



### **GRAIN PURCHASE TERMS AND CONDITIONS**

These Grain Purchase Terms and Conditions govern all purchases by all divisions, subsidiaries and related corporations of Paterson GlobalFoods Inc., including but not limited to Paterson Grain, NutraSun Foods Ltd., Growers International Organic Sales Inc., Paterson Grain, LLC and FeedMax Corp., (collectively, “Paterson”) of grains, oilseeds and special crops (collectively, “Grain”) and are automatically incorporated into any such purchase by Paterson from a seller of Grain (hereafter, such seller(s) of Grain referred to as “Producer(s)”).

- 1. FORMATION OF CONTRACTS.** Paterson only contracts to purchase Grain via Paterson-prepared written contracts in one of Paterson’s standard forms with a Producer-specific watermark (as per the sample contract available at <https://www.patersonglobalfoods.com/sample-contract/>), duly executed by both the Producer and Paterson. For clarity, Paterson does not contract for the purchase of Grain via text message or email message. Verbal contracts shall be enforceable only if evidenced by Paterson subsequently forwarding a Paterson Head Office approved electronic contract (DocuSign) and/or paper contract. No alterations, variations or changes of any kind made by a Producer on any Grain purchase contract shall be of any force or effect.
- 2. AUTHORITY.** No employee or agent of Paterson has any authority whatsoever to alter, vary or waive the Grain Purchase Terms and Conditions, or any of them, in any way whatsoever.
- 3. DELIVERIES WITHOUT CONTRACTS.** Any Grain delivered to Paterson without a signed purchase contract in Paterson’s standard form in place with respect to the Grain shall be: A) for exchange traded commodities (excluding oats): automatically placed on a basis only contract at the close of business on the 10<sup>th</sup> calendar day from the date of delivery if the Grain is not contracted within such ten (10) calendar day period. Basis only contracts must be priced in accordance with their terms prior to the Final Price Out Date (as defined in the contract); B) for oats and durum: automatically placed on a flat price contract at the close of business on the 10<sup>th</sup> calendar day after delivery if the Grain is not contracted within such ten (10) calendar day period; and C) for pulses, automatically placed on a flat price contract at the time of delivery.
- 4. PRODUCER GROUPS.** If Producers farm as a group or a partnership and therefore wish to “group” together deliveries to fulfil contractual commitments, a Head Office Paterson-prepared “Producer Grain Marketing Group Agreement and Irrevocable Letter of Direction” must be signed by all members of the proposed grain marketing group. Following approval by Paterson Head Office, any and all deliveries of Grain made by any and all group members to Paterson are to be credited to the applicable outstanding delivery contracts of any of the group members, all in accordance with the Producer Grain Marketing Group Agreement and Irrevocable Letter of Direction.
- 5. DIRECTION TO PAY.** When a Producer has contracted with Paterson to deliver Grain and that Producer requests that another party be paid, or payment split between other parties, or payment deferred, a Head Office Paterson-prepared “Irrevocable Letter of Direction (Payment)” must be signed so directing by the Producer named on the purchase contract.
- 6. GRAIN DELIVERY RECEIPTS.** A grain delivery receipt(s) in Paterson’s standard form, as approved by the Canadian Grain Commission, must be signed by the Producer or his agent at the time of Grain delivery in respect of each and every metric tonne of Grain actually delivered to Paterson. Paterson will only make payment for Grain based on presentation of a valid grain delivery receipt(s) signed by the Producer or his agent. The Producer represents and agrees that the delivery driver(s) who deliver Grain to Paterson on the Producer’s behalf are conclusively deemed to be agents of the Producer for the purpose of signing a grain delivery receipt in accordance with this paragraph.
- 7. CASH PURCHASE TICKETS.** All valid Paterson cash purchase tickets contain two (2) corporate signatures on behalf of Paterson. The absence of two (2) corporate signatures indicates that the cash purchase ticket is not a valid Paterson cash purchase ticket. In the event the Producer is presented with a cash purchase ticket with less than two (2) corporate signatures, the Producer agrees not to attempt to negotiate / deposit same and immediately contact Paterson Head Office at 204-956-2090, attention Director of Trading and Transportation or Grain Controller, to advise of same.
- 8. PRODUCER DECLARATION.** All Producers who deliver Grain to Paterson must sign the Paterson-prepared Producer Declaration once per crop year. Paterson will not allow a contract to be created or a delivery to be completed without the Producer’s signature on the current Producer Declaration.

