

GENERAL CONDITIONS OF SALE

(CANADA)

- 1. Terms and Acknowledgment.** Unless otherwise agreed to in writing between the parties, these terms and conditions are incorporated into and form part of the sales order (the “**Sales Order**” and, collectively with these terms and conditions, the “**Agreement**”) entered into between Western Forest Products Inc. (“**WFP**”) and the purchaser (the “**Purchaser**” and together with WFP the “**parties**”) of WFP’s products, as set out in the Sales Order (the “**Products**”). In the event of any conflict or inconsistency between the Sales Order and the terms and conditions herein, the Sales Order will govern.
- 2. No Warranties.** WFP warrants to the Purchaser that on the date of shipment the Products conform to the specifications set out in the Sales Order. WFP’S LIABILITY UNDER THE AGREEMENT SHALL, IN NO EVENT, EXCEED THE TOTAL PRICE OF THE PRODUCTS. WFP DISCLAIMS ALL OTHER WARRANTIES AND CONDITIONS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DURABILITY, COURSE OF DEALING OR USAGE OF TRADE. IN NO EVENT SHALL WFP BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, PUNITIVE OR SPECIAL DAMAGES.
- 3. Warranty for Products not Manufactured by WFP.** If Products are not manufactured by WFP, WFP does not make, and disclaims, all representations or warranties whatsoever, statutory or otherwise, express or implied, including any warranty of merchantability, merchantable quality, fitness for a particular purpose, durability, course of dealing or usage of trade. All such Products are sold “AS IS, WITH ALL FAULTS”. To the extent that the manufacturer of the Product provides a warranty and such warranty is transferable without consent, WFP will transfer such manufacturer’s warranty to Purchaser without WFP incurring any liability thereunder.
- 4. Disputes and Claims.** In the case of a complaint concerning grade, tally or manufacture of the Products, the Purchaser must provide WFP with written notice of any such claim within 5 business days after delivery to the Purchaser of the Products. The Products are subject to re-inspection by the agency that published the rules under which the Products were graded. If any valid claims are found, WFP will, at WFP’s election: (i) furnish replacement Products to the Purchaser; or (ii) adjust the purchase price of the Products accordingly.
- 5. Insurance.** The Products shall be insured in accordance with the Sales Order. The Purchaser must notify WFP of all insurance claims relating to this Agreement.
- 6. Quantity Tolerances.** Unless otherwise specified in the Sales Order, the Purchaser acknowledges WFP’s right to increase or decrease the quantity called for under the order by not more than 10%, if necessary to avoid waste, to avoid breaking customary shipping units, to meet minimum tariff requirements or size of equipment furnished, or to comply with governmental regulations.
- 7. Prior Sale.** Unless otherwise specified in the Sales Order, all Products are subject to prior sale.
- 8. Time and Place of Shipment.** The Purchaser acknowledges that the date of shipment is an approximation only and is not guaranteed. WFP has the right to ship all Products purchased under a Sales Order at one time or in any portion from time to time and, as applicable, on one or more vessels under one or more bills of lading.
- 9. Shipping Costs.** Any (i) increase in shipping costs that become effective after the applicable Sales Order has been executed; or (ii) any extra costs incurred in using substitute methods of delivery, shall be for the account of the party responsible for shipping costs under the Sales Order. Notwithstanding the foregoing, if the Purchaser makes a request after the Sales Order is executed that results in additional shipping costs, such costs shall be for the account of the Purchaser.

10. Title and Risk. Notwithstanding any Incoterm specified or adopted in this Agreement and notwithstanding any other provision in this Agreement, title and risk of loss or damage shall pass to Purchaser upon delivery of the Products to any carrier, except a motor vehicle operated by WFP and located at WFP's plant, yard or other shipping point. In the case of a shipment by motor vehicle operated by WFP, title and risk of loss or damage shall pass to Purchaser upon delivery and unloading of the Products at the Purchaser's mill, yard or job-site.

11. Payment and Security Interest. The Purchaser agrees to pay WFP all invoice amounts when due, all legal fees and expenses incurred by WFP in collecting such amounts, and interest on all outstanding amounts from and after the payment due date at a rate of 1.75 % per month (21% per annum). The Purchaser grants WFP a security interest over the Products and all proceeds, as defined in the *Personal Property Security Act* (British Columbia) or any equivalent legislation of the province where the Purchaser is located (collectively, the "**Collateral**"), securing payment of all indebtedness described in this Agreement, as well as performance of all of the obligations of Purchaser to WFP. Acceptance of the Products by Purchaser shall be deemed to be conclusive evidence of the Purchaser's acceptance of these terms of sale and granting of this security interest. To the extent the Product is sold on credit to the Purchaser, the Purchaser acknowledges and agrees that the security interest created hereunder constitutes and is intended to create a purchase money security interest in the Collateral.

