



SERIES X CONTRACT - TERMS AND CONDITIONS

1. Defined Terms:

In the agreement between the Producer and the Agent, the following terms shall have the following meanings:

“**Agreement**” – means the Application by the Producer and upon acceptance the agreement with these Terms.

“**Credits**” – means carbon offset credits owned by the Producer or to which the Producer is legally entitled, as determined in accordance with applicable protocols and procedures adopted or applied by the Agent from time to time, which Credits are transferred to the Agent pursuant to this Application and Agreement.

“**Details Sheet**” – means the Details Sheet completed by the Producer as part of the application and agreement specifying the Lands and farming particulars.

“**Gross Selling Price**” – means the total purchase price paid to the Agent in respect of the sale(s) of all of the Credits, excluding GST and other taxes thereon and before any deductions for commissions or other costs incurred by the Agent in respect of such sale or sales, and before commissions paid to third parties on the sale of the Credits (if any), including but not limited to legal fees, escrow fees, commissions or fees payable to any exchange on which the Credits may have been sold by the Agent.

“**Lands**” — means the lands of the Producer that are included in this Application and Agreement.

“**Net Sale Proceeds**” – means the Gross Selling Price for the Credits, less all deductions therefrom as set out in paragraph 5 hereof.

“**No-till**” means:

- (a) in respect of the Alberta Specified Gas Emitters Regulations, farming practices where there are no more than two passes with low-disturbance openers (up to 38%) or only up to 1 pass with a slightly higher disturbance opener (up to 46%), with discretionary tillage of up to 10% (being up to 10% of the surface area of a single agricultural field that is cultivated to address a specific management issue), with no fall tillage and no cultivation on summerfallow. Discretionary tillage of up to 10% is permitted annually to address specific management issues;
- (b) in respect of any other market, the standards and definitions of "No-Till" proclaimed from time to time by the applicable regulatory body or exchange for the market or jurisdiction in which the Credits are being sold, or as specified by the purchaser(s) of the Credits.

These standards are subject to amendment from time to time.

2. Representations and Warranties: The Producer represents and warrants to the Agent that:

- (a) The Producer owns the Lands on which the Credits are generated or has legal right, title and ownership of the Credits for leased Lands.
- (b) The Producer has not disposed of or sold the Credits to any other party, nor entered into any other agency or other agreement by which the Producer is obligated to sell the Credits and has full and sufficient power and authority to enter into this Agreement and to perform all obligations under this Agreement.

- (c) The Credits are free and clear of all liens, claims or encumbrances of any nature and kind.
- (d) The Credits have been (in the case of past years) and shall be (in the case of the current year and any future years) properly generated, earned and accrued in accordance with the applicable protocols, and the Producer has done all things necessary to generate the Credits.

3. Producer’s Covenants: The Producer:

- (e) Will comply with all project requirements to generate, record and verify (or enable the completion of the verification of) the Credits on the Lands.
- (f) Will permit the Agent and its representatives full access to the Lands, premises, books and records, data and information relating to the Lands, the Producer’s farming operations and the Credits at any time, for the purposes of verifying the Credits and the Producer’s obligations under the Agreement.
- (g) Will immediately notify the Agent in writing of any change in respect of the Lands where such change does or could reasonably be expected to affect the integrity, existence, creation of the Credits or the ability to verify, aggregate, market and dispose of the Credits. The Producer shall be liable for and shall pay the Agent the amounts, if any, that would be refundable to the Agent as a result of such change and any damages incurred by the Agent as a result of such change, subject to the terms hereof.
- (h) Will notify the Agent of any bona fide arm’s length change of ownership or disposition of the Producer’s interest in the Lands, and the Agent shall retain the right to aggregate and market the Credits for the years up to and including the year of such disposition and for any Credits for subsequent years which have been sold by the Agent on a futures sale. The Agent will consider a request by the Producer to substitute acceptable Credits from other lands of the Producer. On such sale, the Agent will release the Producer for subsequent years, if the Producer pays to the Agent any costs, claims or damages suffered by the Agent as a result of such sale (other than its foregone commissions for any years after such sale unless part of a futures sale as stated above). The Producer shall not transfer or dispose of any rights to Credits generated in years prior to or including such disposition without the prior written consent of the Agent.
- (i) Upon notification sent by the Agent to the Producer of the acceptance of the Credits by the Agent, legal title to the Credits is transferred to the Agent and it shall acquire full right, power and authority to convey title to the Credits to a purchaser or purchasers thereof as agent for the Producer. Any disposition, transfer or assignment of the Credits by the Agent shall be fully binding upon the Producer, and shall be a complete transfer of all legal rights associated with the mitigation of greenhouse gases that relate to the quantity and time periods associated with the Credits.
- (j) The Agent shall have the ability, power and discretion to dispose of the Credits as agent for and on behalf of the Producer, subject to the terms of this Agreement and to the Minimum Price if applicable to such Credits.
- (k) The Producer shall comply with all rules, regulations, protocols and procedures as exist from time to time with respect to the Credits, the creation or generation or verification thereof.
- (l) The rights and interests of the Producer arising hereunder may not be assigned or transferred without the prior written consent of the Agent, which consent shall be solely within the discretion of the Agent.



