CONIGLIO FARMERS CONTRACT

JOHN FARMER

Standard Coniglio Farming Contract entered into between Coniglio Rabbit Meat Farm (Pty) Ltd. and the Farming entity allowing the structured and sustainable production of rabbit meat in South Africa.
AGREED AND SIGNED

BETWEEN

CONIGLIO RABBIT MEAT FARM (PTY) LTD.

SPES BONA ROAD DURBANVILLE

Registration number: 2011/144439/07
(duly represented herein by JH FALCK)
(Referred hereafter to as “CONIGLIO”)

AND

COMPANY NAME (PTY) LTD.

8 RABBIT CIRCLE, WARRENFIELD, CAPE TOWN 8000

Registration number: 20XX/XXXXX/XX
(duly represented herein by JOHN FARMER)
ID number: 750822 XXXX XXX
Tel. number: 083 555 5555
Email address: johnfarmer@gmail.com
(Referred hereafter to as the “FARMER”)
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1. DEFINITIONS

The following terms are defined here, for use in this Agreement:

ADDITIONAL OPPORTUNITY
CONIGLIO may present FARMERS with an ADDITIONAL OPPORTUNITY that the FARMER may want to engage with. The ADDITIONAL OPPORTUNITY is agreed to under a SEPARATE AGREEMENT to this AGREEMENT and may or may not be available to all FARMERS in all REGIONS. Engagement with the FARMER for the ADDITIONAL OPPORTUNITY is subject to the sole discretion of CONIGLIO and may be subject to a certain criteria;

AGREEMENT
This Coniglio Farming Contract entered into between CONIGLIO and the FARMER;

BREEDING CAGES
Cages utilized for breeding purposes and purchased from CONIGLIO;

BREEDING STOCK
Selected breeding animals, males (bucks) and females (does), which must be purchased from CONIGLIO. Breeding stock may only be utilised for terminal breeding purposes;

COMMENCEMENT DATE
Shall be the date on which this agreement commences and that all rights and obligations pass to the parties, such date being stipulated in 9.1;

CONFIRMED BOOKING
Response from CONIGLIO accepting the SLAUGHTER ANNOUNCEMENT and confirming the location, date and time of delivery;

CONIGLIO PRODUCT(S)
Any branded products of CONIGLIO;

MEAT CONTRACT PRICE
The price at which CONIGLIO will purchase the LIVESTOCK from the FARMER (all criteria are defined in Section 8. below) as per this contract;

CURRENT MEAT CONTRACT PRICE
The price at which CONIGLIO are purchasing LIVESTOCK from the FARMER at the current date;

CURRENT MANURE CONTRACT PRICE
The price at which CONIGLIO are purchasing RABBIT MANURE from CONTRACTED FARMERS at the current date;

**CONTRACT FARMER(S)**
A FARMER who is contractually connected to CONIGLIO;

**FOLLOWERS**
Progeny of the BREEDING STOCK. Such followers may only be utilised for slaughtering purposes and not to expand BREEDING STOCK, unless such FOLLOWER is deemed to be of sufficient quality to replace redundant or recycled BREEDING QUOTA;

**FARMER DISTRIBUTOR(S)**
This is an ADDITIONAL OPPORTUNITY where the FARMER may want to distribute CONIGLIO product to individuals in his / her area. CONIGLIO assists the FARMER by making CONIGLIO PRODUCTS available to the FARMER to enable the FARMER to be a sustainable distribution outlet in his / her area;

**HOME DISTRIBUTOR(S)**
This is a person that act as a HOME DISTRIBUTOR for CONIGLIO distributing CONIGLIO PRODUCTS to end users or individual consumers;

**KEY FARMER(S)**
A CONTRACT FARMER that has been integrated as part of the CONIGLIO infrastructure and assist CONIGLIO with separate contracted services;

**LEPUS**
Breeder management software program, supplied by CONIGLIO exclusively to CONIGLIO FARMERS;

**LIVESTOCK**
All livestock BREEDING STOCK and FOLLOWERS;

**MANURE PRODUCTION**
This is an ADDITIONAL OPPORTUNITY where the FARMER contributes to a centralized CONIGLIO quality controlled value adding process, with benefit to the FARMER for contributions under a SEPARATE AGREEMENT;

**PURCHASE ORDER**
An official request for services or product from CONIGLIO to be delivered or offered to CONIGLIO.

**QUOTA**
The contractually allocated farming quota of BREEDING STOCK as specified in Section 5;

**RABBIT MANURE**

A raw product or by-product produced by the CONTRACTED FARMER that CONIGLIO purchases from the CONTRACTED FARMER under a SEPARATE AGREEMENT.

**REGION(S)**

This constitutes a province i.e. Western Cape, Northern Cape, North West, Eastern Cape etc. with reference to a particular REGION or with all REGIONS as a whole;

**REJECTED LIVESTOCK**

LIVESTOCK that does not meet the conditions as defined in Section 12. Below;

**SLAUGHTER ANNOUNCEMENT**

Detailed notice to CONIGLIO of the date and quantity of LIVESTOCK ready for slaughter.

**SEPARATE AGREEMENT**

Another contract separate to this AGREEMENT with its own set of obligations and criteria for an ADDITIONAL OPPORTUNITY that may be agreed to by CONIGLIO and the FARMER;

**TANNING OPERATIONS**

This is an ADDITIONAL OPPORTUNITY where the FARMER contributes to a centralized CONIGLIO quality controlled value adding process, with benefit to the FARMER;

**SLAUGHTER CONSOLIDATION**

Provides all details about the delivered LIVESTOCK: Delivery Details – location, date and time; Inspection Details – weights, grade, quantity and other relevant details such as REJECTED LIVESTOCK; Purchase Order Details – confirmed CONTRACT PRICE, based on delivery and inspection results;

**SLAUGHTER PROCEDURES**

Rules, procedures and documentation surrounding the delivery and slaughter process (defined in Section 10. below);

2. **INTRODUCTION**

The interest in rabbit farming activities has led to the need for a structured and sustainable model. The model needs to be managed to ensure that a suitable infrastructure is put in place and sustainable relationships are built to support the process. A contract is required to assist the FARMER with the management of the livestock, using constructive, sustainable and humane farming methods and the provision of appropriate equipment and training, to sustain healthy and productive herds to produce a quality product.
3. **UNDERTAKING BY CONIGLIO**

In terms of this Agreement, CONIGLIO undertakes to provide ingredients necessary for the creation of a viable, profitable and humanely managed rabbitry:

3.1. A training course and all relevant documentation;
3.2. A management software application for breeding history and production tracking;
3.3. All appropriate equipment and caging, required for effective animal care. The FARMER will receive a separate quotation regarding the costs of the equipment and caging necessary for effective animal care;
3.4. Supply of BREEDING STOCK. The FARMER will receive a separate quotation regarding the purchase price of the BREEDING STOCK;
3.5. Support, advice, guidance and assistance, whenever required;
3.6. Regular scheduled buyback of the progeny;
3.7. Slaughter facilities or collections – CONIGLIO has access to outlets, local and export markets;
3.8. Company documentation outlining the opportunity, structures and background of efforts to date;
3.9. ADDITIONAL OPPORTUNITIES where the FARMER may engage with and that CONIGLIO may make available as they become sustainable. ADDITIONAL OPPORTUNITIES are available upon request and a SEPARATE AGREEMENT will be concluded outlining the criteria and understanding before engagement and may be subject to certain criteria;

4. **TRAINING COURSE**

4.1. The FARMER must attend the training course made available by CONIGLIO.
4.2. Such training course will be held in the REGION of the FARMER on such dates and times as decided by CONIGLIO. The training course will be scheduled at such time as will benefit most of the farmers in a specific REGION.
4.3. The total costs of the training course is R 7 500.00, plus VAT. Such costs are to be paid to CONIGLIO prior to commencement of the training course. Bank details for payment hereof will be provided to the FARMER upon confirmation of attendance of the course.
4.4. The costs of the training course includes the costs of LEPUS software, as well as training in management thereof.
5. QUOTA AND CONTRACT

5.1. A minimum of thirty (30) start-up does is required to qualify for a CONIGLIO farming contract. The purpose of this minimum start-up number is to allow the FARMER to build the required experience and plan for expansion and make informed financial decisions.

