

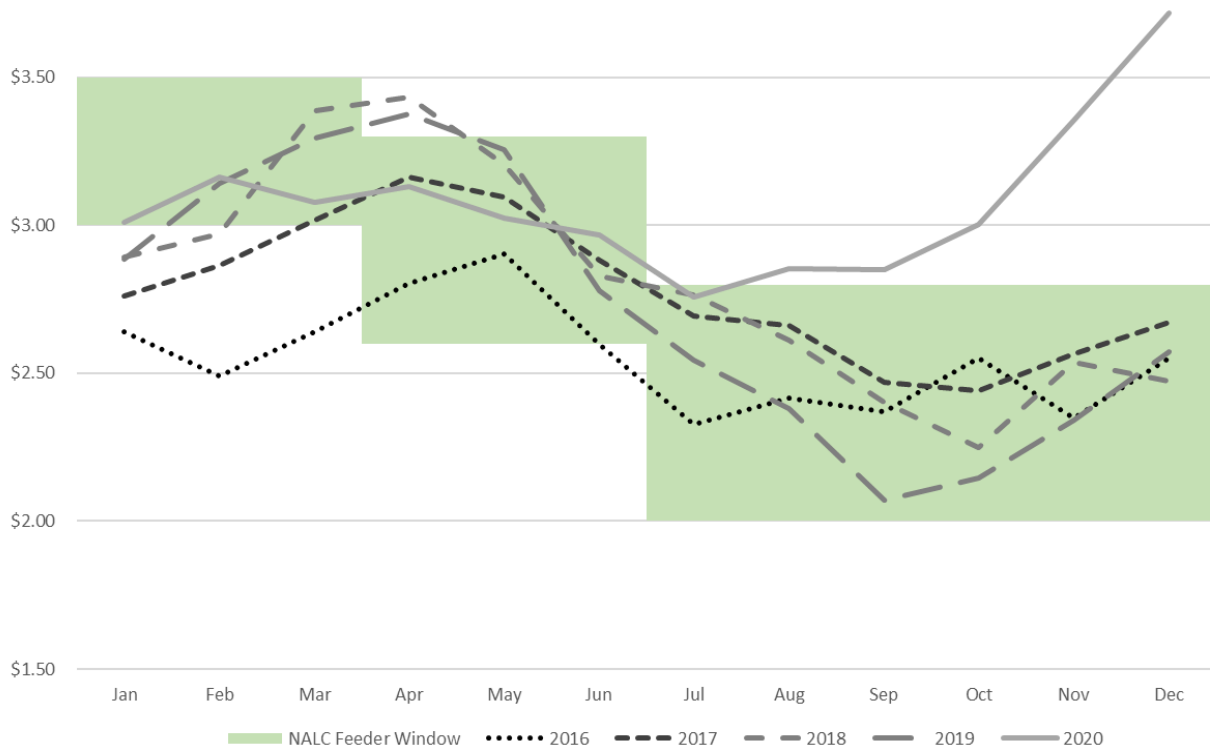
Do NALC's Feeder & Light Lamb Contracts Benefit Producers?

Updated May 5, 2021



NALC has launched new feeder lambs contracts in 2021 to provide lamb producers a multi-year option to secure strong floor pricing and an upwards market adjustment to insulate from market swings while providing most of the benefits of market pricing surges. The below analysis proves this contract will outperform commodity options for Western Canadian producers. Combined with finished lamb contracts, NALC is the strongest option for professional sheep producers to have dependable pricing that encourages growth over years.

