

## NALC's One-Stop-Shop: Producer's Options to Sell Lambs and Sheep to NALC

Updated May 5, 2021

<p><b>Finished Lambs</b></p> <ul style="list-style-type: none"> <li>• Rail price</li> <li>• 24-30 kg carcass, 27 kg target</li> <li>• About 50-61 kg live (110-137 lb)</li> <li>• FOB CLP Innisfail, AB</li> <li>• Multi-year contracts</li> <li>• Rinse and Chill boosts yields</li> <li>• Even NALC floor price strongly exceeds 5-year Ontario Auction results (\$52/lamb better net return<sup>1</sup>)</li> </ul>	<p><b>Contract Pricing and Details:</b></p> <ul style="list-style-type: none"> <li>• Floor price with an upwards market adjustment using the weighted average of the 95-109 lb and 110 lb + categories reported weekly by Ontario Sheep Farmers, less \$25/head basis. <ul style="list-style-type: none"> <li>- Mar-May: \$11.00/kg floor price = \$285/lamb and up</li> <li>- Jun-Aug: \$10.00/kg floor price = \$255/lamb and up</li> <li>- Sep-Feb: \$9.00/kg floor price = \$230/lamb and up</li> </ul> <i>For example, early April 2021 NALC paid \$16/kg or over \$415/ lamb based on the market that week; \$14.75 the following week matching markets.</i> </li> <li>• Guaranteed space at the plant when the producer arranged. Final delivery date confirmation happens two weeks out.</li> </ul> <p><b>Spot/Cash Pricing and Details:</b></p> <ul style="list-style-type: none"> <li>• Pricing will be approximately based on a \$50/head basis, similar to actual "all-in" shipping costs to Ontario. This makes contracting at least \$25/lamb better.</li> <li>• No floor price, fall market pricing typically less than \$230/lamb most years.</li> <li>• No guaranteed space at the plant</li> </ul>
<p><b>Feeder/light Lambs</b></p> <ul style="list-style-type: none"> <li>• Live price</li> <li>• 60-90 lb live weight, 70-80 lb target</li> <li>• Pricing based on 75 lb w/ penny slide</li> <li>• FOB CLG Iron Springs, AB</li> <li>• Subsidized freight &amp; added payweight</li> <li>• Multi-year contracts</li> <li>• Finishing unit results provided to improve flock performance</li> <li>• Feeder lamb floor price also exceeds 5-year Ontario Auction results (\$17/lamb better net return<sup>1</sup>)</li> </ul>	<p><b>Contract Pricing and Details:</b></p> <ul style="list-style-type: none"> <li>• Floor price with a market adjustment upwards using 65-79lb category reported weekly by Ontario Sheep Farmers, less \$20/head basis. This is for 75 lb delivered with a penny slide based on the shipment's average weight. A high ceiling price gives producers benefit of almost all market price surges. <ul style="list-style-type: none"> <li>- Jan-Mar: \$3.00-\$3.50/lb</li> <li>- Apr-Jun: \$2.60-\$3.30/lb</li> <li>- Jul-Dec: \$2.00-\$2.80/lb</li> </ul> </li> <li>• Guaranteed space at the finishing unit when the producer arranged. Final delivery date confirmation happens two weeks out.</li> <li>• NALC can arrange freight and pick-up on farms for any groups 200 head or more. Smaller batches also possible at times. Freight quotes based on full load quantities at time of contracting.</li> <li>• Payweight will be increased by 1.5% for travel 250-500 km and increased 3% for travel more than 500 km, weighed on NALC's full truck certified scale.</li> </ul> <p><b>Spot/Cash Pricing and Details:</b></p> <ul style="list-style-type: none"> <li>• Pricing will be approximately based on a \$40/head basis, similar to actual "all-in" shipping costs to Ontario. This will vary based on market direction and expectation. Often contracted lambs will be worth \$20/lamb more.</li> <li>• No guaranteed space at the finishing unit - we fill to capacity most years.</li> </ul>
<p><b>Cull Ewes &amp; Rams</b></p> <ul style="list-style-type: none"> <li>• Live price</li> <li>• Floor price for "Growth Group" contracted producers</li> <li>• FOB CLP, Innisfail, AB or CLG, Iron Springs, AB or Brandon, MB</li> <li>• NALC pricing is expected to exceed other buyers in the long-run</li> </ul>	<p><b>Contract Pricing and Details:</b></p> <ul style="list-style-type: none"> <li>• Producers with contracted finished or feeder lambs are offered a floor price of \$1.05/lb for any culls under 75 kg (165 lb) live weight, subject to plant availability.</li> </ul> <p><b>Spot/Cash Pricing and Details:</b></p> <ul style="list-style-type: none"> <li>• Typical basis of \$0.50-\$0.80/lb subtracted from the sheep market reported by Ontario Sheep Farmers. Higher pricing for lighter, healthy culls and rams.</li> <li>• Margins in this business for NALC will be minimal, this cull program is designed to support our contracted lamb suppliers as a service.</li> <li>• Basis spread on new purchases may be adjusted up or down to offset actual shipping cost and market direction.</li> <li>• Delivery to NALC's CLP or CLG can occur with finished lambs or feeder lambs, weighed separately upon arrival.</li> </ul>

<sup>1</sup> See handout available on request showing the Canadian lamb market results and NALC's revised and detailed basis calculation outlining shipping costs (shrink, freight & auction fees), updated April 2021.

For details of finished or feeder lamb contracts please refer to the contract templates available upon request for qualified producers from Cathy Krohn at 403-227-7866 or [c.krohn@nalcgroup.com](mailto:c.krohn@nalcgroup.com).