5.2. It is required to fill the QUOTA of 100 does within 12 months after receipt of the first BREEDING STOCK.

5.3. Additional contracts with an additional QUOTA of 100 does can be requested if adequate land and housing structures are available.

5.4. Each Contract includes additional training for 2 persons and the necessary Software licence for every additional 100 breeding animals.

5.5. The allocated QUOTA to this FARMER contract is 100 (ONE HUNDRED) does, which quota must be filled within 12 months of date of commencement of this agreement.

5.6. The maximum buyback quantity of LIVESTOCK is eight (8) times the QUOTA on a monthly basis.

5.7. The FARMER may not breed his own BREEDING STOCK except for replacement of the original QUOTA, as stated in clause 1 above. In order to ensure the quality of the FOLLOWERS and therefore the product that will be supplied, the FARMER may not purchase any BREEDING STOCK from any other entity other than CONIGLIO.

6. “LEPUS” BREEDER MANAGEMENT SOFTWARE

6.1. The FARMER must make use of LEPUS to manage and control his breeding activities.

6.2. The Software is a compulsory and integrated tool to ensure adequate production and insights into the breeding activities of the FARMER.

6.3. CONIGLIO may constantly upgrade and expand this software to accommodate the expansion and additional requirements that the FARMER may have and additional features CONIGLIO may want to implement.

6.4. CONIGLIO will make LEPUS available, and it is included into the initial contract, starting January 2015, and all additions and upgrades are free for the duration of the contract.

6.5. A minimum monthly subscription is required from the FARMER and amounts to R250.00 per month. Thereafter a fee of R2.50 will apply for any additional BREEDING STOCK (based on number of does) per month.

6.6. Signing of a debit order form is required for the installation activation of the software licenses for the required QUOTA.
6.7. The debit order will terminate with one calendar month notice and only in line with an expired contract or the cancellation thereof.

6.8. The debit order forms part of this agreement, but can be amended separately, in writing, in the event of a change in any bank details of the FARMER or methods used by CONIGLIO and will be referred to as Annexure A.

6.9. A monthly invoice will be raised and payment can only be made in advance via debit order.

7. PRODUCTION AND BUYBACK OF LIVESTOCK

CONIGLIO will buy back all LIVESTOCK on the following terms and conditions:

7.1. That all LIVESTOCK originate from the BREEDING STOCK.

7.1.1. That the quantity of BREEDING STOCK forms part of the QUOTA that the FARMER must sustain actively.

7.1.2. That all LIVESTOCK produced by the FARMER under this agreement will be for slaughter purposes.

7.1.3. That the FARMER only uses specified BREEDING CAGES to accommodate BREEDING STOCK and FOLLOWERS as appropriate housing for BREEDING- and LIVESTOCK.

7.1.4. The stipulated number of BREEDING CAGES (based on the agreed QUOTA) is purchased from CONIGLIO to accommodate the BREEDING STOCK – i.e. Three (3) BREEDING CAGES for every doe and one (1) BREEDING CAGE for every buck. This ensures that the welfare of the animals is not compromised.

7.1.5. The FARMER will accept and implement the SOUTH AFRICAN RABBIT BREEDERS: CODE OF GOOD PRACTICE as and when it becomes available as a guideline to good husbandry and humane animal breeding practices. See Annexure B a Draft Code of Good Practice as it currently stands.

7.1.6. The FARMER submits monthly breeding data and statistics as per SLAUGHTER PROCEDURES to CONIGLIO in writing.

7.1.7. A SLAUGHTER ANNOUNCEMENT will be submitted to CONIGLIO in writing, as per SLAUGHTER PROCEDURES.

7.1.8. The FARMER has set up the agreed QUOTA within 12 months, including the PURCHASE of BREEDING STOCK, BREEDING- and FOLLOWER CAGES from the date of receiving the first BREEDING STOCK.
7.1.9. The FARMER has an active subscription to the LEPUS.

7.1.10. The FARMER has attended a CONIGLIO training course and acknowledges that assistance and support by CONIGLIO for animal and farming related issues is available 24 hours a day, 365 days a year for the duration of the contract.

7.2. It is the responsibility of CONIGLIO to pay for slaughtering fees, packaging costs, boxing costs, processing, freezing and transport/distribution costs of dressed product AND provide infrastructure to facilitate the marketing, slaughtering and delivery of dressed product to markets.

7.3. It is the responsibility of the FARMER to pay for, and set up, a farming activity, produce and deliver LIVESTOCK to a CONIGLIO approved facility or collection point for slaughtering purposes.

7.4. This agreement is subject to the successful completion of the training course and a confirmed order for start-up BREEDING STOCK and BREEDING CAGES.

8. CONTRACT PRICE PER KILOGRAM AND COSTS

8.1. The CONTRACT PRICE will be determined by CONIGLIO and linked to a fair market related price based on the supply and demand of various developed local or export markets.

8.2. The prices laid out below are fixed for the duration of the first 18 months after which current prices paid per kilogram will apply to this contract. The current price refers to the adjusted price at that time paid per kilogram for LIVESTOCK purchased by CONIGLIO and currently is as follows:

8.2.1. **THE CONTRACT PRICE FOR A-GR ADE MEAT IS CURRENTLY R40.00 (FORTY RAND) PER KILOGRAM.** (Cold carcasses weighing between 1.2 and 1.8 kilograms)

8.2.2. **THE CONTRACT PRICE FOR B-GR ADE MEAT IS CURRENTLY R35.00 (THIRTY FIVE RAND) PER KILOGRAM.** (Cold carcasses weighing between 1.8 and 2.2 kilograms)

8.2.3. **THE CONTRACT PRICE FOR C-GR ADE MEAT IS CURRENTLY R25.00 (TWENTY FIVE RAND) PER KILOGRAM.** (Cold carcasses weighing 2.2 kilograms and above).

8.2.4. **THE CONTRACT PRICE FOR AAA-GR ADE IS NOT FIXED.** (Negotiated on the supply and demand principle by CONIGLIO with the FARMER).

8.2.5. **THE CONTRACT PRICE FOR COMMUNITY GRADE MEAT IS R25.00 (TWENTY FIVE RAND) PER KILOGRAM.** (Only available to Coniglio Community Initiative based farmers).
8.2.6. **The CONTRACT PRICE includes VAT** and, if the FARMER is a registered VAT vendor, a Tax Invoice in accordance with SARS’ prescribed method must be submitted to CONIGLIO.

