



Hoffsuemmer Farms Ltd.
(Hoffsuemmer Grains)
8420 Lyle Rd.
St. Thomas, ON
N5P 3S5

Master Grain Purchase Contract

Hoffsuemmer Farms Ltd., operating under the name Hoffsuemmer Grains will be referred to as the “BUYER” hereinafter.

Definitions

“Grain” refers to corn, wheat and soybeans.

“BUYER” refers to Hoffsuemmer Grains.

“SELLER” refers the person or entity named on the face of a purchase contract as “the SELLER”

General Contract Terms

Contracts made whether in the form of a signed document, through an app, verbally in person or by phone, or on a handshake, are legally binding and are required to be carried out until completion. Once a contract is made, both BUYER and SELLER are obligated and committed to fulfill their respective obligations.

In consideration for BUYER’s agreement to continue to enter into Grain Purchase Contracts of any type with SELLER, SELLER hereby agrees that the terms and conditions of this Master Grain Purchase Contract shall be incorporated into and shall govern each and every Grain Purchase Contract occurring hereafter, unless modified in writing signed by all parties hereto. SELLER authorizes BUYER to enter into Grain Purchase Contracts with SELLER pursuant to SELLER’s written or oral instructions. SELLER acknowledges that BUYER has the right, but not the responsibility or obligation, to limit the size and nature of Grain Purchase Contracts which SELLER may enter into at any time for any reason. SELLER’s allowance of any Grain Purchase Contracts at any time does not constitute express or implied approval for any future Grain Purchase Contracts.

Written Contract Confirmations

a) In respect to each Grain Purchase Contract entered into by the SELLER and the BUYER, the BUYER shall issue a written contract evidencing the following, as applicable:

- type of contract
- contract number
- date of contract
- commodity and grade
- quantity
- pricing or pricing method
- delivery period
- ship mode



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- delivery or basis FOB point
- other applicable terms

Confirmation of Contracts, Pricing and / or Amendments

- a) The BUYER shall send to the SELLER a copy of each Grain Purchase Contract, or any amendment made thereto, in each case signed by the BUYER, no later than the close of the business day following the date the BUYER and SELLER agreed on such applicable terms or amendment.
- b) SELLER shall have the obligation to notify BUYER as soon as possible, but no later than 24 hours of receipt, by telephone and to then confirm in writing to BUYER, of any material differences that SELLER may have with any specification or terms set forth in a Grain Purchase Contract confirmation or notice sent by BUYER. In the event the SELLER has no such issues, the SELLER will confirm its agreement by signing a copy of the Contract or amendment and returning it to the BUYER.
- c) SELLER acknowledges that it is bound by any Grain Purchase Contract confirmations and notices sent by BUYER to SELLER regardless of whether or not SELLER signs the confirmation or notice.
- d) A notice of Grain Purchase Contract amendment sent by BUYER to SELLER shall be binding upon SELLER regardless of whether SELLER has signed the original Grain Purchase Contract confirmation or any amendment to the Grain Purchase Contract, as long as such amendment and original Grain Purchase Contracts comply with the provisions of this Section.
- e) BUYER reserves the right to require signed and written confirmations from SELLER.
- f) Any terms and conditions contained in the Grain Purchase Contract conflicting with the terms and conditions of this Master Grain Purchase Contract Terms shall be governed by the Master Grain Purchase Contract Terms.
- g) SELLER accepts the financial consequences of Grain Purchase Contracts.
- h) BUYER will treat any and all information as confidential.

Electronic Communication

- a) SELLER agrees that BUYER's written notices and communications may include text messages and email.

Contract Types

- a) Any references to a futures or options month in a Grain Purchase Contract are for purposes of any pricing formula using the CME/Chicago Board of Trade (CBOT) as a benchmark. BUYER reserves the right to enter into futures or options Purchase Contracts to protect its position, but SELLER is not and shall not be a party to any futures or options Purchase Contracts entered into by BUYER.



