FISCAL 2013

ANNUAL INFORMATION FORM

Dated April 24, 2013

Fiscal Year Ended January 31, 2013
Terrebonne, Quebec, Canada

ADF Group Inc.

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1. DATE OF INFORMATION

Unless otherwise indicated, the information contained in this Annual Information Form ("AIF") is effective as at January 31, 2013. This Annual Information Form sets forth the results for the fiscal years ended January 31, 2013, 2012 and 2011.

2. ADVISORY CAUTION

Certain statements in this Annual Information Form are forward-looking information within the meaning of applicable Canadian securities legislation. These statements relate to the Corporation's future operations, economic performance, financial conditions and financing plans, business strategy, measures to implement such strategy, competitive strengths, goals, expansion plans and the Corporation's expectations for industry growth.

Whether actual results and future development will conform with the Corporation's expectations and forecasts, is subject to a number of known and unknown risks and uncertainties, including the risk factors described in Section 5.10 "Description of Business – Risks and Uncertainties" in this Annual Information Form. These factors, among others, could cause actual results to differ from those expressed in any forward-looking information.

Although the forward-looking information appearing in the present AIF is based on what the Corporation judges to be reasonable assumptions, the Corporation cautions the investors regarding forward-looking information since its actual results could differ from those expressed or implied in forward-looking information. Certain assumptions made in the preparation of the forward-looking information include, notably, that the exchange rate between the Canadian and American currencies will negotiate in a restricted range, that the schedules of the ongoing contracts will be respected and that the required plant and construction site labour will be available.

Consequently, these cautionary statements qualify all forward-looking statements made in this AIF.

The Corporation disclaims any intention or obligation to update or revise the forward-looking information in this Annual Information Form whether as a result of new information, future events or otherwise, except where required by law.

3. CORPORATE STRUCTURE

3.1 Name and Incorporation

ADF Group Inc. ("ADF Group", "ADF" or the "Corporation"), whose origins date back to 1956, was incorporated on October 22, 1979 under the Canada Business Corporations Act, under the corporate name "Les Entreprises El Drago Ltée". On August 5, 1998, the Corporation changed its corporate name to "ADF Group Inc."

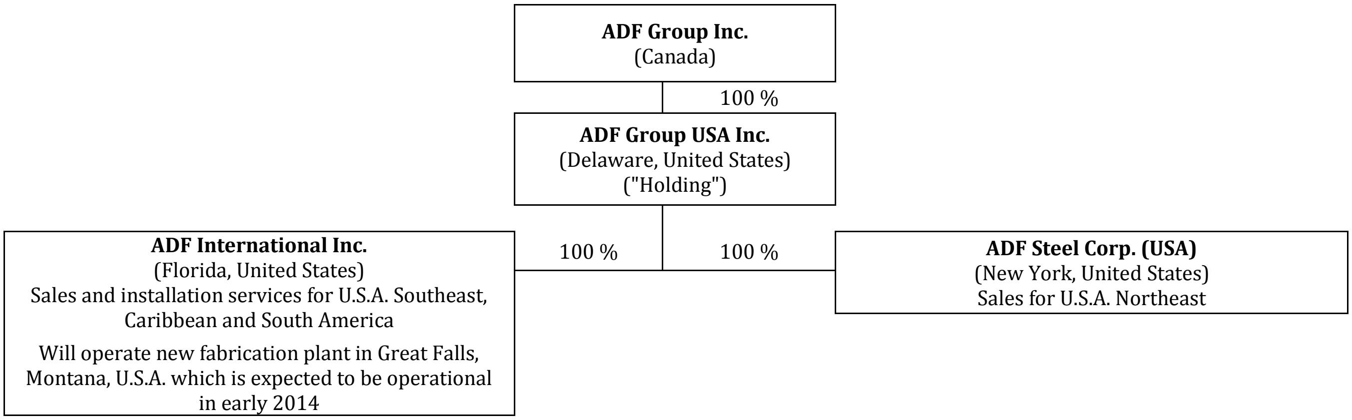
On April 1, 1999, in order to proceed with an initial public offering, the Corporation filed articles of amendment to eliminate certain private-company restrictions.

On July 7, 1999, the authorized share capital of the Corporation was modified to an unlimited number of Subordinate Voting Shares carrying one (1) vote per share ("Subordinate Voting Shares") and an unlimited number of Multiple Voting Shares carrying 10 votes per share ("Multiple Voting Shares "), both classes of shares being without par value, as well as an unlimited number of preferred shares without par value, issuable in series ("Preferred Shares"). As a result thereof, all outstanding common shares of the Corporation were converted into Multiple Voting Shares. For tax purposes, a stock dividend on the Multiple Voting Shares was also declared and paid on July 7, 1999.

The Corporation's registered office and principal place of business are located at 300 Henry-Bessemer, Terrebonne, Quebec, Canada J6Y 1T3.

3.2 Inter-Corporate Relationships (Corporate Organizational Chart)

The following chart presents the Corporation and its principal subsidiaries on January 31, 2013, by indicating the jurisdiction of constitution of each entity, the percentage of voting rights held in each subsidiary as well as a short description.



4. GENERAL DEVELOPMENT OF BUSINESS

4.1 Corporate Profile

From a blacksmith shop founded in 1956, ADF Group has become over the years a North American leader in the design and engineering of connections, fabrication and installation of complex steel superstructures, heavy steel built-ups, as well as miscellaneous and architectural metalwork. The Corporation's products and services are intended for the following five principal segments of the non-residential construction market: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes and nuclear facilities, as well as transport infrastructures. The Corporation operates a modern 58,530-square-metre (630,000-square-foot) fabrication plant in Canada and uses the latest technologies in its industry. In early 2014, the Corporation will inaugurate a new 9,290-square-metre (100,000-square-foot) state-of-the-art structural steel fabrication plant in Montana, U.S.A.

A pioneer in the development and implementation of innovative solutions, the Corporation is recognized for its engineering expertise, its project management, its important fabrication capacity and its skills in two specialized market niches: the fabrication of steel superstructures with a high level of architectural and geometric complexity, as well as projects subject to fast-track schedules.

Its commitment to deliver every project in accordance with the industry's highest quality standards constitutes a core aspect of the Corporation's mission.

4.2 General History

Until the early 1980s, the Corporation specialized in the production of wrought-iron products, primarily for the residential construction market in Quebec.

In 1980, the founder passed the control of the Corporation to the next generation of Paschinis. The new management refocused its operations on the production of structural steel for the non-residential construction industry in Quebec and Ontario, and developed its expertise in increasingly complex steel structures and architectural metal work.

In the 1990s, the Corporation started extending its presence to the North American and international markets. The Corporation first targeted the Southeastern U.S. market where it established a sales office in Florida, in 1992. Since then, the United States became the main market of the Corporation, which also carried out several projects abroad, namely in South America, North Africa and the Caribbean.

4.3 Corporation's History Over the Last Three Fiscal Years

4.3.1 Fiscal Year Ended January 31, 2011

a) Use of Additional Financing

On February 11, 2010, to finance a portion of the investment program to acquire additional production equipment, including, notably, two overhead cranes having a lifting capacity of 50 tons each, and to re-engineer one of the fabrication bays for the production of oversized steel components, the Corporation used an additional US$4.2 million financing from its principal long-term lender. The terms and conditions of this additional financing targeted by the amendment are essentially the same as those of the financing in place, in particular with regard to the interest rate and the monthly instalments, only the repayment schedule of which will be extended for a 21-month period. In addition to the universal guarantee on the building and on specific equipment, the long-term lender has a specific guarantee on the new equipment acquired as part of this new investment program. During the guarantee provisioning period in the fall of 2009, the monthly repayments were subject to a moratorium. The US$0.2 million monthly instalments resumed on March 1, 2010.

b) Renewal of Normal Course Issuer Bid on Subordinate Voting Shares

The Corporation has obtained the approval of its Board of Directors and the Toronto Stock Exchange to renew its normal course issuer bid ("NCIB"). Accordingly, on April 15, 2010, the Corporation announced its intention to redeem, over a 12-month period ending no later than April 18, 2011, for cancellation purposes, up to 1,940,000 subordinate voting shares, representing approximately 10% of this class of shares held by the public and outstanding. As of January 31, 2011, the

Corporation had redeemed, through the Toronto Stock Exchange mechanisms and in compliance with its requirements, all of its 1,940,000 Subordinate Voting Shares under the NCIB, for a net consideration of $3.7 million, representing an average price of $1.93 per share.

c) **Resignation of the Chief Financial Officer**

On March 17, 2010, the Corporation announced that Mr. Louis Potvin, CA, would be stepping down as Chief Financial Officer on April 23, 2010. The Corporation took steps to fill the position of Chief Financial Officer and retained an executive search firm to that end. The recruitment of a new Chief Financial Officer was overseen by the Corporation's Compensation, Nominating and Corporate Governance Committee of the Board of Directors, together with the Corporation's Management.

d) **Appointment of a New Chief Financial Officer**

The position of Chief Financial Officer has been filled by Mr. Jean-François Boursier, CPA, CA, who took office on September 15, 2010. During the interim period, the position's responsibilities were assumed by Ms. Marise Paschini, Executive Vice-President, Treasurer and Corporate Secretary of the Corporation, with the support of the Corporation's internal team of seasoned professionals.

e) **Foreign Currency Hedge**

On January 31, 2011, the residual commitments on the foreign exchange contracts totalled US$16.5 million (US$17 million on January 31, 2010), at an average conversion rate of CA$1.0502 for US$1.00 (CA$1.1224 at January 31, 2010). These commitments represented a foreign currency hedge of about 25% of the net risk between the future cash inflows and outflows denominated in U.S. dollars in regard to the order backlog in hand for the fiscal year ended January 31, 2012. These forward exchange contracts matured as follows: US$7.5 million in April 2011, US$7.5 million in July 2011, and US$1.5 million in October 2011.

f) **Order Backlog**

ADF Group's order backlog totalled $67.0 million on January 31, 2011, compared with $116.0 million on the same date a year earlier. This decrease, compared with January 31, 2010, is attributable to the execution of contracts, net of contractual change orders. As at January 31, 2011, 73% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 63% in 2010.

g) **Renewal of the Credit Facility**

The $10 million operating credit facility was renewed on October 20, 2010, essentially under the same terms and conditions.

