

Clear Grain Exchange Terms and Conditions

NZX Holding No. 4 Ltd trading as Clear Commodities ABN 72 375 021 249

Frequently Asked Questions for Growers¹

The Clear Grain Exchange is an electronic platform developed to facilitate the trading of forward and physical transactions for Australian grain, and intended to provide Australia-wide industry transparency. Please find below some of the most frequently asked questions regarding the Clear Grain Exchange Terms and Conditions.

Selling Physical Grain using Clear

1. How do I as a Grower market my warehoused grain using Clear?

As soon as you deliver your grain to a GrainCorp site you will automatically see your warehoused grain on Clear, ready for you to sell. No one else can see your warehoused grain except for you (and any Broker or Advisor that you appoint as your Authorised Representative). Other Bulk Handlers (Viterra and Grainflow in South Australia and CBH in Western Australia) currently require you to title transfer your warehoused grain to Clear. If you are not registered to use Clear then we will contact you following delivery to complete your registration or you can simply complete an online registration or call Clear if you require further assistance.

2. Once my grain is available to sell using Clear how do I sell it?

Clear provides a do-it-yourself (DIY) service so that you can set your own sale price and publish it to over 200 registered buyers automatically. Alternatively, if you prefer to use a Broker or Advisor to assist you in marketing your grain you can nominate them as your Authorised Representative on Clear and they can market your grain for you. Clear provides you with real-time information on government levies, bulk handling fees and other relevant deductions to help you set a realistic offer price where you know exactly how much you will get in your hip pocket before you offer your grain for sale.

3. What happens if I want to get my grain out of Clear?

As there is no requirement for you to nominate Clear at GrainCorp sites, you do not need to do anything to get your grain out of Clear (just cancel any offers). Likewise with other bulk handlers you are able to offer and trade warehoused grain without nominating Clear upon delivery. Grain will not be 'locked' to Clear giving you greater marketing flexibility. You are only required to transfer your grain to Clear once your grain has traded. For assistance with this please contact your Bulk Handler.

Forward Contracting Grain using Clear

1. What is a Forward Contract on Clear?

A Forward Contract is a way for a grower to secure a price for a specific quantity of grain that is to be delivered to a specified warehouse location during a date range in the future. Clear enables growers to create a Forward Contract offer at their target price for buyers to view and creating matching or opposing bids.

2. How does the Forward Contract acceptance work on Clear?

If a grower matches a buyers bid, then the grower will have had the opportunity to review all aspects of the bid, including grade spreads in the case of a multi-grade contract, prior to creating the matching offer. The buyer will then have the opportunity to review the contract and accept it's parameters within a 2-hour acceptance window.

If a buyer matches a grower's offer, then the buyer will have had the opportunity to review all aspects of the offer whilst creating the matching bid. In the case of a multi-grade offer, the grower will then have the opportunity to review the buyers grade-spreads and accept or decline these within a 2-hour acceptance window.

3. What happens once there is a Forward Contract match?

Clear will generate a 'Broker Note' outlining all aspects of the Forward Contract including the counterparties to the contract. This contract is closely aligned to GTA's standard 'Broker Note' and 'Trade Rules'. At this point, the grower will have a direct contract with the buyer and will be able to communicate directly with the buyer if there is any requirement to do so.

4. Will Clear provide a settlement facility for Forward Contracts?

Yes, once a contract reaches the specified delivery period on the contract the grower will be able to perform a title transfer to Clear, which will commence the settlement process (detailed instructions will be sent at the commencement of the delivery period). Clear's settlement facility will hold title to your grain on bare trust until the funds have been received from the buyer. As per Clear physical trade settlement facility, Clear will still collect and disburse all the required industry levies, Clear fees and BHC fees on your behalf.

5. What happens if I am unable to meet my contractual obligations?

If at any point between entering into a Forward Contract and title transferring the grain to Clear for settlement, you feel you will be unable to meet your obligations of the contract, you should immediately contact the buyer directly. The terms in which the contract have been entered into align closely with GTA's standard terms,

which has provisions to assist in this process. If a grower and buyer mutually agree on a settlement external to Clear's settlement facility, both the buyer and the grower must notify Clear in writing immediately.

6. How will Canola oil and admixture adjustments be calculated?

Regarding Forward Contracts for Canola, the Offer Price and the Bid Price are made on the basis of 42% oil bonification and 0 % admixture. At settlement, payment for oil is based on the clean seed weight and is calculated on the delivered weight less the deduction for admixture as per AOF. The oil bonus/penalty to the base price is calculated at 1.5% of the base price for every 1% oil above or below the 42% oil content base.

7. If grain is delivered into a secondary site, how is the price calculated?

In the event that a grower is unable to deliver into the primary site listed on the 'broker note', they are able to deliver into the specified secondary site listed. The price will be adjusted based on the difference in the current seasons (at settlement time) GTA Location Differentials between the primary and secondary site.

Clear's Settlement Process

1. What are gTickets?

Grain Tickets ("gTickets") are issued by Clear as a unique electronic identification record of your warehoused grain. Bulk Handlers provide Clear with the ticket information from their warehousing systems to ensure the information on your gTickets is accurate. Where your Bulk Handler requires you to nominate Clear you will also have to confirm all gTickets in your Clear Inventory. gTickets make it possible for you (or your Authorised Representative) to be in complete control of determining when, and for how much, you wish to buy or sell your grain using the Clear Grain Exchange.

