



CONDITIONS OF ORDER

1. PURCHASE PRICE

Unless otherwise stipulated in this Purchase Order ("Order") the purchase price shown on the face hereof includes all cost whatsoever to the point of delivery. In addition, where the goods, materials or equipment ("Goods") are being sold at Vendor's established selling price, Purchaser shall receive the benefit of any price reductions which Vendor may make in its established selling prices for the goods supplied hereunder prior to the time of their delivery hereunder and Purchaser shall in no event be charged higher prices therefore than Vendor's other customers who take delivery of substantially similar amount of goods at substantially the same time.

2. PATENTS AND OTHER RIGHTS

Vendor warrants and guarantees that the goods and relevant documentation do not infringe on any valid patent, copyright or other intellectual property right, and agrees to defend, indemnify and hold harmless Purchaser against any and all liability, loss and expense incurred by reason of any claim, action or litigation arising out of any alleged or actual infringement of any patent, pending patent, copyright or other intellectual property right resulting from the use or sale of the goods or any part thereof or drawings or documentation relevant to the same and in addition, vendor shall take all action necessary to ensure that the Purchaser is entitled to the continuous use of the goods during such proceedings.

3. WARRANTY

The Vendor warrants its good title to and right to sell the goods that are sold free of all liens, charges or demands whatsoever. Vendor further warrants that the goods are for the particular purpose or use for which they are purchased by Purchaser, shall perform in accordance with the specifications and shall be free from defects in material, workmanship and design for the period specified elsewhere in this Order or, if no period is specified elsewhere, for a period of twelve (12) months from the date upon which the goods are put into operation. If any defect in any part of the goods appears during such warranty period, the Vendor shall at times acceptable to Purchaser and as expeditiously as possible, replace and install entirely at its expense such part and any other property or equipment damaged in the course of such replacement and installation. This warranty is in addition to any and all other warranties and conditions on the part of the Vendor which arise by operation of law and nothing contained herein shall be construed as limiting or restricting such warranties or conditions.

4. TIME

Time is of the essence of this Order

5. FORCE MAJEURE

Notwithstanding condition (4) a party shall not be considered to be in default of its obligations under this order to the extent that and for so long as performance is delayed or prevented for reasons beyond its control (excluding lack of finances). In the event a party is so delayed or prevented, it shall use reasonable diligence to attempt to remedy the situation with all reasonable dispatch. If Vendor delays delivery or completion of delivery for a period exceeding thirty (30) days for a cause described herein, the Purchaser may obtain substitute quantities of goods from other sources and in such quantities from Vendor hereunder.

6. PACKING AND SHIPPING

Changes to the goods resulting from improper packing shall be the Vendor's responsibility and damaged goods shall be repaired or replaced at Vendor's expense.

7. TAXES AND DUTIES

The Vendor shall pay all federal and provincial sales taxes, customs duties and any other taxes or duties that may be imposed as a result of the performance of all services and the supply of all articles and materials pertaining to the Order agreed to be carried out herein by the Vendor. The Vendor shall pay all such taxes and on default, any interest and penalties assessed as a result of such default. Where a refund, exemption or remission of federal and provincial sales taxes, customs duties or any other taxes or duties is available with respect any articles, materials or equipment used in the performance of the Order, the said refund, exemption or remission shall be credited by the Vendor to the Purchaser. The Vendor agrees to fully cooperate with the Purchaser in obtaining such refunds or remissions, including making available to the Purchaser all records relevant to obtaining the said refunds or remissions.

8. SHOP TESTING AND INSPECTION AND PROGRESS REPORTING

- a. If requested by Purchaser or if required by any laws, regulations or codes applicable, the goods shall be tested by Vendor and due notification shall be given to Purchaser so the Purchaser's inspector may be present. A certificate of the shop test of the goods shall be furnished to Purchaser whether or not its inspector was present at the test.
- b. Authorized representatives of the Purchaser shall be allowed free access to Vendor's shop at all times for the purpose of inspecting or testing the goods or any part thereof and obtaining information as to the progress of work.
- c. Major equipment – If requested by the Purchaser, Vendor shall furnish within six (6) weeks from the date of this Order a planned program detailing when the various manufacturing functions, including engineering, procurement, etc. are expected to start and be completed for the various components of the goods. Thereafter, monthly reports by the 15th of each month showing the actual progress are to be furnished until the goods are shipped complete.

9. ESCALATION

Unless otherwise stipulated in the Order, all prices shown herein are firm and not subject to escalation or adjustment.

10. INSPECTION

The goods shall be subject to visual inspection by Purchaser after arrival at their final destination set forth on this Order and Purchaser has the right to reject any goods which, apparent from such inspection, are damaged or otherwise not in accordance with this Order. In the event of any such rejection, Purchaser shall notify Vendor of same within a reasonable time of the arrival of such goods; rejected goods shall at all times be subject to the disposition of Vendor and shall be at Vendor's risk.

11. DELIVERY

Delivery of the goods or any part thereof, as the case may be, shall be completed upon delivery of such goods, free on board the conveyance transporting same, at the final destination set forth on the face of this Order and upon the inspection and acceptance of same by Purchaser. Unless otherwise stipulated in this Order, all risk and ownership in the goods or any part hereof shall remain with Vendor until delivery is so completed. Inspection and acceptance for delivery purposes shall not constitute acceptance of any goods not conforming to this Order.