4.3.2 Fiscal Year Ended January 31, 2012

a) **Order Backlog**

ADF Group's order backlog totalled $48.0 million on January 31, 2012, compared with $67.0 million on the same date a year earlier. This decrease, compared with January 31, 2011, is attributable to the execution of contracts, net of contract changes and new contracts. On March 9, 2011, the Corporation announced the award of additional work worth a total of US$23.0 million at the World Trade Center ("WTC") in New York, U.S.A. These new mandates included the design and engineering of connections, fabrication and delivery to site of additional heavy steel built-up components, for the different projects being carried out by ADF in New York.

During that fiscal year, given the general economic context, ADF maintained a cautious approach to markets. Nonetheless, the Corporation sought to increase its Terrebonne plant's utilization rate, and thus obtained a certain number of new contracts during fiscal 2012.

As at January 31, 2012, 77% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 73% in 2011.

b) **Dividend Policy**

During the fiscal year ended January 31, 2012, the Corporation's Board of Directors approved a dividend policy, payable semi-annually. Consequently, a semi-annual dividend of $0.01 per Subordinate And Multiple Voting Share (totalling $0.7 million) was paid on May 16, 2011 and October 17, 2011 to shareholders of record on April 29, 2011 and September 22, 2011 respectively (see Section 6 "Dividend Policy" of this AIF).

c) **Normal Course Issuer Bid**

On October 3, 2011, the Corporation announced that it had renewed its NCIB under which it is able to repurchase, for cancellation purposes, up to 1,773,241 of its Subordinate Voting Shares during the period from October 6, 2011 to October 5, 2012. These 1,773,241 shares represent approximately 10% of the public float of subordinate voting shares. As at January 31, 2012, the Corporation repurchased, under this NCIB, 330,000 of its Subordinate Voting Shares, at a weighted average price of $1.33 per share, for a net cash consideration of $0.4 million.

d) **Development Project in Western Canada**

During the fourth quarter of the 2012 fiscal year, the Corporation announced the postponement of its development project in Western Canada, following the provincial and municipal bodies' refusal to meet ADF's minimum requirements. For the past 18 months ADF Group was negotiating with the Province of Manitoba and the City of Winnipeg to purchase an industrial lot in order to co-build a new 9,290-square-metre (100,000-square-foot) fabrication plant. This investment was subject to a due diligence review including, among others, environmental remediation satisfactory to ADF Group. Consistent with its responsible management, the Corporation decided to terminate these negotiations and analyze other options to extend its coverage of the markets in Western Canada.

e) **Credit Facility**

The credit facility was renewed in November 2011. The credit facility is not based on margination of the lending value, when the order backlog totals more than $50,000,000. However, if the order backlog is below $50,000,000, a monthly calculation based on contracts receivable and inventories, which may limit the amount of the credit facility, is applied. To this effect, as at January 31, 2012, the available credit facility was $7,500,000. This credit facility, at the option of the Corporation, bears interest at the bank's prime Canadian rate without mark-up or at the banker's acceptance rates plus 1.50% or at the US$ LIBOR rate plus 1.50%. This credit facility is secured by inventories and contracts receivable, excluding holdbacks receivable.

This agreement is renewable annually. During the fiscal years ended January 31, 2012, 2011 and 2010, no amount was drawn from this credit facility. Under the terms of this credit facility, the Corporation is subject to certain covenants and the respect of financial ratios, which were all respected as at January 31, 2012.

4.3.2 Fiscal Year Ended January 31, 2013

a) **New orders and Order Backlog**

On July 26, 2012, the Corporation announced the award of three new contracts totalling close to $19.0 million. The largest of these contracts concerns the fabrication of the steel structure of a plant in Northern Alberta for a company specializing in the petroleum industry.

On December 6, 2012, ADF announced the award of two new contracts worth a total of $8.7 million for the fabrication and installation of the steel structure of the new amphitheatre in Trois-Rivières, Quebec. On that same day, ADF announced the renewal of its normal course issuer bid, under which it is authorized to repurchase, for cancellation purposes, from December 11, 2012 to December 10, 2013, up to 1,552,731 of its subordinate voting shares.

ADF Group's order backlog totalled $34.0 million on January 31, 2013, compared with $48.0 million on the same date a year earlier. This decrease compared with January 31, 2012 is attributable to the execution of contracts, net of contract changes and new contracts.

As at January 31, 2013, 61% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 77% on January 31, 2012. Most of the contracts in hand as at January 31, 2013 will be progressively executed between now and the third quarter of the 2014 fiscal year.

b) **World Trade Center Project Dispute Dispute Settlement**

On October 23, 2012, ADF announced that it had settled a dispute opposing it to WTC Tower 1 LLC, an assignee of 1 World Trade Center LLC owned by the Port Authority of New York and New Jersey. This settlement followed the complaint received from WTC Tower 1 LLC, against the Corporation's subsidiary ADF Steel Corp. with respect to its World Trade Center ("WTC") project, under which the plaintiff alleged that ADF Steel Corp. had breached certain contractual obligations by refusing to ship certain steel parts for the project until certain payments were made. The dispute was settled to the satisfaction of the different parties involved, including ADF.

c) **New Structural Steel Fabrication Plant in the United States**

On November 5, 2012, following its Board of Directors' approval, the Corporation announced an investment estimated at US$24.0 million to build a new 9,290-square-metre (100,000-square-foot) structural steel fabrication plant on a 100-acre industrial lot located in Great Falls, in Montana, U.S.A. This new complex, which will be operational in early 2014, will also be fitted out with a large structural steel fabrication and pre-assembly yard, which will be adjacent to the new plant.

d) **Normal Course Issuer Bid**

The normal course issuer bid ("NCIB") described in paragraph 4.3.2 c) hereinabove expired on October 5, 2012. During the fiscal year ended January 31, 2013, the Corporation repurchased, under the aforesaid NCIB, 9,600 of its subordinate voting shares for a net cash consideration of $12,000.

On December 6, 2012, the Corporation announced the renewal of its NCIB under which it is able to repurchase, for cancellation purposes, up to 1,552,731 of its subordinate voting shares between December 11, 2012 and December 10, 2013.

During the fiscal year ended at January 31, 2013, the Corporation repurchased, under this new NCIB, 8,970 of its subordinate voting shares for a net cash consideration of $11,000.

e) **Credit Facility**

The credit agreement was renewed in August 2012. Under this agreement, the Corporation has access to a credit facility of up to $10,000,000. This credit facility is not based on margination of the lending value, when the order backlog totals more than $50,000,000. However, if the order backlog is below $50,000,000, a monthly calculation based on contracts receivable and inventories, which may limit the amount of the credit facility, is applied. To this effect, as at January 31, 2013, the available credit facility was $9,900,000 and $7,500,000 as at January 31, 2012 and no amount was drawn on it during these two fiscal years. This credit facility, at the option of the Corporation, bears interest at the bank's prime Canadian rate without mark-up or at the banker's acceptance rates plus 1.50% or at the US$ LIBOR rate plus 1.50%. This credit facility is secured by inventories and contracts receivable, excluding holdbacks receivable.

In addition, this credit agreement also provides the Corporation access to an amount of $10,000,000 that can be used for the issuance of letters of credit, of which a balance of $3,070,500 was issued as of January 31, 2013 (nil as at January 31, 2012).

This credit agreement is renewable annually. Under the terms of this credit facility, the Corporation is subject to certain covenants and the respect of financial ratios, which were all respected as at January 31, 2013.

4.4 Events That Occurred After January 31, 2013

a) **Authorization Under Bill 1 Concerning The Integrity In Public Contracts**

On March 13, 2013, ADF announced that it was the first company to receive from the *Autorité des marchés financiers* the authorization now required under the new provincial Bill 1 concerning integrity in public contracts. This new authorization is mandatory for all companies wishing to work on any public construction or services contract of $40.0 million or up. The authorization is valid for a three-year period and is subject to certain conditions.

b) **New Order**

On March 20, 2013, the Corporation announced the award of a major contract totalling $46.6 million for the fabrication and the installation of the steel structure of the new multipurpose amphitheatre to be built in Quebec City. This prestigious contract will be delivered by the second quarter of the 2015 fiscal year.

c) **Dividend**

On April 10, 2013, the Corporation's Board of Directors approved a semi-annual dividend of $0.01 per share, payable on May 17, 2013 to shareholders of record as at April 30, 2013.

d) **Commitments for the Purchase of Property, Plant and Equipment**

As previously mentioned in Section 4.3.3 c) "New Structural Steel Fabrication Plant in the United States", since January 31, 2013, the Corporation is committed under its new development project in Montana, U.S.A, for the purchase of fabrication equipment for its future structural steel fabrication plant, totalling $3,309,000, which will be entirely disbursed during the fiscal year ending January 31, 2014.

4.5 Outlook for the Current Fiscal Year (Ending January 31, 2014)

ADF Group's plan to establish a fabrication plant in Great Falls, Montana announced in November 2012 (further described in Section 4.3.3 c) hereinabove) will allow the Corporation to expand its geographical footprint.

Since the beginning of the 2014 fiscal year, ADF reinforced its sales team to increase its Terrebonne plant's order backlog, while also developing new markets and customer base for its new fabrication plant in Great Falls, Montana, which is expected to be operational in early 2014. As mentioned in Section 4.4. "Events That Occurred After January 31, 2013", the recently announced developments are steps in that direction. The Corporation is encouraged by the current trends and considers that other development projects will materialize in the months to come that will provide it with new momentum. While carrying out its important investment project, ADF Group will remain focused on its primary objective which is to promote sustainable and profitable growth of its operations, backed a prudent and rigorous management.

5. DESCRIPTION OF BUSINESS

5.1 Products and Services

ADF provides connections design and engineering, fabrication and installation services for complex steel structures, heavy built-ups, and miscellaneous and architectural metalworks to the non-residential construction industry, mostly in the United States and Canada. Used as the main structural component in building construction, structural steel, heavy steel components, as well as architectural and miscellaneous metalworks, have been at the core of the Corporation's activities since the early 1980s, and still generate its main revenues.

The following is a brief description of a typical project at ADF.

a) **Project Valuation and Bidding**

The first stage is to identify those projects that meet the criteria established by management relative to schedule and profitability. Based on the plans and specifications of targeted projects, the Corporation's estimators are able to rapidly identify the critical characteristics of the project and to propose more efficient and less costly alternatives, and even identify and resolve potential issues at this preliminary stage.

The project plans are analyzed using software developed in-house in order to prepare the bid, assess the costs and plan production.

