

### ("THE RULES")

This Fact Sheet should be read in conjunction with, and forms part of, the Terms and Conditions of the purchase contracts associated with this program and should be considered as "The Rules". All Mellco Pty Ltd (Mellco) Durum Area Based Contracts for the 2024/25 season are subject to the Trade Rules of Grain Trade Australia (GTA) and are made under GTA contract No. 6, currently in effect, except to the extent the same conflict with the Rules expressed herein, with such Rules forming an integral part of the Contract and of which both parties hereto shall be deemed to be cognisant.

## 1. CONTRACT AREA AND INITIAL YIELD ESTIMATE

Growers participating in this program commit to an **Area Based Contract** to grow a **Crop** of durum wheat on a **Defined Contract Area(s)**. The contracted paddock(s) is expressed in hectares and is identified via GPS co-ordinates. An **Initial Yield Estimate** (expressed as tonnes per hectare based on an expectation of an average growing season) will be agreed between the grower and Mellco during the initial contracting process.

## 2. CHEMICAL AND PESTICIDE LEVELS

- 2.1. All grain tendered for delivery under this program must comply with all State and Federal Laws and requirements relating to chemical, pesticide residues, Genetically Modified Organisms (GMO's), varietal declarations and all other conditions required by the GTA Trade rules, Contract, or law.
- 2.2. All grain tendered for delivery under this program must be free from any contact insecticide.

## 3. MINIMUM/MAXIMUM DELIVERABLE TONNES

- 3.1. Where the Initial Yield Estimate is achieved, the grower agrees to sell, and Mellco agrees to buy the Crop as per contract terms.
- 3.2. At harvest, where the Initial Yield Estimate is exceeded, the contracted grower;
  - a) agrees to sell, and Mellco agrees to buy up to 25% more than the Initial Yield Estimate as per original contract terms and;
  - b) grants to Mellco the exclusive right to purchase all grain in excess of 125% of the Initial Yield Estimate at the market value prevailing at the time.
- 3.3. If the Crop is below the Initial Yield Estimate all grain produced from the Contract Area(s) is to be delivered against the contract.

## 4. CONTRACT DEFAULT

- 4.1. Once an agreement is made, the grower is fully committed to plant the Defined Contract Area to durum wheat, and then subsequently, deliver all grain produced from the Defined Contract Area as per contract terms.
- 4.2. This is a binding and enforceable contract of sale. If the grower elects not to plant the entire Contract Area to durum wheat and/or seeks to substitute paddocks, Mellco reserves the right to implement a contract washout which may include the requirement for a financial settlement from the grower based on the full Initial Yield Estimate applicable to the hectares not planted.
- 4.3. Any variation to the Contract Area (either hectares grown or growing location) must be in writing and signed by both parties. In the absence of an express variation, Growers who elect not to deliver against the full Contract Area (for example, who dispose of some or all of the Crop for any purpose outside of their obligations under this contract at any point during the growing season, including, but not limited to; retaining seed, cutting some or all of the Crop on the Contract Area for hay, feeding some or all of the Crop off to livestock, or substitute contracted paddock(s) will be considered in default. Mellco reserves the right to implement a contract washout which may result in the need for a financial settlement from the grower based on the full Initial Yield Estimate for those hectares not delivered against.

## 5. Paddock IDENTIFICATION

At the time of entering an Area Based Contract, growers must provide the location details of the Contract Area. Specifically, GPS data which details individual Latitude and Longitude co-ordinates of the Defined Contract Area(s) must be provided at the time of contracting (*instructions on accessing Longitude and Latitude are available on the Mellco website [www.mellco.com.au](http://www.mellco.com.au)*).

The georeferenced point must lie within the boundary of the paddock(s).

## 6. CROP INSPECTIONS

All growers committed to the Area Based Contract must agree to provide Mellco authorised representatives with fair and unencumbered access to view and inspect the Crop at times considered mutually convenient. This includes both physical access to the crop as well as allowing Mellco to source any remotely generated data such as satellite imagery.

## 7. FINAL YIELD DECLARATIONS

- 7.1. Just prior to the commencement of the 2024/25 harvest period, Mellco will determine *District Yield Averages* based on physical crop inspections and any relevant remotely generated data.
- 7.2. If a grower's final yield is 10% more or less than the District Yield Average, Mellco reserves the right to have the Contract Area(s) formally inspected.
- 7.3. Should a formal inspection be required to address an anomaly between the District Yield Average and the grower's final yield, Mellco reserves the right to recover all costs associated with that activity from the grower.
- 7.4. In circumstances where a partial paddock has been contracted, a final yield will be determined by an assessment of the average yield across the total paddock multiplied by the contracted hectares.
- 7.5. A formal, and legally binding final yield and tonnage declaration is required to be submitted by all contracted growers no later than 21 days following the completion of harvest from the contracted durum area(s). A copy of this form can be found in Appendix 2.

## 8. DELIVERY LOCATIONS

Unless otherwise agreed, all grain contracted under the Area Based Contract is to be delivered into the nominated San Remo storage facilities.

## 9. PRICE REFERENCE

- 9.1. The 2024/25 area program has a price reference of DR1 quality grain (as per GTA Standards) at 13.0% protein.
- 9.2. The price is typically referenced on a "delivered Adelaide basis" (with a freight adjustment for deliveries into up-country San Remo storage sites). Aside from freight, the only other payment adjustment relates to End Point Royalty deductions as well as applicable State and National Statutory levy deductions.
- 9.3. Unless otherwise specified, the grain must be of a quality as prescribed by GTA for the 2024/25 season under the categories of DR1, DR2, and DR3.
- 9.4. In circumstances where grain does not meet the minimum requirement of DR3 but is still deemed to be of a human consumption standard, a DR4 category may be established and added to the Area Based Contract at the sole discretion of Mellco.
- 9.5. A price spread relative to DR1 applies to grain assessed as falling into the DR3 (and if applicable DR4) categories.

## 10. SLIDING SCALE QUALITY PAYMENTS

The 2024/25 area base contract has a quality scale that incorporates both protein and screenings content and is applicable for all grain assessed to have met the DR1 or DR2 standard (see Appendix 1). Grain classified as DR3 (and if applicable DR4) is flat priced.



## 2024/25 DURUM AREA BASED CONTRACT PROGRAM APPENDIX 1

### 2024/25 SEASON PROTEIN AND SCREENINGS PAYMENT MATRICIES

PROTEIN %																									
11.5-11.9%					12-12.9%										13-13.9%							14+%			
11.5	11.6	11.7	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.9	13.0	13.1	13.2	13.3	13.4	13.5	13.6	13.7	13.8	13.9	FLAT PRICE
-\$25	-\$23	-\$21	-\$19	-\$17	-\$15	-\$13	-\$11	-\$9	-\$7	-\$5	-\$4	-\$3	-\$2	-\$1	BASE	+\$1	+\$2	+\$3	+\$4	+\$5	+\$6	+\$7	+\$8	+\$9	+\$10

SCREENINGS %																
<5%	<6%	<7%	<8%	<9%	<10%	<11%	<12%	<13%	<14%	<15%	<16%	<17%	<18%	<19%	<20%	This matrix applies only to grain assessed as meeting the DR1 or DR2 grade as per Grain Trade Australia (GTA) 2024-25 receival standards. Grain assessed as DR3 (or lower) will be a flat price deduction relative to the contracted Base Price.
BASE	-6	-8	-10	-12	-14	-18	-22	-26	-30	-35	-40	-45	-50	-55	-60	