8.3. CONIGLIO will only purchase quality carcasses, as passed by the abattoir, and pay per kilogram for various categories on cold dressed carcass weight.

8.4. Skins, pelts, fur, intestines, heads, ears, tails, feet or any other part of the delivered live animal will be the property of CONIGLIO to dispose, donate, sell or add value to, as appropriate.

8.5. Administrative costs are levied for every rabbit slaughtered at the rate of R0.50 per rabbit and accounted for on the purchase order.

9. **DURATION AND VALIDITY OF CONTRACT AND PRICE**

9.1. This contract shall commence on the **15 FEBRUARY 2015** and will be valid for a period of ten (10) years, after which it can be renewed based on agreement between CONIGLIO and the FARMER. The aim is to identify and permanently integrate the FARMER as a supplier of choice within this period, and is subject to the implementation of a minimum of a full 100 QUOTA.

9.2. The CONTRACT PRICE will be fixed for the first 18 month period after signature, after which it will be adjusted to the market related price paid at that time – the FARMER will be notified of such adjustment by CONIGLIO in writing.

9.3. In REGIONS where the capacity for slaughter facilities or collections are currently still limited, the purchase arrangement with the FARMER on full QUOTA may have to take priority over that of the FARMER in the start-up phase – however, the arrangement with the start-up FARMER will be scheduled as soon as it can be accommodated in conjunction with full QUOTA deliveries.

10. **SLAUGHTER PROCEDURES**

10.1. The FARMER must submit a monthly forecast in order to make a SLAUGHTER ANNOUNCEMENT before or by the 10th of every month.

10.2. SLAUGHTER ANNOUNCEMENTS must be made 10 days prior to the desired available slaughter date, which is published on the CONIGLIO announcement documentation.

10.3. Confirmation will be issued by CONIGLIO in the form of a CONFIRMED BOOKING.
10.4. The CONFIRMED BOOKING will have the time and date on which the FARMER must deliver the LIVESTOCK for slaughter as well as the address or location of the registered approved CONIGLIO facility or collection point.

10.5. The FARMER must deliver healthy live animals to the registered facility where control of the LIVESTOCK is handed over to the authorised CONIGLIO representative. The LIVESTOCK is inspected on delivery and before, during and after slaughter, to identify any criteria that may result in REJECTED LIVESTOCK.

10.6. The FARMER signs the slaughter documentation and health declaration that guarantees that the LIVESTOCK is free from sickness or malformation and that any health-related issues are declared to CONIGLIO in advance.

10.7. The FARMER must have all documentation available that can prove that all the LIVESTOCK is progeny of CONIGLIO-supplied stock – OR (from January 2015) have an active LEPUS subscription to give CONIGLIO access to the required information prior to delivery or collection.

10.8. Slaughter documentation will accompany the FARMERS delivered LIVESTOCK – this facilitates the traceability of the LIVESTOCK, back to its origin.

10.9. A copy of the SLAUGHTER CONSOLIDATION will be provided to the FARMER with a formal purchase order referring to the CONFIRMED BOOKING, in order to satisfy the FARMER that he is paid according to the delivered LIVESTOCK.

10.10. The FARMER will issue a valid tax invoice, as prescribed by SARS, to CONIGLIO, which, upon receipt, will be verified by CONIGLIO before payment will be affected.

10.11. The FARMER agrees to supply CONIGLIO with South African Bank Account into which CONIGLIO will electronically transfer the outstanding amount once finalized.

10.12. CONIGLIO reserves the right to change planned slaughter dates, the time and location from time to time, which will be published on the CONIGLIO announcement documentation, taking the 10-day due notice period into account.

11. DELIVERY / COLLECTION OF LIVESTOCK

11.1. It is the responsibility of the FARMER to deliver LIVESTOCK, for which he has received a CONFIRMED BOOKING, to the CONIGLIO approved facility.

11.2. In the event that no CONIGLIO approved registered facility is available in the REGION, or up until such time as one becomes available, CONIGLIO may provide a collection service and will collect a minimum of 2000 animals per round trip and may have two or three
collection points within a REGION. CONIGLIO reserves the right, at its sole discretion, to change and adapt logistics to the available infrastructure.

11.3. The collection logistics will be arranged by CONIGLIO and it will be treated as if the FARMER has delivered LIVESTOCK to a CONIGLIO approved facility in that REGION, and has accepted that transport costs will be incurred by the FARMER to deliver LIVESTOCK to an abattoir. CONIGLIO may provide the infrastructure for such a collection service at a fee currently of R4.50 per animal to the FARMER in a REGION where no abattoir is available. The costs will be deducted from the payment due to the FARMER for LIVESTOCK purchased. Current fees may change from time to time.

11.4. Delivery and or collection must be done within the legal limitations and regulations governing the movement of LIVESTOCK.

12. REJECTED LIVESTOCK

12.1. LIVESTOCK will be rejected by the abattoir and therefore not be purchased by CONIGLIO, nor would the FARMER receive the carcasses or any by-product from that REJECTED LIVESTOCK and may even be penalized in cases where:

12.1.1. LIVESTOCK does not fall within the criteria specified under the CONTRACT PRICE paid by CONIGLIO. (e.g. any cold carcass weight of less than 1.2 kilograms)

12.1.2. Pregnant rabbits are delivered for slaughter and are rejected before or during slaughter and will be disposed of or re-homed by CONIGLIO.

12.1.3. Any animal delivered by the FARMER tests positive for any hormones, steroids, antibiotics or any other unnatural substance – this will result in the whole batch being rejected.

12.1.4. Any animal is found to be suffering from disease, or in a condition which could contravene the international export regulations – this could also result in the whole batch being rejected.

12.1.5. Animals arrive at the abattoir in a poor condition or were inadequately transported.

12.1.6. The health inspector of the registered facility for whatever other legal reason prevents a single animal or batch of LIVESTOCK to be slaughtered.

12.1.7. The responsible person in charge of slaughter procedures finds a FARMER interfering with any receiving- or delivery procedures that may be in place at the registered facility.
12.1.8. The farmer does not arrive on time as per CONFIRMED BOOKING at the registered facility or collection point.

12.1.9. A CONFIRMED BOOKING was not issued to the FARMER by CONIGLIO.

12.2. All LIVESTOCK as specified in the SLAUGHTER ANNOUNCEMENT and approved by CONIGLIO with a written CONFIRMED BOOKING will be humanely slaughtered by the registered facility and no LIVESTOCK will be accepted for any other purposes.

13. MEETINGS AND INSPECTIONS

13.1. The FARMER consents to attending meetings at the request of CONIGLIO.

13.2. The FARMER consents to giving access to CONIGLIO at any reasonable time, to inspect the farming operations of the FARMER.

13.3. The FARMER with a QUOTA of less than 200 BREEDING STOCK consents to a scheduled inspection to be arranged every 12 (TWELVE) months.

13.4. The FARMER with a QUOTA of 200 or more BREEDING STOCK consents to a scheduled inspection to be arranged every 6 (SIX) months.

13.5. The cost of the inspection from a registered veterinarian will be limited to no more than R1 000 (ONE THOUSAND RAND) currently and be invoiced directly to the FARMER by the registered veterinarian. These costs may be adjusted from time to time to accord for market related veterinarian fees.

