

1. DEFINITIONS

- a. **"Applicable Law"** means the *Canada Grain Act*, *Grains Act* (Ontario), *Farm Products Payment Act* (Ontario), and *Loi sur la mise en marché des produits agricoles, alimentaires et de la pêche* (Québec), and associated regulations, each as may be applicable and amended from time to time.
- b. **"Basis"** is the price in Canadian dollars per tonne offered by G3 and accepted by the Seller as listed in the *Offer* that will be added to the *Futures Price* for the calculation of the *Price*.
- c. **"Basis Adjustment"** is an adjustment that is made to the *Basis* when the Seller rolls the options month specified in the *Offer* ("*Options Month*"). It is the difference between the *Futures Price* associated with the *Basis* the Seller has contracted and the *Futures Price* that the Seller is rolling to on such date. An administration fee of \$1.50 per tonne will be charged for each *Basis Adjustment*. The July *Options Month* is the maximum period of time that the position can be rolled for all commodities except soybeans and corn within the same crop year. The maximum roll period for soybeans will be based on the September *Options Month*. The maximum roll period for corn is September 30 based on the December *Options Month*.
- d. **"Delivery Date"** is the date on which the grain is accepted at the *Location* specified in the *Offer* and the Primary Elevator Receipt is issued.
- e. **"Delivery Period"** is the period of time from beginning date to end date for delivery of the *Product* to G3 as stipulated in the *Offer*.
- f. **"Futures Price"** is the price offered by G3 and accepted by the Seller as listed in the *Offer* that represents the value of the *Futures Market* in Canadian dollars per tonne, including any adjustments made by G3, if applicable.
- g. **"Futures Adjustment"** is an adjustment that is made to the *Futures Price* when the Seller rolls the *Options Month*. It is the difference between the contracted *Futures Price* and the current value of the contracted *Options Month*. An administration fee of \$1.50 per tonne will be charged for each *Futures Adjustment*. The July *Options Month* is the maximum period of time that the position can be rolled for all commodities except soybeans and corn within the same crop year. The maximum roll period for soybeans will be based on the September *Options Month*. The maximum roll period for corn is September 30 based on the December *Options Month*.
- h. **"Futures Market"** is the combination of the futures exchange and the *Options Month* that is referenced in the *Offer*.
- i. **"Offer"** means the contract specifications indicated on the Purchase Contract Confirmation, including but not limited to the specific grain, including quality specifications ("*Product*"), quantity of *Product* in tonnes, after applicable dockage and other customary deductions ("*Quantity*"), *Price*, and Delivery Location ("*Location*").
- j. **"Price"** is the sum of the *Basis* plus the *Futures Price*.
- k. **"Pricing Deadline"** is the final date by which the Seller must lock in the *Futures Price* and/or the *Basis*. The *Pricing Deadline* is the date of the options expiry for the *Futures Market* referenced in this Contract. The July options expiry date is the maximum *Pricing Deadline* for all commodities except for soybeans and corn within a crop year. The maximum *Pricing Deadline* for soybeans within a crop year will be based off the September options expiry date. The final date for corn is September 30 based on the December *Options Month*.
- l. **"Regulating Body"** means the Canadian Grain Commission (Western Provinces and Eastern Terminal Elevators), Agricorp (Ontario) or Régie des marchés agricoles et alimentaires du Québec (Québec), as may be applicable based on the Province in which the *Location* is situated.
- m. **"Target Price"** is the *Futures Price*, *Basis* and/or the flat price at which the Seller indicates to G3 that he/she is willing to lock in tonnes for delivery pursuant to this Contract.

2. OFFER

- a. In accordance with these terms and conditions, the Seller agrees to sell and G3 agrees to buy the *Quantity* of the *Product* specified in the *Offer*. The Seller accepts the *Offer* and these associated terms and conditions by signing the Purchase Contract Confirmation (and any amendments thereafter) which must be returned to the *Location*, or where permitted by *Applicable Law*, by indicating acceptance of the Purchase Contract Confirmation via return e-mail to G3.
- b. This Contract is open for offers from time to time at the sole discretion of G3. G3 reserves the right to extend or withdraw the *Offer* at any time and without prior notice.
- c. The Seller agrees to lock in the *Price* for the full *Quantity* by the *Pricing Deadline*. If the Seller elects to transact the *Basis Adjustment* or *Futures Adjustment*, the Seller agrees to do so prior to the *Pricing Deadline*. If the Seller does not elect the *Basis Adjustment* or *Futures Adjustment* and has not locked in the *Futures Price* or *Basis* prior to the *Pricing Deadline*, G3 will automatically roll the Contract into the next available *Options Month* until the maximum *Pricing Deadline* when the Contract will be automatically priced by G3.
- d. The Seller may elect a *Target Price* by signing the applicable Target Pricing form. Target pricing orders, including cancellations, must be received by the *Location* upon a minimum one business day's notice.

