

## TERMS AND CONDITIONS FOR TIMBER PURCHASES

The following terms and conditions are incorporated into and form part of the Contract. Seller's acceptance of Schedule A is deemed sufficient to constitute Seller's acceptance of the terms and conditions herein. In the event of any conflict between Schedule A and these terms and conditions, Schedule A will govern.

1. **Definitions.** Capitalized terms used and not defined herein have the meaning specified in Schedule A. In the Contract, the following terms have the following meanings:
  - (a) **"Buyer's Specifications"** means the Log specifications set out in Schedule A;
  - (b) **"Contract"** means Schedule A and these terms and conditions;
  - (c) **"Delivered"** means the unloading of the Logs at the Point of Delivery;
  - (d) **"Encumbrance"** means any security interest, mortgage, lien, charge or any other encumbrance whatsoever;
  - (e) **"Logs"** means any logs meeting the Buyer's Specifications, as set out in Schedule A;
  - (f) **"Rates"** means the price payable by the Buyer for the Logs, as set out in Schedule A;
  - (g) **"Schedule A"** mean the Schedule A - Timber Purchase between the Parties; and
  - (h) **"Parties"** means the Buyer and the Seller, and "Party" means any one of them.
2. **Currency.** All dollar amounts are payable in the currency set forth in the Contract.
3. **Term.** The Contract has the Term specified in the Schedule A.
4. **Termination.** Either Party may terminate the Contract without liability at any time.
5. **Acceptance.** Acceptance of the Logs by the Buyer will be deemed to occur when the Logs are scaled and delivery is accepted by the Buyer as contemplated in Section 7. Title to and risk for the loss of, or damage to, the Logs will pass from the Seller to the Buyer upon the Buyer's acceptance of the Logs.
6. **Inspection.** All Delivered Logs will be subject to inspection by the Buyer and measurement in accordance with Section 7. Logs that do not meet the Buyer's Specifications may be rejected by the Buyer. Logs that are not rejected after inspection and measurement are deemed to be accepted by the Buyer. The Buyer's determination of conformity to the Buyer's Specifications will be conclusive for all purposes under the Contract.
7. **Scaling.** The volume and grade of Logs Delivered by the Seller will be determined by the Buyer's scalers in accordance with the Northwest Log Rules Advisory Group if Buyer is Western Forest Products US LLC, or the British Columbia Scaling Manual if Buyer is Western Forest Products Inc.
8. **Rates.** The Rates are payable in accordance with Section 10 and are inclusive of all costs to prepare and Deliver the Logs.
9. **Costs, Liens and Charges.** The Rates include all taxes, assessments or other charges due to any municipal, state or federal government, all of which taxes, assessments or other charges are the responsibility of the Seller.
10. **Payment.** If Buyer is Western Forest Products Inc., Buyer will pay Seller for all accepted Logs within 10 days of receiving an undisputed invoice from the Seller or, if no invoice is provided in accordance with pay schedule provided by Buyer to Seller. If Buyer is Western Forest Products US LLC, Buyer will pay Seller the Rates no later than 5 business days after the 10<sup>th</sup> and 25<sup>th</sup> calendar days of each month (and if such a date falls on a weekend, then the next business day) for the Logs accepted by the Buyer during the preceding pay period.
11. **Set Off Rights.** The Buyer may, without notice to the Seller, set-off and apply all payments due to or from Seller against any obligations of the Seller that may affect the Buyer's right to, or interest in, the Logs or any amounts due to Seller. Any such payments will be considered a discharge of the Buyer's obligation to pay that amount of the Rates.
12. **Seller's Representations and Warranties.** Unless otherwise agreed by the Parties in writing, the Seller represents and warrants that:
  - (a) it has title to all Logs Delivered under the Contract, free and clear of all Encumbrances, taxes, dues and other charges;
  - (b) Logs Delivered under the Contract will meet the Buyer's Specifications; and
  - (c) All Logs received that are Forest Stewardship Counsel 100% or PEFC/SFI 100% certified are verified prior to the purchase by the Buyer.
13. **Sustainable Forestry Initiative Requirements.** Seller represents that it uses the Best Management Practices (as defined in the current Sustainable Forestry Initiative® ("SFI") Standards (the "Standards"). If Seller is not certified to a forest management standard acceptable to Buyer and its required employees are not fully certified as certified logging professionals or qualified logging professionals (as each is defined in the current SFI Standards and collectively the "Professionals"), the Seller acknowledges and represents that it has received and reviewed a copy of the WFP Fibre Sourcing Information Package, as set out in Buyer's Environmental Management System Manual, containing the Best Management Practices. If training programs for Professionals exist in Seller's state or province, Seller represents to Buyer that its required employees are certified under such programs.
14. **Indemnity.** The Seller will indemnify and hold harmless the Buyer and its officers, managers, members, customers, agents, representatives and employees