14. BREACH OF CONTRACT

14.1. A Breach of Contract will be deemed to have occurred if the FARMER:

14.1.1. Cannot fulfil his obligation as per this Contract. Notwithstanding any remedies available to CONIGLIO, in such an event the FARMER must make a SLAUGHTER ANNOUNCEMENT for all LIVESTOCK and BREEDING STOCK, according to the SLAUGHTER PROCEDURES and must sustain the animals’ health and well-being in a manner that no animal is affected by the inability of the FARMER to honour this agreement, until such time as all animals are humanely slaughtered.

14.1.2. Cannot maintain the health or nutritional requirements of its herd. Notwithstanding any remedies available to CONIGLIO, in such an event the FARMER must notify CONIGLIO, in writing, without delay, as soon as this becomes known.
14.1.3. Sells or donates LIVESTOCK or BREEDING STOCK to any person, farmer, organisation, company or institution, other than CONIGLIO.

14.1.4. Constructs his own housing equipment (cages), or donates or sells CONIGLIO supplied equipment to any other farmer, person, business, organisation or institution.

14.1.5. Exchanges, borrows, lends, or exposes any BREEDING STOCK or LIVESTOCK allocated or produced under this agreement to any other person or farmer, including other CONIGLIO contracted farmers – this applies even if this Agreement is cancelled.

14.1.6. Shares or publishes any private CONIGLIO documentation including, but not limited to, farming manual, notices, private farmer communications, alternative feeding or breeding methods.

14.1.7. Farms with more than the allocated QUOTA of BREEDING STOCK.

14.1.8. Fails to deliver LIVESTOCK for a period of six (6) months.

14.1.9. Fails to submit requested pictures of LIVESTOCK, BREEDING and FOLLOWER CAGES or BREEDING STOCK electronically for online inspection once every 12 months.

14.1.10. Refuses a CONIGLIO appointed inspector or veterinarian to inspect the FARMER’S facility.

14.2. Any of the events or actions listed above, regarded as a Breach of Contract, will entitle CONIGLIO to take any or all of the following actions:

14.2.1. Cancel the Contract without further notice, in writing, with or without claims against the FARMER.

14.2.2. Cease its obligation to purchase any more LIVESTOCK from the FARMER.

14.2.3. Claim back all the remaining LIVESTOCK, for slaughter purposes, in accordance with the SLAUGHTER PROCEDURES, for which the FARMER will be paid as per the CONTRACT PRICE.

15. COMPLETE AGREEMENT, NO REFERRALS

15.1. This Agreement forms the complete agreement between the Parties.

15.2. Safe where CONIGLIO is entitled to unilaterally change this agreement as stated hereinabove, any addendum that is created in writing, referencing this Agreement and signed by both parties, will be considered a valid addition or change to this Agreement,
whether it affects the duration of this contract, changes in duties, responsibilities or pricing, or any other clauses. No other reference, whether verbal or in writing, by letter, email or any other form, will be accepted as an overriding change to this Agreement.

15.3. No change of term period or length of this Agreement or price change or reduction in duties or responsibilities or any requirements will under any circumstances render the rest of the Contract invalid.

15.4. Neither party will be liable for any implied or clearly stated requirements, guarantees, promises, or anything of this sort which is not specifically mentioned in this Agreement, even if the aforementioned was created by the contract itself or through negligence of any part in the contract.

15.5. The parties agree to do everything to sign all documentation and to take all necessary steps to comply with the requirements stipulated and mentioned in this Agreement.

16. DOMICILIUM CITANDI ET EXECUTANDI

16.1. Each party specifies its domicilium citandi et executandi for this Agreement as a whole and this will be used for any communication may it be for Court, Notices or any documents or messages of whatever form – any of the following can be used: Physical Address, Telephone, Cell phone or Fax numbers or email address:

16.2. CONIGLIO RABBIT MEAT FARM (PTY) LTD.
SPES BONA ROAD DURBANVILLE
PO BOX 3640 DURBANVILLE 7551
WESTERN CAPE
CONTACT NO. 071 042 8930
SALES@CONIGLIO.CO.ZA
FAX 0861 886 4457

16.3. JOHN FARMER
8 RABBIT CIRLE, WARRENFIELD, CAPE TOWN 8000
CONTACT NO. 083 555 5555
EMAIL: johnfarmer@gmail.com
SIGNED AT ________________________________ ON THE__________

DAY OF THE MONTH OF _________20____

WITNESSES:

1. ________________________________

2. ________________________________

CONIGLIO RABBIT MEAT FARM (PTY) LTD.

SIGNED AT ________________________________ ON THE__________

DAY OF THE MONTH OF _________20____

WITNESSES:

1. ________________________________

2. ________________________________

The FARMER or designated representative.
ANNEXURE A – BANK DEBIT ORDER INSTRUCTION

Name (Debtor): ____________________________________________

Date: ____________________________________________________

Address: ________________________________________________

Contract No.: ____________________________________________

Debit Amount: ____________________________________________

Commencement Date: ______________________________________

Contact No: ______________________________________________

THE DETAILS OF MY/OUR ACCOUNT ARE AS FOLLOWS:

BANK: __________________________________________________

BRANCH NAME __________________________________________

BRANCH NO: ______________________________________________

ACCOUNT NAME: __________________________________________

ACCOUNT NO: _____________________________________________

TYPE OF ACCOUNT: ________________________________________

This signed Authority and Mandate refers to the AGREEMENT as dated as on signature hereof. I / We hereby authorise CONIGLIO to issue and deliver payment instructions to the bank for collection against my / our abovementioned account at my / our above mentioned bank (or any other bank or branch to which I / We may transfer my / our account) on condition that the sum of such payment instructions will never exceed my / our obligations as agreed to in the Agreement, and commencing on the commencement date and continuing until this Authority and Mandate is terminated by me / us by giving CONIGLIO notice in writing of no less than 1 calendar month, and sent by prepaid registered post OR delivered to CONIGLIO’S address recorded in this agreement OR via email with a reply email stating that the cancellation request have been received.
The individual payment instructions so authorised to be issued must be issued and delivered as follows:

On the 1st working day of each and every month commencing on the commencement date recorded in this document. In the event that the payment day falls on a Saturday, Sunday or recognised South African public holiday, the payment day will automatically be the very next ordinary business day. Further, if there are insufficient funds in the nominated account to meet the obligation, you are entitled to track my account and re-present the instruction for payment as soon as sufficient funds are available in my account;

I / We understand that the withdrawals hereby authorised will be processed through a computerised system provided by the South African Banks and I also understand that details of each withdrawal will be printed on my bank statement. Each transaction will contain a number, which must be included in the said payment instruction and if provided to you should enable you to identify the Agreement. A payment reference is added to this form before the issuing of any payment instruction. I / We shall not be entitled to any refund of amounts which you have withdrawn while this authority was in force, if such amounts were legally owing to you.

MANDATE

I / We acknowledge that all payment instructions issued by CONIGLIO shall be treated by my/our above mentioned bank as if the instructions had been issued by me/us personally.

CANCELLATION

I / We agree that although this Authority and Mandate may be cancelled by me / us, such cancellation will not cancel the AGREEMENT. I / We shall not be entitled to any refund of amounts which you have withdrawn while this authority was in force, if such amounts were legally owing to CONIGLIO.

