

MERCER PEACE RIVER PULP LTD.

Terms and Conditions of Purchase

1. Entire Agreement

Every contract (Purchase Order ("PO") or Agreement) for the purchase and sale of Goods, Services, processes, supplies, materials, machinery and equipment from a supplier (the "Vendor") by Mercer Peace River Pulp Ltd. ("MPR") shall be deemed to include these Terms and Conditions. The contract may also include specific terms and conditions attached to a contract. Together, the MPR contract, any documents attached thereto, and any Vendors' warranty for the said Goods, constitute the entire agreement between the Vendor and MPR, and supercedes any prior communications between MPR and the Vendor, including any quotation given by the Vendor, unless specifically referenced or attached to the contract by MPR.

Shipment of Goods or provision of Services pursuant to MPR's contract shall constitute acceptance of the terms thereof. MPR will not accept any amendment, alteration, modification or revision of these terms unless expressly set out by MPR's representative in writing attached to its PO.

MPR may, by written notice to the Vendor, increase or decrease the quantity of, or make changes to the specifications or drawings of, the Goods or Services initially ordered. If any change affects the price or required delivery date, the Vendor will, before proceeding, notify MPR in writing of the change and request MPR's written agreement.

Where included on a PO, "Acknowledgement required" means that MPR requires the Vendor to notify MPR either orally or in writing as to whether the Vendor accepts the PO. If the Vendor does not notify MPR either orally or in writing, the Vendor's acceptance may be implied by conduct.

2. Patents

The Vendor warrants and guarantees that the Goods delivered under this Contract do not infringe any valid patent, copyright or trademark, foreign or domestic, owned or controlled by any other corporation, firm or person, The Vendor will indemnify and save harmless MPR, its directors, officers, agents, contractors and employees, from and against any claim, proceeding, or action arising out of any alleged or actual infringement of any patent, copyright or trademark, foreign or domestic, resulting from the Goods or their use for the purpose for which the Goods were sold under this Contract. MPR will provide notice to the Vendor of any such claim. MPR has the right to be represented by counsel of its choice. If an adjudicator finds that an infringement exists, the Vendor will, at no expense to MPR and if MPR requests, either replace the Goods with non-infringing Goods satisfactory to MPR, modify the Goods with non-infringing Goods satisfactory to MPR, or obtain for MPR the right to continue using the Goods in the manner and for the purpose for which they were intended on a permanent basis without restriction.

3. Warranty for Goods

The Vendor warrants that Goods sold under this contract are fit for the particular purpose or use for which they are purchased by MPR, free from any defects in material, workmanship or design, and of merchantable quality. The Vendor agrees that for such period as may be specified in the vendor's warranty, but in any event not less than 12 months from the date upon which the Goods are put into use, it will replace at the Vendor's expense any part or parts which may prove to be defective, reasonable wear and

tear excepted. In addition to any express terms herein, the Vendor acknowledges and warrants that all Goods furnished under it comply with all applicable laws, regulations and codes. This general warranty is in addition to any and all warranties arising by operation of law and is independent of and without prejudice to MPR regarding any specific warranty or service guarantee offered by the Vendor.

4. Warranty for Services

The Vendor warrants that Services provided under this contract shall be provided by qualified personnel in a diligent, capable, and reasonably competent manner and in accordance with industry standards. The Vendor acknowledges and warrants that all Services provided shall comply with all applicable laws, regulations and codes. This general warranty is in addition to any and all warranties arising by operation of law and is independent of and without prejudice to MPR regarding any specific warranty or service guarantee offered by the Vendor.

5. Shipment and Delivery

Goods shall be shipped Free Carrier to the place of delivery or carrier specified in the PO (**FCA** Incoterms[®] 2010 is specifically incorporated).

Time is of the essence. If the Vendor does not ship in time to meet the required delivery date, or if the Vendor defaults under this PO or becomes insolvent, or if the presence of the Vendor's contractors, agents or employees causes or threatens to cause a disturbance at MPR (e.g. picketing), MPR may terminate this contract or any undelivered part of it without cancellation charges unless specifically agreed to in writing by MPR. However, the Vendor will not be liable for any delay or failure to deliver due to any Unavoidable Delay provided it promptly notifies MPR and exercises due diligence to deliver.

"Unavoidable Delay" means a delay caused by fire, labor unrest, or other casualty or contingency beyond the reasonable control of the Vendor, who consequently is delayed in performing its obligations under this PO, but does not include any insolvency or other financial cause of delay.

All vehicles that will be entering the MPR mill site will be subject to inspection for loose plastics. Vehicle interiors, open air truck boxes and flat decks will be inspected for plastic (i.e. chip bags, candy wrappers, plastic bottles) by a MPR employee from Safety Loss. Vehicles operators will be asked to remove and safely discard all loose plastic from their vehicle in order to avoid contamination on site.

6. Inspection and Acceptance

All Goods sold under this contract are subject to inspection and acceptance by MPR within a reasonable time after receipt. MPR will notify the Vendor of the rejection of any Goods which are not in accordance with the description or specifications stipulated in this contract, and such Goods will then be held subject to the disposition of the Vendor at its risk and subject to all charges accruing as a result of rejection.

7. Transfer of Ownership

Unless otherwise specified by MPR, ownership of the Goods shall transfer from the Vendor to MPR upon delivery to the carrier.