2. Is it true that I always own my grain when using Clear until I am paid?

Yes. There is no safer way to sell your grain. Sellers using Clear to market their grain always maintain title until your grain is sold and full payment has been received from the Buyer. For nominated grain, Clear will hold your grain entitlement on bare trust. Clear will not at any time have any interest in your grain (financial or otherwise).

3. What is a Bare Trust?

A Bare Trust is simply an agreement between you and Clear that your grain entitlement will be held in trust (due to some Bulk Handlers requiring you to nominate Clear as the acquirer² to sell your grain using Clear). The Bare Trust structure is the simplest way to ensure you always maintain title to your grain. Under the Bare Trust structure Clear is obliged to pre-pay Bulk Handling fees on your behalf and will be reimbursed when you sell your grain.

4. When is title transferred from Seller to Buyer?

Title is only transferred from Seller to Buyer upon the full receipt of payment within 5 business days of the trade. This ensures enhanced security for the Seller.

5. Does Clear ever handle trade payments from the Buyer?

No. Clear has engaged Perpetual³ as the independent Custodian to deal with all trade payments and disbursements. Clear at no time will hold funds due to either a Buyer or Seller.

6. What happens if a Buyer doesn't pay on time?

Clear will immediately advise the Seller, at which point the Seller has 2 options:

- Extend the settlement period, at which point Clear will notify the Buyer; or
- Terminate the sale contract for breach by the Buyer, by providing written notice to Clear. Clear will then notify the Buyer and reinstate the Sellers gTicket so it is available to be resold on the Clear Grain Exchange.

7. Does Clear automatically deduct the relevant levies and fees?

Yes. Clear will continue to deduct any mandatory government and industry levies as well as any applicable Bulk Handling fees from sale proceeds and ensure they are paid automatically on your behalf. In order to enable Brokers to better manage their own clients and control their own payment terms, Clear may not collect brokerage where Brokers choose to manage their own relationships and invoice their clients directly.

8. What options does a Seller have should a dispute arise with the Buyer?

If, for whatever reason, a Buyer does not pay for grain they have purchased on Clear they are in breach of the sale contract terms and remain liable to the Seller. Clear will inform the Seller of the Buyer's details so that the Seller can take the appropriate action against the Buyer, including debt collection, legal action and/or other mediation or dispute resolution processes as desired. GTA arbitration is an

option, however GTA requires both parties to agree to participate in dispute resolutions.

9. What safeguards are in place to ensure Buyers are reliable?

Clear has strict registration criteria for Buyers and imposes trading limits to ensure that Buyers are able to meet their obligations and provides for penalties should a buyer not perform. Clear requires all prospective Buyers to provide relevant information during the registration process. All Buyers registered with Clear are also required to have a current 'storage and handling agreement' with participating bulk handlers they wish to purchase grain from. These Buyers represent over 200 leading Australian grain companies (including domestic and international traders, exporters, end users, pool operators, bulk handlers, feed millers, stock feeders and more) who have continuously made good on their obligations.

10. What happens to my grain if Clear goes out of business?

As Clear never holds title to your grain, there is no risk to you if Clear goes out of business. As your grain is never considered an asset of Clear in the event of an insolvency (or similar) the liquidator cannot access any grain for sale on the Clear platform to repay debts and therefore any Nominated Grain is automatically released (with assistance from Perpetual, the independent Custodian).

11. What's the minimum amount of grain I can sell on Clear?

All physical grain traded on Clear must consist of multiples of full tickets. Therefore, the minimum amount of grain tradable on Clear is subject to the size of at least one ticket. Clear also reserves the right to impose a minimum offer size as published on the website for both physical and forward offers.

12. Who is responsible for Storage fees during trade settlement?

Storage fees are always the responsibility of the Owner of the grain, and usually accrue on the first day of each month. When using Clear, title remains with the Seller until Perpetual (the independent custodian) notifies Clear that full payment has been received. Therefore the Seller is responsible for any applicable Bulk Handling fees prior to settlement and the Buyer becomes liable for Storage and any other applicable Bulk Handling fees following settlement (from the date cleared funds are received in the trust account and confirmed by Perpetual).

General Clear FAQ's

1. What does it cost to sell on Clear?

It is completely free for growers to register and create offers on the exchange, Clear only charges \$1.00/mt if your offer trades. To provide the settlement facility, the custodian only charges \$0.10/mt, which Clear passes on, at cost, to the seller.

2. When can I use the Clear Grain Exchange?

The Clear Grain Exchange is accessible 24 hours, 7 days a week and is open for business between the hours of 10.00am and 6.00pm AEST each Business Day. Bids and Offers entered on Clear outside these hours will be recorded, time and date stamped (in the sequence they are received by Clear) ready for matching at the commencement of business the following Business Day.

3. Do I have to use a Broker to buy or sell grain using Clear?

No. Clear offers a do-it-yourself (DIY) service so you do not have to use a Broker if you prefer to market your grain without direct assistance. Clear currently has around 65 registered brokers across Australia so you can still choose to nominate any Broker, Advisor or Agent as your Authorised Representative to act on your behalf and assist you in marketing or purchasing grain on Clear if you want to.

¹ These Frequently Asked Questions are for general guidance only and do not form part of the Clear Grain Exchange Terms and Conditions.

² Currently CBH (Western Australia), Viterro and Grainflow (South Australia) still require

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³ Perpetual Nominees Limited acts as an Authorised Representative of Perpetual Trustee Company Limited ("PTCL") under PTCL's Australian Financial Services Licence number 236643 (Authorised Representative number 266798).