In some cases, clients invite the Corporation, even before the bidding process starts, to help them assess the structural steel connections design and engineering, fabrication and installation costs, which provides the Corporation with an advantage when bidding on the project.

b) **Coordination and Design**

A project manager is appointed to the project once it has been awarded in order to supervise the following operations (when contractually required):

— Obtaining of the clients' bonds and other necessary insurance policies to reduce the projects' financial risks;

— Planning and coordination of purchases, connections design and shop drawings, production and installation; and

— Coordination of engineering and drawing of structural steel components and connections is done in close collaboration with the client's professionals to optimize them; to that end, the Corporation uses the 3D software X-Steel (Tekla Structures).

c) **Fabrication and Project Management**

The fabrication of steel structures is carried out in the Corporation's fabrication plant in Terrebonne, Quebec. The plant has five (5) production lines outfitted with state-of-the-art equipment, enabling the Corporation to optimize the use of raw materials (steel) and the overall production process, which minimizes the handing of fabricated steel components.

Each of the Corporation's projects is supervised by a project manager. When installation services are included in the contract, the project manager works in close collaboration with the site supervisors.

d) **Installation**

In addition to its integrated connections design and engineering and fabrication services, the Corporation also offers its installation services in certain targeted markets. Installation teams are composed of experienced supervisors who are permanent employees of the Corporation, as well as a local labour force hired specifically on a project-by-project basis. The Corporation occasionally contracts out the installation portion to experienced subcontractors.

e) **Quality Control**

The Corporation remains at all times committed to providing high-quality services and products. This commitment is reflected in the superior quality of ADF's products and the training it provides to all personnel involved in the key stages such as the connections design and engineering, fabrication and installation of structural steel. At the design stage, drawings are prepared with the assistance of a three-dimensional design software application and each drawing is then verified. On the basis of these computerized drawings, the structural steel components are prepared by semi-automated equipment.

With each stage of fabrication, the components are validated by a duly certified inspector. Following the final inspection, the steel components are identified and delivered to the construction site in accordance with the contractual requirements. ADF's commitment to total quality is based on a planned and structured approach to all its operations, especially those having an impact on the quality of its products and services.

ADF has had ISO 9001 certification for its Terrebonne facilities since 1999. ADF also complies with the Major Steel Bridge - Fracture Critical with Paint Endorsement and Standard for Steel Building Structures certifications from the American Institute of Steel Construction ("AISC"). These certifications allow the Corporation to qualify for practically any structural steel project in North America and abroad. The Corporation is also recognized by the Canadian Welding Bureau according to Division 1.

f) **Contract Execution and Billing**

Execution of the contracts generally ranges over a period of 6 to 18 months. The Corporation's contracts are primarily based on fixed prices. It is common nowadays to see clients financing the cost of raw materials (steel). Billing is generally done monthly based on the advancement of the work and certain specific expenses incurred such as engineering work, drawings or the purchase of steel.

The Corporation also tends to regularly invoice the costs incurred as a result of changes or additions required by the client during the course of the project. Invoices are generally payable by the clients within 15 to 60 days.

The Corporation attempts to provide in its bids for terms of payment aimed at minimizing the volume of work in progress not billed. However, in a large number of projects, clients retain a portion of the invoiced amounts (usually between 5% and 10%), which is released as per milestones established in the contract. For public sector projects, in order to protect its receivables, the Corporation generally benefits from a payment bond issued by a recognized insurance corporation. In the case of private sector projects, in addition to such bonds, the Corporation generally benefits from a lien on the property.

5.2 Principal Markets

ADF serves a diversified client base in the non-residential construction industry (commercial, institutional, industrial and public segments):

- — General construction contractors;
- — Project owners;
- — Engineering firms and project architects;
- — Structural steel erectors; and
- — Other steel structure fabricators.

Over the last several years, ADF Group has earned a solid reputation for its capacity to deliver on time and within budget, allowing it to build long-term relations with its clients and partners. To date, it has established business relationships with contractors and world-class engineering firms that are among the leaders in North America.

Being increasingly recognized for the quality, efficiency and reliability of its services represents a significant advantage for the Corporation in the selection process, especially when the projects involved are highly complex and subject to fast-track schedules. In fact, a number of clients with whom ADF has previously done business, award it new contracts subsequently.

Since 1992, the Corporation has considerably diversified its geographic and segmented markets. By broadening its potential pool of projects, ADF can be increasingly selective in its bidding strategy, targeting projects not only based on their geographic location, but also their expected profitability and risk level. Because of the Corporation's ability to meet the demand in certain markets and the size of the projects it carries out, its sales in one geographic or segmented market may fluctuate from year to year.

During the fiscal year ended January 31, 2013 70% of the Corporation's revenues were realized with three (3) clients, who each accounted for 10% or more of the Corporation's revenues. Although the Corporation attempts to limit the concentration of its revenues, given the nature of its activities and market, its revenues are likely to remain concentrated among a restricted number of clients in upcoming quarters.

The table below indicated the geographic breakdown of the Corporation's revenues for the 2012 and 2013 fiscal years.

Fiscal years ended January 31,	**2013**	2012
(In thousands of $CA)	**$**	$
Revenues		
— Canada	**19,056**	6,371
— United States	**22,356**	42,060
	41,412	48,431

In order to pave the way for its future development, ADF also looks for business opportunities in certain targeted international markets in order to capitalize on its competitive advantages, specifically its expertise in engineering, in project management and in fabrication.

5.3 Steel Procurement and Other Products and Services

The Corporation's steel procurement strategy is to obtain the lowest possible prices and to purchase steel in optimal volumes according to its needs. After a contract has been awarded, the Corporation purchases its steel supplies on the basis of the price lists provided by steel mills as well as rolling schedules which provide the necessary information as to product availability, and through bid solicitations, which describe the specific requirements of the project to such mills.

The Corporation purchases steel on a project-by-project basis. In general, most of the Corporation's steel supply comes from mills. When the Corporation obtains its steel supplies directly from mills, its procurement costs are lower than when it obtains such supplies from steel distributors. However, when fabrication schedules are too tight or when changes are made to a project while the work is in progress, the Corporation obtains its supplies from local steel distributors.

Since the Corporation procures its supplies from several American, Canadian and European steel mills, it is not dependent on any given source of supply and has never experienced any problems with respect to its steel supplies in the past. Furthermore, because most of the Corporation's steel supplies are purchased on a project-by-project basis and 80% to 90% of such purchases are made within the first month following the award of the contract, the Corporation is able to minimize the risks associated with any price fluctuations that might occur. In addition, clients occasionally supply the steel to be processed by ADF.

Furthermore, ADF benefits from a stable, competitively-priced source of supply of complementary products and services such as industrial gas, welding and safety equipment, industrial and construction tools, bolt products and metal fasteners, metal surface treatment services and heavy construction equipment rental services.

5.4 Sales and Marketing

The Corporation's sales and marketing efforts are focused primarily on developing long-term business relationships with clients. The Corporation identifies new project opportunities and obtains current market information and sales opportunities through its relationships and interaction with its active and potential client base, as well as through internal research. In addition, due to its high market profile, clients frequently contact the Corporation for new projects. Once a potential project has been identified, the Corporation tailors its sales strategy to the specific nature and requirements of the project, as well as its past business relations with a particular client.

5.5 **Human Resources**

As at January 31, 2013, the Corporation employed a total of 248 people in its fabrication complex and head office in Terrebonne, Quebec, as well as on construction sites in Florida, U.S.A.

The plant employees are unionized. They were granted union certification on October 31, 2000.

On July 9, 2001, the Union and the Corporation signed a first three-year collective agreement. On September 10, 2004, the Corporation and the plant's unionized personnel signed a new six-year collective agreement.

On May 30, 2006, the Corporation ratified an agreement with its unionized plant employees extending the collective agreement to the year 2020, pursuant to which only the monetary part of the agreement will be renegotiable every three years.

However, the Quebec Labour Code allows any other association of employees to file a petition for certification during the period extending from the 180th to the 150th day prior to the sixth anniversary of the signing of the collective agreement or its renewal and every second anniversary thereafter, except where such a period would end within 12 months or less of the 180th day prior to the date of expiration of the collective agreement or its renewal. In such case, the new association that would be certified could re-negotiate the whole collective agreement and not only its monetary part.

When required, local construction teams retained by the Corporation in connection with each project are subject to various collective agreements governing construction workers in each specific area. In order to be able to retain the services of local workforce assigned to installation activities, the Corporation is notably a party to a collective agreement with the International Association of Bridge and Structural Ornamental and Reinforcing Iron Workers, as well as a number of agreements with certain local unions in respect to operations on construction sites.

5.6 **Description of Buildings**

The Corporation owns or leases the following premises:

Address	Type of Facility	Total Surface	Interest
300 Henry-Bessemer (1) Terrebonne, Quebec, Canada	Head office and main complex structural steel fabrication plant	58,530 m^2 (630,000 ft^2)	Owner
3301 N.W. 168th Street Miami Gardens, Florida, U.S.A.	Sales office and equipment warehouse	989.23 m^2 (10,648 ft^2)	Owner
1321 8th Avenue North, Suite 207 Great Falls, Montana, U.S.A.	Sales office	100 m^2 (1,077ft^2)	Lessee
1900 Great Bear Avenue Great Falls, Montana, U.S.A.	Structural steel fabrication plant (construction underway)	9,290 m^2 (100,000 ft)	Owner

(1) This property is mortgaged to the principal lender of the Corporation under its long-term loan.

5.7 **Environment**

ADF's operations are subject to various laws and regulations adopted by federal, provincial, state and local governments pertaining to environmental protection.

The Corporation's Terrebonne facilities were built on vacant land. The operations that have potential effects on the environment are welding, which generates smoke, and equipment maintenance, which generates waste oil. ADF has installed appropriate pollution control equipment in order to comply with the laws and regulations in force.

Waste oil is recuperated by specialized firms. The Corporation has the necessary environmental certificates of authorization for its fabrication plant and for all expansion phases subsequently carried out.

For the fiscal year ended January 31, 2013, the requirements with regard to environmental protection did not have a significant financial or operational impact on the Corporation's capital expenditures, earnings and competitive position.

The Corporation does not expect to incur any costs outside the normal course of business to comply with environmental requirements.

5.8 **Trends in the North American Industry (Economic Cycles and Dependence)**

The non-residential construction sector primarily includes the construction of commercial, institutional and industrial buildings such as office towers, commercial buildings, hotels, sports complexes, museums, recreational complexes, as well as manufacturing plants and other industrial facilities. It also encompasses public work projects, including construction and renovation of infrastructures and buildings such as hydroelectric dams, airports, bridges and overpasses. It should be noted that the demand in this sector is related to business cycles. Generally, private projects are more numerous in a bull cycle, whereas government projects take over in a bear cycle.