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- b) The establishment of the futures reference price for all contracts must be done by SELLER by notifying BUYER during an actively trading session of the Chicago Board of Trade. It is the SELLER's responsibility to monitor Grain Purchase Contracts and market conditions. Pricing Method/Terms under any particular Grain Purchase Contract may include, but are not limited to, the following methods:
- i. Forward Price --The cash price shown in the Grain Purchase Contract shall represent the final cash price (less any adjustments for grade or quality specifications should BUYER accept commodities not meeting Grain Purchase Contract specifications).
 - ii. Basis Pricing --The Grain Purchase Contract shall initially be un-priced, the basis set in the Grain Purchase Contract shall represent a fixed differential between the cash price when the Grain Purchase Contract becomes priced by adding the designated futures value of the option month.

Delayed Price (Price Later) and Basis Contracts

- a) In the event of delayed price and basis-only contracts, as the contract shall initially be un-priced, the SELLER is obligated to establish the final price by notifying BUYER during an actively trading session of the board of trade.
- b) Basis contracts can be rolled by the SELLER at any time prior to the 25th day before the current futures month and subject to the price difference between the two futures months. The SELLER may at any time before the designated roll day, or at the inception of the contract, choose or request to roll the basis to a futures month other than the next futures month. The BUYER reserves the right to limit the choice of futures months available.
- c) Basis contracts not priced will be rolled to the next futures month on the 25th day prior to the current futures month, or on the Friday preceding it if it falls on a weekend. The next futures month will be the "designated month" for the basis contract. A rolling fee and basis adjustment will apply.
- d) Where final price has not been set the BUYER will pay the SELLER an advance of 60% of the contract value on the date of the advance; provided, however that:
 - Upon delivery of grain against a delayed price or basis contract, the SELLER is entitled to an advance of funds equal to 60% of the cash value of the grain using current value of the designated futures month. Any charges for storage, drying or other owing will be deducted from the advance in full.
 - If the SELLER is required to, but does not, make payment to the BUYER, then the BUYER shall have the right to (but is not obligated to) set the final price of the contract and request payment from or make payment to the SELLER.
 - If the final price has not been set and the value of the contract has declined resulting in the advance previously issued to represent 85%, then the BUYER shall have the right to (but is not obligated to) set the final price of the contract and request payment from or make payment to the SELLER.



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- Where the SELLER is to make payment to the BUYER as a result of recalculation or final settlement, payment shall be made within 24 hours of receiving notice of recalculation or settlement.
- At any time after the last business day of the 12th month following the delivery period stated in the contract and if the final price has not been set by the SELLER then the BUYER shall have the right to (but is not obligated to) set the final price at any time and issue payment to the SELLER or request payment from the SELLER.

Pricing Tools

- a) From time to time, BUYER and SELLER may enter into other Pricing Tools to form the basis of the Grain Purchase Contract between them. The terms and conditions of any such other Pricing Tool Grain Purchase Contracts shall be governed by this Master Grain Purchase Contract, unless the parties should agree in writing, signed by both, that other terms and conditions shall apply.

Target Price Offers

- a) BUYER may, but is not required to, permit SELLER to make firm "target price offers" to enter into cash grain contracts with BUYER. SELLER acknowledges that any particular "target price offer" will not be accepted by BUYER unless market conditions meet the "target price offer" made by SELLER. BUYER will send confirmation to SELLER indicating acceptance of any particular "target price offer" when and if market conditions are met.

Other Contract Types

- a) The parties agree that the terms of this Master Grain Purchase Contract shall also apply to any delayed price agreement, deferred payment, price later, or other similar Grain Purchase Contract.

Passing of Title

- a) Risk of Loss and/or Damage to Grain purchased by the BUYER from SELLER passes from SELLER to the BUYER:
 - ii. in the case of Grain delivered by the SELLER, or a carrier engaged by the SELLER, to a receiving point of the BUYER in respect of forward delivery, basis or other sale contract, at the time of delivery and acceptance at such receiving point; and
 - iii. in the case of Grain delivered by the SELLER to a receiving point of the BUYER in respect of which a storage receipt is issued to the SELLER, at the time the SELLER communicates to the BUYER the SELLER's agreement to sell the Grain to the BUYER on terms agreed to by the parties and payment for sale has been made.



