



**INTERFOR CORPORATION, INTERFOR U.S. INC. AND INTERFOR SALES & MARKETING LTD.
TERMS AND CONDITIONS OF SALE FOR LUMBER PRODUCTS (NORTH AMERICA AND EXPORT)**

1. ENTIRE AGREEMENT. These Terms and Conditions of Sale for Lumber Products (North America and Export) ("**Terms and Conditions**", available for download at www.interfor.com/terms-conditions) are incorporated into and form an integral part of each Acceptance of Offer and Contract of Sale ("**Contract of Sale**") entered into by Interfor Corporation, Interfor U.S. Inc. or Interfor Sales & Marketing Ltd. (referred to in these Terms and Conditions as "**Interfor**") providing for the sale of lumber products (referred to in these Terms and Conditions as "**Lumber Products**") by Interfor to the person indicated in the Contract of Sale as the person to whom the Lumber Products are "Sold To" (referred to in these Terms and Conditions as "**Customer**"). The Contract of Sale and the version of these Terms and Conditions in effect on the date of the Contract of Sale (together, the "**Agreement**"), constitute the entire agreement between Interfor and Customer regarding the sale of the Lumber Products by Interfor to Customer, and supersede all previous agreements, communications, expectations, negotiations, representations or understandings, whether oral or written, express or implied, statutory or otherwise, between Customer and Interfor with respect to the sale of the Lumber Products by Interfor to Customer. These Terms and Conditions may be amended by Interfor at any time and from time to time by notice to Customer, but a Contract of Sale may not be amended except by written document signed by Customer and Interfor. No supplier, sales representative or agent is authorized to waive any of the terms of the Agreement without the express written agreement of an authorized signatory of Interfor. Where Customer's quotation, order acknowledgement or other correspondence contains terms or conditions contrary to or in addition to the terms and conditions of the Agreement, those contrary or additional terms or conditions are hereby refused and rejected by Interfor without any requirement for further notice of the refusal and rejection, and neither the delivery by Interfor of nor the acceptance by Interfor of payment for any of the Lumber Products, shall constitute a waiver by Interfor of any of the terms and conditions contained in the Agreement or an assent by Interfor to any other terms or conditions.

2. DISCLOSURE OF SALES FUNCTION. The following is hereby disclosed and acknowledged by Customer: (a) Interfor U.S. Inc. solicits orders from prospective Customers for Lumber Products sold by Interfor Corporation or Interfor Sales & Marketing Ltd. in North America; (b) Interfor Sales & Marketing Ltd. solicits orders from prospective Customers for all Lumber Products sold by Interfor U.S. Inc. outside of North America; and (c) Interfor Corporation solicits orders from prospective Customers for all Lumber Products sold by Interfor Sales & Marketing Ltd. in Europe. In each case, the entity soliciting the orders has no authority (whether express or implied) to bind Interfor. No contract shall arise until and unless Interfor accepts the order and delivers an Acceptance of Offer and Contract of Sale to Customer. The entity soliciting the order makes no representation that any particular order will be accepted by Interfor.

3. PRICE AND PAYMENT. Customer will pay the total amount (the "**Price**") for the Lumber Products based on the "Unit Price" set forth in the Contract of Sale. The Price does not include any applicable sales, use or value added tax, customs duty, or any other taxes, charges, tariffs or duties of any sort levied or which may be levied by any governmental or taxing agency or authority ("**Taxes**") upon the purchase, import, delivery, consumption or use of the Lumber Products. Customer will pay or otherwise be fully responsible for any such Taxes. Interfor may pay any such Taxes directly to the appropriate governmental or taxing agency or authority, in which event Customer will reimburse Interfor for the amount of the Taxes that are paid by Interfor directly to the appropriate governmental or taxing agency or authority. Unless otherwise specified by Interfor in the Contract of Sale, Customer will pay the Price and any other amounts payable under the Agreement as set out in each invoice within ten (10) days after the date on which Interfor issues the invoice. All payments by Customer to Interfor will be in the currency set forth in the Contract of Sale. Customer will not hold back, offset or set-off any amounts owed to Interfor in satisfaction of any claims asserted by Customer against Interfor.