According to management, approximately half of the non-residential projects use structural steel as a structural component while the other half primarily uses concrete. In general, structural steel accounts for approximately 10% to 20% of the total cost of a project, depending on the nature of the project. Structural steel offers a number of advantages when compared to other materials, which accounts for its increasing use in the construction of complex structures.

These advantages include durability, accelerated installation, greater flexibility in fast-track project implementation, lower installation and maintenance costs and a high strength/weight ratio as a result of improved alloys.

Complex steel structure projects are more frequent in the United States than in Canada, resulting in a certain dependence on the U.S. market.

In keeping with previous fiscal years, the 2013 fiscal year was mostly marked by the continuing weakness of the American market, which not even the removal of the uncertainty that preceded the presidential elections in November 2012 could alleviate. Even today, major investments are still scarce and investors remain cautious, a situation that is likely to persist for a while. As for the Canadian market, although confronted with some major challenges, it remains relatively strong and the Corporation has even observed an increase in bidding activity. Although this increase is not yet reflected in contract prices, ADF's management sees it as a positive and encouraging sign. However, the various Canadian government bodies face tight budget situations and uncertainties with regard to the global economy, which require many to revise their investment programs. The Western Canada market, although still strong and buoyant, is currently being affected by fluctuations in oil prices. In light of these different trends, the Corporation's management is encouraged by the increase in the bidding activity in Canada, but remains cautious in regard to ADF Group's outlook for the next months.

5.9 Competition and Competitive Advantages of the Corporation

The structural steel industry is highly fragmented. Structural steel fabricators and erectors are generally small or medium-sized businesses, with low levels of automation, and serving geographically limited markets. In the North American complex structural steel business sector, the Corporation competes against various fabricators and erectors.

Management believes that major corporations will be able to stand apart by:

- Reducing their fabrication costs through investments in the upgrading of their design and fabrication equipment and processes;
- Obtaining less expensive supplies from steel mills based on the volume of purchases; and
- Having the production capacity and technological advance to undertake high-tonnage projects, while providing the flexibility required for fast-track projects.

ADF believes it combines the necessary capabilities and skills to compete by targeting complex and profitable projects as it benefits from:

- An engineering team with strong experience in the connections design and engineering, fabrication and installation of steel superstructures, miscellaneous metals and architectural metal work;
- 3D computer-aided design, semi-automated fabrication and cutting-edge integrated networking and software;
- An integrated project management approach;
- Rigorous operational and quality control procedures that comply with international ISO and AISC standards;
- A 140-ton lifting capacity, and
- Certification from the American Society of Mechanical Engineering ("ASME") confirming that it complies with the effective requirements related to nuclear systems, allowing the Corporation to participate in the fabrication of steel structures for nuclear power plants in America and abroad.

5.10 Risks and Uncertainties

The Corporation has identified the following risks and uncertainties that could have a negative material impact on its operations, financial position and operating results. Investors should carefully examine the risks described below before making an investment decision. Additional risks and uncertainties that are not currently known to the Corporation or that are judged to be immaterial by the Corporation could also affect the Corporation's operations. In the event such risks materialize, they could have a significant negative impact on the Corporation's operations, financial position and operating results. In addition to what is mentioned hereinafter, please refer to Section "*External Factors to Which the Corporation's Performance is Exposed*" of the Corporation Management's Discussion and Analysis ("MD&A") for the Fiscal Year Ended January 31, 2013.

a) Dependence on the Non-Residential Construction Industry and General Economic Conditions

The demand for the products designed, engineered, fabricated, and occasionally installed by the Corporation is largely influenced by the general economic conditions and business environment in North America, including new construction starts in the five principal segments of the non-residential construction market mentioned in Section 4.1 "Corporate Profile". Despite the Corporation's diversified markets, should the non-residential construction sector decline significantly in its principal markets, its business, financial position and operating results could be adversely affected. The Corporation's business activities may also be affected by the political climate, the state of the government, the state of infrastructures and working conditions prevailing in Canada, the United States and in any country where the Corporation may do business.

b) **Competition**

In certain market segments, the Corporation competes with large competitors that may have access to greater capital and other resources than those of the Corporation. In addition to the local and regional businesses that compete with the Corporation in certain markets, the Corporation may also compete with Canadian, U.S. and international corporations in any of its markets. The Corporation's future success will depend largely on its capacity to remain competitive in all aspects of its structural steel activities. There can be no assurance that the Corporation will be able to continue to compete against its current and future competitors.

Although the Corporation believes clients consider other factors, price is usually the primary factor in determining which qualified contractor is awarded a contract. To the extent that the Corporation may have to adjust its price-setting policy downward to remain competitive, its financial performance could be adversely affected. In addition, the Corporation's inability to lower fabrication costs to counter general price reductions implemented by the competition could adversely affect the Corporation's business.

c) **Substantial Liquidity Requirements**

The Corporation's operations require significant amounts of working capital to perform the contracts awarded. The Corporation's contracts are primarily based on fixed prices although a relatively small percentage of the Corporation's contracts may be based on cost-plus pricing. Billing is generally performed on a monthly basis according to the progress of the work and the occurrence of certain specific expenses such as the engineering work, drawings and the purchase of steel supplies, when applicable. Invoices are generally payable by the client within 15 to 60 days. To the extent that modifications or additions are required by the client during the course of the project, the Corporation may incur additional costs. To the extent that the Corporation is unable to receive payments in the early stages of a project, its cash flows could be reduced, which in turn could increase its capital requirements and materially affect the Corporation's business.

d) **Operating Risks**

Connections design and engineering, fabrication and installation of structural steel involve a high degree of operating risks. Natural disasters, adverse weather conditions, errors in design, engineering, fabrication and installation, as well as work-environment accidents can cause death or personal injury, property damage and the permanent or temporary suspension of operations.

The occurrence of any of these events could result in loss of revenues, increased costs and liability to third parties. The Corporation has established risk management, insurance and work-safety programs to prevent or mitigate losses. There can be no assurance that any of these programs will be adequate or that the Corporation will be able to maintain adequate insurance coverage at rates that it considers reasonable in the future.

The Corporation's activities are also subject to certain hazards and to the risk of incurring liability, which all businesses involved in the construction industry must face, including the risk of defects in steel products or in the connections design and engineering, fabrication or installation of steel structures. Although the Corporation has never experienced any material defects in its products, the occurrence of such defects could involve the recall of products and have an adverse impact on the Corporation's reputation.

The Corporation maintains insurance coverage against certain risks through various product and liability insurance policies. However, there can be no assurance that the Corporation will always be able to maintain adequate coverage.

e) **Currency and Exchange Rate Fluctuations**

Sales denominated in foreign currency represented 54% of the Corporation's revenues for the fiscal year ended January 31, 2013. The Corporation's revenues from its international operations are predominantly concluded in U.S. dollars, while a significant proportion of the Corporation's operating expenses and capital expenditures is denominated in Canadian dollars. As a result, the Corporation is exposed to fluctuations in the exchange rates between the Canadian dollar and the currency in which a particular sale is transacted. An increase in the value of the Canadian dollar relative to foreign currencies could adversely affect the competitiveness of the Corporation in other countries. However, this risk is mitigated by the foreign exchange policy adopted by the Corporation's Board of Directors and by provisions taken by Management when contracts are signed.

f) **Steel Procurement**

Steel is the primary raw material used by the Corporation in the fabrication of structural steel. The Corporation does not produce or distribute its own steel. Even though the Corporation has not experienced any problems with respect to steel supplies in the past, any material deficiency in the supply of steel or any interruption in the supply of quality steel to the Corporation could adversely affect the Corporation's business.

Furthermore, there can be no assurance that the price of steel will not be subject to significant price variations in the future. Although the great majority of the Corporation's steel supplies are purchased on a project-by-project basis and generally within the first three months following the commencement of the work, there exists no guarantee as to price or quantities, and the Corporation remains vulnerable to such fluctuations. In addition, significant increases in the price of steel could reduce the number of projects with structural components made of steel structures. Significant fluctuations in the price of steel could therefore materially adversely affect the Corporation's business.

g) **Regulatory Matters**

The fabrication and installation of structural steel and architectural and miscellaneous metal work in Canada and the United States are subject to federal, provincial and local laws as well as to international trade agreements, which restrain the Corporation's operations.

Some aspects of the Corporation's operations are targeted by government regulations in Canada, the United States and other countries in which the Corporation operates, including laws respecting occupational health and safety. In addition, the Corporation must obtain licenses and permits in each of the states and provinces in which it operates as well as in local jurisdictions within such states and provinces. The Corporation's activities are also subject to environmental laws and regulations. Operations in the production plant involve risks of environmental liability, and there is no assurance that the Corporation will not incur liability or significant costs in the future. Any new environmental law or regulation or stricter enforcement policies could have material adverse effects on the Corporation's financial condition and force the Corporation to incur considerable additional expenses to ensure compliance or continued compliance therewith.

Management believes that the Corporation is in material compliance with all laws and regulations which are applicable to it. However, the Corporation cannot determine the extent to which its operations and results of operations could be affected by new laws, regulations or changes in the interpretation of current regulations or by new interpretations of current regulations.

The loss or revocation of any license or permit or the imposition of limits on the main services provided by the Corporation in any of the regions in which it operates substantially or any amendment to these laws or agreements could adversely affect the Corporation.

Moreover, ADF's operations in the United States can be affected by changes in the interpretation of current regulations or by certain administrative practices aimed at reducing and monitoring imports of foreign products (Buy American Act and Buy America Act).

h) **Dependence on Key Personnel**

The Corporation depends on the skill and experience of its executive officers and other key employees as well as its ability to attract other employees with experience in the fields of connections design and engineering, fabrication and installation of complex steel structures. The unexpected loss of the services of some of its key executive officers or its inability to attract other qualified employees in these fields could adversely affect the Corporation's business.

i) **Risks Associated with Revenue Recognition Using Percentage-of-Completion**

The Corporation recognizes revenues using the percentage-of-completion accounting method. Under this method, revenues are recognized on the basis of results achieved using the cost-ratio method. Estimated losses on contracts are recognized in full when the Corporation determines that a loss will be incurred. The Corporation reviews and revises revenues and total cost estimates as work progresses on a contract and as contracts are amended. Accordingly, revenue adjustments based on the revised completion percentage are reflected in the period during which estimates are revised. There can be no assurance that these estimates will not differ from the actual results.

j) **Fixed-Price Contracts**

The Corporation's order backlog consists of projects that are performed on a fixed-price basis. When bidding on projects, the Corporation estimates its costs, including projected increases in the costs of labour, materials and services. Despite these estimates, actual costs and gross profit realized on a fixed-price contract could vary from the estimated amounts because of unforeseen circumstances or changes in job conditions, variations in labour and equipment productivity over the terms of contracts, higher than expected increases in labour costs or the costs of materials, and other factors. These variations could adversely affect the Corporation's business.

k) **Concentration of Revenues**

During the year ended January 31, 2013, 70% of the Corporation's revenues were realized with three (3) clients, who each accounted for more than 10% of revenues. In the future, the Corporation expects to maintain a comparable concentration of clients, although with different clients. The unexpected loss of such clients or the inability to attract other major clients could adversely affect the Corporation's business.

l) **Ability to Manage Subcontractors**

The Corporation may rely on subcontractors to perform a certain portion of its installation and/or fabrication for projects that the Corporation does not wish to perform internally. With respect to these projects, the Corporation's success depends on its ability to retain and successfully manage these subcontractors. Any difficulty in attracting and retaining qualified subcontractors on terms and conditions favourable to the Corporation could adversely affect the Corporation's business.

m) **Access to Bonding**

In order to be awarded certain contracts in the non-residential construction industry, companies such as the Corporation may be required by potential clients to provide performance bonds for the execution of work. These guarantees come in the form of performance bond issued by bonding companies. Since 2009, the Corporation has the capacity to provide such guarantees in Canada and in the United States for amounts which meet the expectations of its targeted markets. However, this capacity depends on the Corporation's financial position and the availability of such guarantees from bonding companies worldwide.