Signed at __________________________ on this ______ day of _____________________ 20___

_____________________________________________

AUTHORISED SIGNATURE AS USED ON DEBIT ACCOUNT

This Agreement reference number is noted as GA50122051/2
ANNEXURE B – DRAFT CODE OF GOOD PRACTICE

NOTES: No official accepted Code of Good Practice exists for the rabbit farming activities in South Africa yet. This document has been presented and is being negotiated with relevant parties. This document does not constitute any agreement between CONIGLIO and the FARMER nor does the statements mean that CONIGLIO in its agreement with FARMER needs to accept all or some of the prescribed methods of this document. The document will be official in due course and adoptions and or changes may be made by Coniglio to ensure methods and procedures are compliant.

The intent is to give a contract FARMER insights into what such a document may consist of and that CONIGLIO will ensure that its methods and procedure will conform to the accepted code by authorities when it is official. The copy of this document presented below is the actual DRAFT CODE OF PRACTICE submitted to government for a required review. The Authorities will in time respond, advertise and produce an official document and distribute it to Municipalities to be included in by-laws that may govern the farming of rabbits in South Africa.

South African Rabbit Breeders: CODE OF PRACTICE

(December 2014 DRAFT 2)

INTRODUCTION

This standard is based on the knowledge and technology available at the time of publication and may need to be changed in the light of future knowledge. It does not replace the need for experience and common sense in the husbandry of animals.

This is based on the international acknowledged 5 freedoms namely:

- Freedom from thirst, hunger and malnutrition
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behaviour
- Freedom from fear and distress
SCOPE

This Code of Practice provides guidance to the owners of commercial rabbits and to persons who are in charge of them about the standards they must achieve in order to meet their obligations under the relevant national legislation.

HEALTH

1. Care and Management
   1.1 All rabbit facilities shall keep detailed records of births, purchases, sales, diseases, metabolic disorders, deaths and use of medicines or treatment.
   1.2 Each facility need to have a competent keeper, skilled to recognise typical symptoms of ill health or stress and able to respond accordingly.
   1.3 In cases of severe illness or injury, the rabbit must be humanely euthanized.
   1.4 The keeper shall inspect the animals on a daily basis.
   1.5 Basic health care includes:
      • Regular toenail trimming;
      • Regular check for ear mites;
      • Regular check on foot pads;
      • Regular check to ensure no damage to teeth or malocclusions;
      • Regular check of the inside of front feet. Rabbits with colds or snuffles wipe their noses with their feet and this leaves a residue which is easily spotted;
      • Regular checks on lactating does, to ensure teat health.
   1.6 Cages shall be kept dry and hygienic and must be cleaned daily and all manure and urine removed.
   1.7 All rabbit units shall have an isolation quarantine area, away from the rest of the herd, where sick rabbits can be treated.

FEEDING

2. Feed and Water
   2.1 Animals shall receive a diet in adequate quantities and of adequate nutritional quality, in order to meet their requirements for good health and welfare.
   2.2 Fresh water shall be available at all times. All water containers or nipples shall be checked daily to ensure they are clean and in good working condition.
2.3 Hay must be available at all times

2.4 Water and feed systems are hygienic and comfortably accommodate the number of animals in the colony without there being an overcrowding at the feed bowl, which can cause conflict and fighting.

HOUSING

3. Accommodation

Rabbits can be kept indoors as well as out of doors and must be housed in secure hutches or colonies that provide:

- Sufficient space to relax, stretch and move comfortably. The enclosure shall allow the rabbit to exhibit natural behaviour, and shall allow the rabbit freedom of movement. (Recommended floor space is .45 x .900)
- Sufficient height for the rabbit to be able to sit up and look about with ears not touching the top of the cage. (Recommended height is .45)
- Protection from all predators.
- Shelter from adverse weather conditions.
- Protection from heat. The ideal temperature is 18 - 24°C
- Natural light, but not in direct sun. Rabbits shall not be subjected to unnatural lighting periods.
- A non-slip resting pad in hutches with wire floors. This resting area shall be comfortable and not discourage the rabbit from using it.
- Protection from sudden loud noises.
- Colonies on a concrete floor must have bedding such as hay, untreated wood shavings or a combination of both.

3.1 Indoor Facilities

Special notes on the indoor setup:

- Enclosures shall be kept free from ammonia build-up.
- Enclosures shall be free of drafts, but well ventilated.

3.2 Outdoor Facilities

Special notes on the outdoor setup:
• Weather protection has to ensure that rabbits stay dry and protected, even under extreme conditions.
• Additional predator control is required to prevent threats from raptors and dogs.

3.3 Free Range Management is Acceptable if:
• The area in which the rabbits run is completely secure and no rabbit can dig its way out.
• The area is protected from predators including raptors, snakes, mongooses etc.
• Rabbits shall be provided with shelter and protection from the elements.
• Cleaning the runs must occur daily to ensure good hygiene practice is in place to avoid the spread of disease and parasites.

TRANSPORT

4. Transportation Guidelines.

For rabbits that are being removed from permanent housing and therefore from food and water, the following applies.

4.1 Rabbits shall be transported in secure, well ventilated crates, and shall be protected from heat.
4.2 There shall be no over-crowding in the transport crate.
4.3 Carrots or apple should be offered on a long journey to replace food and water.
4.4 Rabbits shall only be loaded into crates no longer than 1 hour before they are being transported.
4.5 Before rabbits are transported an emergency plan shall be in place. Driver shall have contact details of all relevant authorities and persons to assist without delay in case of any emergency i.e. breakdown/accident.
4.6 Absorbent bedding shall be provided in each crate. If crates are stacked there must be drip trays between the layers.
4.7 Rabbits should not be transported in the heat of the day
4.8 On long trips, there should be a break every four hours for a check-up and rest.
ADDENDUM A

1. INTRODUCTION

This is an ADDITIONAL OPPORTUNITY with which the FARMER or HOME DISTRIBUTOR may wish to become involved. Many requests have been received by CONIGLIO FARMERS to carry stock of CONIGLIO PRODUCTS in their REGIONS or AREA. The need for a SERVICE LEVEL AGREEMENT exists to make sure that CONIGLIO PRODUCTS are presented in an appropriate manner to potential consumers in the FARMERS REGION or AREA. Interested FARMERS may contact our sales office to make arrangements to be set up as a FARMER / HOME DISTRIBUTOR. A signed copy of this ADDENDUM A is required to engage with this ADDITIONAL OPPORTUNITY.

2. CONCEPT

2.1. FARMERS are continuously asked if they have product available that can be purchased by friends, family and interested people who know about the rabbit farming activities.

2.2. Consumers like to buy direct from the FARMER and won’t mind purchasing privately directly from a FARMER / HOME DISTRIBUTOR.

2.3. Consumers like to know that they are paying less for the product than in the retail environment.

2.4. FARMERS can add additional income to their farming activities without having to lay out capital to carry stock and benefit from this opportunity while they expand their farming activities to the desired QUOTA.

2.5. A healthy 30 % margin is available to the FARMER for carrying stock and making opportunistic sales.

2.6. Very little effort is required to make rabbit available in your REGION or AREA and word of mouth will be more than sufficient to build up a regular clientele.
2.7. Product will be made available to the FARMER on CONSIGNMENT against monies legally owed to the FARMER for LIVESTOCK delivered with minimum quantity of 96 rabbits or 16 boxes.