12. Credit Impairment. The Purchaser consents to WFP conducting such credit investigations of the Purchaser as WFP may require from time to time to ascertain the financial viability of the Purchaser. If at any time the Purchaser's credit worthiness becomes, in WFP's sole judgment, impaired, then WFP shall have the right to request proof of the Purchaser's credit worthiness. If the Purchaser is not able to provide satisfactory proof of credit worthiness, WFP may, in addition to any and all other remedies available to it, decline to deliver the Products to the Purchaser until such time as the Purchaser's credit has been re-established, to WFP's satisfaction.

13. Taxes. Unless otherwise specified in the Sales Order, any tax, assessment or other charge, whether imposed prior to or subsequent to delivery to the Purchaser, shall be for the Purchaser's account.

14. Indemnity. The Purchaser shall indemnify, defend and hold harmless, WFP, its affiliates and their respective directors, officers, employees, representatives and agents from and against any and all claims, losses, liabilities, costs and expenses (including legal fees) arising out of or resulting from (a) any breach or default by the Purchaser under this Agreement; (b) the use, handling, manufacture, processing, alteration, distribution, sale or marketing of the Products, or any other action or omission with respect to the Products, after delivery thereof to the Purchaser.

15. Force Majeure. WFP shall not be responsible for any delay or failure of performance under this Agreement resulting from an act of God, a strike, a lockout or labour disturbance, a riot or civil commotion, the outbreak of war, adverse weather conditions, storms, floods, fire, earthquake, damage or detention at sea, reduction, suspension or shutdown of WFP's operations, or any other causes reasonably beyond WFP's control (each a "**Force Majeure Event**"). WFP may, at its option and without liability hereunder, cancel the volume of the Products that, as a consequence of the Force Majeure Event, could not be delivered by WFP. WFP shall provide the Purchaser with prompt notice of any Force Majeure Event. WFP shall not be liable for damages resulting from such failure to perform or otherwise resulting from a Force Majeure Event.

16. Cancellation. WFP shall have the right to terminate this Agreement without any further liability (a) within 10 days, upon written notice; or (b) immediately, if the Purchaser failure to comply with the terms of this Agreement or if the Purchaser becomes insolvent, commences bankruptcy or winding up proceedings, or makes an assignment for the benefit of its creditors.

17. Compliance with Law. The Purchaser shall comply with all applicable laws, regulations and ordinances. The Purchaser shall maintain in effect all the licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under this Agreement or any resale of the Products by the Purchaser.

18. Confidentiality. All non-public, confidential or proprietary information of WFP, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" in connection with this Agreement is confidential, solely for the use of performing this Agreement and may not be disclosed or copied unless authorized in advance by WFP in writing. Upon WFP's request, the Purchaser shall promptly return all documents and other materials received from WFP. WFP shall be entitled to injunctive relief for any violation of this Section. This Section does not apply to information that is: (a) in the public domain; (b) known to the Purchaser at the time of disclosure; or (c) rightfully obtained by the Purchaser on a non-confidential basis from a third party.

19. Printing and Design Work. Purchaser will indemnify WFP against and hold WFP harmless from any claim of infringement of copyright, trademark or trade dress resulting from the use of any words, designs, or art and any claim concerning machine readability of Universal Product Code symbols that WFP is requested to incorporate in or imprint or place on the Products, notwithstanding that WFP may be consulted as to, or may perform, art or design work or other special services in connection herewith.

20. Entire Agreement. This Agreement sets forth the entire agreement between the parties regarding the matters herein and supersedes all prior negotiations, understandings and agreements between the parties (whether written or oral) on such matters. THE PURCHASER EXPRESSLY ACKNOWLEDGES THAT THE TERMS AND CONDITIONS HEREIN GOVERN THE AGREEMENT BETWEEN THE PARTIES REGARDING THE MATTERS HEREIN AND THAT, UNLESS EXPLICITLY CONSENTED TO BY BOTH PARTIES IN WRITING, NO SUBSEQUENT TERMS OR CONDITIONS SHALL APPLY, AND WHERE ANY TERMS OR CONDITIONS ARE INCLUDED IN AN INVOICE OR OTHER DOCUMENT PROVIDED BY THE PURCHASER TO WFP, THE TERMS AND CONDITIONS OF THIS AGREEMENT WILL APPLY AND THE TERMS AND CONDITIONS OF SUCH INVOICE OR DOCUMENT WILL BE VOID.

21. No Assignment. The Purchaser may not transfer or assign this Agreement.

22. Amendments. No provision of this Agreement may be amended, modified, waived or changed, unless made in writing and signed by WFP.

23. Governing Law. This Agreement is exclusively governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. Each of the parties consents to the exclusive jurisdiction of the courts of British Columbia with respect to all disputes arising under this Agreement.