



LETTER OF INTENT (“LOI”)

THIS AGREEMENT made effective _____, 2020:

BETWEEN:

Great Plans MDF Production Inc.,

A Corporation provincially chartered in Alberta

Home Office in Edmonton, Alberta, Canada

(known as “Great Plains”)

- and -

A company based in _____, _____

With home offices at _____

(Represented by: _____)

(known as “the Supplier”)

(individually known as a “Party”; collectively known as “the Parties”)

WHEREAS the Parties are considering entering into a business relationship;

AND WHEREAS The Parties wish to ensure an ongoing and mutually beneficial relationship;

AND WHEREAS This Letter of Intent (“LOI”) is intended to form the framework for that relationship, should the Parties choose to proceed.



NOW THEREFORE in consideration of the common consent between all the Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby covenant and agree with each other as follows:

1. **Objective:** The Objective of this LOI is to outline the general terms & conditions as well as indicative pricing for the purchase of wheat straw by Great Plains from the Supplier.
2. If the Parties decide to proceed with the relationship, a formal, detailed contract for the purchase and sale of wheat straw with all conditions and pricing (“Contract”) will be drafted by Great Plains and brought to the Supplier for consideration.
3. Until such time as that Contract is signed, no commitment with regard to buying or selling WHEAT straw exists for either Party.

SECTION I – MUTUAL NON-DISCLOSURE AGREEMENT (“NDA”)

4. The Parties acknowledge that the contents of this LOI are subject to the terms and conditions of the NDA executed between them.
5. This includes but is not limited to the Supplier acknowledging that all pricing information provided by Great Plains is on a commercial-in-confidence basis and cannot be shared with anyone not a Party to this agreement without the express, written permission of Great Plains.

SECTION II – INDICATIVE TERMS FOR PURCHASE OF STRAW

6. Attached to this LOI at Appendix ‘A’ are a draft set of Terms & Conditions for the purchase of wheat straw by Great Plains from the Supplier.
7. While these terms are subject to change between the time this LOI is signed and the Contract is issued, Appendix ‘A’ will give the Supplier a very strong sense of what metrics and variables will be used to determine quality, acceptance or rejection of wheat straw by the Great Plains facility.
8. By signing this LOI, the Parties agree that the terms provided in Appendix ‘A’ are generally acceptable and, would be terms under which the Parties would be willing to enter into negotiations for the production of a Contract at a later time.

SECTION III – INDICATIVE TERMS FOR PRICING OF STRAW

9. Attached to this LOI at Appendix ‘B’ are a draft set of Terms & Conditions for the pricing structure for the purchase of wheat straw from the Supplier being proposed by Great Plains.
10. While these terms are subject to change between the time this LOI is signed and the Contract is issued, Appendix ‘B’ should give the Supplier a clear sense of the basis for pricing Great Plains intends to use including the base price and changes to price effected by moisture content, density, distance traveled and overall quality.



11. By signing this LOI, the Parties agree that the terms provided in Appendix 'B' are generally acceptable and, would be terms under which the Parties would be willing to enter into negotiations for the production of a Contract at a later time.

SECTION IV - MISCELLANEOUS

12. **Severability:** If a court of competent jurisdiction determines that any term, covenant or condition of this Agreement or the application thereof to any person or circumstance is determined invalid or to any extent unenforceable, that provision insofar as it relates to that party or circumstances shall be deemed not to be included herein and the balance of this Agreement shall remain in full force and effect and continue to be binding upon the parties hereto.
13. **Force Majeure:** The final commercial agreement between the Parties will include a provision for "Force Majeure" that recognizes that acts of nature will remove the obligation on the Supplier to deliver as otherwise agreed.
14. **Governing Law:** This Agreement shall be construed and enforced in accordance with the laws of the Province of Alberta, Canada and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of Alberta, Canada.
15. **Modifications:** No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the parties hereto.
16. **Inurement:** This Agreement shall inure to the benefit of a Party, their agents, executors, administrators, heirs and successors and shall be binding upon the other party, its successors, insurers and assigns.
17. **Recitals:** The recitals to this agreement form part hereof and are to be construed and interpreted as such.
18. **Captions:** The captions and headings used in this Agreement are for convenience only and do not constitute substantive matter to be considered and construed in the terms of this Agreement.
19. **Counterpart Execution:** This Agreement may be executed in any number of counterparts and by facsimile, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.
20. **Term:** This agreement (with the exception of the confidentially clauses referenced above) will terminate at such time as the transaction contemplated as the basis of this relationship either a) fails to come to fruition, b) Great Plains ceases to operate or c) by mutual agreement with 30 days written notice. The confidentially provisions shall endure for a period of 24 months.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

Name: _____

Title: _____

Date:

Daryl Poulsen,
Vice President, Infeed Operations
Great Plains MDF Production Inc.