There can be no assurance that the Corporation will be able to provide such guarantees in the future. Should the Corporation's capacity to provide performance bonds become significantly restricted either because of its financial position or a decrease in the availability of such guarantees worldwide, it could then be impossible for the Corporation to bid on projects for which performance bonds would be required.

n) **Trade Tariffs**

There can be no assurance that the steel products manufactured by the Corporation will not be subject to trade tariffs in the countries to which they are exported.

o) **Control by Principal Shareholders, Directors and Officers**

As at January 31, 2013, Ms. Marise Paschini, Mr. Jean Paschini and Mr. Pierre Paschini beneficially owned approximately 2.8% of the outstanding Subordinate Voting Shares and all (100%) of the outstanding Multiple Voting Shares, which will represent 89.1% of the voting rights attached to all outstanding shares. As a result, these shareholders are entitled to exercise control over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. Such concentration of ownership may have the effect of delaying or preventing a change in control of the Corporation.

p) **Access to Additional Financing**

The Corporation may need additional capital in order to repay its long-term debt in advance. The ability of the Corporation to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as the business success of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares or other forms of new convertible securities, the interest of shareholders in the Corporation could be further diluted.

q) **Fluctuations in Share Price**

The market price of the Subordinate Voting Shares may fluctuate due to a variety of factors relative to the Corporation's business, notably, fluctuations in the Corporation's operating results, sales of the Subordinate Voting Shares in the marketplace, failure to meet analysts' expectations and general conditions in the North American non-residential construction industry and the worldwide economy.

In recent years, the Subordinate Voting Shares have experienced substantial price fluctuations. There can be no assurance that the market price of the Subordinate Voting Shares will not continue to experience significant fluctuations in the future, including fluctuations unrelated to the Corporation's performance.

6. DIVIDEND POLICY

The Corporation has not paid any cash dividends in the fiscal years ended January 31, 2011, having maintained its strategy of reinvesting its liquidity in its continuing operations, the redemption of some of its subordinate voting shares in the normal course of business, the acquisition of property, plant and equipment and intangible assets, as well as the reduction of its long-term debt.

However, although the Corporation intend is to retain a portion of its liquidities for the purposes set out above, its Board of Directors decided during the fiscal year ended January 31, 2012, to start declaring and paying a cash dividend on a semi-annual basis. This policy was maintained during the fiscal year ended January 31, 2013. At the time of the payment of dividends, the Board of Directors will consider a number of factors, which will determine the amounts thereof, including the Corporation's current and expected net earnings, cash flows and capital requirements, while complying with the rules governing the Corporation. Nothing can guarantee the amount of the dividends or when they will be declared or paid in the future. The Board of Directors may review this policy from time to time.

The table below indicates the dividends declared on shares for each class of shares of the Corporation during the last three fiscal years:

Fiscal Years Ended January 31,	Dividend declared on Subordinate Voting Shares ($/Share)			Dividend declared on Multiple Voting Shares ($/Share)		
	Fiscal 1st half year	Fiscal 2nd half year	**Total Annual**	Fiscal 1st half year	Fiscal 2nd half year	**Total Annual**
	$	$	**$**	$	$	**$**
2011	0	0	**0**	0	0	**0**
2012	0.01	0.01	**0.02**	0.01	0.01	**0.02**
2013	0.01	0.01	**0.02**	0.01	0.01	**0.02**

In addition, in accordance with this policy, the Corporation's Board of Directors approved on April 10, 2013, the payment of a semi-annual dividend of $0.01 per share, payable on May 17, 2013 to shareholders on record as at April 30, 2013.

7. CAPITAL STRUCTURE

7.1 Authorized and Outstanding

On January 31, 2013, the Corporation's authorized capital consisted of:

— an unlimited number of Subordinate Voting Shares (carrying one (1) voting right per share) without par value, of which 18,104,235 were issued and outstanding, representing 11.2% of total voting rights of the Corporation's shares;

— an unlimited number of Multiple Voting Share (carrying ten (10) voting rights per share) without par value, of which 14,343,107 were issued and outstanding, representing 88.8% of total voting rights of the Corporation's shares;

— an unlimited number of preferred shares (carrying no voting rights) without par value, issuable in series, of which none were issued and outstanding; and

— a first series of senior preferred shares designated "Senior Preferred Shares, Series 1", totalling 2,125,000 shares without par value, of which none were issued and outstanding.

The text that follows is a summary of the principal characteristics of the classes of shares mentioned above. This description does not aim to be complete and is given subject to the articles of the Corporation.

7.1.1 Multiple Voting Shares and Subordinate Voting Shares

Except as described herein, the Multiple Voting Shares and the Subordinate Voting Shares will carry the same rights, will be equal in every respect and will be treated as if they were shares of one and the same class.

7.1.2 Rank

The Multiple Voting Shares and the Subordinate Voting Shares rank junior to the Preferred Shares with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or any distribution of the assets of the Corporation for the purpose of winding up its affairs.

7.1.3 Dividends

The holders of outstanding Multiple Voting Shares and the Subordinate Voting Shares are entitled to receive dividends on a share-for-share basis out of the assets legally available therefore at such times and in such amounts as the Board of Directors of the Corporation may determine, but without preference or distinction among or between the Multiple Voting Shares and the Subordinate Voting Shares.

7.1.4 Voting Rights

The Subordinate Voting Shares carry one (1) vote per share, and the Multiple Voting Shares carry ten (10) votes per share. The holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled to receive notice of any meeting of shareholders of the Corporation and to attend and vote thereat as a single class on all matters to be voted on by the shareholders of the Corporation, except at meetings where the holders of shares of one class or of a particular series of shares are entitled to vote separately pursuant to the Canadian Business Corporations Act.

7.1.5 Conversion

Each outstanding Multiple Voting Share is convertible at any time, at the option of the holder, into one Subordinate Voting Share. The Subordinate Voting Shares are not convertible into any other class of shares.

7.1.6 Split or Consolidation

No split or consolidation of the Multiple Voting Shares or the Subordinate Voting Shares are made without, concurrently, having the Multiple Voting Shares or Subordinate Voting Shares, as the case may be, simultaneously split or consolidated under the same conditions.

7.1.7 Liquidation Rights and Other Matters

The Multiple Voting Shares and the Subordinate Voting Shares are not redeemable or retractable. Upon liquidation, dissolution or any distribution of the assets of the Corporation for the purpose of winding up its affairs, the holders of Multiple Voting Shares and the Subordinate Voting Shares are entitled to participate equally, on a share-for-share basis, in the remaining property and assets of the Corporation available for distribution to such holders.

7.1.8 Undertakings in Favour of Holders of Subordinate Voting Shares

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the Toronto Stock Exchange (previously the Montreal Stock Exchange), each of Mr. Jean Paschini, Mr. Pierre Paschini and Ms. Marise Paschini and their respective holding companies (the "Principal Shareholders"), as the beneficial and registered owners of all the outstanding Multiple Voting Shares, entered into an agreement on July 7, 1999 (the "Trust Agreement") with Montreal Trust Corporation (now Computershare Trust Corporation of Canada) (the "Trustee") and the Corporation.

Pursuant to the Trust Agreement, the Principal Shareholders placed their Multiple Voting Shares on deposit with the Trustee and undertake not to sell or dispose of, directly or indirectly, any Multiple Voting Shares pursuant to a takeover bid, as defined by applicable securities legislation, under circumstances in which securities legislation would have required the same offer or a follow-up offer to be made to all holders of Subordinate Voting Shares if the sale had been of Subordinate Voting Shares rather than Multiple Voting Shares, but otherwise on the same terms. This undertaking does not apply if:

— Such sale was made pursuant to an offer to purchase only part of the Multiple Voting Shares made to the Principal Shareholders and an offer, all of the terms of which are at least as favourable as the terms of the offer to purchase Multiple Voting Shares, is made concurrently to all holders of Subordinate Voting Shares to purchase the same proportionate number of Subordinate Voting Shares at a price per share at least as high as the highest price per share offered in connection with the sale or disposition of the Multiple Voting Shares, which offer would have no condition attached other than the right not to take up and pay for the Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; or

— There is a concurrent unconditional offer, all terms of which are at least as favourable as the terms of the offer to purchase Multiple Voting Shares, to purchase all the Subordinate Voting Shares at a price per share at least as high as the highest price per share offered in connection with the sale or disposition of the Multiple Voting Shares.

The Trust Agreement permits, subject to the prior consent of the Trustee as provided for below, certain direct and indirect sales provided that:

— The sale or disposition is effected within the Founding Group (as defined herein below) at a price which is within the margin prescribed by the Securities Act (Quebec); and

— The transferee is not a party to any agreement under which any other person would participate in the ownership of, control or direction over more than 50% of the votes attaching to the Multiple Voting Shares and the Subordinate Voting Shares held by such transferee.

Under the Trust Agreement, any direct or indirect sale or disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a party bound by the terms thereof or any person or corporation which it controls is conditional upon the transferee becoming a party to an agreement on substantially similar terms and conditions as are contained in the Trust Agreement.

The conversion of Multiple Voting Shares into Subordinate Voting Shares does not constitute a sale or disposition for the purposes of the Trust Agreement.

