

FUTURES CHOICE POOL CONTRACT TERMS AND CONDITIONS FOR DELIVERY TO G3 ELEVATORS

1. DEFINITIONS

- a. “**Act**” means the *Canada Grain Act*, as amended from time to time.
- b. “**Basis**” is the price in Canadian dollars per tonne determined by G3 after the close of the Futures Choice Pool contract program that equals the average of the pooled sales basis over the pooling period (as listed at www.g3.ca) adjusted by the *Futures Price*. This value will be added to the *Futures Price* selected by the producer for the calculation of the final Futures Choice Pool payment.
- c. “**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.
- d. “**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*.
- e. “**Force Majeure Event**” means the following events that are beyond the control of the producer and which limit the tonnes produced of the *Product* at all locations where the producer planted the commodity: severe flooding, hail, fire, drought, excess moisture, wind, hurricane, tornado, excess heat, insect damage, plant disease, wildlife damage, frost, or snow. A *Force Majeure Event* may only be invoked on tonnes where the *Futures Price* has not been locked in.
- f. “**Futures Price**” is the price offered by G3 and accepted by the producer as listed in the *Offer* that represents the value of the *Futures Market* in Canadian dollars per tonne, including any adjustments made by G3.
- g. “**Futures Market**” is the combination of the futures exchange and the options month that is referenced in the *Offer*.
- h. “**Price**” is the sum of the *Basis* plus the *Futures Price*.
- i. “**Pricing Deadline**” is the final date by which the producer must lock in the *Futures Price*. The *Pricing Deadline* is the date of the options expiry for the *Futures Market* referenced in this Contract or the last business day of the pooling period, whichever is sooner.
- j. “**Offer**” means the contract specifications indicated on the Purchase 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*”), *Futures Price* and *Delivery Location* (“*Location*”).
- k. “**Target Price**” is the *Futures Price* at which the producer 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 producer agrees to sell and G3 agrees to buy the *Quantity* of the *Product* specified in the *Offer*. The producer accepts the terms and conditions by signing the Purchase Confirmation and any amendments thereafter, which must be returned to the *Location*.
- b. This Contract is open for offers until the sign-up deadline indicated at www.g3.ca. G3 reserves the right to extend or withdraw the program at any time and without prior notice.
- c. The producer agrees to lock in the *Futures Price* for the full *Quantity* by the *Pricing Deadline*. If the producer has not locked in the *Futures Price* by the *Pricing Deadline*, G3 will automatically price the Contract at the closing value on that day.
- d. The producer 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 producer'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 producer 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 producer cannot deliver the quality specifications, the producer should notify G3 as soon as possible. Should G3 in its sole discretion accept the lower quality, market spreads will apply and the producer will be subject to costs incurred due to non-delivery of the original contracted quality.
- e. The producer 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 producer to assign the Contract to another producer thereby transferring all rights and responsibilities of this Contract.
- g. G3, at its discretion, will allow the producer to exercise the Cash Offer Transfer option at a cost of \$3 per tonne.

4. DELIVERY

- a. G3 agrees to call for delivery of the grain in accordance with the *Act* and the terms and conditions of this Contract. 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 grain is called for delivery after the *Extended Delivery Period*, G3 shall pay the producer 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 producer 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 Official Grain Grading Guide of the Canadian Grain Commission.
- d. G3 shall own all screenings and foreign material removed from the *Product*.
- e. All right, title, and interest to the *Product* shall remain with the producer until it has been delivered to G3 and the quality has been determined and a cash purchase ticket has been issued. The producer must deliver the grain and settlement must be made on or before the end of the *Delivery Period* specified in the *Offer*.
- f. The producer must notify G3 as soon as possible if the producer does not have or cannot deliver the *Product* or *Quantity* specified in the *Offer*. If the producer cannot fulfill the Contract due to a *Force Majeure Event*, the producer must notify G3 within 15 days of such event and no later than November 30 of that production year. The producer must prove to G3's satisfaction that the *Force Majeure Event* limited the tonnes produced or the quality produced such that the producer no longer has or cannot deliver the *Quantity* contracted, or a quality that G3 is willing to accept. If these conditions are met to G3's satisfaction, G3 will cancel the Contract at no cost to the producer provided the *Futures Price* has not been locked in on the tonnes in question.

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- g. Deliveries 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 the local elevator.

5. PAYMENT

- a. G3 agrees to pay the producer:
- the initial payment 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 by law; and
 - if eligible, top-up payments and/or a final payment thereafter; and
 - if the grain has been committed to the Futures Choice Annual Pool, storage payments calculated at the rate of \$0.033 per tonne per day, beginning February 1, until the earlier of July 31, or the *Delivery Date*.
- b. Any receivables may be off-set by G3 against any and all amounts that may become payable by G3 to the producer.

6. DEFAULT

- a. The producer shall be in default under this Agreement if:
- the producer 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
 - the producer delivers grain that has quality specifications inferior to the *Product* specified in the *Offer* or that contains a proportion in excess of Canadian Grain Commission grade tolerances of a variety that is ineligible for its class; or
 - the producer files for bankruptcy or makes a proposal under the *Bankruptcy and Insolvency Act* or a receiving order is made against the producer.
- b. The producer shall pay damages to G3 to compensate G3 for its loss equal to:
- the difference between the price for the grain and the cost to G3, if higher, of buying replacement grain of equivalent quality; and
 - all other losses, damages, costs and expenses suffered or incurred by G3 as a result of or in any way resulting from the producer's default.
- c. The producer 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 producer 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:
- An act of God, including a storm, fire, flood, explosion or lightning;
 - A war, revolution, riot, blockade or any other unlawful act against public order or authority;
 - A strike, walk-out, or other labour disturbance either at the *Location* or elsewhere in the grain handling or transportation system;
 - Embargoes or congestion in the grain handling and transportation system caused by a shortage of railcars or otherwise;
 - 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 producer 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 producer 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 of Manitoba and the courts of the Province of Manitoba 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 producer and G3. However, the producer may not assign this Contract without G3's prior written consent, which G3 may withhold.
- e. If the producer is a corporation, partnership, cooperative or other business entity, the Contract must be signed in the entity's name and the authorized officer, agent or partner(s) who sign(s) on behalf of the entity must state their position and authority.
- f. If the producer is an individual, the producer acknowledges that G3 may collect, use and disclose, including to affiliated companies and business associates, the producer's personal information (as defined by the *Personal Information Protection and Electronic Documents Act*) for the following purposes:
- to carry out and administer this Contract;
 - to market and sell any Certified Seed and Grain;
 - to comply with applicable laws;
 - to maintain customer databases and determine customer needs;
 - to facilitate market analyses and direct marketing services;
 - 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 producer acknowledges and agrees that the producer is the age of majority in the Province of Manitoba or where the producer is a corporation, partnership, cooperative or other business entity, the producer and the person signing on behalf of the producer is of the age of majority in the Province of Manitoba, and is duly authorized to sign on behalf of the corporation, partnership, cooperative or such other business entity.
- h. The producer 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.