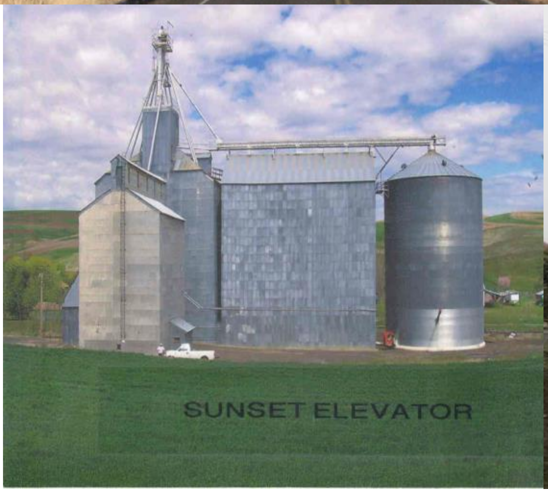
Whitgro Inc.

Facilities



Seed Plant

Marketing Canola

- Cash
- Hedge-To-Arrive
- Basis Contracts
- Options Contracts

Canola Basics

- Canola Traded on ICE Canada (Symbol RS)
- 44,092 lb contract
- Future Months Traded Jan, Mar, May, July and November

Hedging

TWO COMPONETS MAKE UP A CASH PRICE

FUTURES

+

BASIS

=

CASH

Hedge To Arrive Contract

- Hedge to arrive contracts establish a futures price component w/ basis to be determined at a later date. Use this contract when futures are high and basis is historically or seasonally low.

PROCEDURE

1. Negotiate a delivery date, quantity, and futures position
2. Deliver grain as stated in contract.
4. Receive cash payment upon basis lock.
5. Service charges likely apply.

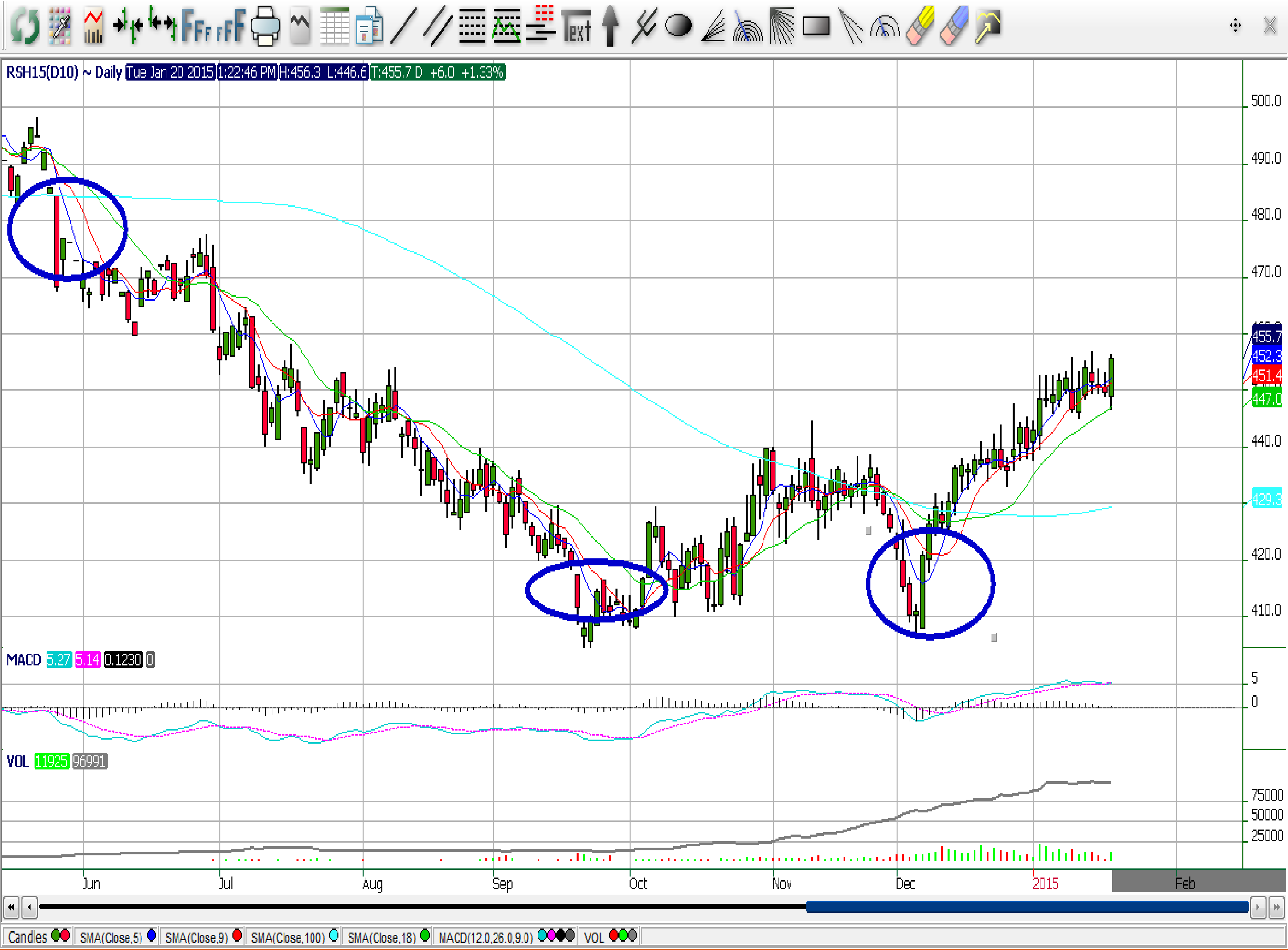
Hedge To Arrive Contract

POSITIVES

- Lock in Futures market price with opportunity for basis gains.
- Take advantage of carry in the market and low basis levels

NEGATIVES

- Potential basis losses if basis decreases prior to delivery.
- Will be a contract with a particular entity to deliver grain.



RSH15(D10) ~ Daily Tue Jan 20 2015 1:22:46 PM H:456.3 L:446.6 T:455.7 D +6.0 +1.33%
500.0
490.0
480.0
470.0
455.7
452.3
451.4
447.0
440.0
429.3
420.0
410.0
MACD 5.27 5.14 0.1230 0
5
0
VOL 11925 96991
75000
50000
25000
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2015
Feb
Candles
SMA(Close,5)
SMA(Close,9)
SMA(Close,100)
SMA(Close,18)
MACD(12.0,26.0,9.0)
VOL

Options Contract

- Sell New Crop Call
- Apply Premium to Old Crop Cash Sale
- If Call gets exercised against then it is converted to a new crop HTA

Options Example

February 2015 Cash Price	$17.90cwt
January 2016 $450 Call	$1.00cwt
Cash Sale Price	**$18.90cwt**

If futures markets are above $450mt upon expiration then a $450mt HTA is written for January 2016

Questions

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