3. ACCEPTANCE

- a. G3 will immediately accept the Seller's *Offer* provided that the contract program has not been withdrawn and the following conditions are met:
 - i. that the grain has been grown in Canada; and
 - ii. that the grain is free and clear of any liens or encumbrances and has not been committed to any other person, corporation or entity.
- b. The Seller must complete the Declaration of Eligibility For Delivery with the *Location* listed in the *Offer* prior to delivery. G3 reserves the right to refuse delivery of treated grain that would impact market access and execution of the sale of this grain.
- c. G3 will not accept any tonnes in excess of the *Quantity* specified in the *Offer* unless at its discretion.
- d. G3 is not obligated to accept delivery of grain grading lower than the *Product* specified in the *Offer*. If the Seller cannot deliver the quality specifications, the Seller should notify G3 as soon as possible. Should G3 in its sole discretion accept the lower quality, market spreads will apply and the Seller will be subject to costs incurred due to non-delivery of the original contracted quality.
- e. The Seller agrees to allow G3 employees, agents or representatives to enter the land or place where the *Product* is planted or stored at any reasonable times for the purpose of inspecting any seed or the grain, taking samples of the *Product* and picking up the *Product*.
- f. G3 may, at its discretion, approve a request from the Seller to assign the Contract to another party thereby transferring all rights and responsibilities of this Contract.

4. DELIVERY

- a. G3 agrees to call for delivery of the grain in accordance with *Applicable Law* and the terms and conditions of this Contract. Unless otherwise prohibited by *Applicable Law*, if G3 cannot accept delivery within the *Delivery Period* due to logistical constraints or other reasons, G3 may extend the *Delivery Period* by up to ninety (90) days (the "*Extended Delivery Period*"). In the event that the *Delivery Period* is so extended, and the grain is called for delivery after the *Extended Delivery Period*, G3 shall pay the Seller a late delivery fee of \$0.033 per tonne per day, in accordance with Part 4.1 of the *Canada Grain Regulations*. The late delivery fee will be calculated beginning the day following the *Extended Delivery Period* until the *Delivery Date*, and will be paid upon settlement of the cash purchase ticket.
- b. The Seller agrees to deliver to the *Location* specified in the *Offer* within fourteen (14) days of being called by G3.

- c. G3 will determine the weight, grade, moisture content, dockage and other specifications in respect of the *Product* in accordance with the regulations administered by the *Regulating Body* having jurisdiction over the *Location*.
- d. G3 shall own all screenings and foreign material removed from the *Product*.
- e. Unless otherwise required by *Applicable Law*, all right, title, and interest to the *Product* shall remain with the Seller until it has been delivered to G3 and the quality has been determined and a cash purchase ticket has been issued.
- f. The Seller must notify G3 as soon as possible if the Seller does not have or cannot deliver the *Product* or *Quantity* specified in the *Offer*.
- g. Deliveries of grain in Western Provinces against this Contract may be eligible for the G3 Farmers' Equity Plan. Details and information regarding the Plan can be found on G3 Canada's website at www.g3.ca/fep. In order to confirm eligibility, the producer must complete, sign and return the eligibility form which is available for downloading at www.g3.ca/fep or from any local G3 elevator.

5. PAYMENT

- a. G3 agrees to pay the Seller the contracted *Price* for the *Quantity* of the *Product* delivered that is in effect at the time of delivery, less G3's published handling tariffs, any amounts owing to G3 and all other deductions authorized under this Contract or otherwise required or permitted by law.
- b. G3 agrees to issue payment in accordance with the regulations administered by the *Regulating Body* having jurisdiction over the *Location*.
- c. Unless otherwise prohibited by *Applicable Law*, any receivables owed by the Seller to G3 may be off-set by G3 against any and all amounts that may become payable by G3 to the Seller.