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Payment

- a) All payments made by, or owed to, BUYER shall be based on Canadian Dollars.
- b) Payments due to SELLER under this Master Grain Purchase Contract or under any Grain Purchase Contract will be paid after delivery and acceptance of the purchased commodity upon the terms and conditions set forth herein or in a specific Grain Purchase Contract, except if the Parties have agreed to other alternate payment arrangements.
- c) Payment may be by cheque or by electronic funds transfer to SELLER's bank account

Settlement

- a) In addition to any other allowable deductions, setoffs or offsets (whether arising from this Master Grain Purchase Contract, a specific Grain Purchase Contract or from other debts or claims owed to BUYER by SELLER), any payments to SELLER for commodity delivered under any Grain Purchase Contract or Grain Purchase Contracts shall be subject to prior deduction for applicable discounts or other charges owed to BUYER by SELLER on any other Grain Purchase Contract or indebtedness.

No Liens

- a) SELLER agrees that when delivered hereunder, the Grain will be free and clear of all liens and encumbrances of every nature. In the event any such lien or encumbrance is found to exist, SELLER shall immediately take all steps as are necessary to discharge such lien or encumbrance, and hereby agrees that the BUYER may, and hereby irrevocably authorizes the BUYER to if BUYER elects, pay any amounts owing by the BUYER to the SELLER (in respect of the Grain purchased by the BUYER from the SELLER under a Contract) to such person or persons in whose favour the lien or encumbrance has attached (which payment shall automatically result in a reduction of the amount owed by the BUYER to the SELLER in respect of the applicable Grain purchase).

Alternate Delivery Point

- a) BUYER shall have the right to designate any reasonable alternative delivery point of the BUYER if necessary, to expedite or facilitate SELLER'S performance of the Contract but shall have no obligation to do so. Increased shipping charges under this provision shall be for SELLER'S account and reductions in shipping charges shall be for BUYER'S account; provided, however, that if the designated alternative Delivery Point is solely for the BUYER'S convenience at the request of the BUYER, the increased shipping charges shall be for the BUYER'S account.



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Freight Rate

- a) Any increase in applicable freight rates taking effect before fulfillment of the Contract, and not arising in the circumstances described in the Alternate Delivery Point Section, shall be for SELLER'S account.

Quality

- a) The quality of agricultural commodities delivered by SELLER shall be determined at the time and place of delivery, with the weights, grades and other quality criteria at the destination location to govern.
- b) SELLER is obligated to deliver the grade and quality described in each Grain Purchase Contract.
- c) BUYER reserves the right to test the commodities delivered by SELLER for conformity with the representations and warranties contained in this Master Grain Purchase Contract or with respect to any Grain Purchase Contract.
- d) No such testing by BUYER shall constitute a waiver of BUYER'S rights or remedies with respect to this Master Grain Purchase Contract or any Grain Purchase Contract.
- e) BUYER reserves the right to reject individual shipments not complying with Grain Purchase Contract terms.
- f) If the BUYER elects to accept deliveries not meeting Grain Purchase Contract grade and/or quality, the BUYER'S scale of discounts and premiums at time of delivery shall apply, unless otherwise specified in writing.
- g) Refusal of the BUYER to accept delivery of agricultural commodities not meeting Grain Purchase Contract terms shall not release SELLER from the obligations of that Grain Purchase Contract.
- h) Acceptance of any delivery of commodities by BUYER after breach of the terms and conditions of any Grain Purchase Contract by SELLER shall not waive any rights or remedies accruing to BUYER as a result of such prior breach.