2.8. Product will be made available to the HOME DISTRIBUTOR with minimum quantities of 96 rabbits or 16 boxes and per sales order only.

3. TERMS AND CONDITIONS

3.1. A dedicated new chest or box freezer must be used to carry CONIGLIO PRODUCTS.

3.2. The freezer will be supplied by CONIGLIO and delivered to the closest business address in the FARMERS REGION or AREA against monies legally owing to the CONTRACTED FARMER for delivering of LIVESTOCK.

3.3. The cost of the freezer will be for the account of the FARMER and available in two options to hold maximum 100 Rabbits OR to hold maximum 200 Rabbits.

3.4. Cost of the freezer will be quoted separately and be valid for 7 days.

3.5. NO other product may be present in the freezer at any time.

3.6. The freezer must be placed in a clean and secure area where the HOME / FARMER DISTRIBUTOR has control over who has access to the freezer and stock.

3.7. The HOME / FARMER DISTRIBUTOR must take stock of CONIGLIO PRODUCT by month-end every calendar month of the year and submit the quantities of available stock to CONIGLIO.

3.8. CONIGLIO will invoice the FARMER for the CONIGLIO PRODUCTS sold and may set off against the value of monies due to the FARMER for LIVESTOCK delivered that is legally owed to THE FARMER under the FARMERS CONTRACT and monies legally owed to CONIGLIO in this SEPARATE AGREEMENT.

3.9. Stock will be replaced and dispatched to a convenient location in the FARMERS REGION or AREA for collection by the FARMER once a month at the expense of CONIGLIO.
3.10. HOME / FARMER distributor is responsible for the frozen product and must make sure that the freezer is operational at all times.

3.11. It is the responsibility of the HOME / FARMER DISTRIBUTOR to maintain the freezer should it require repairs or any maintenance.

3.12. CONIGLIO will make a new freezer available to the HOME / FARMER DISTRIBUTOR with a manufacturers warrantee.

3.13. Cost of electricity would be for the HOME / FARMER DISTRIBUTORS expense.

3.14. Once product is accepted by the HOME / FARMER DISTRIBUTOR it cannot be returned to CONIGLIO and the value of the product will be legally owed to CONIGLIO.

3.15. The HOME / FARMER DISTRIBUTOR may only service individual end consumers. The hospitality markets, hotels and restaurants require a different dedication of service that the HOME / FARMER DISTRIBUTOR may not be able to provide with the available infrastructure.

3.16. CONIGLIO will provide an email signature to every HOME / FARMER DISTRIBUTOR.

3.17. The CONIGLIO logo may not be used on any unapproved advertisement or advertising method.

3.18. The HOME / FARMER DISTRIBUTOR may only use the provided email signature including the CONIGLIO logo as part of the HOME / FARMER DISTRIBUTOR signature.

3.19. CONIGLIO will make a list of the HOME / FARMER DISTRIBUTORS available and refer enquiries to the closest HOME / FARMER DISTRIBUTOR.

3.20. CONIGLIO will make regular recipes and promotional material available to the HOME / FARMER DISTRIBUTOR'S via electronic media to ensure a professional approach that will create repeat business for the HOME / FARMER DISTRIBUTOR.
3.21. The HOME / FARMER DISTRIBUTOR may sell product in any area as long as it is to end consumers; however a specific REGION or AREA will be allocated as to be able to refer the closest HOME / FARMER DISTRIBUTOR to an end consumer.

3.22. The HOME / FARMER DISTRIBUTOR may enlist the services of CONIGLIO to supply WHOLESALE customers that they cannot service due to restricted infrastructure and logistics.

3.23. CONIGLIO will promote the HOME / FARMER DISTRIBUTOR on social media platforms where the HOME / FARMER DISTRIBUTOR may interact with CONIGLIO.

3.24. All individual products will be weighed and labelled for the HOME / FARMER DISTRIBUTOR’S convenience.

4. PRODUCTS

The following products are available to HOME / FARMER DISTRIBUTORS at CONIGLIO distributor prices: (PRODUCTS SOLD WILL BE REPLACED MONTHLY)

a. **CORE PRODUCT** (SHELFLIFE 18 MONTHS)

   WHOLE FROZEN RABBIT @ **R58.93 PLUS VAT** (RETAIL READY PACKAGING)

   SUGGESTED WHOLESALE R89-00 INCLUSIVE per kilogram

   SUGGESTED RETAIL R110-00 INCLUSIVE per kilogram

b. **HOSPITALITY PRODUCT** (SHELFLIFE 9 MONTHS)

   FROZEN PORTIONED RABBIT @ **R90.94 PLUS VAT** (RETAIL READY PACKAGING)

   SUGGESTED WHOLESALE R135.00 INCLUSIVE per kilogram

   NOT AVAILABLE AS A RETAIL PRODUCT

   i. HIND QUARTERS

   ii. FRONT QUARTERS

   iii. SADDLE OR LOIN

   iv. POTJIE PORTIONS
v. HOPPER WINGS

FROZEN DE-BONED PRODUCT @ R119.00 PLUS VAT (RETAIL READY PACKAGING)

SUGGESTED WHOLESALE R180 INCLUSIVE per kilogram

NOT AVAILABLE AS A RETAIL PRODUCT

vi. DE-BONED ROLLED RABBIT ROAST

vii. RABBIT FILLET

viii. RABBIT LIVERS

ix. RABBIT SOSATIE

x. MINI KEBABS

xi. RABBIT MINCE
SIGNED AT ________________________________ON THE______________

DAY OF THE MONTH OF __________ 20____

WITNESSES:
1. ________________________________

2. ________________________________ ________________________________

CONIGLIO RABBIT MEAT FARM (PTY) LTD.

SIGNED AT ________________________________ON THE______________

DAY OF THE MONTH OF __________ 20____

WITNESSES:
1. ________________________________

2. ________________________________ ________________________________

CONIGLIO RABBIT MEAT FARM (PTY) LTD.
The HOME / FARMER DISTRIBUTOR.
ADDENDUM B

1. INTRODUCTION

This ADDITIONAL OPPORTUNITY focuses on the production of RABBIT MANURE by the CONTRACT FARMER and the value adding by CONIGLIO. The sole purpose of this ADDITIONAL OPPORTUNITY is to create a sustainable value for RABBIT MANURE as a by-product and distribute the proceeds amongst our CONTRACT FARMERS while we provide a quality product to markets. A signed copy of this ADDENDUM B is required to engage with this ADDITIONAL OPPORTUNITY.

It has been rolled out as a TRIAL PHASE and it is expected to create a R1.00 per kilogram rebate on feed prices for the farmers on a sustainable and consistent basis. It will also create cash flow when the CONTRACTED FARMER chooses to engage in the SALES ACTIVITY related to this ADDITIONAL OPPORTUNITY. Production has already started with available raw material from KEY FARMERS.

As an addition to the new feed rations and growth rates it is a massive combined cost saving on the cost of feed to our herds. Lepus Rabbit Management Software will be updated to calculate savings and produce an accurate estimate of each CONTRACTED FARMERS RABBIT MANURE production ability.

2. CONCEPT

2.1. Rabbit manure is potentially a very valuable by-product but it requires a joint marketing project to be able to provide the market with a sustainable high quality product.

