result, we are exposed to risk associated with those currency fluctuations.

The majority of our sales are denominated in US dollars. A stronger US dollar, compared to the currencies of countries where AgJunction is selling its products, makes our products more expensive to customers in those countries. As a result, a strengthening US dollar could have a negative impact on sales to such countries. As our operations are expanding with increased global sales, it is expected that it may be necessary to transact sales in foreign currencies other than US dollars, thus exposing us to additional foreign currency risk.

Political Uncertainty

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During the 2016 presidential campaign a number of election promises were made and the new American administration has begun taking steps to implement certain of these promises. The administration has announced withdrawal of the United States from the Trans-Pacific Partnership and Congress has passed sweeping tax reform, which, among other things, significantly reduces US corporate tax rates. This may affect competitiveness of other jurisdictions, including Canada. The North American Free Trade Agreement is currently under renegotiation and the result is uncertain at this time. The administration has also taken action with respect to reduction of regulation which may also affect relative competitiveness of other jurisdictions. It is unclear exactly what other actions the new administration in the United States will implement, and if implemented, how these actions may impact the United States and Canada and in particular our industry. Any actions taken by the new United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian companies, including the Corporation.

In addition to the political uncertainty in the United States, the citizens of the United Kingdom recently voted to withdraw from the European Union and the Government of the United Kingdom has taken steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, operations, financial conditions and the market value of the Common Shares.

Conflicts of Interest

Certain of our directors may be serving as directors of our suppliers or competitors and some are engaged and will continue to be engaged in the design, manufacture and marketing of electronic products and situations may arise where the directors may be in direct competition with our business. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with us to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Product Liability

The sale and use of our products entail risk of product liability. Although we have product liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

New and Emerging Markets

Many of the markets for our products are new and emerging. Our success will be significantly affected by the outcome of the development of these new markets.

Physical Facilities

We have facilities at several different locations, as well as component inventory, finished goods and capital assets at third-party manufacturing facilities. Tangible property at each location is subject to risk of fire, earthquake, flood and other natural acts of God. In the event of such events or acts, there could be delays in production and shipments of product due to both the loss of inventory and/or capacity to produce.

Litigation

In the normal course of the Corporation's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to personal injuries, including resulting from property damage, property taxes, patent infringement and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation, and as a result, could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse affect on the Corporation's financial condition.

Volatility of Market Price of Common Shares

The market price of our Common Shares may be volatile. This volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by us or by our competitors, along with a variety of additional factors, including, without limitation, those set forth in this "*Risk Factors*" section or in the section titled "*Special Note Regarding Forward Looking Statements*".

Dilution

We may make future acquisitions or enter into financings or other transactions involving the issuance of Common Shares of the Corporation which may be dilutive to current and future holders of our Common Shares.

Forward Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on forward looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on risks, assumptions and uncertainties are found in the section "*Special Note Regarding Forward Looking Statements*".

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of this Corporation. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Income Taxes

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, such reassessment may have an impact on current and future taxes payable.

Technology Failures or Cyber-Risks

We rely on information technology systems to process, transmit and store electronic information. In addition, a significant portion of internal communications, as well as communication with customers and suppliers depends on information technology. Further, certain of our products depend upon GPS and other systems through which our products interact with government computer systems and other centralized information sources. The Corporation is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Cyber risks may be deliberate attacks for the theft of intellectual property or other sensitive information or may be the result of unintentional events. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations, disruption to our business activities or our competitive position. The Corporation applies technical and process controls in line with industry-accepted standards to protect our information assets and systems; however these controls may not be adequate or implemented properly to prevent cyber-security breaches and to ensure that our operations are not disrupted. Potential consequences of a material cyber incident include damage to our reputation, litigation and increased cyber security protection and remediation costs. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations. The Corporation uses an external specialist to run both intrusion detection system and intrusion prevent system analysis which then takes actions based on received results. The Corporation is developing an incident response plan.

Growth Management

The Corporation may be subject to growth related risks including pressure on its internal systems and controls. The ability of the Corporation 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 Corporation to deal with this potential growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are not aware of any proceeding that involves a claim for damages, exclusive of interest and costs, of more than ten percent of our current assets. We are not aware of any (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority in the year ended December 31, 2017; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2017.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans, as applicable, is contained in our information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in our financial statements and management discussion and analysis for the year ended December 31, 2017, which are available on SEDAR at www.sedar.com and are set forth in our 2017 Annual Report. Documents affecting the rights of security holders, along with additional information relating to us, may also be found on SEDAR at www.sedar.com.

