

**Q Who is Terra Grain Fuels?**

**A** TGF is a privately held company with a number of Saskatchewan producers among the investors.

**Q How much will the plant cost to build?**

**A** The plant will cost approximately \$130,000,000.00.

**Q How many people will it employ?**

**A** The plant will employ 150 people during construction and 40 plus people when the plant is operating.

**Q How much wheat will you use and how much Ethanol will you produce?**

**A** The TGF Plant will use approximately 15 million bushels of wheat annually. From that, TGF will produce approximately 150 million litres of Ethanol as well as 165,000 tons of DDGs or Dried Distillers Grain. With these volumes the TGF Plant will be the largest Wheat Ethanol Plant in North America.

**Q How much storage do you have on site?**

**A** We have approximately 1.4 million bushels of storage or a 1 month supply for the plant.

**Q Are you licensed by the Grain Commission?**

**A** We are in the process of completing our application to the Grain Commission including the provision and filing of all the necessary paperwork. We anticipate receiving our license soon.

**Q What kinds of wheat are you contracting for?**

**A** TGF prefers high starch (low protein) wheats. TGF is willing to contract for all CPS Reds and Whites, soft white wheats such as AC Andrew as well as winter wheats of the producer's choosing.

**Q Will TGF contract for or accept Triticale?**

**A** TGF will not contract for Triticale until its impact on ethanol and DDG production is fully tested and understood.

**Q What is TGF's spec for the wheat it accepts?**

**A** TGF's current spec is very similar to what you will find on the CGC web site for # 2 CPS. TGF is looking for wheat that is 58 lbs with moisture content no greater than 14.5%.

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*We're here.*

## 150 Million Litre Ethanol Plant *"Powered by Wheat"*



Belle-Plaine, Saskatchewan

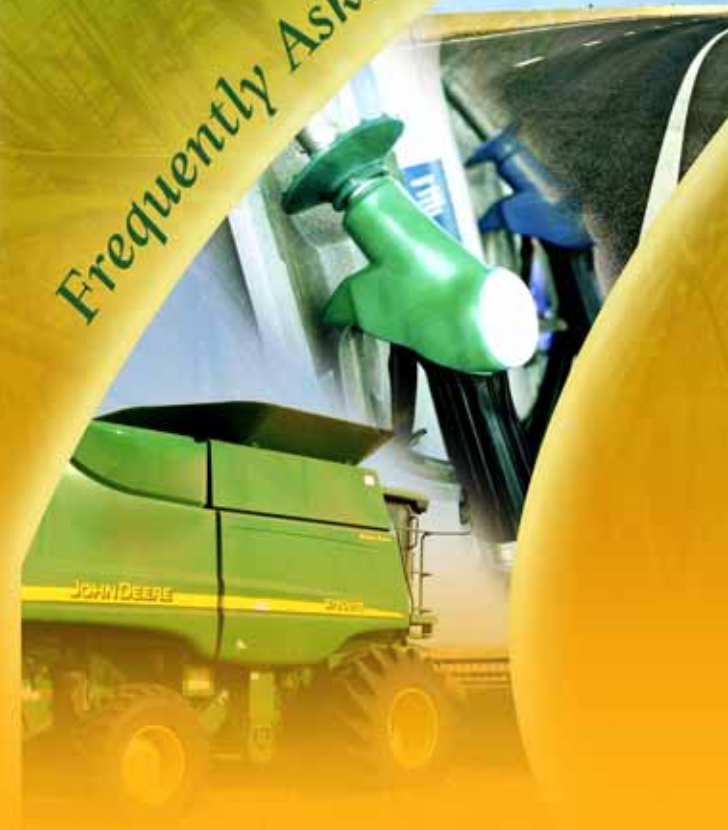


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TERRA  
*Grain Fuels*

*Frequently Asked Questions*



**Q What about dockage, fusarium, vomitoxin and ergot?**

**A** Regarding dockage for foreign or other material the TGF spec is very similar to the CGC at around 1%. Fusarium has a tighter spec as it is detrimental to the Ethanol co product, DDG. Ergot and Vomitoxin have a tighter spec as well. The by-product of any Ethanol plant is DDGs or Dried Distillers Grain. This is sought after by the livestock industry as an easily digestible high source of protein. Unfortunately Ergot and Vomitoxin are not destroyed in the Ethanol process.