4. COSTS. Customer will be liable and responsible for: (a) all costs and charges associated with Customer's failure to arrange timely payment for the Lumber Products, (b) all costs and charges relating to the Lumber Products from the time the Lumber Products have been delivered by Interfor in accordance with section 5, (c) unloading costs, including, without limitation, demurrage costs for any waiting time incurred by a carrier or vessel, lighterage and wharfage charges, storage costs or other similar costs associated with Customer's failure to unload the Lumber Products at the Final Destination or the Port of Destination, as the case may be, and (d) if applicable, all customs clearance and other requirements and Taxes payable to have the Lumber Products exported from Canada and imported into the country where the Final Destination or the Port of Destination, as the case may be, is located. Customer will indemnify, defend and hold harmless Interfor for any costs and expenses that are the responsibility of Customer under this section.

5. TRANSPORTATION AND DELIVERY. The Lumber Products will be delivered in accordance with the provisions of the Contract of Sale. If the Contract of Sale provides: (a) for "Shipment Terms" or "Price Basis" that is "Free on Board" or "FOB" at a specified location (the "**Shipping Location**"), Interfor will load the Lumber Products onto the transportation carrier taking delivery of the Lumber Products at the Shipping Location and Customer will, at its cost and expense, arrange the transportation carrier that will take delivery of the Lumber Products at the Shipping Location by truck or railcar, unless the Contract of Sale provides for "Shipment Terms" that are "Freight Prepaid", in which case Interfor will, at its cost and expense, arrange the transportation carrier that will take delivery of the Lumber Products at the Shipping Location by truck or railcar and

deliver them to the destination required by Customer as provided in the Contract of Sale (the "**Final Destination**") but Customer will, at its cost and expense, unload the Lumber Products at the Final Destination, or (b) that the "Shipment Terms" or "Price Basis" is: (i) "Cost, Insurance and Freight" or "CIF", Interfor will, at its cost and expense, deliver the Lumber Products to the port located at the "Destination" indicated in the Contract of Sale (the "**Port of Destination**"), or (ii) "Carriage and Insurance Paid" or "CIP" Interfor will, at its cost and expense, deliver the Lumber Products to the rail yard near the port at which the Lumber Products will be loaded onto a vessel for shipment (the "**Rail Yard**") as indicated in the Contract of Sale.

6. TITLE AND RISK. If the Contract of Sale provides that the "Shipment Terms" are "FOB" (in any form) at a Shipping Location, all title in and to and all risk of loss of the Lumber Products will transfer from Interfor to Customer when the Lumber Products have been loaded onto the transportation carrier that takes delivery of the Lumber Products at the Shipping Location. If the Contract of Sale provides that the "Price Basis" is: (a) "Cost, Insurance and Freight", "CIF", all title in and to and all risk of loss of the Lumber Products will transfer from Interfor to Customer when the Lumber Products have been loaded onto the vessel that takes delivery of the Lumber Products (the "**Point of Loading**") for the purpose of transporting them to the Port of Destination, or (b) "CIP", all title in and to and all risk of loss of the Lumber Products will transfer from Interfor to Customer when the Lumber Products have arrived at the Rail Yard.

7. INSURANCE. If the Contract of Sale provides: (a) for "Shipment Terms" that are "FOB" (in any form) at a Shipping Location, Customer will, at its cost and expense, arrange any insurance Customer requires over the Lumber Products once Lumber Products have been delivered at the Shipping Location, or (b) that the "Price Basis" is "Cost, Insurance and Freight", "CIF" or "CIP", Interfor will at its cost and expense, insure the Lumber Products against Customer's risk of loss or damage until they are delivered to the Port of Destination or the Rail Yard, as applicable.

8. DELIVERY SCHEDULES. Any delivery schedules included in the Contract of Sale represent Interfor's estimates only, and partial deliveries of Lumber Products are permissible. Interfor will use reasonable commercial efforts to meet any delivery schedules included in the Contract of Sale. Interfor may suspend or delay deliveries at any time pending receipt of assurances satisfactory to Interfor of Customer's ability to pay any amounts payable to Interfor under this Agreement or any other agreement between Customer and Interfor or if Customer fails to pay any such amount as and when payable. If Customer fails to promptly provide such assurance or make any such payment, Interfor may cancel all or a portion of any order without further liability or obligation to Customer.

