

THE PURCHASE ORDER and ORDER CONFIRMATION are given and accepted by Canadian Kraft Paper Industries Limited subject to the following:

**CANADIAN KRAFT PAPER INDUSTRIES LIMITED  
("SELLER") TERMS & CONDITIONS OF SALE**

1. Unless specifically agreed to in writing by Seller's authorized representative, no amendments to these terms shall be effective, and the following are hereby expressly excluded and extinguished: (a) terms and conditions in any work order, purchase order, correspondence, catalogue, circular, or other document used, prepared, or provided by the Buyer; (b) terms and conditions implied by trade custom, practice, or course of dealing; and (c) terms and conditions implied by statute (to the fullest extent that any such statutory provisions may be waived). Terms not otherwise defined herein shall have the meaning set forth in the Purchase Order. Both the Purchase Order and Order Confirmation are governed by these Terms & Conditions of Sale.
2. Payment of the purchase price set forth in the Order Confirmation shall be made in accordance with the terms contained therein. Any balance owing after expiration of the due date shall bear interest at the rate of 1.5% per month (18% per annum).
3. Buyer shall pay all present and future taxes imposed by any federal, state, foreign or local authority which the Seller may be required to pay or collect with reference to the sale or shipment of goods ordered. Prior to acceptance of any Purchase Order, prices are subject to change by Seller without prior written notice. All prices set forth in any Order Confirmation are subject to modification due to changes in information provided by Buyer or changes in circumstances or job requirements. Notice of any price changes in any Order Confirmation shall be given 15 days in advance.
4. Delivery dates (if any) are estimates only, and Seller shall not be responsible for failure or delay in shipment or delivery (whether due to government orders, fires, floods, strikes, transportation difficulties, shortage of or inability to obtain necessary materials or labour, or any other cause beyond Seller's control whether the same be similar to those specifically mentioned herein or not). If the Seller is prevented or hindered by any contingency described above from fulfilling all its contracts in full, the Seller will be entitled to distribute any product it has available among its contract customers in such proportions as the Seller may decide. The existence of any such cause of delay shall extend the time performance to such an extent as may be necessary to enable Seller by the exercise of reasonable diligence to make every delivery, provided, however, that at Seller's option it may cancel this order and Seller shall then have no other further liability to Buyer other than to return any deposits.
5. Except as may be expressly set forth on the front of the Order Confirmation, title and risk of loss shall pass to Buyer on the Seller's delivery to the shipping point designated or to a designated Buyer's facility per FOB terms, as specified on the Order Confirmation.
6. In the event the full purchase price for the goods covered by this order is not paid at the time of delivery, all title and a security interest in the goods shall remain with Seller until payment of the full purchase price and interest (if any) owing for such goods. The goods may also be sold at Seller's election either on internal or third party financing on the regular contract or mortgage forms of Seller, on terms satisfactory to Seller, and the handling charges, insurance costs, discount charges and any other expense connected with sale on mortgage or contract may be added to the balance of the purchase price. When handling charges, insurance costs and any other expense in connection with sale by the way of financing are added to the balance of the purchase price, then the Buyer agrees to pay the same part of the purchase price due and owing pursuant to the Purchaser Order.
7. For breach of any agreement herein contained on the part of Buyer to be performed, or in the event Buyer shall not pay the balance of the purchase price as herein provided, Seller may at its option cancel this order and retain any deposit made by Buyer to Seller as liquidated damages (but without restricting the right of the Seller to pursue any additional losses or damages), or Seller may enforce the terms hereof. If Buyer is delinquent in payment, Seller reserves the right to revoke any credit extended

to Buyer, and/or retain and/or dispose of any inventory or other assets owned by Buyer that are under Seller's care, custody, or control. Seller shall have the right to demand payment from Buyer before making further shipments of Seller products or providing additional services to Buyer.