Graph 1: Ontario Pricing vs. NALC Feeder Lamb Contract Windows
No Basis Adjustment

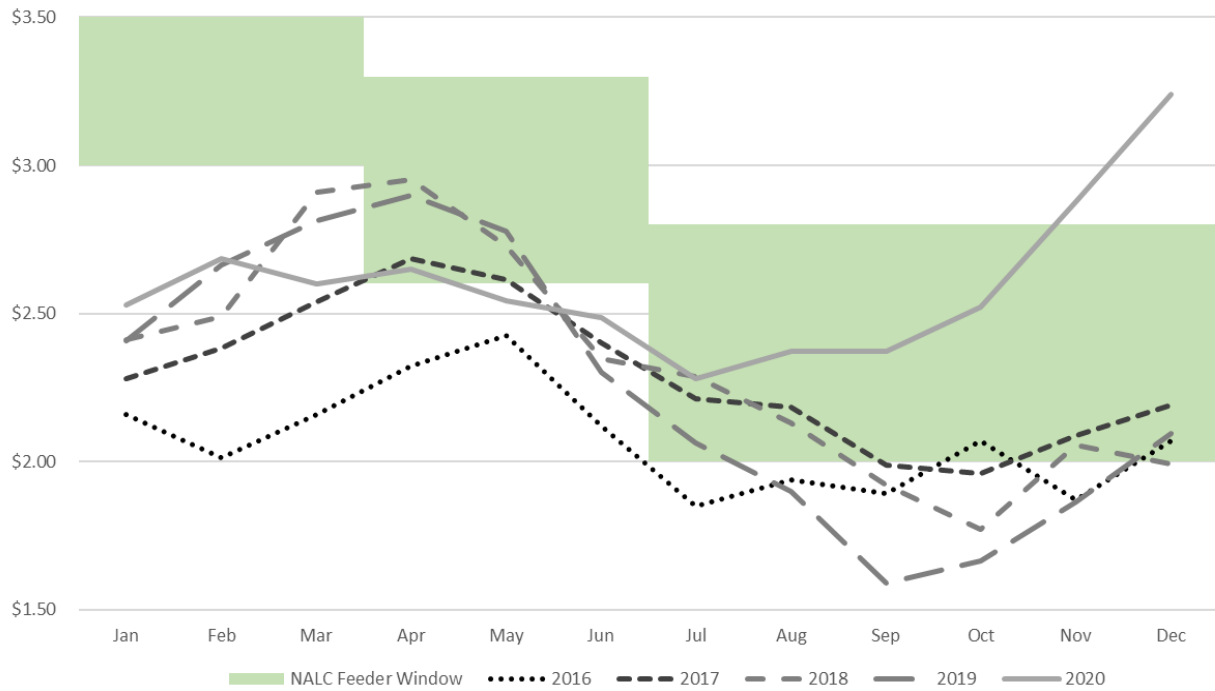


The bottom end of the green shaded boxes in Graph 1 at \$3.00, \$2.60 and \$2.00 per lb indicate NALC's floor price for feeder lambs throughout the year. The top end of the green box at \$3.50, \$3.30 and \$2.80 per lb mark the contract ceiling. NALC will use a \$20/lamb basis to adjust the contract pricing from Ontario results, even though typical selling costs to Ontario are double that.

The lines in the graph show the monthly average prices over the last 5 years for the Ontario markets in the 65-79 lb category. In Graph 1 pricing is not basis adjusted. This shows that NALC's pricing window for feeder lambs would even be strong in Ontario.

Graphs 2 and 3 below show the same data with a basis adjustment for Alberta and Manitoba producers. Saskatchewan producers would fall somewhere between these graphs. Whenever the pricing lines fall beneath the shaded areas, NALC's contracts outperform the return producers would achieve in Ontario. When they fall within the shaded area, NALC beats the market with an aggressive basis. The conclusion is clear, NALC's feeder lamb contract offers real value to producers, especially protecting from market downturns - including the high volume fall lamb run.

Graph 2: Ontario Pricing vs. NALC Feeder Lamb Contract Windows
Alberta Basis Adjustment (\$36/head or \$0.48/lb)



Graph 3: Ontario Pricing vs. NALC Feeder Lamb Contract Windows
Manitoba Basis Adjustment (\$22/head or \$0.29/lb)