The Trust Agreement provides that if a person or corporation carries out an indirect sale or a disposition in respect of any Multiple Voting Shares in contravention of the Trust Agreement, no person shall from the time such sale becomes effective and thereafter:

— Directly or indirectly sell or dispose of any of such Multiple Voting Shares or convert them into Subordinate Voting Shares, in either case, without the prior written consent of the Trustee; or

— Exercise any voting rights attaching to such Multiple Voting Shares except in accordance with the written instructions of the Trustee. The Trustee may attach conditions to any consent the Trustee gives in exercising its rights and shall exercise such rights in the best interest of the holders of the Subordinate Voting Shares, other than the Principal Shareholders and holders of Multiple Voting Shares who, in the opinion of the Trustee, participated directly or indirectly in the transaction that triggered the operation of this provision.

The Trust Agreement provides that the prior written consent of the Trustee shall be required in connection with any direct or indirect sale or disposition of Multiple Voting Shares by the Principal Shareholders. Such written consent shall be given provided that the Trustee receives evidence it deems satisfactory, acting reasonably, that the sale or disposition is not in contravention of the Trust Agreement. The Trustee also has the right to require from time to time evidence it deems satisfactory, acting reasonably, as to the number of Multiple Voting Shares and the Subordinate Voting Shares held directly or indirectly by the Principal Shareholders.

The Trust Agreement contains provisions for the authorization of action by the Trustee to enforce the rights thereunder on behalf of the holders of the Subordinate Voting Shares. The obligation of the Trustee to take such action will be conditional on the Corporation or holders of the Subordinate Voting Shares providing such funds and indemnity as the Trustee may require.

No holder of the Subordinate Voting Shares will have the right, other than through the Trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Trust Agreement unless the Trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares (excluding any Subordinate Voting Shares beneficially owned by the Principal Shareholders or any holders of Multiple Voting Shares) after provision of reasonable funds and indemnity to the Trustee.

The Trust Agreement provides that it may not be amended, and no provision thereof may be waived, except with:

— The consent of any stock exchange upon which the Subordinate Voting Shares are quoted and/or listed and any other applicable securities regulatory authorities; and

— The approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares.

No provision of the Trust Agreement limits the rights of any holders of Subordinate Voting Shares under applicable securities legislation.

7.1.9 Mandatory Conversion

The Trust Agreement also provides that, except as set out hereunder, if at any time:

a) Members of the Founding Group (as defined below) do not control, directly or indirectly, in any manner, a number of Multiple Voting Shares and the Subordinate Voting Shares representing either:

   — more than 50% of the votes attaching to all issued and outstanding Multiple Voting Shares and Subordinate Voting Shares; or

   — 33% of the total number of Multiple Voting Shares held by them on the Closing Date of the Offering (or 4,781,036 Multiple Voting Shares).

b) Mr. Jean Paschini, Mr. Pierre Paschini, Ms. Marise Paschini or any one of their lineal descendants is not employed on a full-time basis by the Corporation as Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of ADF Group (the "Occurrence"), all of the Multiple Voting Shares of the Corporation shall be automatically converted (unless such situation is remedied within 60 days from the Occurrence), into Subordinate Voting Shares which carry one (1) vote per share. Moreover, if at any time, the Founding Group or any of its members sells or otherwise transfers Multiple Voting Shares to a party who is not a member of the Founding Group, the transferred shares shall automatically be converted into Subordinate Voting Shares on the date of such sale or transfer.

For the purposes of this section "Founding Group" means collectively:

— Mr. Jean Paschini, his de facto or legal spouse, any lineal descendant of Jean Paschini, born or to be born, any trust constituted primarily for the benefit of such persons or any other descendants, and any Corporation of which 90% of the voting rights outstanding and at least 50% of all shares outstanding are controlled by one or more of such persons or trusts;

— Mr. Pierre Paschini, his de facto or legal spouse, any lineal descendant of Pierre Paschini, born or to be born, any trust constituted primarily for the benefit of such persons or any other descendants, and any Corporation of which 90% of the voting rights outstanding and at least 50% of all shares outstanding are controlled by one or more of such persons or trusts; and

— Ms. Marise Paschini, her de facto or legal spouse, any lineal descendant of Marise Paschini, born or to be born, any trust constituted primarily for the benefit of such persons or any other descendants, and any Corporation of which 90% of the voting rights outstanding and at least 50% of all shares outstanding are controlled by one or more of such persons or trusts.

7.1.10 Preferred Shares

Preferred Shares may be issued, from time to time, in one or more series, as determined by the Board of Directors of the Corporation. The Preferred Shares, if issued, will rank prior to the Multiple Voting Shares and the Subordinate Voting Shares with respect to the payment of dividends and the distribution of assets.

In the event of the dissolution of the Corporation, the distribution of its assets upon its liquidation or the distribution of all or part of its assets among the shareholders, holders of Preferred Shares will be entitled to receive, in cash or in kind, for an amount equal to the value of the consideration paid in respect of such outstanding shares, as credited to the Corporation's issued and paid-up capital account, plus such amount equal to accrued and unpaid dividends, or declared and unpaid dividends and, if any, any amount specified in the articles of the Corporation. Subject to the provisions of the Canada Business Corporations Act, Preferred Shares do not carry voting rights.

7.1.11 Senior Preferred Shares, Series 1

Subject to the characteristics specific to all the preferred shares, the Senior Preferred Shares, Series 1, have the following characteristics:

a) **Dividends**

   Holders of the Senior Preferred Shares, Series 1, are entitled to receive, for each fiscal year of the Corporation and insofar as the directors so declare, one non-cumulative preferred dividend of a maximum annual amount equal to six percent (6%) of the amount posted to the declared capital amount for such shares at the dividend declaration date. This dividend is not cumulative such that if, for a given fiscal year, the directors do not declare a dividend or only declare part thereof, the right of the holders of the Senior Preferred Shares, Series 1 to the undeclared portion of the dividend for that fiscal year is permanently extinguished.

b) **Conversion Privilege**

   Each Senior Preferred Share, Series 1, may, at any time and at the option of the holder, be converted into either one Multiple Voting Share, or one Subordinate Voting Share.

7.2 **Stock Option Plan**

As at January 31, 2013, 1,362,864 stock options, granted to certain executives and employees and exercisable for Subordinate Voting Shares at a price ranging from $0.71 to $6.48 per share, were issued and outstanding, in compliance with the Corporation's stock option plan established on July 7, 1999 and amended on June 12, 2007 and April 10, 2013. These options have a 10-year life, but are exercisable progressively over a two-year or five-year period, depending on the allotment date.

As at January 31, 2013, 1,315,864 of these stock options were exercisable.

8. MARKET FOR SECURITIES

The Corporation's Subordinate Voting Shares have been listed on the Toronto Stock Exchange since July 1999, under the DRX ticker symbol. The table below indicates, for each month of the fiscal year ended January 31, 2013, the price ranges and volume traded on the Toronto Stock Exchange of the Subordinate Voting Shares of the Corporation.

Month	High	Low	Total Volume
	$	$	
February 2012	1.40	1.27	387,167
March 2012	1.66	1.34	206,616
April 2012	1.55	1.30	159,879
May 2012	1.41	1.20	240,796
June 2012	1.33	1.16	548,386
July 2012	1.35	1.10	142,611
August 2012	1.46	1.25	228,164
September 2012	1.41	1.19	94,642,
October 2012	1.38	1.20	100,511
November 2012	1.38	1.20	150,491
December 2012	1.30	1.15	272,480
January 2013	1.34	1.22	217,482

9. ESCROWED SECURITIES (1)

The table below indicates the number of shares in each class with voting rights of the Corporation which, to its knowledge, are escrowed, as well as the percentage of shares in that class outstanding represented by such number.

Share Description	Number of Escrowed Shares	Percentage of Class
Multiple Voting Shares	14,343,107	100%
Subordinate voting shares	0	0%

(1) Marise Paschini, Jean Paschini and Pierre Paschini, as well as their respective holding companies and family trusts, have entered into a shareholder agreement pursuant to which they have agreed to deposit their shares with the Computershare Trust Corporation of Canada until July 7, 2014, and to instruct Computershare Trust Corporation of Canada to vote their escrowed shares as designated by two of the three following individuals: Marise Paschini, Pierre Paschini and Jean Paschini. The shareholder agreement also provides for certain rights of first refusal among the shareholders.

10. DIRECTORS AND OFFICERS

10.1 Directors

The name and principal occupation of each director sitting on the Corporation's Board at the date hereof, as well as the period of time during which they have been in office is indicated below. The term of office of each director so elected will expire upon the election of his successor unless he resigns from his office or his office becomes vacant by death, removal or other cause.

Name (Province, Country of Residence)	Principal Occupation	Director Since
Jean Paschini, Chairman of the Board of Directors (Quebec, Canada)	Chairman of the Board of Directors and Chief Executive Officer of the Corporation	October 1979
Pierre Paschini, Eng. (Quebec, Canada)	President and Chief Operating Officer of the Corporation	October 1979
Marise Paschini (Quebec, Canada)	Executive Vice-President, Treasurer and Corporate Secretary of the Corporation	October 1979
Marc L. Belcourt, Eng. (1,2), Independent Board Leader (Quebec, Canada)	Construction Consultant	June 2000
Marc A. Benoît, CPA, CA (1,2), Chairman of the Audit Committee (Quebec, Canada)	Vice-President, SNC Lavalin Capital Inc. (a firm specialized in project financing)	July 2003

Name (Province, Country of Residence)	**Principal Occupation**	**Director Since**
Marc Filion, Ph.D., Eng., MBA, ASC (1,2) Chairman of the Compensation, Nominating and Governance Committee(Quebec, Canada)	President, CHIM International (development and financing of complex projects, project construction abroad, engineering (Mines, Metal, and Industrial manufacturing Sector)	September 2007 Was director between April 2001 and June 2003
Antonio P. Meti (1,2) (Quebec, Canada)	President, G.D.N.P. Consulting Services Inc. (a financial and commercial transactions consulting firm)	April 2008
Robert Paré (1) (Quebec, Canada)	Senior partner, Fasken Martineau DuMoulin LLP (law firm)	December 2009

(1) Member of the Compensation, Nominating and Corporate Governance Committee.

(2) Member of the Audit Committee. In accordance with the Canada Business Corporations Act, Section 171, the Corporation is required to form and maintain an Audit Committee.

Over the past five years, the above-mentioned directors and officers have held their principal occupation or other functions indicated next to their name, within the Corporation or its subsidiaries, or within a company or corporation bound to the latter, except as follows:

— **Mr. Marc A. Benoît** worked as Vice-President at Norcap (Canada) Ltée (a management, mergers and acquisitions consulting firm) from 2006 to 2009.