8. All claims for shortages, damages or defective goods must be made in writing within 30 days of shipment. The Buyer shall hold intact the goods in respect of which the claim is made and properly protect them for a period of 30 days after the claim is delivered to the Seller, for inspection by the Seller or their authorized agent, at the Buyer's expense. Buyer shall not be entitled to set off the amount of any claim against any other of the Seller's invoices without the Seller's written consent. In no event will any such claims entitle Buyer to relief if made after the goods have been used, processed or transferred by the Buyer. If the Buyer's claim is based upon the grade or quality of such goods, or any portion thereof, Buyer shall accept delivery of and pay for such goods, in accordance with the terms of this agreement.
9. With respect to services or goods wholly or substantially supplied or fabricated by Seller (such services or combination of services, goods or products being the "Seller Products"), Seller hereby warrants only to the original Buyer that, only upon delivery only, each new Seller Product sold is free from defects in material or workmanship. Except for the foregoing warranty, it is expressly agreed that NO WARRANTY OR CONDITION OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE nor other warranty or condition express, implied or statutory IS MADE BY SELLER DIRECTLY IN RESPECT OF SELLER PRODUCTS. The Seller's liability for any cause of action arising out of the transaction, foregoing warranty, and/or performance hereunder is expressly limited to (a) replacement of nonconforming goods; or (b) payment in an amount not to exceed the purchase price for the specific goods for which any damages are claimed by Buyer, provided such claims are made in writing to the Seller within 30 days of delivery, at the Seller's option. The foregoing shall be the Buyer's sole and exclusive remedy whether in contract, tort or otherwise, and Seller shall not be liable for injuries to persons or property. In no event shall Seller be liable for special, indirect, or consequential damages, including, without limitation, punitive damages, economic losses, loss of profits, loss of use, loss of contract, loss of production, loss of reservoir, loss of revenue, business interruption, or increased cost of working, however same may be caused by Seller Product. Any warranty provided hereunder shall not apply with respect to any claimed defect which in Seller's judgment has arisen from repair or alteration outside of Seller's factory, or from modification, misuse, negligence or accident.
10. Seller, may, without prejudice to any of its other rights, refuse to provide goods or services to Buyer, or terminate any agreement with Buyer, by providing written notice to Buyer, in the event that Buyer: becomes insolvent; makes a general assignment for the benefit of its creditors; applies for or consents to the appointment of a receiver or trustee; liquidates all or a substantial portion of its assets; has an involuntary petition in bankruptcy filed against it which is not dismissed within forty-five (45) days; fails to pay its debts and obligations as they become due; commits a material breach of any agreement between Seller and Buyer; or if Seller reasonably expects that any of the above events may occur. The accrued rights of the parties as of the date of such written notice shall not be prejudiced, and all these provisions shall survive such notice and/or termination.
11. Seller's liability, however arising (whether for breach of contract, negligence, misrepresentation, or otherwise), shall under no circumstances exceed, at Seller's sole discretion, the physical replacement of such Seller Product or refund of the purchase price. All repairs and replacements are made and furnished subject to the unexpired portions of the extended warranty schedule and the terms and conditions contained herein as apply to the part which has been repaired or replaced (if any).
12. Buyer shall be liable for, and shall indemnify and hold harmless Seller and its personnel from, all losses, liabilities, costs, claims, demands, and expenses of every kind and character, which relate in any way to the Seller Products and without regard to the cause thereof, irrespective of Seller's sole or concurrent negligence, strict liability, and/or breach of any duty, statutory or otherwise, with respect to: (a) personal injury, death, and disease of Buyer and its personnel; (b) all third party claims against Buyer as a result of the Buyer's resale of the Seller Product; and (c) loss of or damage to property belonging to Buyer or its personnel, arising from whatever cause.

13. Subject to any security agreement which may be entered into between the parties as hereinbefore provided, this agreement constitutes the entire agreement between the parties and supersedes and replaces any oral or written communications, representations or warranties heretofore made relating to the subject matter hereof.
14. If any provision in this agreement is found to be invalid or unenforceable at law, such provision shall be deemed to be modified or deleted to the extent necessary to comply with the law, and the remaining provisions in this agreement shall continue in full force and effect. This agreement shall be construed and the relations between the parties determined in accordance with the laws of Manitoba and the courts of Manitoba shall have exclusive jurisdiction with respect to all matters relating to or arising out of this agreement. Buyer agrees to pay Seller's legal costs (on a solicitor and client basis) in such a suit or action.
15. Buyer agrees that the venue of any suit or action on this agreement will be in the Province of Manitoba as may be selected by Seller, and Buyer agrees to pay the Seller's legal costs (on a solicitor and client basis) in such a suit or action. The parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.