- 9. RIGHT OF SET-OFF.** In addition to any other allowable deductions, set-offs or offsets at law, the Producer authorizes Paterson to deduct from any monies otherwise payable by Paterson to the Producer, whether now or in the future, any amounts owing by the Producer to Paterson including without limitation any amount resulting from the Producer's failure to deliver Grain and any and all amounts owing for Crop Inputs provided by Paterson, including accrued interest.
- 10. NO LIENS.** The Producer agrees that at all times up to and including when delivered, the Grain shall be free and clear of all claims, liens, security interests, charges and encumbrances of every nature excepting only the security interest in favour of Paterson hereunder. In the event any such claim, lien, security interest, charge or encumbrance is found to exist, Paterson, at its option, may discharge same and deduct the cost thereof from monies payable to the Producer.
- 11. GOVERNING LAW AND DISPUTE RESOLUTION.** These Grain Purchase Terms and Conditions are governed by and shall be construed in accordance with the laws of the Province of Manitoba. The parties attorn to the exclusive jurisdiction of the courts of Manitoba for the resolution of any dispute between Paterson and the Producer.
- 12. TITLE PASSES ON DELIVERY.** All right, title and interest to the Grain shall remain with the Producer and shall remain at the Producer's risk until such time as delivered to Paterson and grade and dockage and/or moisture content and other applicable specifications have been established by Paterson. Upon Paterson having established the grade and dockage and/or moisture content and other applicable specifications, all right, title and interest in the Grain or the portion delivered shall pass to Paterson.
- 13. SHRINKAGE ALLOWANCE.** Paterson shall deduct such shrinkage allowance as may be allowed from time to time by the Canadian Grain Commission from the gross delivered weight of the Grain. Except as otherwise provided herein, all screenings, dockage and foreign material shall be the property of Paterson. The Producer shall pay all costs of drying the Grain.
- 14. RIGHT TO INSPECT CROP.** Paterson or its representatives shall have the right to inspect the Grain at such times as it deems necessary.
- 15. QUANTITIES NET OF DOCKAGE.** The quantities referred to herein shall, in all cases, be the number of tonnes net of dockage, delivered by the Producer to Paterson.
- 16. FAILURE TO DELIVER/LIQUIDATED DAMAGES.** Should the Producer fail to deliver, for any reason whatsoever, all or part of the Grain on or before the end of the applicable Delivery Period, then the Producer shall pay to Paterson, as liquidated damages and not as penalty, the sum determined by multiplying the quantity of the Grain not delivered by the Final Daily Purchase Price (as defined in the purchase contract) for the Grain on the last day of the applicable Delivery Period together with Paterson's handling tariff posted with the Canadian Grain Commission per MT for the applicable Grain. The Producer and Paterson agree that the amount of liquidated damages determined in the manner specified herein is a genuine pre-estimate of the actual damages Paterson will suffer as a consequence of a breach on the part of the Producer. Interest will be charged on all amounts owing as liquidated damages at the rate of 1% per month compounded monthly not in advance (12.68% per annum).
- 17. RECOVERY OF COSTS.** In any proceedings by Paterson against the Producer, whether for the recovery of monies owed for Crop Inputs, interest, liquidated damages, or otherwise, the Producer shall pay to Paterson all costs of enforcement of this contract including legal fees and costs on a solicitor and client basis.
- 18. SECURITY INTEREST.** The Producer hereby grants to Paterson as security for all amounts owing from time to time by the Producer to Paterson and as security for the performance of the Producer's obligations under contract:
- A) a purchase money security interest in all Crop Inputs provided by Paterson to the Producer;
  - B) a security interest in all Grain and proceeds produced with such Crop Inputs; and
  - C) a security interest in all of the Producer's present and after acquired property, both real and personal, and all proceeds derived from dealing with such property or proceeds.
- 19. SEVERABILITY.** If any provision or application of these Grain Purchase Terms and Conditions 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 remainder of these Grain Purchase Terms and Conditions.
- 20. INDEMNITY.** Unless specifically set out in the applicable Grain purchase contract, the Producer warrants and represents that the Grain shall not be comingled with any other seed or crop. The Producer warrants and represents that the Grain shall not be contaminated. In the event of non-compliance, the Producer agrees to, and shall, indemnify and hold Paterson harmless from and against any and all loss, cost, damage, expense and/or penalty that may be incurred by Paterson by reason of any such non-compliance.
- 21. GENERAL.** Wherever the singular number of the masculine gender is used in this contract, the same shall be construed as including the plural and feminine and neuter respectively, where the context so requires; and in any case where a purchase contract is executed by more than one Producer, all covenants and agreements herein contained shall be construed and taken as against such executing Producers as joint and several; the heirs executors, administrators, successors and assigns of any Producer executing a purchase contract shall be bound by the covenants, agreements, stipulations and provisions herein contained; purchase contracts and the rights of the Producer thereunder are not assignable by the Producer without Paterson's prior express written consent; all duly executed Paterson-prepared written purchase contracts in Paterson's standard form shall be binding upon Paterson and its successors and assigns; all initially capitalized words and phrases shall have the meanings ascribed to them in these Grain Purchase Terms and Conditions; time shall be of the essence.