



ARK (TRADING) INC

December 28, 2022

CHANGES IN PRICING AND PAYMENT STRUCTURES
EFFECTIVE JANUARY 3, 2023

For the following reasons, most agricultural products that originate in South America, Central America or North America have been placed on a new pricing regime and new payment regime by the refineries, producers, associations, and silo/elevator owners. Those reasons are as follows:

1. To crack down on fraudulent and fake letters of intent;
2. To crack down on excessive brokerage fees that are scuttling deals;
3. To ensure that buyers are, in fact, real buyers;
4. To eliminate or greatly reduce market volatility associated with losses taken against a fixed price regime (which is what you likely are used to);
5. To reduce and mitigate the costs associated with legal services (especially when deals get scuttled); and,
6. To ensure that only educated or experienced brokers participate in the marketplace

To this end, pricing on the below products will float against benchmarks on a per shipment basis like how copper floats against the London Metals Exchange (something that has been going on for years).

By benchmarking, reference is made to the Chicago Mercantile Exchange ("CME") or the London Exchange, and always refers to the front month (at present the March 2023 contract for most commodities).

The below is only for the most commonly sold commodities. However, the basic rules are in place for all commodities of all kind. These rules were not placed there by AAG but, rather, have been the product of a series of agreements reached by, as already stated, all the refineries, producers, farmers, associations and silo/elevator owners.

A. SUGAR – ICUMSA 45 & Other Sugars

The benchmark for FOB Santos will float against the Chicago Mercantile Exchange ("CME") No 11 Sugar price plus a premium or less a discount subject to the quantity.

At present, CME No 11 sugar is priced at 20.98 cents per pound which translates to \$462.40 per metric ton.

Refineries will add 6-8% to that price of which 2 points will be reserved for brokers. There will be no negotiation as to what brokers will be paid. The brokerage fee will be listed in every contract to provide complete transparency to the Buyers.

The CME price is locked in for quantities of 7500 metric tons. Higher quantities will cause discounts to the price to a maximum of a 25%-35% based on a maximum of 40,000 – 50,000 metric tons. Premiums begin based on the volumes less than 7,500 metric tons

The benchmark for CIF Standard (i.e., shipping transit time of 30 days or less) will float against No. 5 London Sugar with a maximum discount of 35% based on a maximum of 40,000-50,000 metric tons. Premiums begin on volumes less than 10,000 metric tons.

Other sugars will operate similarly.

B. Soybeans, Soymeal & Soybean Oil/Corn/Wheat & Other Grains

The benchmark is based on the CME with variance changes (e.g., crude vs. refined, GMO v. NON-GMO) in accordance with the CME settlement rules (speak to the undersigned if you require more information on this).

Pricing is based solely on CIF Standard for Soymeal and Soybeans with Bulk Carrier MOQ for them at 10,000 metric tons. Orders for less will result in a premium float with brokers receiving no more than 2 points from the suppliers.

Pricing is based solely on CIF Non-Standard (i.e., it will be calculated based on the packaging, destination, and volume).

Corn, Wheat, and Other Grains will follow the same protocol

C. Sunflower Oil/Rapeseed Oil/Corn Oil/Peanut or other nut oils

The benchmark is a float against CME Soybean Oil prices with premiums or discounts floating based on world affairs, season, climate and, of course, volume.

At present that means Rapeseed Oil operates at a discount whereas Sunflower Oil operates at a premium and Corn Oil an even higher premium with peanut and other nut oils selling at an even higher premium.

Pricing follows the same regime regarding CIF Non-Standard.



D. UREA – Standard or Technical Grade/Other Fertilizers

The benchmark is the CME Middle East price for Urea and other fertilizers (as the case may be) with small adjustments being made to account for shipping. However, the actual price is your best guidance with that price likely holding for orders of 10,000 metric tons or higher. Smaller orders will undoubtedly cost more.

PAYMENT TERMS:

To avoid the waste of legal resources, ALL first-time buyers will be required to pay deposits ranging from 5% to as high as 50% depending on the size of the order.

Follow on payments will ALWAYS be at loading against BOL, Inspection (e.g., SGS) and all other necessary documents required for the import to the destination country.

There will be no LC, SBLC, Blocked Funds or Escrow permitted for first time buyers.

(Primary reason – legal costs have been incurred in the millions of dollars for buyers that flake out or who have provided far too many fraudulent documents).

The above payment terms are standard. However, ARK may elect to accept such instruments on its own for select clientele.

Nothing herein shall apply to producers outside of the Americas, but it is anticipated that they will be following suit.

Please feel free to ask any questions and best wishes on the New Year.

Warm regards,

ARK TRADING INC