

## Port Hawkesbury Paper Terms and Condition of Sale

The following terms and conditions (the “**Terms**”) apply to each transaction in which Port Hawkesbury Paper Limited Partnership (“**PHPLP**”) or PHP Sales Services (US) LLC (“**PHP Sales**”) sells one or more products (“**Products**”) to a person or entity (“**Buyer**”) pursuant to (a) a quote issued by PHPLP or PHP Sales to Buyer that is accepted by Buyer in accordance with the terms of the quote, (b) an order acknowledgement issued by PHPLP or PHP Sales to Buyer, or (c) a written agreement (each such accepted quote, order acknowledgement or written agreement, a “**Transaction**” and together with these Terms, including the Related Materials (as defined below), the “**Transaction Documents**”). In these Terms, a reference to PHP will be deemed to be a reference to PHPLP or PHP Sales.

- 1. Precedence.** In the event of any conflict or inconsistency between these Terms and a Transaction, these Terms will prevail unless otherwise expressly agreed to in writing by PHP and Buyer.
- 2. Invoices and Payment.** For SC-B and SC-A, Buyer will pay each invoice within 30 days after the date of the invoice. For SC-A+ and SC-A++, Buyer will pay each invoice within 21 days after the date of the invoice, provided that if Buyer pays an invoice within 20 days after the date of the invoice, a 1% price discount (not applicable to freight and other charges) will be applied.  
Invoices that are not paid on time are subject to, at PHP’s sole discretion, a late payment charge of up to 1.5% per month or the highest permissible rate under applicable law.  
Invoice may also include all taxes or other charges imposed by any governmental authority with respect to the manufacture, sale, transportation, delivery, export and/or use of the Products and any appropriate freight, fuel and other charges.
- 3. Cancellation and Changes.** The last day to cancel or change a Transaction is 21 days before the shipment of any Products.
- 4. Creditworthiness.** If Buyer does not make payments on time or if PHP determines that the financial status of Buyer is unsatisfactory, PHP may require Buyer to pay its invoices in advance or provide adequate security on subsequent shipments of Products. PHP may also immediately suspend or terminate a Transaction and require immediate payment of any outstanding amounts owing if (a) Buyer fails to make any such requested advance payments or provide such security, or (b) Buyer becomes insolvent, bankrupt or takes the benefit of any insolvency or bankruptcy statute or makes a general assignment for the benefit of creditors.
- 5. Force Majeure.** PHP may, without liability, cancel or suspend its obligations in whole or in part (without the Transaction being otherwise affected), during any period where PHP is prevented or delayed in producing or supplying Products by normal means as a result of storm, flood, machinery breakdown, inability to obtain material, equipment or transportation, authorization of law, government action, elimination or curtailment of electric power, inability to obtain power for a commercially reasonable price, accident or any other cause or condition beyond its reasonable control (each, a “**Force Majeure**”). PHP will also have the right, during any period when PHP is unable to perform its contractual obligations as a result of a Force Majeure, to allocate its available supply of products (including Products) amongst Buyer and its other customers in any manner that PHP determines to be commercially reasonable and appropriate.
- 6. Delivery, Title and Risk.** PHP will deliver the Products F.O.B. Freight Allowed to the location or locations set out in the Transaction Documents. The Products can be shipped intermodal or by truck or rail. PHP bases its pricing on the lowest cost method of freight and therefore reserves the right to select the most cost-effective transportation mode and carriers for shipping the Products. Customer pick-ups and special requests are only available with the prior approval of PHP.
- 7. Warranties.** PHP warrants that the Products will be of its standard quality and adequately packaged and labeled. EXCEPT AS SET FORTH IN THE PRECEDING SENTENCE, PHP WILL NOT BE BOUND BY ANY EXPRESS OR IMPLIED

REPRESENTATION, WARRANTY, PROMISE, GUARANTEE, INDUCEMENT OR OTHER STATEMENT OF ANY KIND OR NATURE REGARDING THE PRODUCTS. PHP EXPRESSLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES RELATING TO THE PRODUCTS, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. **Limitation of Liability.** PHP'S LIABILITY TO BUYER FOR ANY REASON AND UPON ANY CAUSE OF ACTION, WHETHER IN TORT, CONTRACT OR ANY OTHER LEGAL THEORY, WILL AT ALL TIMES AND IN THE AGGREGATE BE LIMITED TO THE AMOUNT ACTUALLY PAID BY BUYER TO PHP IN RESPECT OF THE SHIPMENT OR PART THEREOF TO WHICH THE LIABILITY RELATES.
9. **Defective Products and Returns.** Buyer's exclusive remedy for defective Products and PHP's sole liability for defective Products will be, at PHP's option, the return or replacement of the Products in accordance with the PHP Ordering Guidelines and the Sales & Service Guide published on PHP's website at [www.porthawkesburypaper.com](http://www.porthawkesburypaper.com) (the "Related Materials").
10. **No Consequential Damages.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED OR IMPLIED IN THE TRANSACTION DOCUMENTS, PHP WILL HAVE NO LIABILITY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS OF BUYER, EVEN IF PHP HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
11. **Termination.** PHP may terminate a Transaction on ten (10) days' written notice to Buyer in the event that Buyer (a) fails to accept delivery of Products in accordance with the Transaction Documents, (b) fails to pay any invoice when due, (c) commits a material breach of its obligations in the Transaction Documents and such breach is not curable or is not cured within fifteen (15) days after written notice of this breach is provided by PHP to Buyer. In the event of such termination, Buyer will pay PHP for all Products produced and shipped to Buyer before the termination and the termination of the Transaction will be in addition to (and not in substitution for) any other remedy or relief that may be available at law or in equity.
12. **Assignment.** Buyer may not assign the Transaction Documents or any of its rights or obligations under the Transaction Documents without the prior written consent of PHP.
13. **Governing Law.** The Transaction Documents and the performance of any obligations pursuant to the Transaction Documents will be governed by and construed in accordance with the laws of Nova Scotia, Canada and the laws of Canada applicable in Nova Scotia. The parties exclude the application of the United Nations Convention on Contracts for the International Sales of Goods. The courts of Nova Scotia will have jurisdiction to entertain any legal proceedings arising under the Transaction Documents. The parties submit to the exclusive jurisdiction of the courts in Nova Scotia.
14. **Amendment.** The Transaction Documents may not be amended, except by written agreement between the parties, provided that PHP may notify Buyer of any scheduled shipping date set forth in a Transaction and PHP may amend these Terms at any time without advance notice, with such changes being binding on the parties from and after the publication of such revised Terms on the PHP website.
15. **Severability.** If any provision of the Transaction Documents is invalid or unenforceable, it will be severed from the Transaction Documents and will not affect the enforceability or validity of the remaining provisions of the Transaction Documents.
16. **Waiver.** The failure of either party to require strict compliance with or complete performance of any obligation of the other party will not be construed as a waiver of any subsequent breach by such party. No claim or right arising from the Transaction Documents may be waived by a party unless such waiver is in writing and signed by the waiving party.
17. **Entire Agreement.** The Transaction Documents constitute the entire agreement of the parties with respect to the subject matter contained in the Transaction Documents. All other prior or contemporaneous representations, warranties, covenants or agreements between the parties, or their respective representatives, with respect to the subject matter are superseded.