



Frequently Asked Questions



So what is a canola streaming contract?

A canola streaming contract is a multi-year pre-paid delivery agreement to sell canola to Input Capital. Unlike delivery contracts from traditional companies, streaming contracts pay the farmer in advance – often before the crop is even seeded. The canola streaming contract provides guaranteed price, time and location for the canola delivery. In addition to locking in price and volume, the streaming contract provides for a substantial portion of the contract value to be paid to the farmer at the signing and registration of the contract documents. The upfront payment of the contract can be as much as 80 percent of the entire contract value.

How does the farmer benefit from a streaming contract?

The farmer benefits from upfront cash payments that are not available in cash markets. The farmer also benefits from the ability to use the substantial upfront payments to secure cash discounts and improve grain marketing results.

As a farmer, how do I make a streaming contract pay?

- **Risk management:** Price a portion of your future canola today; get paid today for canola to be grown in future years.
- **Use the cash to your advantage:**
 - Working capital acts as a financial shock absorber on your farm.
 - Substantial cost savings to be had if you can pay with cash, for example:
 - Buy your inputs off-season
 - Discounts on large cash purchases
 - Flexible marketing programs = higher realized prices
 - Reduction in interest expense

What happens if canola prices climb drastically during the contract period?

A canola streaming contract with Input Capital provides for additional canola payments to the farmer if canola prices in a crop year exceed \$550 per tonne. Whenever Input achieves a price above \$550 per tonne the amount over \$550 is shared 50/50 with the farmer.

What happens if canola prices fall drastically during the contract period?

A canola streaming contract guarantees the premium price for the four year term of the contract. Input Capital takes all the risk if the price drops.

How will I know I will get paid for my contract?

Input Capital pays up to 80 percent of the cash upon contract signing and security registration. The farmer is in possession of the upfront cash premiums from the very beginning of the contract, before he delivers any grain.

How are streaming prices established?

Streaming prices are a reflection of the long term prices for canola. Specific contract prices are adjusted according to the size of the upfront payment within the contract.



How much canola can I sell?

Every contract is unique, however, in a standard contract, Input Capital will buy up to 10 bushels per acre.

Does Input Capital buy canola in my area?

Input Capital is currently writing canola streaming contracts across Manitoba, Saskatchewan, and Alberta.

How does Input Capital make money?

Two years of the six year contracted amount of canola are designated to Input Capital as their share.

What are the security requirements for a streaming contract?

A streaming contract does require a higher level of security than a deferred delivery contract. The upfront payment requires security to prevent non-delivery of the canola. Typically, a mortgage registration against farm real estate is required.

What happens if I have a crop failure?

Input Capital requires that all our streaming clients carry crop insurance at the 70% level of coverage. Input has several options to help ensure that our farm clients are able to continue farming in the event of a crop failure.

What risks does Input Capital take on in this agreement?

Input Capital takes on the price risk and the basis risk for the canola contracted.

What are the costs associated with signing up a streaming contract?

All costs for due diligence and contract registration are paid for by Input Capital.

Is there life insurance attached with this agreement?

Life insurance is provided for the farmer at Input Capital's cost. The insurance is meant to protect the farmer's family and heirs. In the event of death, the farmer's obligation is paid off by the insurance.

Who is Input Capital?

Input Capital is the world's first agricultural streaming company. We are a publicly traded company listed on the Toronto Venture Exchange. Input Capital's head office is in Regina, Saskatchewan.