6. DEFAULT

- a. The Seller shall be in default under this Contract if:
 - i. the Seller is unable or unwilling to deliver 100 per cent of the *Quantity* specified in the *Offer* within fourteen (14) days of it being called for by G3; or
 - ii. the Seller delivers grain that has quality specifications inferior to the *Product* specified in the *Offer*, or that contains a proportion in excess of the grade tolerances of a variety set by the applicable *Regulatory Body* having jurisdiction over the *Location* so as to render the grain ineligible for its class; or
 - iii. the Seller files for bankruptcy or makes a proposal under the *Bankruptcy and Insolvency Act* or a receiving order is made against the Seller.
- b. The Seller shall pay damages to G3 to compensate G3 for its loss equal to:
 - i. the difference between the price for the grain and the cost to G3, if higher, of buying replacement grain of equivalent quality; and
 - ii. all other losses, damages, costs and expenses suffered or incurred by G3 as a result of or in any way resulting from the Seller's default.
- c. The Seller and G3 agree that liquidated damages determined in this manner are reasonable and are a genuine pre-estimate of the actual damages G3 will incur as a result of the default by the Seller and that such damages are not a penalty.
- d. G3 may, in its sole discretion, engage a collection agency to assist with the collection of outstanding liquidated damages and fees. G3 will charge interest of one (1) per cent compounded monthly, on amounts outstanding greater than thirty (30) days.
- e. If G3 is prevented by Force Majeure from performing its obligations, then its obligations so affected shall be suspended while (but only so long as) the Force Majeure continues to prevent the performance of the said obligations. "Force Majeure" shall mean any one or more of the following events:
 - i. An act of God, including a storm, fire, flood, explosion or lightning;
 - ii. A war, revolution, riot, blockade or any other unlawful act against public order or authority;
 - iii. A strike, walk-out, or other labour disturbance either at the *Location* or elsewhere in the grain handling or transportation system;
 - iv. Embargoes or congestion in the grain handling and transportation system caused by a shortage of railcars or otherwise;
 - v. Any other event (whether or not the kind enumerated above) which is not reasonably within the control of G3.

7. GENERAL

- a. This Contract constitutes the entire agreement between G3 and the Seller with respect to the delivery and sale of the *Product*. There are no representations, warranties, terms or conditions, whether express or implied, beyond those contained in this Contract. No changes or modifications to the Contract have any effect unless they are made in writing, and signed by both the Seller and G3.
- b. If any part of this Contract is determined to be void, invalid, or unenforceable, it will be severed and all other provisions of this Contract will continue to have full force and effect.
- c. The Contract shall be governed and interpreted in accordance with the laws of the Province in which the *Location* is situated, and the courts of such Province shall have exclusive jurisdiction in the case of any dispute.
- d. This Contract shall be binding upon, and enure to the benefit of, the heirs, administrators, executors, legal representatives, successors and permitted assigns of the Seller and G3. However, the Seller may not assign this Contract without G3's prior written consent, which G3 may withhold.
- e. If the Seller is a corporation, partnership, cooperative or other business entity, the Contract must be accepted or signed in the entity's name and the authorized officer, agent or partner(s) who accepts on behalf of the entity must state their position and authority.
- f. If the Seller is an individual, the Seller acknowledges that G3 may collect, use and disclose, including to affiliated companies and business associates, the Seller's personal information (as defined by the *Personal Information Protection and Electronic Documents Act*) for the following purposes:
 - i. to carry out and administer this Contract;
 - ii. to market and sell any certified seed and grain;
 - iii. to comply with applicable laws;
 - iv. to maintain customer databases and determine customer needs;
 - v. to facilitate market analyses and direct marketing services;
 - vi. to enable the Farmers Equity Trust, or its agent, to calculate and issue an eligible number of trust units as per the G3 Farmers Equity Plan.
- g. The Seller acknowledges and agrees that the Seller is the age of majority in the Province in which the *Location* is situated, or where the Seller is a corporation, partnership, cooperative or other business entity, the Seller and the person signing on behalf of the Seller is of the age of majority in the Province in which the *Location* is situated, and is duly authorized to sign on behalf of the corporation, partnership, cooperative or such other business entity.
- h. The Seller shall fully indemnify G3 for any and all legal expenses associated with the enforcement of the Contract.
 - i. Time shall be of the essence.
 - j. The exercise by G3 of any right or remedy provided herein shall not affect any other right or remedy that G3 may have under this Contract. Nor shall the failure or delay of G3 to exercise any right or remedy be considered a waiver of any right or remedy it may have.

- k. The parties hereto confirm that they have requested and hereby accept that this Contract, and any related documents, including without limitation notices, be drawn up in the English language only. *Les parties aux présentes confirment qu'ils ont demandé et accepte que ce contrat, et les documents connexes, y compris, sans limitation, les avis, soient rédigés en langue anglaise seulement.*