



Carbon Credit Question and Answer Sheet

- 1. Why can't I sell my credits in Europe where they are worth more?**
 - The European trading system does not allow ag soil sinks as a certified emission reduction and never has.
- 2. Do I have to be in Crop Insurance?**
 - No as long as you take it upon yourself to get a custom seeded acreage report done for you by crop insurance.
- 3. Is Forage eligible?**
 - Yes. Awaiting the rates to be approved.
- 4. My opener is a 1/2 " bigger than what's allowed on your requirements is that O.K.?**
 - No. It goes by what the size on your bill of sale says.
- 5. Why should I sign now?**
 - Because it guarantees that you get in on this pool. The earlier in the earlier you can get a cheque.
- 6. Am I committed to sell my carbon credits on the CCX?**
 - No you are not we are able to flip these contracts up to the Montreal Exchange if Canada sets up a trading system. Montreal is the only environmental commodities exchange in Canada.
- 7. Who buys these credits?**
 - Thermal power generators, investment companies, hedge funds, speculators, and various governments.
- 8. Why would someone buy these voluntarily?**
 - They buy them as an investment or hedge in anticipation of forthcoming emissions mandates.
- 9. When is the next time I can contract?**
 - May through July after that not until 2010.
- 10. When do the credits get issued?**
 - The credits don't get issued until the audits are done. Once the audit process is complete a report on the findings is done and then the report is sent down to the NASD for review and if they find everything to be satisfactory then the credits are issued into C-Greens registry account and are floated into the market place.
- 11. When are the verifications done?**
 - The middle of summer in Sask and in the fall in Alberta and Manitoba
- 12. If I go direct can I pay less commission?**
 - No. Everyone pays the same fees.



13. How much of an allowance am I allowed to till?

- There is a 2% tillage factor for sloughs and headlands.

14. I don't want crop insurance on my land what now?

- Don't apply. There is not another way.

15. How do I know you will get the most money for my credits?

- C-Green has the most experience trading carbon credits than any other company in Canada. We are on a commission and are looking to get the most out of the credits.

16. I heard these are worth \$15 a ton why are yours only worth \$4 a ton?

- These are two completely different trading systems one is mandatory and one is voluntary. Only one allows ag soil sinks and that is the CCX.

17. How many acres can you contract?

- There is no limit.

18. What are the issuance rates?

- .20 tons per acre in brown, dark brown and .40 tons per acre in black and grey wooded

19. Why is there a 20% hold back?

- To mitigate the risk of people who are not in compliance. It also lets us replace credits lost due to non-compliance immediately.

20. How is this helping the environment because I am already doing it?

- It gives other people an incentive to change their ways. It is a proven way of naturally taking CO₂ out of the air.

21. How can I bank my credits?

- At this time there are no companies in Canada that you can buy credits through but it is forthcoming.

22. How long is my liability?

- 4 years

23. What are my liabilities?

- The producer will never be out of any pocket money. If he has to till we mitigate the risk by replacing credits from his next years credits from other land and if there is a net loss then we take it out of the reserve pool.

24. Is there an act of god clause?

- No. There is a reserve pool set up to mitigate the risk.

25. If I have to till up land what happens?

- If it is sloughs and or headlands there is a 2% tillage factor. If it is a whole field or half a field we pull that whole ¼ out of the program and replace the credits lost from another ¼ of land.

26. Will I as a farmer have to buy credits for my pollution?

- No this is a myth.

27. When do I get paid?

- When the pool is completely sold you will be paid out fully.



28. Is native pasture eligible?

- No. It is carbon neutral and will not sequester anymore carbon.

29. I have bush on my land is that eligible?

- No.

30. What drives the price of carbon credits?

- The main factor is if the government implements a mandatory cap and trade system. The other factors are coal and natural gas prices. Hot summers and cold winters.

31. Where else can I sell my carbon credits?

- Nowhere.

32. If I get hailed out and don't combine my land is it still eligible?

- As long as you don't do any tillage.

33. Can my cows go and swath graze on the land?

- Yes

34. If I take out my forage how do I stay eligible?

- Roundup and then direct seed into it.

35. Who polices what we do?

- Crop Insurance

36. How big is this market?

- It is roughly the same size as all of Canada's emissions. 250 million tons

37. How long has C-Green been selling carbon credits?

- Since May 11 2006

38. Why do you use Crop Insurance?

- The reason is credibility and infrastructure.

39. If I sell my credits are they gone forever?

- Only for the year that they are sold.

40. I heavy harrow and land roll is that O.K.?

- Yes

41. If a fire burns down my field then do I get disqualified?

- No. Only the credits for that year will be lost but there will be no penalty at all.

42. If I chem.-fallow what happens to my credits?

- No credits issued on that land for that year.

43. If I have to summerfallow what happens to my credits?

- Then that land is disqualified for the contract. The credits will then be replaced by the reserve pool or by another 1/4 of land.

44. How long is the contract?

- 4 or 5 years.

45. If I seed a forage crop half way through my contract what happens?

- As long as it is direct seeded then all that happens is the rate will be upgraded to the forage rate.



46. What crops are eligible?

- All insurable crops but flax. Flax might change in the future. It is because of the burning.

47. Can I sell direct to the CCX?

- No they must be put in a pool and sold by an offset aggregator.

48. How long does it take to sell these credits?

- It takes as long as it takes. There is no preset time. They are floated into the market as the market will take them and as the price stays at a good level.

49. Is organic land eligible?

- No

50. What are our total fees?

- The total fees are 15% commission and also exchange fees of 12.5 cents(USD) per ton and verification costs

51. Why should I get involved?

- Involvement helps make agriculture part of any mandated system that comes out. If we don't get involved we might not be able to take advantage of the financial rewards that are out there.

52. How much paperwork is involved?

- About 5 – 10 minutes or 3 pages.

53. Why are my credits pooled?

- They are pooled because the market is not big enough to handle everyone as an individual so that the market does not get flooded. The rules of the CCX also require a large amount of producers put together for each submission.

54. Who gets the credits on rented land?

- It is the person who is farming it. Not the landlord. It is also up to them to make their own deal.

55. Is chaff or baling of straw allowed?

- It is not allowed at this time but is probably going to change. It doesn't disqualify it is treated the same as chem fallow.