9. LUMBER PRODUCT SIZES. Customer acknowledges and understands that the Lumber Product descriptions in the Contract of Sale and any invoices, may reflect the nominal sizes of Lumber Products. The nominal sizes may not reflect the dressed, or actual, sizes of the Lumber Products. Lumber Products are manufactured in accordance with applicable grading rules and standards that specify actual sizes at the time of manufacture, corresponding to the nominal sizes and seasoning of the Lumber Products.

10. INSPECTION, ACCEPTANCE, REJECTION. Customer, at its cost and expense, will inspect the Lumber Products when they have been delivered to the Final Destination as provided in the Contract of Sale. Customer may reject the Lumber Products only if: (a) the Lumber Products fail to conform to the (i) number and description set forth in the Contract of Sale; (ii) actual dimensions on labels affixed to the Lumber Products; or (iii) grading specifications established by the American Lumber Standards applicable to the Lumber Products in effect on the date the Lumber Products are delivered to Customer (collectively the "**Specifications**"), and (b) Customer notifies Interfor in writing of any non-conforming Lumber Products within 24 hours of delivery of the Lumber Products to Customer at the Final Destination. Any Lumber Products not timely notified by Customer as non-conforming in accordance with the foregoing shall be deemed to be accepted by Customer. Customer's rejection of any Lumber Products will not relieve Customer of its obligation to pay for any other Lumber Products or Customer's further performance under the Agreement.

11. COMPLIANCE WITH LAW. Interfor and Customer will comply with the provisions of all applicable federal, state, provincial, municipal, local and other applicable laws, rules and regulations in the performance of their respective obligations under the Agreement.

12. SECURITY INTEREST. All payment terms in the Contract of Sale are subject to credit approval and may be changed by Interfor without prior notice to Customer. Any overdue payment will accrue interest at the rate equal to the lesser of eighteen percent (18%) per annum, or the maximum rate allowable by applicable law, from the payment's due date until it is fully paid. Interfor may hold back, offset or set off any amounts owed by Interfor to Customer under any agreements between Customer and Interfor against any amounts owed by Customer to Interfor. Customer, as security for the proper and timely payment of any invoice and any other amounts payable by Customer under the Agreement hereby grants to Interfor a security interest in the Lumber Products and all proceeds, as defined in the *Personal Property Security Act* or the *Uniform Commercial Code* (or any equivalent legislation) of the jurisdiction where Customer is located (collectively, "**Collateral**"). Customer acknowledges and agrees that the security interest created hereby constitutes and is intended to create a purchase money security interest in the Collateral.

13. CREDIT AND FINANCIAL DISCLOSURE. Customer hereby consents to Interfor conducting from time to time a credit investigation of Customer, and shall from time to time deliver to Interfor such financial statements, information, instruments, security or assurances as may be reasonably requested by Interfor. Where Interfor, acting reasonably, identifies material changes in the financial status of Customer, Interfor reserves the right to accelerate the payment terms to payment of amounts set forth in any invoice within two (2) days after the date of the invoice, such that the amount calculated on or following the date or dates of the acceleration shall become immediately due and payable.

14. WARRANTIES. Interfor warrants that: (a) it has good title to all Lumber Products sold to Customer under the Agreement, free and clear of all liens or other encumbrances; and that (b) the Lumber Products delivered to Customer under the Agreement will conform to the Specifications. THE WARRANTIES SPECIFIED IN THIS SECTION WILL BE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES REGARDING THE LUMBER PRODUCTS, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE. The above warranties run only to Customer and are not intended to, and do not, run to any subsequent buyer, nor may they be transferred or assigned to any other person.

15. EXCLUSIVE REMEDY FOR REJECTION OF LUMBER PRODUCTS OR WARRANTY CLAIMS. If all or any portion of the Lumber Products delivered to Customer are properly rejected by Customer pursuant to section 10 or in the event of a warranty claim, Interfor will, AS THE EXCLUSIVE REMEDY AVAILABLE TO CUSTOMER, do one of the following, in Interfor's sole discretion: (a) replace the applicable portion of the Lumber Products; or (b) cancel the Agreement as it applies to all or part the applicable portion of the Lumber Products to be delivered and refund to Customer any amounts already paid in connection with that applicable portion of the Lumber Products.