- (collectively, the “**Buyer’s Affiliates**”), for, from and against all claims, liabilities, damages, losses, liens (including loggers’ liens, woodworker’s liens and contractor’s liens), fees or charges and expenses, including attorneys’ fees and costs of suit (including, without limitation, a proceeding in bankruptcy, and any appeal) arising out of or in any way connected with, whether directly or indirectly, the Contract, the Logs, or anything done or omitted by Seller. The Seller agrees to pay or reimburse all costs that may be incurred by any of the Buyer’s Affiliates in enforcing this indemnity, including all attorneys’ fees incurred by the Buyer’s Affiliates and any of them.
15. **Insurance.** The Seller will, at its own expense, maintain comprehensive general liability insurance and motor vehicle liability insurance in the minimum amount of \$1,000,000 per occurrence and will, as and when requested by the Buyer, provide the Buyer with proof of such insurance.
  16. **Independent Legal Advice.** The Seller confirms that it has read, understands and agrees with all provisions of the Contract and has had the opportunity to obtain independent legal advice.
  17. **Compliance.** Each Party will comply at all times and in all respects with the requirements of all federal, state, regional and municipal laws, by-laws, rules and regulations applicable to the Contract.
  18. **Equal Employment Opportunity Clauses. If the Buyer is Western Forest Products US LLC, the Seller and its subcontractors will abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability.**
  19. **Notice of Employee Rights.** If the Buyer is Western Forest Products US LLC, the provisions of 29 CFR Part 471, Appendix A to Subpart A (relating to the obligation to post a notice of employee rights under the National Labor Relations Act and to notify covered subcontractors of their obligation to do so) are incorporated by reference in the Contract.
  20. **No Waiver.** No failure or delay by either Party in exercising any right under the Contract will operate as a waiver of that right, and the single or partial exercise of a right under the Contract will not preclude any other or future exercise of that or any other right, power or privilege.
  21. **Notices.** All notices, requests and other communications required hereunder (each a “Notice”) must be in writing and are effective upon: (a) the day of delivery, when delivered by personal delivery; (b) confirmation of transmission, when sent by e-mail; or (c) on the third business day after mailing, if mailed by certified or registered mail (with prepaid postage and a return receipt requested). Notice must be sent to the respective Parties at the addresses specified in the Schedule A.
  22. **Entire Agreement.** The Contract is the entire and complete agreement of the Parties. There are no oral agreements between the Parties affecting the Contract, and the Contract supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties with respect to the subject matter thereof. Where any terms or conditions are included in any invoice or other document provided by Seller to Buyer, the terms and conditions of the Contract will apply and the terms and conditions of such invoice or other document will be void.
  23. **Amendments.** No provision of the Contract may be amended, modified, waived or changed unless agreed to in writing by the Parties.
  24. **No Assignment.** The Contract is not assignable by either Party without the prior written consent of the other Party, which consent cannot be unreasonably withheld.
  25. **Further Assurances.** Each Party will, upon request by the other Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request to evidence, carry out and give full effect to the terms and intent of the Contract.
  26. **Governing Law and Jurisdiction.** The Contract is exclusively governed by and construed in accordance with the laws of: (i) the Province of British Columbia if the Buyer is Western Forest Products Inc.; or (ii) the State of Washington if the Buyer is Western Forest Products US LLC, without giving effect to the applicable jurisdictions’ choice or conflict of law provision or rule. The United Nations Convention on Contracts for the International Sale of Goods does not apply to the Contract. With respect to all disputes arising under the Contract each of the parties consents to the exclusive jurisdiction of: (i) the courts of British Columbia if the Contract is governed by the laws of British Columbia; or (ii) a federal or state court located in Clark County, Washington or such other location in Washington State as may be selected by the Buyer’s sole and absolute discretion if the Contract is governed by the laws of the State of Washington. Each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to the Contract.
  27. **Counterparts.** The Contract may be executed in any number of counterparts; each counterpart is an original and all counterparts taken together constitute the same instrument. A counterpart may be delivered by e-mail attachment (Portable Document Format File), facsimile or other electronic means, which shall be as effective as hand delivery of the original executed counterpart.