2.2. Collectively CONIGLIO CONTRACT FARMERS can now supply this demand that has already been trialled by CONIGLIO and tested on various fronts. With the current infrastructure and positive efforts and the number of CONIGLIO CONTRACTED FARMERS we now collectively have a sustainable supply of raw material called RABBIT MANURE for the first time. A process has been developed to integrate this supply into our infrastructure and to start
valuing every little bit of manure produced. The raw product is transformed into a consistent quality commercial product for which a high demand exists.

2.3. This will benefit all CONTRACT FARMERS equally.

2.4. The infrastructure required to manufacture or turn RABBIT MANURE into a value added product was carefully researched and tested and the end result is a potent natural fertilizer made of RABBIT MANURE. The benefits of using this product far exceeds the value of plain RABBIT MANURE coming from an individual rabbitry and in inconsistent form and that is supplied in limited quantities.

2.5. The effort required and costs to engage in the supply of RABBIT MANURE are zero for the CONTRACTED FARMER and can only benefit from this opportunity. It was just a matter of time before adequate quantities of RABBIT MANURE became available for CONIGLIO to collectively make this opportunity available.

This ADDITIONAL OPPORTUNITY creates the following infrastructure:

1. A continues supply is set up to ensure the availability of the product on an ongoing basis in various REGIONS.

2. Various processing facilities are set up in various REGIONS to produce a quality sustainable CONIGLIO branded product with regular supply of raw material within the REGIONS.

3. The Marketing and Sales services to supply a CONIGLIO branded product nationwide.

4. The setup of a sustainable CONIGLIO branded product from which all CONIGLIO CONTRACTED FARMERS can benefit from while creating a sustainable and unique quality product to South African markets.

5. A platform from which to ensure a successful sustainable product.

6. A pricing structure that was developed to fix the value of product and efforts in the market and that includes the farmer, the processor, the retailer and end user.
AND with benefit to the contracted parties:

1. The CONTRACTED FARMER has the opportunity to generate income from contributing to the infrastructure by;
   a. the supplying of raw material to the infrastructure AND
   b. the sale of the value added CONIGLIO product to any demand or market in South Africa in any available quantity.

2. The KEY FARMER has the opportunity to generate income from contributing to the infrastructure by;
   a. the supplying of raw material to the infrastructure AND
   b. the manufacturing of the available raw material into a CONIGLIO product AND
   c. the sale of the value added CONIGLIO product to any demand or market in any available quantity within the infrastructure from and to any REGION.

3. TERMS AND CONDITIONS

An agreement is required to ensure that efforts and products can be sustainably produced. This opportunity is based on the following terms and conditions and will apply to any CONTRACTED FARMER who engages with this opportunity.

3.1. This opportunity is only available to CONIGLIO CONTRACTED FARMERS who have migrated to the 2015 CONIGLIO FARMERS CONTRACT.

3.2. The TRIAL PHASE will end 31 October 2015 after which a permanent offering will be made into the FARMERS CONTRACT and become a condition of contract to all new CONIGLIO FARMERS and an option to existing CONIGLIO CONTRACT FARMERS.

3.3. This agreement may be amended after the TRIAL PHASE is completed and the intention of the TRIAL PHASE is to thoroughly test the contributions, logistics, value adding, products and improve the infrastructure utilised.
3.4. The CONTRACTED FARMER is required to;

3.4.1. Make all RABBIT MANURE produced under the CONIGLIO FARMING CONTRACT available to CONIGLIO exclusively.

3.4.2. No RABBIT MANURE or own value added product may be produced for sale or donated to any other person or farmer in any form other than to the exclusive dedicated CONIGLIO infrastructure.

3.4.3. No RABBIT MANURE may be kept for own use.

3.4.4. Must prepare the manure according to the prescribed PREPARATION METHOD set out in point 4 of this Addendum.

3.5. Bags of dry manure must be delivered to the KEY FARMER in the REGION to be weighed for payment by CONIGLIO and can be done per instance or regular at the convenience of the CONTRACT FARMER but per arrangement with the KEY FARMER.

3.6. ONLY bags of manure will be accepted and no other packaging methods will be allowed.

3.7. The CONTRACTED FARMER must not be innovative with production methods as it may alter the usability of the RABBIT MANURE. It is a simple and uncomplicated procedure and just a little bit of time is required to start benefitting from RABBIT MANURE already in production by all CONTRACTED FARMERS by default. The end result of all CONTRACTED FARMERS will be similar and any deviation of the collection methods would result in inconsistent product nutrient results and make it difficult for CONIGLIO to produce a consistent end product.

3.8. Dry manure is the commodity purchased from CONTRACTED FARMERS equally and to create a consistent product. A higher value can be paid for a dry product rather than have CONIGLIO compensate for an inconsistent wet product. Dry product is easier to transport for the CONTRACTED FARMER and if a consistency can be sustained a quality product can be delivered and a higher price will be paid by CONIGLIO.
3.9. The CURRENT MANURE CONTRACT PRICE is R1.00 per kilogram for the full lengths of the TRIAL PHASE. The payment terms is 31 DAYS from delivery and ONLY upon receipt of a valid TAX INVOICE for which CONIGLIO will produce a PURCHASE ORDER.

3.10. CONIGLIO will only purchase manure that was prepared in the prescribed format and may be rejected by the KEY FARMER if delivered manure does not conform to the required standard.

3.11. CONIGLIO may introduce a collection service for manure in the future and probably will as soon as it is a viable to offer the service with NO COST to the CONTRACTED FARMER.

3.12. The value of the dry manure will be adjusted against the value to be added vs. the sustainability of the product being produced and will be determined by CONIGLIO based on the markets and logistics.

4. MANURE PREPARATION METHOD

The CONIGLIO CONTRACTED FARMER is required to prepare the product in a prescribed manner for delivery to KEY FARMERS in their REGION and the method is described in the following easy to follow STEP by STEP instructions.

STEP ONE

4.1. Collect manure as per normal CONIGLIO suggested methods by utilising a waste pan system that is flushed or cleaned by running water to a central collection point. The system should already be in place. Please pay special attention to the following:

- Droppings and urine must be flushed through the system with clean water. If chemicals are used to clean your waste systems occasionally do this after droppings or waste were collected and been removed from the system. Soap and chemicals will contaminate the droppings.

- Manure must be drip dried, meaning that all the water is drained from the crates naturally and all that is left is wet manure.
• Do not soak the manure or emerge it in water for any lengths of time other than the time it takes to wash through the system and start the natural draining process immediately.

• Do not drain the manure directly onto the ground and collect it from the ground to be bagged later.

**STEP TWO**

4.2. The wet manure must be bagged in an existing feed bag already at the disposal of the CONTRACTED FARMER without any additional costs. Please pay attention to the following:

• An original feed bag must be used as they are porous and allow the product to dry naturally. It will also allow all the moisture or water to drain out the bag quickly thereby aiding the drying process.

• 50 or 40 kg bags may be used.

• Compact as much RABBIT MANURE in the bag as possible while still being able to close the bag with a piece of string or twine while it is wet.

• The bag must be closed to prevent contamination by the elements sand, dust, water, chemicals, other manures or any material that can affect the pure nature of the product.

• The manure is to be relatively free of excess nest box material or roughage used in the feeding process and excessive hair. This simply means that one should not empty the nest box material into the RABBIT MANURE bag.