**Q What happens if I sign a contract and lose my crop?**

**A** Mother Nature can be cruel and we at TGF, being Producers ourselves, know that better than anyone. Because of this you will find a very liberal "Act of God" clause in all TGF Producer Direct Contracts.

**Q If I sign a 1 year contract will I be able to extend the term and or increase the volume in the second year?**

**A** Simply notify us, by fax, of your intention to extend and or increase your volume prior to October 1 of the current crop year and we would, within 7 days, provide you with our current Producer Direct Program Offer and availability of volume for your review and acceptance.

**Q What happens if I sign with you now and have second thoughts?**

**A** Not a problem. You have 7 days to contact us to cancel your agreement. We sincerely hope though, that you will contact us to answer your questions and/or alleviate your concerns, prior to your making a decision to cancel.

**Q Why do we get to deal direct?**

**A** Two reasons actually. The first being that the grain we are contracting for is typically not a milling grade wheat and more likely to be classified as a feed wheat. The second reason is the product we are producing is not for human consumption.

**Q Does TGF charge for elevation, handling, cleaning and drying?**

**A** As long as the wheat meets spec TGF charges nothing. Prior to delivery you will typically send us a sample. If there are issues with the sample submitted compared to spec we will inform you so that you may rectify the problem or together we can discuss options. TGF is currently working on fees for off spec grains and will notify all Producers when that information is available.

**Q How do we get the grain to you?**

**A** All prices quoted for contracts or otherwise are delivered to the TGF plant at Belle Plaine. You are responsible to get the wheat to us either in your equipment or through the use of haulers. We will be interviewing preferred trucking companies in hopes of being able to provide you with better rates and service based on the overall volumes of the plant.

**Q Why do TGF people keep talking about the gross dollars per acre?**

**A** Being Producers ourselves we understand that the price per bushel or price per ton is not the whole story. Our focus groups, current and historical crop reports and our own experience have shown that growing Ethanol friendly varieties has consistently yielded, as much as 35%, higher than other varieties. We ourselves have experienced yields as high as 70 bpa and have heard from other Ethanol Plants and Producers yields of 80 bpa all without irrigation. TGF folks will always be conservative and for most models have used a 61 bpa to calculate returns.

**Q How do your prices compare?**

**A** Obviously they have to and will be competitive over the long term. While prices may appear to be lower than those of other varieties such as milling grade wheats one has to focus on the gross return per acre when making their decision. A Producer has to sell at, a net \$5.00 a bushel for a variety that averages 40 bpa where a net of \$3.60 a bushel for an Ethanol friendly variety would achieve 10% more gross dollars per acre.

**Q What about deliveries, am I going to have to wait in line for hours or wait by the phone for you to call?**

**A** The answer to both questions is an absolute no. Once you have signed your TGF Producer Direct Agreement you will be connected with the TGF logistics team. They will work with you to determine your volume, distance from the plant, trucking equipment, (yours or contracted) and any special requirements you may have.

Everyone will be treated equally and will have their deliveries scheduled throughout the year and divided accordingly. Once the schedule is agreed to, your time slots will be your time slots. If that time slot is 2 loads every Monday morning and 2 loads every Monday afternoon when your trucks show up they will be unloaded. If for some reason you can not meet your schedule our logistics team will work with you to resolve the matter.

**Q How do I get paid?**

**A** We will have several options and if necessary we should be able to accommodate any special needs. Within 10 days of delivery a cheque will be available for mail or pick up or a "Direct Deposit" will be made to your account.

**Q What if I contract with you for a certain number of bushels but end up with a bumper crop so to speak?**

**A** TGF recognizes that Producers will be cautious with the volumes/bushels they agree to supply. Given our personal experience with the higher yields we will not be contracting for 100% of the plant's requirements. This will leave room for our Producer Partners to sell excess wheat to us. We are currently working on the details and will advise all contract holders of the mechanism when it is available.

**Q When will the plant start up?**

**A** Our schedule calls for testing in November of 2007 and startup in December of 2007. We will endeavor to maintain this schedule. If for some reason we are either early or late, we will immediately notify all our Producer Partners. We sincerely hope that all will be accommodating in either situation.

**Q Do you have a web site?**

**A** Yes we do. It is [www.terragrainfuels.com](http://www.terragrainfuels.com). It's a great site for questions about Terra Grain Fuels and Ethanol in general. It is a work in progress but it will have updated construction photos and a whole lot more so check in often.