— **Mr. Marc Filion** was the Chairman of the Board of Directors and Chief Executive Officer and member of the Audit Committee of Creso Resources Inc. (a mining company) from 2007 to 2009. From 2007 to 2011, Mr. Filion was also successively Executive Vice-President (2007-2010) and President and Chief Executive Officer (2011) of Nichromet Extraction Inc. (a mining company).

10.2 Board Committees

The Board of Directors currently has two standing committees, namely the Audit Committee whose composition is described in the "Information on the Audit Committee" section of this AIF, and the Compensation, Nominating and Corporate Governance Committee ("CNG"), composed of the following members:

— Marc Filion, Ph.D., Eng., MBA, ASC, Chair of the Committee
— Marc L. Belcourt, Eng.
— Marc A. Benoît, CPA, CA
— Antonio P. Meti
— Robert Paré

10.3 Executive Officers

As at January 31, 2013, management of the Corporation and its principal subsidiaries was as follows:

Name (Province, Country of Residence)	**Position**
Jean Paschini (Quebec, Canada) (1)	Chairman of the Board of Directors and Chief Executive Officer
Pierre Paschini, Eng. (Quebec, Canada) (2)	President and Chief Operating Officer
Marise Paschini (Quebec, Canada) (3)	Executive Vice-President, Treasurer and Corporate Secretary
Jean-François Boursier, CPA, CA (Quebec, Canada) (4)	Chief Financial Officer
Carolyn Hanson-Carbonneau, M. Eng. (Quebec, Canada) (5)	Vice-President, Engineering and Operations

(1) Jean Paschini is also Vice-President of ADF International Inc. and of certain other subsidiaries of the Corporation.

(2) Pierre Paschini is also President of ADF International Inc. and of certain other subsidiaries of the Corporation.

(3) Marise Paschini is also Secretary-Treasurer of ADF International Inc. and of certain other subsidiaries of the Corporation.

(4) M. Jean-François Boursier is also Chief Financial Officer of ADF International Inc. and of certain other subsidiaries of the Corporation.

(5) Carolyn Hanson-Carbonneau is also Vice-President, Engineering and Operations of ADF International Inc. and of certain other subsidiaries of the Corporation.

Over the past five years, the previously mentioned Executive Officers of the Corporation have held the positions or similar functions, within the Corporation or its subsidiaries, except as set out below.

— **Mr. Jean-François Boursier** took office on August 23, 2010, as assistant to the Interim Chief Financial Officer, and on September 15, 2010, he took office as Chief Financial Officer. Before that, he had held the position of Corporate Controller for Héroux-Devtek (a company specializing in the design, development and fabrication of aerospace and industrial products) since 2005.

10.4 **Shareholding**

As at January 31, 2013, the directors and senior officers, taken as a whole, directly or indirectly held the beneficial ownership to 14,343,107 Multiple Voting Shares of the Corporation, representing 100% of the total number of shares of this class, and 717,392 Subordinate Voting Shares of the Corporation, representing 3.96% of the total number of shares of this class.

10.5 **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

— **Mr. Jean Paschini, Mr. Pierre Paschini** and **Ms. Marise Paschini** were directors and executive officers of Owen Steel Corporation Inc., then a wholly-owned subsidiary of the Corporation, from April 2002 to December 16, 2003. An interim receiver was appointed to hold the assets of this Corporation while they exercised these responsibilities. The shares of Owen Steel were then sold by the Corporation and pursuant to this transaction, the interim receiver was released.

To the knowledge of the Corporation, except what precedes, no director or officer of the Corporation:

— Is, at the date hereof, or has been, within the 10 years preceding the date of this AIF, Director, Chief Executive Officer or Chief Financial Officer of any company, that (i) was subject to an order (as defined by the rules of the securities legislation) that was issued while that person was acting in the capacity as Director, Chief Executive Officer or Chief Financial Officer, or (ii) was subject to an order that was issued after that person ceased to act in the capacity as Director, Chief Executive Officer or Chief Financial Officer, and which resulted from an event that occurred while such person was acting in that capacity;

— Is, at the date hereof, or has been, within the 10 years the date of preceding this AIF, Director or Executive Officer of any company, that, while that person was acting in that capacity, or within one year after that person ceased 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; or

— Has, within the 10 years preceding the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold his assets.

At the date hereof, no Director or Executive Officer of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, nor has entered into any settlement agreement with a securities regulatory authority, nor has been subject to 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.

11. **LITIGATION UNDERWAY**

In the normal course of business, the Corporation and its subsidiaries are involved in various claims and legal proceedings: As at January 31, 2013, the Corporation and its subsidiaries were not involved in any claims or legal proceedings, which amounts exceeded 10% of the Corporation's consolidated assets.

12. **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

During the last three fiscal years and the current fiscal year, the Corporation has not entered into material transactions with directors, senior managers or beneficial owners, directly or indirectly, of more than 10% of all classes of voting shares or series of outstanding shares of the Corporation or holding more than 10% of these shares or persons related to the latter or part of the same group.

13. **INFORMATION ON THE AUDIT COMMITTEE**

13.1 **Charter of the Audit Committee**

The Audit Committee Charter establishes the roles and responsibilities of the Corporation's Audit Committee. A copy of this Charter is attached as Schedule A to this AIF.

13.2 **Members of the Audit Committee**

At the date of the present, the Corporation's Audit Committee members are:

— Marc A. Benoît, CPA, CA, Chair of the Committee
— Marc L. Belcourt, Eng.
— Antonio P. Meti
— Marc Filion. Ph.D., Eng., MBA, ASC

In accordance with *Regulation 52-110 respecting Audit Committees*, each member of the committee is independent and financially literate.

13.3 **Financial Literacy of Audit Committee Members**

Each member of the Corporation's Audit Committee has the ability to read and understand financial statements presenting accounting issues that are generally comparable, in terms of breadth and level of complexity, to accounting issues that could reasonably be raised in the Corporation's financial statements. The Audit Committee members have provided the Corporation with the following information that substantiates their financial literacy:

— **Mr. Marc A. Benoît** received a Bachelor of Accounting from Montreal's "Hautes Études Commerciales" (HEC) in 1980. He has been an active member of the "Ordre des comptables agréés du Québec" since 1982. Mr. Benoît is Vice-President of SNC-Lavalin Capital (a firm specialized in project financing) since October 2009. Previously, he had held the position of Vice-President of Norcap (Canada) Ltée (a management, mergers and acquisitions consulting firm) from 2006 to 2009. He was also employed from 1992 to March 2006 by "Société générale de financement du Québec" (SGF), where he successively held the positions of Controller (1992-1992), Corporate Controller (1998-1999), and director of SGF's Mines, Metals and Industry Group (November 1999 to March 2006). Prior to joining SGF, he acquired more than ten (10) years of experience acting as corporate auditor and consultant for large accounting firms, such as Thorne Riddell (KPMG) (1980-1984) and Mallette Major Martin (1984-1992).

— **Mr. Marc L. Belcourt** is a consultant for construction companies and a director of corporations. He received a Bachelor of Civil Engineering (Applied Sciences) from the Université de Laval, Quebec in 1959 and is an active member of the "Ordre des Ingénieurs du Québec" and the Ontario Society of Professional Engineers. Mr. Belcourt has more than 30 years of experience as a construction contractor specializing in structural steel, having been shareholder, director and Secretary-Treasurer of Gamma Equipment Corporation (1965-1996) and Constructions AMMB Limited (1965-1999), as well as Co-Founder and Vice-President of Mojan (1981) Ltd. (1982-1994). In the performance of his duties, he was directly involved in the financial planning, auditing, analysis and evaluation of the financial statements of these companies.

— **Mr. Antonio P. Meti** graduated with honours in 1979 ("Magna Cum Laude") from Concordia University where he received his Bachelor of Commerce. In that same year, he completed the Fellow from the Institute of Canadian Banker's Association. In 1989, he completed the Executive Program from the University of Michigan, School of Business and in 2004, the Advanced Management Program from Harvard University, School of Business. Mr. Meti is highly recognized in the financial milieu for his extensive experience in corporate finance and business acumen. Between 1985 and 2007, Mr. Meti held executive and top management positions at the National Bank of Canada, where he supervised the bank's commercial banking activities and international operations. Mr. Meti left NBC in March 2007, where he held the position of senior vice-president, commercial banking and international operations, and was a member of National Bank of Canada's executive and credit committees. Today, Mr. Meti is President of G.D.N.P. Consulting Services Inc., a financial and commercial transactions consulting firm.

— **Mr. Marc Filion** received a Bachelor of Science in Geology from "École Polytechnique" at the Université de Montreal, a Ph. D. in Economic Geology and Geostatistics from the Royal School of Mines of Imperial College, London, England and an M.B.A. from "École des Hautes Études Commerciales", Montreal; he is also a member of the "Ordre des Ingénieurs du Québec". Moreover, he is member of the *Administrateurs de Sociétés Certifiés* and of the Institute of Corporate Directors. Mr. Filion has more than 35 years of experience in the development, management and financing of capital intensive world-class industrial projects in Canada and other regions worldwide. He acted as President and Chief Operating Officer of SGF Minéral Inc. (a subsidiary of SGF from 1998 to 2004, and as Group Vice-President, Mines, Metals and Industrial Group at SGF from 1998 to 2006. Since May 2006 and to date, Mr. Filion is the President of CHIM International, a consulting firm specializing in the development and financing of projects in the mines and metals sector. From 2007 to 2009, Mr. Filion acted as Chairman of the Board of Directors and Chief Executive Officer, and member of the Audit Committee of Creso Resources Inc. From 2007 to 2011, Mr. Filion acted successively as Executive Vice-President (2007-2010) and President and Chief Executive Officer (2011) of Nichromet Extraction Inc. In the performance of his duties, he has been directly involved in the financial planning and analysis of the financial statements of the companies under his leadership.

13.4 External Auditor Service Fees (Broken Down by Category)

The following table indicates the fees billed by the Corporation's external auditor, PricewaterhouseCoopers LLP ("PWC"), for services rendered during the 2013 and 2012 fiscal years:

Fiscal Years Ended January 31	**2013**	2012
(In thousands of $CA)	**$**	$
Categories:		
Audit Fees (1)	**135,875**	128,511
Audit-Related Fees (2)	**2,439**	5,250
Tax Fees (3)	**44,047**	80,694
All Other Fees (4)	**15,729**	9,250
TOTAL	**198,090**	223,705

(1) "Audit fees" include the total fees for the audit of the annual consolidated financial statements and other audits.