• Make sure that all staff are aware of the method and that they are aware that it is not a rubbish bag in which to dispose their cigarette butts and lunch papers.
• The feedbags will start decomposing eventually and the manure must be dropped off before the bags start decaying so that RABBIT MANURE can stay uncontaminated as intended.

STEP THREE

4.3. The bags must be heaped or stored in the open and in a suitable location as the bags will start weathering and dry out. Pay close attention to the following:

• The location must be chosen carefully as the bags will produce a smell which is only noticeable when in close proximity. If you are farming on a suitable piece of agricultural land, this should not be a concern at all.

• The commodity required is not simply dried manure and speeding the process will not produce suitable results. The weathering we are referring to is a combination of naturally drying, the reabsorbing of nutrients, natural clearing of insect infestations including flies and maggots that will aid the weathering process, stabilising of nutrients available in the manure etc. all contributing to a quality raw material product that can be turned into a suitable fertiliser.

• DO NOT spray the bags with insecticide rather install a fly catcher if required.

• Do not put the bags on the ground where the ground could be soaked due to heavy rains and the bags may end up standing in a pool of water.

STEP FOUR

4.4. After about 4 to 8 weeks depending on the season and weather in the REGION bags will be ready for delivery to the KEY FARMER located in your REGION. Please pay attention to the following:
• The bags of prepared manure can be dropped at the CONTRACTED FARMERS convenience as a full load by arrangement with the KEY FARMER.
• The bags will shrink as they dry out and making sure the wet manure is compacted in the bags will produce best results.
• The raw material will build up naturally over time without any effort from the CONTRACT FARMER other than managing the process.
• On acceptance the bags will be weighed and a delivery note should be produced by the CONTRACTED FARMER on which the weight can be recorded. CONIGLIO will produce a purchase order on which the CONTRACTED FARMER must provide a tax invoice.
• After weighing some bags will be opened and the content of the bags will be discussed with the CONTRACT FARMER to make sure properly prepared products are provided.
• CONTRACTED FARMERS may deliver weekly, monthly or yearly just make sure that the RABBIT MANURE delivered is prepared and intact in an appropriate feed bag.

5. SALES AND LOGISTICS

The final product will be value added and packaged by the KEY FARMER in that REGION. The product will be stocked at the KEY FARMER location for logistical reasons and be packed and sealed in a CONIGLIO branded white 10 kilogram or 15 dm bag with directions for use and information of the product. The following arrangements will be applied across all REGIONS:

5.1. Any CONTRACTED FARMER, KEY FARMER or CONIGLIO will have access to any available stock in any REGION. This means that we will supply a stock list to all KEY FARMERS in all REGIONS and the Stock Holding will be shared to ensure that any party could sell any stock from any location.
5.2. The sale of the end product is not compulsory and will only be entrusted to enthusiastic participants that include CONIGLIO and KEY FARMERS.

5.3. Stock will be made available on a first come first serve basis or per reservation of a purchase order received.

5.4. The sale of manure is not limited to any region or type of sale as long as the price structures created are respected. The price structure and commission structure is as follow:

5.4.1. The Suggested Wholesale Price for Rabbit Fertiliser is R48 plus VAT for a 10 kilogram bag and will apply to quantities of a 100 or more. This is the Wholesale price at which Retailers will purchase the product from CONIGLIO, KEY FARMERS or CONTRACTED FARMERS.

5.4.2. The suggested Retail price will be R68.69 plus VAT (R79 inclusive). This is the target market to the end consumer and will most probably be made available to end consumers by Retailers who will directly purchase from CONIGLIO, KEY FARMERS or CONTRACTED FARMERS at the Suggested Wholesale Price Inclusive of VAT.

5.4.3. All sales to all Customers will be invoiced by CONIGLIO to ensure a pleasant and professional sales experience to any clients of CONIGLIO, KEY FARMERS or CONTRACTED FARMERS. This is also done to make sure that when a customer engage with a CONIGLIO product bad service or unprofessional behaviour can be pickup up by CONIGLIO and rectified. An instruction will be required by the KEY FARMER or CONTRACTED FARMER in the form of an Estimate. CONIGLIO will record the sales commission to the KEY FARMER, CONTRACTED FARMER or itself when a sale takes place and will make the required pickup or collection arrangements. If a KEY FARMER or a CONTRACTED FARMER is used for the delivery a delivery fee will be allocated to that entity and paid by CONIGLIO to the KEY FARMER or CONTRACTED FARMER for services rendered to the infrastructure. CONIGLIO will
also make sure that sales commissions from KEY FARMERS and CONTRACTED
FARMERS will be paid even if CONIGLIO is contacted directly by the customer of the
KEY FARMER or CONTRACTED FARMER. It is common practice for buyers to sidestep
sales agents to get a cheaper price. Prices are fixed and commissions included to
benefit our group and it won’t be possible for the buyers to get cheaper prices from
CONIGLIO directly. CONIGLIO will only make sales as a group and sales commissions
is an internal arrangement between the KEY FARMER or CONTRACTED FARMER and
transparent.

5.4.4. The sales infrastructure was designed to allow the initiative and efforts of all
CONTRACTED FARMERS to have access to a quality product with benefit to all
involved without compromising our product and additional revenue if a sales
function is fulfilled.

5.4.5. KEY FARMERS and CONTRACTED FARMERS may also purchase stock against the
monies legally owed to them by CONIGLIO for LIVE STOCK slaughtered and still claim
the sales commission. This means that if a farmer can buy back the end product and
sell it to his own customers (end users) and benefit from the retail margin as well
without laying out any of their own capital should.

5.4.6. A sale can be made in WESTERN CAPE by a CONTRACTED FARMER or KEY FARMER
from i.e. NORTH WEST and be delivered to the client or collected from a KEY FARMER
location in the another area. The actual location of contribution in RABBIT MANURE
or MANUFACTURING or SALE has got no relevance as long as stock is available in that
REGION to affect a sale.

5.4.7. A CONTRACTED FARMER will earn R1 per kilogram for RABBIT MANURE delivered.

5.4.8. A KEY FARMER will earn R1 per kilogram of manufactured product for his efforts.
5.4.9. CONIGLIO or the KEY FARMER or the CONTRACTED FARMER will earn R1.00 per kilogram or R10.00 per bag in sales commission for every product sold.

5.4.10. A contribution of R1.00 per kilogram is made by CONIGLIO to produce the fertiliser.

5.4.11. This brings the cost of an individual product to R40.00 including sales commission for the effective sales contributor.

5.4.12. A wholesale price of R48.00 plus Vat is charged for the product allowing margin for adjustments that may be necessary without affecting the allocated contributor values.

5.4.13. A healthy Margin of 50% is left for the retailer to make it worth his while to sell to end users and for CONIGLIO, CONTRACTED FARMERS and KEY FARMERS to benefit from consumers of bulk consumption direct from CONIGLIO, CONTRACTED FARMERS or KEY FARMERS.
SIGNED AT ________________________________ ON THE __________

DAY OF THE MONTH OF __________ 20 __

WITNESSES:
1. ________________________________

2. ________________________________     ________________________________
   CONIGLIO RABBIT MEAT FARM (PTY) LTD.

SIGNED AT ________________________________ ON THE __________

DAY OF THE MONTH OF __________ 20 __

WITNESSES:
1. ________________________________

2. ________________________________     ________________________________
   The FARMER or designated representative.