



## Canadian Rocky Mountain Beef Inc.

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Delivered by Email

July 14, 2014

Dear Beef Friend:

Re: CRMB Weekly International Offers

We are pleased to serve International clients wishing to purchase our products, based on either the Alberta or Nebraska Cash Markets for Live Grain-Fed Cattle.

### Alberta

We are pleased to serve clients wishing to purchase beef from our Supply Chain based on the Alberta Grain-Fed Cattle Cash Market. We will purchase cattle in the Alberta cash market on your behalf and process them to your specifications.

The current CANFAX Weekly report estimates last week's average Cash Grain-Fed Cattle price (at the feedlot) at US\$1.5057/lb (C\$1.6159/lb). The price of grain-fed cattle in the Alberta cash market this week is US\$1.5561/lb (C\$1.6700/lb). Using this as a reference price, our approximate costs for beef produced from our Alberta Supply Chain cattle are:

<b>Canadian Rocky Mountain Beef Inc. Alberta Cash Market Priced Full Set – C&amp;F International Port (Canada B, A, AA, AAA, Prime Grades Included)</b>			
Protocol	Est. Container Weight	Indicator Price	Estimated Container Cost
	Pounds	US\$/lb	US\$
Large Primal Specification	50,000	3.51	175,500
Bone-in Specification	50,000	3.81	190,500
Boneless Specification	50,000	4.39	219,500

Selected beef cuts (client choice) will be boxed separately by grade (B, A/AA, AAA/Prime). Trimmings and fat will be combined for all grades. Experience with our cattle indicates that just over half will grade AAA and just under half will grade AA. On average, between 4-6% of cattle will grade B, A, or Prime. A full set with only A, AA, AAA, and Prime graded cuts costs 1% more. A full set with only AA and AAA graded cuts costs 2% more. Clients can select the combination of grades that most closely meet their needs. Details on the Canadian beef grading system can be found online at:

[http://www.canadabeef.ca/ca/en/beef\\_export/quality/quality\\_grade.aspx](http://www.canadabeef.ca/ca/en/beef_export/quality/quality_grade.aspx).

### Nebraska

The current USDA Nebraska Weekly Direct Slaughter Cattle – Negotiated Purchases (Mixed Beef Steer/Heifer, 35%-65% Choice) report estimates the average Cash Grain-Fed Cattle price (at the feedlot) at US\$1.560/lb. Using this as a reference price, our approximate costs for beef produced from our Nebraska Supply Chain cattle are:

<b>Canadian Rocky Mountain Beef Inc. Nebraska Cash Market Priced Full Set - C&amp;F International Port (Standard, Select, Choice, Prime Grades Included)</b>			
Protocol	Est. Container Weight	Indicator Price	Estimated Container Cost
	Pounds	US\$/lb	US\$
Large Primal Specification	50,000	3.43	171,500
Bone-in Specification	50,000	3.71	185,500
Boneless Specification	50,000	4.28	214,000

Selected beef cuts (client choice) will be boxed separately by grade (NR, Select, Choice/Prime). Trimmings and fat will be combined for all grades. Experience with our cattle indicates that just over half will grade Choice and just under half will grade Select. On average, between 4-6% of cattle will grade Standard or Prime. A full set with only Select, Choice, and Prime graded cuts costs 1% more. A full set with only Select and Choice graded cuts costs 2% more. Clients can select the combination of grades that most closely meet their needs. Details on the American beef grading system can be found online at:

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3002979>.

#### Forward Contracting

Our Supply Chain is also able to Forward Contract Live Grain-Fed Cattle in Alberta. Based on Friday's Chicago Mercantile Exchange close, we would have been able to offer the following hot rail carcass costs:

<b>Canadian Rocky Mountain Beef Inc. Contracted and Forward Priced Live Grain-Fed Cattle</b>	
Time Period	US\$/lb
Current Cash Market	1.5561
August 2014	1.5285
September 2014	1.5537
October 2014	1.5536
November 2014	1.5671
December 2014	1.5671
January 2015	1.5659
February 2015	1.5659

Please ask if you would like to receive processed beef prices based on these current contracted carcass costs.

#### Optional Specifications

CRMB is able to process certified Black Angus (certified by the Canadian Beef Grading Agency) cattle less than 30 months of age. All cattle are produced in closely managed feeding systems under the direction of our Supply Chain partners. We believe that this will provide maximum consistency of size, yield, and meat quality. While these are good starting guidelines, your own production and costs will be unique to the cattle that we will slaughter and process for you. Your costs will be reported to you exactly with no mark-ups or other hidden margins.

CRMB is able to offer Private Label packaging. Your product is packaged in boxes with your logo and name at our cooperating processing facility. This provides you with maximum exclusivity of supply and brand penetration. This approach is also very efficient, as you can distribute locally without the need or cost of re-packaging. Full cost of set-up and a minimum of 2,500 boxes will be billed on the first Private Label shipment.

CRMB is able to offer Halal certified beef. All cattle are processed according to Islamic standards and certified at the time of slaughter. The cost of this service is \$0.02/lb (Nebraska) or \$0.07/lb (Alberta).

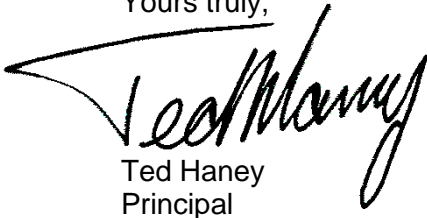
#### Financial Terms

50% Deposit on Receipt of Pro Forma Invoice  
50% Prior to Shipping

Receipt of your Purchase Order will start the purchase process. Once we receive your Purchase Order, we will book the slaughter date issue you a Pro Forma Invoice based on the most recent Live Grain-Fed Cattle pricing. Once the deposit has been received, we will confirm your slaughter and shipping dates. The actual production (including pounds and grading) and costs (current week carcass costs) will be reported to you with a Final Invoice 1-2 days after packaging has been completed. Once final payment has been received, we will ship the product. You will be fully informed as to all shipping matters by our logistics partners.

I look forward to hearing from you. I look forward to building an enduring trade relationship.

Yours truly,

A handwritten signature in black ink, appearing to read "Ted Haney", is written over a horizontal line. The signature is fluid and cursive.

Ted Haney  
Principal