8. Packaging

As plastic and styrofoam are a major contaminate of pulp and paper, the Vendor must not use plastic or styrofoam unless no reasonable alternative is available. Damage to any Goods resulting from improper packing will be charged to the Vendor's account.

The PO number, MPR's PRP Cat No., and the PO line item number must be shown on all packing slips and invoices. A packing slip referencing the PO must accompany each package. To further minimize plastics on the Mill Site, consider eliminating the use of a plastic packing slip envelope and include the packing slip inside the package. The Vendor must clearly mark the exterior of the package with the PO number.

9. Overages

Any overshipment will be at the Vendor's risk. MPR may, at its sole discretion, delay payment for any overshipment or return the overshipped Goods at the Vendor's expense.

10. Assignment

The Vendor will not assign the whole or any part of this contract without the consent of MPR first being obtained in writing. Any assignment without prior written consent of MPR is void.

11. Laws

This contract shall be governed by the laws of the Province of Alberta, Canada, and the parties hereto submit to the jurisdiction of Alberta courts in respect of any issue or matter hereunder.

12. Safety / Environment and W.H.M.I.S./T.D.G.

MPR and the Vendor will comply with the relevant legislation pertaining to the handling of the Goods (including waste), including the requirements of the Canadian Workplace Hazardous Material Information System ("W.H.M.I.S.") and Transportation of Dangerous Goods ("T. D.G. ") legislation. Goods without proper labeling and documentation will not be accepted. Two copies of Material Safety Data Sheets must be provided prior to the first delivery of controlled Goods. The Vendor must be able to provide proof to MPR that employees, agents and sub contractors who will be on sites owned or controlled by MPR have received basic Canadian Workplace W.H.M.I.S. training if requested.

All Vendors using nuclear devices for industrial radiography must be registered with the Canadian Nuclear Safety Commission prior to accessing the millsite.

The following materials or products containing these materials are not permitted on the millsite without the specific written authorization of MPR's Environmental Manager: asbestos, nonylphenol ethoxylates (NPEs), octylphenol ethoxylates (OPEs), polychlorobiphenyls (PCBs), or halogenated/chlorinated compounds (including but not limited to: methylene chloride, 1,1,1-trichloroethane, chloroform, perchloroethylene, trichloroethylene, carbon tetrachloride. Through the Environmental Emergency (E2) Regulations, the Government of Canada requires the preparation and implementation of environmental emergency plans to manage toxic and other hazardous substances. The E2 regulations cover substances that if released to the environment, may harm human health or environmental quality. These substances are listed in Schedule I of the E2 regulations and can be found at www.ec.gc.ca/eeue . Should any product under this agreement be identified on the Environmental Emergency Regulations List of Substances, MPR must be notified in writing.

The National Pollutant Release Inventory (NPRI) managed by Environment Canada, is a Canadian database containing information on annual on-site releases of specific substances to the air, water and land, as well as disposals and off-site transfers for recycling that originate from industrial and institutional sources. One of the triggers for reporting to NPRI is the concentrations of NPRI substances in products. These substances are grouped into five different threshold categories/part #'s and can be found under "Substance Lists" on the internet at www.ec.gc.ca/inrpnpri. Should any product under this

agreement contain one or more NPRI substances, at or above the threshold concentration listed, MPR must be notified in writing.

The Vendor's employees, agents or sub-contractors who will be on sites owned or controlled by MPR will comply with MPR's health and safety policies and relevant legislation. This includes the proper use of safety apparel and adherence to safety procedures and environmental requirements.

13. Privacy Requirements

In order to allow MPR to comply with Privacy Legislation requirements in the Province of Alberta, the Vendor commits to not utilizing personal information in regard to any MPR employee for purposes other than in carrying out the business relationship with MPR.

14. Insurance and WCB

The Vendor will ensure that all employees including working principals, agents or sub-contractors who will be on sites owned or controlled by MPR, are covered by Worker's Compensation in accordance with the laws of the Province of Alberta. The Vendor will ensure that its operations are covered by vehicle and commercial general liability insurance coverage against public liability and property damage (including bodily injury and accidental death) in an amount of not less than Two Million dollars (\$2,000,000) per occurrence, or such other amount as may be required by MPR, in writing and in a form acceptable to MPR. Vendors shall ensure that all employees and sub-contractors whose personal vehicles (not owned or insured by the Vendor) will be used in the provision of services for MPR shall meet the requirements of this clause. The Vendor will, on demand by MPR, provide evidence satisfactory to MPR of sufficient insurance and WCB coverage.

15. Price and Payments

The purchase price for Goods, unless expressly stated, excludes all taxes, duties, broker's fees, freight, and demurrage but includes all packing and loading charges. The GST registration number must be shown on all invoices requiring payment of GST.

16. No Waiver

If MPR fails to insist on the strict performance of any term in this contract, or fails to exercise any right or remedy, that failure will not be construed as waiving or relinquishing that term, right or remedy. No change or amendment to the contract will be binding on MPR unless the same is in writing by an authorized representative of MPR.

17. General Indemnity

The Vendor will indemnify and save harmless MPR, its officers, directors, agents and employees, from and against any and all claims, including, personal injury and death and property damage, expenses (including reasonable legal fees), demands or judgments which result from or arise out of (i) the acts, omissions or negligence of the Vendor or its personnel; and (ii) product liability in connection with Goods supplied under this contract.

Any questions pertaining to these Terms and Conditions should be directed by email to

nbensch@dmi.ca.

January 2019