16. LIMITATION OF LIABILITY. INTERFOR WILL NOT BE LIABLE TO CUSTOMER, ITS CUSTOMERS OR ANY OTHER THIRD PARTY FOR ANY INJURY OR DAMAGE TO PERSONS OR PROPERTY UNLESS CAUSED BY INTERFOR'S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, OR FOR ANY LOSS OF OR INJURY TO BUSINESS, EARNINGS, PROFITS OR GOODWILL SUFFERED BY ANY PERSON, INCLUDING CUSTOMER AND ITS CUSTOMERS, CAUSED DIRECTLY OR INDIRECTLY BY ANY OF THE LUMBER PRODUCTS SOLD PURSUANT TO THE TERMS OF THE AGREEMENT, AND IN NO EVENT WILL INTERFOR BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES SUFFERED BY CUSTOMER, ITS CUSTOMERS OR ANY OTHER THIRD PARTY, EVEN IF INTERFOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH.

17. FORCE MAJEURE. If the performance of the Agreement or any obligation under the Agreement, except the making of payments, is prevented or restricted by reason of adverse weather conditions, fire, flood, earthquake, explosion or other casualty or accident, strikes or labour dispute, inability to procure transportation, supplies or power, any act of war, terrorism or other violence, any law, order, proclamation, regulation, ordinance, demand or requirement of any government agency or authority, or any other act or condition whatsoever beyond the reasonable control of the affected party, the party so affected, upon giving prompt notice to the other party, will be excused from such performance to the extent of such prevention or restriction; *provided, however,* that the party so affected will take all reasonable steps to avoid or remove such causes of non-performance (which will not require a party to settle any strike or labour dispute on terms that are not acceptable to that party in its sole and absolute discretion) and will resume performance under the Agreement whenever such causes are removed; *provided, further,* that in no event will Interfor be obligated to purchase Lumber Products from a third party to enable Interfor to deliver Lumber Products to Customer.

18. ASSIGNMENT. Customer shall not assign or transfer the Agreement without the prior written consent of Interfor. Any attempted assignment or transfer without Interfor's prior written consent shall be null and void and Interfor shall have no obligation to deliver any Lumber Products to any other person pursuant to an assignment or transfer of the Agreement without the prior written consent of Interfor. The Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties to the Agreement.

19. TERMINATION AND DEFAULT. Interfor may terminate the Agreement upon ten (10) days written notice to Customer. Interfor may terminate the Agreement immediately in whole or in part without liability if: (a) Customer fails to comply with the terms and conditions of the Agreement, including a failure to take delivery of or pay for the Lumber Products, (b) Customer or, if applicable, its general partner or its direct or indirect parent company becomes or is deemed to be insolvent, bankrupt or makes an assignment for the benefit of creditors, or a receiver or trustee is appointed for Customer or, if applicable, its general partner or its direct or indirect parent company, or (c) the primary, or all, business activities of Customer are permanently suspended or suspended for at least 45 days.

20. INDEMNITY. Customer will indemnify, defend and hold harmless Interfor and its directors, officers, employees, agents and contractors from and against any and all losses, damages, liabilities, injuries to persons or property, claims, actions, proceedings, lawsuits, judgments and expenses (including, without limitation, legal fees and disbursements) incurred or sustained to the extent attributable to: (a) any breach by or default of Customer under any of the provisions of the Agreement; or (b) any act or omission of Customer or any of its directors, officers, employees, agents and contractors, including, but without

limitation: (i) any warranty Customer makes to any other person with respect to any Lumber Products purchased under the Agreement, (ii) Customer's or any other person's improper use of any Lumber Products purchased under the Agreement, or (iii) the transportation, receipt, handling or storage of any of the Lumber Products by Customer or its agents. The provisions of this section shall survive the expiry or earlier termination of the Agreement, and shall be in addition to any other right or remedy that Interfor may have, whether at law or in equity.

