

## TERMS AND CONDITIONS

1. Acceptance of grades other than as set out on the front side, will be at Cargill's entire discretion and at Cargill trade discounts, elevation rates, and drying charges in effect at the time of delivery. On demand by Cargill any time within the Delivery Period, the Customer will deliver the grain to the Delivery Location set out on the front side; provided that the following rules will apply:
  - (a) In the absence of demand by Cargill, the Customer will deliver the grain to the Delivery Location set out on the front side on the last business day within the Delivery Period.
  - (b) If Cargill is unable to receive the grain at the end of the Delivery Period, then the Delivery Period shall be deemed to be extended for a period of 90 days. If Cargill has not demanded delivery of the grain and Cargill is unable to receive the grain at the end of the extended Delivery Period, the Customer shall have the option of a) terminating the contract and paying (receiving) any increase (decrease) between the contract price and Cargill's current Bid or b) delivering at a later time at the contract price at a date to be selected by the Customer.
  - (c) Subject to subparagraph (b) above, if, after demand by Cargill, the Customer fails to deliver the grain immediately, or, in the absence of demand by Cargill, the Customer fails to deliver the grain on the last business day in the Delivery Period, then:
    - (i) the Delivery Period shall be extended indefinitely, and
    - (ii) at any time during the extension period, Cargill may, at its option, declare the Customer to be in default of this Contract, and terminate this Contract by issuing a Contract Cancellation under the conditions set out in paragraph 8.
2. Any advance payment required under Federal or Provincial legislation will be made at the time of delivery, and all necessary adjustments will be made when the Grain is final priced. If the price for the grain determined under this Contract at any time falls to a point where the advance outstanding is greater than 90% of the price, the Customer shall repay a portion of the advance so that the outstanding advance does not exceed 75% of such price, failing which Cargill has the right to final price the grain at its discretion.
3. The Customer warrants that the Quantity of Product specified on the front side, has not been nor will it be committed to any other person, firm, association or corporation, and is free of encumbrances.
4. At its option, Cargill may change the delivery Location from the Delivery Location set out on the front side of this Contract, by notice in writing to the Customer, or pick up the grain from the Customer's land.
5. Notwithstanding any other provision of this Contract to the contrary, all right, title and interest to the grain shall remain in the Customer until such time as the grain has been delivered to Cargill and a grade has been established.
6. Immediately upon delivery of the grain by the Customer, a grade, moisture, and dockage shall be assigned to the grain; in the event of disagreement, the parties will forward a suitable representative sample of the grain to the Chief Inspector, Canadian Grain Commission, whose decision shall be final and conclusive.
7. If the Customer is unable or otherwise fails to deliver, Cargill at its option may take delivery on the Customer's land, in which case the Customer grants rights of ingress, access and egress, and cost of such delivery shall be based on prevailing commercial hauling rates and will be charged to the Customer.
8. If the Customer fails to deliver the required amount of grain to Cargill by the time required pursuant to paragraph 1 above, Cargill shall be authorized to charge to the Customer's account an amount equal to the cost differential between (this Contract price less \$10 per metric tonne and less any competitive premium) and any higher current market price, multiplied by the undelivered tonnes. In the case of an unpriced contract, or portion thereof, the differential will be the increase in the basis for the same grain with similar delivery terms. In the case of a priced contract or portion thereof, the current market price referred to will be the cash price for the same grain with similar delivery terms. Recent purchases will constitute the current market price. Notwithstanding any other rights of Cargill under this Contract, the Customer authorizes Cargill to deduct from any monies otherwise payable by Cargill to the Customer, whether now or in the future, any amounts owing by the Customer to Cargill, including without limitation any amounts resulting from the Customer's failure to deliver under this Contract.
9. Notwithstanding anything herein contained, Cargill has no obligation to mitigate its damages under this Contract or issue a Contract Cancellation to terminate this Contract unless, after the time for delivery of the grain as required by this Contract, the Customer shall deliver to Cargill a written notice stating that the Customer will not deliver the grain pursuant to the terms of this Contract, or until Cargill terminates this Contract under paragraph 1 (c) above.
10. If the grain to be sold pursuant to this Contract is in storage with Cargill, the grain shall be released from storage to Cargill and all storage, elevation, drying, and other charges shall be due and payable by the Customer.
11. Any outstanding balance owing to Cargill for contract cancellations, or for accounts owing for feed, fertilizer, chemicals or for other purposes, will be deducted from payment for the grain. Alternatively, the Customer agrees to endorse any cheque or cash ticket for payment of grain, in favour of Cargill, to the extent of the amount owing. If the option is available, the Customer authorizes Cargill to apply all charges and fees arising under this Contract to the Customer's Performance Financing account with Farm Credit Canada (FCC). Payment of such charges will be subject to the terms of the credit agreement between FCC and the Customer. Accounts not applied to the Customer's FCC Performance Financing account and not paid within 30 days of invoice are subject to interest at a rate of 0.0493% per day (simple interest at 18% per annum) calculated as follows:

Balance	Interest charged - 1.4795%/30 days (18% annually)
\$100	\$1.48
\$500	\$7.40
\$1000	\$14.80

Balances in excess of \$1000 are calculated at the same ratio as above.
12. Cargill shall have the right, when it has reasonable grounds for insecurity with respect to the performance of the Customer, to demand adequate assurance of Customer's full performance hereunder. As adequate assurance, Cargill may demand payment from Customer up to an amount equal to the difference between the Contract price and the then prevailing market price for the grain. Customer shall provide such adequate assurance within 48 hours of the receipt of the demand therefor. Customer's failure to provide adequate assurance as demanded by Cargill shall constitute Customer's repudiation of the Contract, and Cargill shall have the right to all legally available remedies, including but not limited to its losses and damages as calculated under paragraph 8 hereof.
13. Except as provided for in paragraphs 1, 8 and 9 above, neither the Customer nor Cargill shall have the right to cancel or "buyout" this Contract, without agreement by both parties and the issuance of an amended contract or Contract Cancellation signed by both parties. It is understood that Cargill will permit cancellations or other amendments to the Contract only in exceptional cases such as crop failure, and only on such terms as may be agreed to by Cargill.
14. This Contract contains all of the terms of the contract between the parties hereto and no representations of Cargill or any agent of Cargill shall be binding upon Cargill unless the terms thereof are contained herein. Time shall be of the essence hereof.
15. This Contract shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, administrators, executors, successors and assigns, but no assignment of this Contract by the Customer, whether made voluntarily or involuntarily or by operation of law, shall be binding upon Cargill without its consent. It is further understood and agreed that wherever the singular and masculine are used throughout this Contract the same shall be construed as meaning the plural or the feminine or neuter where the context of the parties hereto so requires and all covenants shall be deemed joint as well as several.