SELLER Warrants

- a) SELLER warrants that Grain sold under a Contract shall at the time of sale be of good, sound, dry and merchantable quality. In addition, SELLER guarantees that the Grain shall not be commingled with any other seed or crop, contaminated (including with any substance that constitutes a food safety hazard), adulterated, misbranded or misrepresented within the meaning of the Food and Drugs Act (Canada), or in violation of any other provision of said Act. SELLER further warrants that neither the Grain nor its shipment shall be in violation of any and all other federal, provincial and local laws, regulations or ordinances. SELLER shall indemnify BUYER from all costs, damages, and losses, arising out of any breach of this Section or other term of the Contract, or out of SELLER'S negligence or strict liability, and BUYER may, in addition to such indemnity, take advantage of any and all remedies given under the terms and conditions of a Contract or under federal, provincial and local law.
- b) SELLER has used or will use only those pesticides that are lawfully registered under the Pest Control Products Act (Canada), in strict compliance with the procedures recommended by the manufacturer of the pesticide and Agriculture and Agri-Food Canada. In the event of such non-compliance by SELLER, BUYER



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- may refuse to accept delivery of the Grain. BUYER will give the SELLER prompt notification of refusal and SELLER hereby agrees that BUYER shall have the right to report non-compliance and rejection to any third party. All Contracts shall be subject to the terms of the Seed Act (Canada) and all regulations there under.
- c) The SELLER understands and has taken steps to ensure that no conveyer, including but not limited to trucks, trailers, railcars or other conveyances, (collectively, "conveyances") has been contaminated by any "prohibited material". Prior to any conveyance using equipment which has previously contained prohibited material being loaded for delivery, the SELLER shall ensure the conveying equipment is thoroughly cleaned.
 - d) SELLER represents and warrants that any agricultural commodity delivered to BUYER has not been grown from, commingled with or otherwise exposed to seed (including, without limitation, genetically modified seed) which has not received full and final approval for importation and use from the applicable authorities in all domestic and foreign markets utilized by BUYER (including, without limitation, the United States, Canada, China, Japan, Mexico and the European Union) with respect to such commodity.

Liability of Performance - Failure to Deliver

- a) SELLER has an obligation to deliver the agricultural commodity described in each Grain Purchase Contract during the stated delivery period. Each Grain Purchase Contract shall be considered a "delivered contract" and title and risk of loss shall remain in SELLER until physical delivery to BUYER's designated delivery location and acceptance by BUYER. SELLER's obligation to deliver is absolute and SELLER warrants that it will deliver the quantity and quality described regardless of any other similar delivery commitments SELLER has or may have with BUYER or any other parties.
- b) Neither the BUYER nor SELLER shall be liable for any prevention or delay in performance resulting in whole or in part, directly, or indirectly, from:
 - i. fires, floods, or other acts of God;
 - ii. strikes, lockouts, or labour disputes;
 - iii. wars, riots, or embargoes;
 - iv. actions by foreign, federal, provincial or local governments;
 - v. shortages of transportation equipment, fuel or labour; or
 - vi. any other circumstance beyond either party's reasonable control.
- c) In any such event, BUYER and SELLER shall be relieved from further performance of the Contract; provided, however, such relief of further performance shall not apply if the BUYER elects to suspend the Contract for a period of time equal to the delay, not to exceed a reasonable time.
- d) In the event of a delay, BUYER shall accept delivery and make payment under the Grain Purchase Contract(s) as soon as practicable after the cause for delay has ceased.