(2) "Audit-related fees" include the total fees for audit-related services related to audit fees such as advice on accounting standards and financial reporting;

(3) "Tax fees" include the total fees for the preparation of the income tax returns of the Corporation and its subsidiaries in Canada and the United States and for services in regard to tax planning, tax compliance, capital taxes and sales taxes and consulting services with regard to a foreign subsidiary;

(4) "Other fees" include the total fees for all services other than those described above, notably services for the conversion to International Financial Reporting Standards ("IFRS") and assistance in charge and discharge statement (for fiscal 2012 only) and services related to the implementation of the Montana plant (for fiscal 2013 only).

14. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation's Subordinate Voting Shares is:

Computershare Investor Services Inc.
1500 University Street, Suite 700
Montreal, Quebec H3A 3S8

Computershare also has offices in Toronto, Ontario.

15. MATERIAL CONTRACTS

During the fiscal year ended January 31, 2013, the Corporation did not conclude any contracts outside the normal course of business.

16. INTERESTS OF EXPERTS

— **Auditors**

The auditors of the Corporation, PWC are independent within the meaning of the regulations of the Code of Ethics of the "Ordre des comptables agréés du Québec".

— **Compensation Consultant**

During the fiscal year ended January 31, 2013, the Corporation retained the services of PCI-Perrault Consulting inc., a compensation consulting firm.

The consultants' conclusions and recommendations are referred to in the "Executive Compensation" and "Compensation of Directors" sections of the Management Information Circular dated April 16, 2013, established for the Annual and Special Meeting of Shareholders of the Corporation. At the time the consultant disclosed its conclusions and recommendations, PCI-Perrault Consulting inc., and its designated specialists did not have any ownership nor any direct or indirect beneficial ownership of the securities or property of the Corporation.

17. ADDITIONAL INFORMATION

Additional information, including the remuneration and indebtedness of directors and executive officers, principal holders of ADF Group's shares, stock options and insider interests in material transactions where applicable, is contained in the Management Information Circular dated April 16, 2013, which has been prepared for the Corporation's Annual and Special Meeting of Shareholders. Furthermore, additional financial information including comparative financial statements is provided in the Management's Discussion and Analysis of the Financial Position and Operating Results ("MD&A") for the fiscal year ended January 31, 2013.

Copies of these documents are available free of charge on the SEDAR Website at www.sedar.com.

The Corporation will also provide to any person upon request to its Public Relations department:

a) when shares of ADF Group are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of the shares of ADF Group:

   i. one copy of ADF Group's Annual Information Form;

   ii. one copy of the comparative financial statements of the Corporation for its most recently completed fiscal year together with the accompanying Auditors' Report, and one copy of any interim financial statements of ADF Group subsequent to the financial statements for its most recently completed fiscal year;

   iii. one copy of ADF Group's Management Information Circular in respect of its most recent Annual Meeting of Shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and

   iv. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under i., ii., and iii. above; or

b) at any other time, one copy of any other documents referred to in a) i., ii. and iii. above, provided that ADF Group may require the payment of a reasonable charge if a person who is not a shareholder of ADF Group makes the request.

Copies of these documents and this Annual Information Form may be obtained upon request from ADF Group's Public Relations Department at:

ADF GROUP INC.
Public Relations Department
300 Henry-Bessemer Street
Terrebonne, Quebec, Canada J6Y 1T3

Tel: (450) 965-1911 | (800) 263-7560
Fax: (450) 965-8558
Email: infos@adfgroup.com

SCHEDULE A | CHARTER OF THE AUDIT COMMITTEE

This Charter establishes the composition and functioning, the general objectives as well as the authority, the roles and responsibilities of the Audit Committee of ADF Group Inc. (the "Corporation"). The authorities, roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Corporation and its subsidiaries.

1. **COMPOSITION AND FUNCTIONING**

a) The Audit Committee (the "Committee") is composed of a minimum of three (3) and a maximum of five (5) directors of the Corporation, who are all independent, within the meaning of applicable law, and are financially literate.

b) "Financial literacy" means the ability to read and understand financial statements presenting accounting issues that are generally comparable, in terms of breadth and level of complexity, to accounting issues that could reasonably be raised in the Corporation's financial statements.

c) The Committee's member and president are appointed by the Board of Directors (the "Board").

d) A member can resign his seat on the Committee and he may be removed from office and replaced at any time by the Board and he ceases to serve as a member of the Committee when he no longer acts as an officer of the Corporation. When a vacancy occurs within the Committee, and his seat is not filled, the remaining members exercise all of the Committee's authorities, providing they have quorum.

e) The Committee meets at the request of its Chair, at least four times per year (at least one every quarter) or as often as needed to exam matters falling within its responsibilities referred to it by the Board.

f) At every meeting of the Committee, the quorum established is a majority of members.

g) The Committee shall keep proper minutes of its proceedings. These minutes must be signed by its Chair and entered in the minute book of the Corporation.

h) The Committee has to report to the Board of Directors on or about its work, activities and recommendations at the meeting of the Board of Directors following the meeting of the Committee

i) Subject to the Board's prior approval, the Committee may engage independent legal counsels or any other external consultant, at the expense of the Corporation, if it deemed necessary to assist the Committee in its duties. The Committee may set the compensation of such advisors.

2. **GENERAL OBJECTIVES**

The Committee's general objectives are as follows:

a) To assist the Board in performing its duties, more particularly, to ensure that the Corporation's management assumes its responsibilities regarding ;

— the production of reliable financial information;

— the identification of the Corporation's principal risks and the implementation of appropriate systems for risk management;

— the integrity of the Corporation's internal controls and management information systems;

— the Corporation's compliance with requirements of the stock exchanges, government agencies as well as laws and regulations; and

— the application of a communication policy with shareholders and the general public;

b) T o establish effective communication channels between the Board, management and the external auditor;

c) To reinforce the independent status of the external auditor; and

d) To ensure the integrity of the published financial reports.

3. **AUTHORITY, ROLES AND RESPONSIBILITIES**

3.1 **Monitoring of External Auditors**

a) The Committee recommends to the Board:

— the appointment of the external auditor in order to establish, or deliver an audit report, or render other audit services, review or certification of the Corporation;

— the mandate and fees of the external auditor.

b) The external auditor is independent of the Corporation, its directors, officers and employees and reports directly to the Committee.

c) The Committee oversees and reviews the work performed by the external auditor, its audit plans, its service fees and results of its audits as well as the special mandates assigned thereto. To that regard, the Committee may at any time directly communicate with the external auditor. The Committee meets at least one a year the external auditor, without the presence of Corporation's management.

d) The Committee approves the non-audit services that may be provided to the Corporation or its subsidiaries, subject to the following exceptions:

— in accordance with the laws, regulations and general instructions and other policies governing the services of the external auditor;

— in accordance with the policies, preliminary approval procedures, the Committee may adopt from time to time with regard to non-audit services.

e) The Committee must be informed when the Corporation's management is seeking an opinion from an accounting firm other than the appointed external auditor, on matters that would normally fall within the mandate of the external auditor, unless such opinions are requested by the lenders or other creditors of the Corporation.

f) The Committee ensures that the external auditor obtained the full cooperation of the Corporation's employees and officers. In this regard, the Committee settles disagreements between the Corporation's management and the external auditor concerning financial reporting.

g) The Committee reviews, the case may be, the letter of recommendation issued by the external auditor, as well as the Corporation's management reactions and the measures taken by management to correct the noted deficiencies.

h) The Committee discusses the acceptability and the quality of the accounting principles of the Corporation with the external auditor.

i) The Committee reviews questions relating to the appointment of a new external auditor, when applicable.

j) The Committee reviews and approve hiring policies or the retention of services by the Corporation regarding business partners, employees and former associates and employees of the current and former external auditor of the Corporation.

3.2 **Financial Reporting**

a) The Committee reviews the Corporation's financial statements, MD&A and press releases disclosing the Corporation's annual and quarterly net income, and recommends their adoption by the Board, prior to their publication.

b) In addition to the annual and quarterly financial statements, the annual and quarterly MD&A, and the press releases mentioned above, the Committee reviews all documentation containing financial information, audited or not, amongst other, prospectuses and the Annual Information Form, and approves these documents or recommends their approval by the Board, as the case may be, prior to their publication.

c) The Committee ensures that adequate procedures are in place to review the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than the financial information referred to in sections 3.2, a) and b) herein above, and periodically assesses the adequacy of those procedures.

d) The Committee reviews the external auditor's reports.

e) The Committee, together with the Corporation's management and the external auditor, reviews the different accounting policies and the changes proposed to those policies, as well as the different estimates performed by management that could have a material impact on the financial information.

f) The Committee, together with the Corporation's management and the external auditor, reviews all important decisions with regards to the evaluation or presentation of the financial information.

g) The Committee reviews the accounting treatment of material transactions outside the normal course of business.

h) The Committee ensures coordination between the Corporation's management and stock exchanges, government authorities and the external auditor.

3.3 **Internal Controls**

a) The Committee, through communications with the external auditor, ensures the effectiveness of the internal controls and the reliability of the financial information disclosed.

b) The Committee remains informed, through the external auditor, of any weaknesses in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Corporation or from applicable laws and regulations.

c) The Committee periodically reviews the financial management's organization chart, the circumstances surrounding the departure of officers in charge of finance, as well as the appointment of individuals to these functions.

d) The Committee reviews the financial and accounting aspects of transactions between related parties.

3.4 **Risk Management**

a) The Committee ensures that the Corporation's executives identify the principal risks of the Corporation's business and implement appropriate systems to manage these risks.

b) The Committee, together with the Corporation's executives, conducts periodical reviews of identified risks as well of the measures implemented by the latter to monitor, mitigate or eliminate these risks.

c) The Committee periodically reviews the most important legal disputes in which the Corporation, or its subsidiaries, is involved and makes sure the Committee and the Board are kept informed of the progress of these disputes.

3.5 **Regulation Compliance**

a) The Committee checks with the executives of the Corporation to ensure that the Corporation complies with stock exchanges, governmental bodies, as well as with law and regulation.

3.6 **Complaints**

a) The Committee establishes a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.

b) The Committee establishes a procedure for the confidential transmittal, on condition of anonymity, by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

3.7 **General Provisions**

a) The Committee may perform any other duty which may be assigned to it by the Board in accordance with this Charter, the Corporation's by-laws, and applicable laws and regulations.

b) The responsibilities of the Committee extend to the Corporation and its subsidiaries.

Adopted April 13, 2005.
Amended April 13, 2011.
Revised April 10, 2013.

Ce document est également disponible en français.

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