4. Terra Verde's Covenants: The Agent:

- (m) Shall use its best efforts to develop markets for the Credits and to market the Credits as agent for and for the benefit of the Producer at reasonable market prices.
- (n) In the event of new protocols or enhanced protocols that affect the Producer, the Agent shall where permitted give the Producer the benefit of those amendments/protocols, including the generation of more Credits for the Producer from the Lands.
- (o) Shall receive the proceeds of sale of the Credits as agent for and in trust for the Producer in a trust account for the benefit of the Producer and the other producers of Credits.

5. Deductions from Gross Selling Price: There shall be deducted from the Gross Selling Price for the Credits:

- (a) The \$2.50 per tonne commission payable to the Agent hereunder (plus GST thereon);
- (b) the average cost of verification for the Credits on a pooled or aggregated basis (including costs of serialization of the Offsets);
- (c) in the event of any unusual or extraordinary verification required in respect of the Producer due to any factors that are related to the actions of the Producer, the costs of such additional verification requirements (which additional verification costs may be attributed solely to the Producer);
- (d) the amount of any deposit or other payments that have been made by the Agent to the Producer, including but not limited to any Initial Payment, if any;
- (e) any costs incurred by the Agent in selling the Offsets, on a pro rated basis, including but not limited to legal fees, escrow agent fees, or fees charged by an exchange or similar selling platform (if incurred); and
- (f) any other amount owing to the Agent by the Producer, including but not limited to the amount of any claim by the Agent against the Producer for any claims or matters relating to other or prior emissions credits of the Producer that the Agent has marketed as agent for the Producer.

6. Default: The Producer shall be in default hereunder:

- (p) if the Producer fails to perform any of the undertakings or obligations made by the Producer hereunder or under any other agreement with the Agent;
- (q) if any of the representations, warranties or covenants hereunder are not true or are inaccurate or incorrect;
- (r) if the Producer fails or threatens to fail to farm the Lands in a manner that will generate or create the required Credits under the applicable protocol or protocols, or breaches any other obligation, rule or protocol relating to the Credits, arising under this Agreement or by virtue of any rules, regulations or conditions imposed or applicable from time to time under any authority, exchange or agency governing the creation, marketing or trading of the Credits;
- (s) if the Producer fails to pay to the Agent any amounts payable to the Agent by the Producer however arising.

7. Remedies: Upon default by the Producer, the Agent:

- (a) may terminate this Agreement or refuse to market Credits as agent for the Producer, and the Agent may elect to retain legal title to any Credits from the Producer that have not been sold or disposed of, choosing to market them in such way or ways as the Agent may in its discretion choose, withholding payment to the Producer for any Credits until all damages or other amounts payable by the Producer have been determined, and paid or deducted from amounts payable to the Producer;
- (b) may continue with the Agreement, but may withhold all further payments to the Producer until all damages or other amounts payable by the Producer have been determined and paid or so deducted;
- (c) may set off amounts payable to the Producer against amounts payable by the Producer, and the Agent may estimate the amounts that may be payable, and withhold such amounts pending determination of the amounts payable to the Agent;
- (d) may pursue any other legal remedies available to it.

No right or remedy shall exclude any other right or remedy provided at law or in equity. All rights and remedies conferred upon the Agent hereunder or existing at law, in equity or by statute or otherwise, may be enforced concurrently.

8. Miscellaneous Provisions:

- (t) Time shall be of the essence of this Agreement.
- (u) This Agreement may be executed in several counterparts, and such counterparts together shall constitute one and the same instrument, and this Agreement may be transmitted by facsimile or such similar device and the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals.
- (v) The rights hereunder shall not be assignable without the written consent of the other party, provided that nothing herein shall affect the Agent's ability to dispose of the Credits in the course of marketing the Credits as agent for the Producer.
- (w) This Agreement constitutes the entire agreement between the parties hereto with respect to the aggregation of the Producer's Credits by the Agent, and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the Credits.
- (x) Any amendments to this Agreement shall be in writing.
- (y) If the Producer is unable in any year covered by the Agreement to generate and earn the Credits due to an act of God (such as a fire or another weather related event) where the Lands have to be worked and as a result, the Credits are not generated, the Agent will release the Producer for any Credits that cannot be generated during that year and any year where Credits cannot as a result be generated.
- (z) The parties shall provide such further and other agreements, deeds, instruments and documents as may be required to give full force and effect to the terms of this Agreement and the transactions to be undertaken hereunder.