Date:



Appendix 'A' - INDICATIVE TERMS FOR PURCHASE OF STRAW

- Wheat Straw bales shall measure 3x4x9 feet to a tolerance of +/- 2 inches and may be 8 feet long by prior arrangement.
- Wheat Straw Bales shall be tied with Great Plains supplied polypropylene twine – there are no exceptions to this requirement, as there are substantial logistics associated with de-stringing and recycling of twine.
- Wheat Straw Bales with embedded off-cuts of twine are a problem for the MDF press process and can negatively impact final MDF product quality. These will be rejected.
- Wheat Straw Bales shall be transported on 53' long flatbed trailers, arranged 3-foot dimension up, 4-foot dimension across, long dimension (8' or 9') fore/aft. There shall be two rows of bales across the bed (total 8' wide) and three stacked layers (total 9' tall). Each layer shall have 12 bales for a total load of 36 bales per load. This configuration is critical to the automated off-loading process and crane configuration. Loads that are not stacked in this configuration may be rejected or directed to external long-term stacks at a discount.
- The preferred weight per bale is 1,400 lbs. Bales will be accepted between 900 and 1,600 pounds. Payment for loads is determined on an “equivalent Oven Dry Tonne basis”. Full loads and empty trucks will be weighed at the plant gate and each layer will be weighed by the crane load cells as they are lifted from the truck. A full accounting of each load will be provided to the Supplier.
- The preferred moisture content of the Wheat straw is less than 16%. Bales up to 25% may be accepted (the maximum moisture content is currently under review). Great Plains will measure moisture content at the surface and up to 10 inches deep in the bale.
- Great Plains will convert the load weight into an “equivalent 16% moisture content basis” weight for the purposes of calculating payment. This ensures that loads with different moisture contents are paid the same way, i.e., Great Plains will not pay for moisture which varies from load to load.
- Wheat Straw with mold, rot, rocks and other indications of poor handling and storage may be rejected.
- Out of tolerance loads will be directed to a quality assurance parking area for further assessment and may be rejected or purchased at a discount (at the Supplier's option).
- The schedule for delivery of loads will be predetermined in each supply contract to facilitate an even tempo of in-feed. Early or late delivery may result in price discounting. Flexibility will be built into the load scheduling system to accommodate changes without penalty with sufficient (TBD) advanced notice.
- Great Plains MDF will provide outreach support to all of our farmers/suppliers. This



is available on a call-up basis as a free support service and we will visit every supplier at agreed times shortly after harvest to evaluate straw quality, and at other times of the year to review bale characteristics (and quality) and storage conditions. A successful on-site quality assurance audit will be a pre-condition for harvest payments and will provide additional confidence that the product will meet our in-feed requirements.

- At this time Great Plains is only prepared to purchase wheat straw but future plants and/or operations may include other fibres such as barley, oats, canola or hemp. Other purchase agreements will be provided should that become the case.



Appendix ‘B’ - INDICATIVE TERMS FOR PRICING OF STRAW

Standard rates for Wheat Straw (based on 16% mc)

Price Element	2021 pricing	2025 pricing @ 2%pa
Harvested Straw, unbaled	\$20 per tonne	\$21.65 per tonne
Baling and Stacking	\$28.85 per tonne	\$31.23 per tonne
Harvested, baled and stacked – excluding transportation	\$48.85 per tonne	\$52.88 per tonne
Transportation	\$3.00 per km per load (round trip) = \$4.89/mile	\$3.25 per km per load (round trip) = \$5.29/mile
Loading for transportation	\$100 per load	\$108.24 per load

Example of Straw delivered from 85 km away from the Plant...

Price Element	2021 pricing	2025 pricing @ 2%pa
170 km (round trip) + 1 loading op @ 22.5 tonne 16%mc Load	\$75.96 per tonne, \$1,709 per load	\$82.24 per tonne, \$1,850 per load

For example: 22.5t x (\$20.00 + \$28.85) + \$3.00 x 170km + \$100.00 = \$1,709

Spring White Wheat Straw: Same price as regular Wheat Straw

One tonne = 2204 lbs.

Loads will be measure for moisture content and loads at, or below, 16% moisture content will be paid based on scale weight. Loads with over 16% moisture content will be converted to a 16% moisture content baseline to normalize the moisture mass.

Harvest price paid upon completion of successful quality audit immediately after harvest. Balance for loading and transportation paid on delivery to the plant.

Pricing is indicative and subject to change. Penalties and bonuses may apply to out-of-spec product and unexpected delivery outside of contracted delivery schedule.