APPENDIX "A"

Audit Committee Mandate

1. **Establishment of Audit Committee:** The board of directors (the "**Board**") hereby establishes a committee to be called the Audit Committee (the "**Committee**").
2. **Membership:** The Committee shall be composed of three members or such greater number as the Board may from time to time determine, of whom the majority shall be "independent" directors as defined in National Instrument 52-110 – Audit Committees. Members shall be appointed periodically from among the members of the Board.
3. **Mandate:** The Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to the following:
 - (a) gain reasonable assurance that risk management, Board risk oversight and internal control systems are in place and monitor their effectiveness, including those risks that could affect the reliability of financial reporting;
 - (b) the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (c) the independence, selection, compensation, and performance of the Corporation's external auditors;
 - (d) adequate communication among the external auditors, management and the Board, including the resolution of disagreements between management and the external auditors regarding financial reporting;
 - (e) compliance with legal and regulatory requirements; and
 - (f) ensure that effective procedures are in place for the anonymous submission, receipt, retention and treatment of complaints and concerns regarding accounting, internal control and auditing matters.
4. **Authority:** The Committee has the authority to:
 - (a) conduct any investigation appropriate to fulfilling its responsibilities;
 - (b) approve, on behalf of the Board, the Corporation's quarterly financial results and related documents, including the quarterly press releases and MD&A prior to their release;
 - (c) have direct access to the external auditors as well as anyone in the organization; and
 - (d) retain, at the Corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.
5. **Duties and Responsibilities**
 - (a) Accounting Policies:
 - (i) review the appropriateness of accounting policies to ensure completeness and acceptability with IFRS as part of the approval of the financial statements;
 - (ii) review with management and the external auditor any significant changes to the

Corporation's accounting policies that might be material to financial reporting prior to their adoption; and

- (iii) review with management and the external auditor the extent to which changes or improvements in financial or accounting practices, as previously reported to the audit committee, have been implemented.

(b) Financial Information and Reporting:

- (i) review the Corporation's annual audited financial statements and related documents, including the press release and MD&A, prior to filing or distribution and recommend their approval by the Board. Review should include discussion with management and external auditors of significant issues regarding accounting policies, practices, and significant management estimates and judgments;
- (ii) review with financial management and the external auditors, and approve, the Corporation's quarterly financial results and related documents, including the quarterly press releases and MD&A, prior to the public release;
- (iii) review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas; and
- (iv) review issues related to liquidity, plans for treasury operations, all material off-balance-sheet transactions, contingent liabilities and transactions with related parties.

(c) External Auditor:

- (i) following completion of the annual audit, review separately with each of management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (ii) facilitate the resolution of any significant disagreements among management and the external auditors in connection with the preparation of the financial statements;
- (ii) the external auditors are ultimately accountable to the Committee and the Board, as representatives of the shareholders. The Committee shall be responsible for the selection, appointment, compensation, retention, termination and oversight of the external auditors and in such regard recommend to the board the nomination of the external auditor for approval by the shareholder;
- (iii) on an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the auditors' independence;
- (iv) review the external auditors' audit plan - discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach;
- (v) approve all non-audit services to be provided to the Corporation by the external auditors' firm, prior to such services being performed;
- (vi) meet regularly with the external auditors in the absence of management to determine that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (vii) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present or former auditors;

- (viii) when there is to be a change in external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - (ix) ensure the significant findings and recommendations made by the external auditors and management's proposed responses are received, discussed and appropriately acted on.
- (d) Internal Controls:
- (i) periodically, in consultation with management and external auditors, consider the effectiveness of internal and disclosure controls as they relate to the Corporation's financial reporting processes. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures; and
 - (ii) approve the Chair of the Board and the Chief Executive Officer expenses to ensure compliance with the Corporation's expense policy.
- (e) Risk Oversight:
- (i) review risk management policies and procedures of the Corporation, including litigation and insurance coverage;
 - (ii) review enterprise risk and in doing so, recognizing the responsibilities delegated to other committees by the Board and understanding that the other committees may emphasize specific risk monitoring through their respective activities;
 - (iii) review the development and implementation of appropriate systems to identify, monitor and mitigate significant business risks; and
 - (iv) endeavour to implement an effective system for the Board to approve, in conjunction with executive management, risk tolerances and appetites for strategic objectives.
- (f) Laws & Regulations:
- (i) on at least an annual basis, review with the Corporation's counsel any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and
 - (ii) Review the status of the Corporation's tax returns and those of its subsidiaries.
- (g) Personnel:
- (i) annually consider and satisfy itself of the appropriateness of the expertise and experience of the CFO and the adequacy of the resources of the finance function; and
 - (ii) review financial and accounting personnel succession planning within the organization.
- (h) Other:
- (i) annually review the Committee's Mandate;
 - (ii) periodically assess the effectiveness of the Committee against its Mandate and report the results of the assessment to the Board;

- (iii) annually review a summary of all related party transactions and potential conflicts of interest;
- (iv) review the confidential, anonymous submission of employees of the Corporation, received from the whistleblowing hotline, of concerns regarding questionable accounting, internal accounting controls, or audit matters; and
- (v) perform any other activities consistent with this Mandate, the Corporation's By-laws, and governing laws that the Board or Auditor Committee determines are necessary or appropriate.