21. CONFIDENTIALITY. Neither of the parties, without the consent of the other party, will disclose or communicate to any person other than for the purposes of the Agreement, any information disclosed to it by another party, the terms of the Agreement or any information obtained or produced in relation to the Agreement ("**Confidential Information**"). The foregoing prohibition does not prevent the disclosure of Confidential Information (a) to a party's officers, employees and advisors that require access to the information for the purposes of the Agreement and who are made aware of the confidential nature of the Confidential Information; (b) that is ordered or required by any applicable law, court order or governmental authority; (c) known to the disclosing party on a non-confidential basis; (d) in the public domain through no fault of the disclosing party; or (e) lawfully acquired by a party from a third party that is not known to be or would not after reasonable inquiry be expected to be known to be under an obligation of confidentiality to the other party. Each party agrees that it shall take any and all steps as may be reasonably necessary to protect and prevent the disclosure of the other party's Confidential Information to any unauthorized person by such party or its affiliates, directors, officers, employees, agents, advisors or representatives.

22. INDEPENDENT CONTRACTOR. The parties to the Agreement are independent contractors and nothing in the Agreement constitutes Customer as a partner or agent of Interfor and Customer has no authority to represent, bind, act for, undertake or create any obligation or responsibility on behalf of, or in the name of, Interfor or represent that it is the agent of Interfor.

23. WAIVER AND CONSENT. No consent or waiver, express or implied, by either party to or of any breach or default by the other of any or all of its obligations under the Agreement will be valid unless it is in writing, be relied on as a consent to or waiver of any other breach or default of the same or any other obligation, constitute a general waiver under the Agreement, or eliminate or modify the need for a specific consent or waiver pursuant to this section in any other or subsequent instance.

24. NOTICE. Except for invoices delivered electronically to the location identified by Customer as the location to which the invoices may be sent (which will be deemed to have been received when so delivered), any notice given under or in connection with the Agreement shall be in writing and delivered by fax, hand or courier, or sent by registered or certified mail with postage prepaid to the addresses or fax numbers indicated on the first page of the Contract of Sale or to such other addresses or fax numbers as Customer or Interfor may hereafter designate by notice in writing, provided that in event of a postal strike or other labour dispute or interruption, all notices shall be faxed or delivered by hand or courier. Any such notice delivered by fax, hand or courier shall be deemed to have been received when delivered, and any mailed notice shall be deemed to have been received five (5) business days after mailing.

25. CONSTRUCTION. The Agreement is for the exclusive benefit of Customer and Interfor and not for the benefit of any third party. The division of the Agreement into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of the Agreement. A reference in these Terms and Conditions to the word "section" refers to a section of these Terms and Conditions unless otherwise indicated.

26. GOVERNING LAW. The Agreement shall be governed by and construed in accordance with: (a) the laws of the Province of British Columbia in the case where any of the Lumber Products sold to Customer under the Agreement are produced in Canada; (b) the laws of the State of Washington in the case where any of the Lumber Products sold to Customer under the Agreement are produced in the States of Washington or Oregon; or (c) the laws of the State of Georgia where the Lumber Products sold to Customer are produced in any other states within the U.S.A., in any case, without reference to the applicable jurisdiction's conflict of law rules. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to the Agreement, including the negotiation, performance or interpretation of the Agreement and the transactions contemplated in the Agreement, may only be brought and determined: (i) in the courts of British Columbia sitting in Vancouver, British Columbia in the case where the Agreement is governed by the laws of the Province of British Columbia; (ii) in a federal or state court in Seattle, Washington in the case where the Agreement is governed by the laws of the State of Washington; or (iii) in a federal or state court in Atlanta, Georgia in the case where the Agreement is governed by the laws of the State of Georgia (or any other court hearing appeals from such courts), and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the applicable court sitting in Vancouver, British Columbia; Seattle, Washington; or Atlanta, Georgia, as the case may be.

27. SITUS OF AGREEMENT. An Agreement shall be deemed to have been made: (a) in the Province of British Columbia in the case where any of the Lumber Products sold to Customer under the Agreement are produced in Canada; (b) in the State of Washington in the case where any of the Lumber Products sold to Customer under the Agreement are produced in the States of Washington or Oregon; or (c) in the State of Georgia where the Lumber Products sold to Customer are produced in any other states within the U.S.A.