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- e) BUYER shall have the right to apply deliveries of agricultural commodities made by SELLER under any Grain Purchase Contract(s) as determined by BUYER, in its sole discretion.
- f) If SELLER fails to perform any of the terms and conditions of any Grain Purchase Contract with BUYER, then BUYER reserves the right, but not the obligation, to deem SELLER in default of that particular Grain Purchase Contract and in default of any other Grain Purchase Contract(s) between BUYER and SELLER.
- g) If the SELLER is unable to or does not deliver Grain as required under a contract, SELLER hereby irrevocably agrees that the BUYER may at its option take delivery of such Grain on the SELLER's land, in which case the SELLER hereby irrevocably grants to the BUYER right of access and egress in respect of such land to the extent necessary for the BUYER to exercise its rights under this Section. The cost of such delivery shall be based on prevailing commercial hauling rates and shall be deducted from the proceeds of sale of the Grain.
- h) In the event of any default of fulfillment of a Contract by the SELLER, the BUYER at its absolute discretion shall have the right, but shall not be obligated to, sell to the SELLER the quantity of grain required to complete the contract. Any such sale will be evidenced by a sale Contract (although no written confirmation would be required from SELLER in order to make such Contract effective). The sale price may include but is not limited to the cost of the BUYER to replace the applicable quantity of Grain and any additional related costs incurred by the BUYER. The SELLER hereby irrevocably agrees that any costs resulting from the default may be deducted from the proceeds of the sale or will be paid by SELLER on demand.
- i) Without prejudice to any other rights available to it, BUYER in its absolute discretion reserves the right to terminate the Contract in the event of:
 - i. the insolvency of the SELLER or a material deterioration in financial condition of the SELLER (as determined by BUYER);
 - ii. filing of a voluntary petition in bankruptcy by the SELLER;
 - iii. filing of an involuntary petition in bankruptcy against the SELLER;
 - iv. appointment of a receiver, receiver-manager or trustee for the SELLER;
 - v. execution of an assignment for the benefit of creditors by a party.
- j) Acceptance of any delivery of Grain by BUYER after any breach by SELLER of any of the terms and conditions of a Contract shall not waive any rights or remedies of BUYER arising in connection with such breach. Nor shall acceptance of delivery stop any action initiated by the BUYER as a result of failure to deliver.
- k) In the case of a party's default of any of its obligations under this Master Grain Purchase Contract or with respect to any Grain Purchase Contract, the defaulting party shall be liable to the non-defaulting party for all costs incurred (including attorney fees) in enforcing this Master Grain Purchase Contract or any Grain Purchase Contract and/or collecting any damages found owing to the non-defaulting party. The defaulting party also shall be liable for the payment of compound interest at the rate of 18% per annum from the date of default on any damages found owing to the non-defaulting party.



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Changes to Terms; Assignment

- a) This Master Grain Purchase Contract may be altered or amended by BUYER from time to time with reasonable notice of any such changes to the SELLER.
- b) No terms and conditions contained in a Contract may be added to, modified, superseded, or otherwise altered except with the written consent of an authorized representative of the BUYER.
- c) Each Contract shall ensure to the benefit of and bind the parties, their heirs, executors, administrators, personal representatives, successors and permitted assigns.
- d) SELLER cannot assign this Master Grain Purchase Contract and SELLER cannot assign any Grain Purchase Contract entered into with BUYER unless express written consent is first obtained from BUYER.

Continuation

- a) This Master Grain Purchase Contract shall continue in full effect until terminated by either party with thirty (30) days' written notice, provided, however that it is agreed that the terms of this Master Grain Purchase Contract remain applicable until all obligations under any Grain Purchase Contracts between the parties have been completed to the satisfaction of BUYER.

Removal of Unenforceable clause

- a) If any provision or application of a Contract is held by any court to be unenforceable, invalid or void, such provision or application shall be inoperative to the extent necessary to comply with applicable laws and shall be severed from and not impair the effect of the remainder of the Contract or any application of the Contract.

Notices

- a) Any written notices or other documents to be delivered under or in respect of a Contract shall be delivered, as applicable, to the addresses, facsimile numbers or email addresses specified therein.

Authorizations

- a) The SELLER hereby authorizes the BUYER to provide, on the SELLER's behalf, information in the nature of trade, including information regarding sales and payments, to various parties, including but not limited to:
 - i. any commodity board or association, including any agent thereof;
 - ii. any commodity lending institution, including any agent thereof;
 - iii. AGRICORP;
 - iv. any commercial lender or other business.