12. PAYMENT

Except for the payments which are required to be made prior to delivery as specified on the face of this Order, no payment shall be due to Vendor for the goods or any part thereof until delivery has occurred as specified in condition (11). Purchaser may withhold from payments otherwise due Vendor amounts required to protect itself from liens.

13. ASSIGNMENT

Vendor may not assign or subcontract this Order either in whole or in part, without the prior written consent of Purchaser. In the case of subcontracts, such consent is also required to the form and content of the subcontracts.

14. AGREEMENT

This Order constitutes the entire agreement between the parties and supersedes and cancels all previous agreements between the parties in connection with the subject matter hereof, whether oral or in writing, and whether contained in Vendor's proposal or otherwise. In the event of any conflict between the terms of the Vendor's general conditions of sales and this Order, the Order shall prevail.

15. CHANGES

Any change in the terms and conditions contained in this Order must, in order to be valid, be specifically agreed to by the parties in writing and confirmed by Purchaser's Change Order.

16. DEFECTIVE GOODS

If, in the opinion of the Purchaser, it is not expedient to correct defective goods, Purchaser may deduct from amounts payable to Vendor the difference in value between the goods as supplied and the goods as called for in this Order.

17. GOVERNING CONDITIONS

This Order and the contract resulting therefor shall be governed by and interpreted in accordance with the laws of the Province of Alberta and Vendor atones to the jurisdiction of the Courts in said Province. Vendor agrees to comply, at its cost, with every law, regulation, code and standard, whether Federal, Provincial or Municipal, applicable to the supplying of the goods hereunder or the performance of any work required hereunder.

18. INSOLVENCY AND DEFAULT

If the Vendor shall become insolvent, or shall make an assignment for the benefit of creditors, or if a receiver or trustee shall be appointed on account of the Vendor, or if the Vendor shall cease to carry on business, or if the Vendor shall default in fulfilling its obligation under this Order, and such default shall continue for more than ten (10) days after notice to rectify such default is given by the Purchaser to the Vendor, the purchaser may, without prejudice to any rights or remedies of the Purchaser on account thereof, forthwith terminate this Order on notice to that effect of the Vendor.

19. LIABILITY

The Vendor shall be liable to Purchaser for cost or expense sustained by Purchaser as a result of loss of, or damage to, property of Purchaser which is attributable to the goods furnished by Vendor or the acts or omissions of the Vendor, its subcontractors, suppliers and its or their employees.

20. INDEMNITY

Vendor agrees to indemnify and save harmless Purchaser, its employees and agents from any and all claims, demands, expenses, loss, costs and damages arising out of the Performance, mal-performance or non-performance of its obligations under this Order by Vendor, its subcontractors, suppliers and its or their employees.

21. NOTICES

Notices hereunder shall be in writing and may be delivered by hand or sent by fax or mail addressed to the address of the parties hereto as set out on the face of this Order, or to such other address as may be substituted in writing. Any such notice shall be deemed to have been received by the party to whom it is addressed if delivered, when delivered, or if sent by fax within twenty-four (24) hours after the transmission of such notice, or if sent by mail, within seventy-two (72) hours after posting of such notice by registered mail.

22. BINDING

Shipment of the goods or any part thereof by Vendor to Purchaser shall be deemed to be an acknowledgement and acceptance by Vendor of the terms and conditions of this Order irrespective of whether or not this Order has been formally acknowledged and accepted by Vendor. No action (including payment) or failure to act by the Purchaser shall constitute a waiver of any of its rights under this Order.

23. INSURANCE/INDEMNIFICATION

If Vendor or its subcontractors, agents or employees are required to be present on the Purchaser's premises, the Vendor shall, at its expense, place and maintain throughout the term of this Agreement a policy or policies of insurance with a minimum amount of \$3,000,000, insuring all parties against all loss and expense of any nature whatsoever and from and against all claims, demands, actions, suits or other proceedings for or in respect of damage or injury to person or property whomsoever or whatsoever by whomsoever made, brought or prosecuted in any manner, based upon, arising out of or in connection with this Agreement, or anything done or maintained or omitted to be done or maintained, or the exercise of any right or privilege hereunder, and shall provide ANC from time to time with evidence that such insurance is in place.



The Vendor shall provide to ANC evidence of such insurance having been obtained and maintained in the form of a certificate of insurance, and such insurance shall not be subject to cancellation except after at least ninety (90) days' prior written notice to ANC. If the Vendor fails to comply with the requirements hereof to obtain insurance, ANC shall be at liberty to obtain such insurance and keep the same in effect, and the Vendor shall pay to ANC the premium cost thereof upon demand.

ANC shall not be responsible for the payment of any premiums with respect to such insurance and shall not be responsible for notifying the insurers of any occurrence or accident in or around the land occupied by the Vendor.

The Vendor agrees that the insurance provided herein does not, in any way, limit the Vendor's liability pursuant to any other clause contained herein.

The Vendor shall have no claim against ANC or ANC's insurance for any damage the Vendor may suffer.

The Vendor agrees to be responsible for, and to indemnify and save harmless ANC from and against, all loss and expense of whatsoever nature which may occur by reason of pollution/contamination occurring as a result of the Vendor's work on site or anything done in relation thereto (hereinafter referred to as ("environmental contamination")). In the event of evidence of environmental contamination, the burden shall be with the Vendor to prove that the contamination was not a result of this Agreement or anything done in relation thereto.

The Vendor shall immediately carry out all measures which ANC, in its sole discretion, considers necessary to keep the mill site free and clear of all environmental contamination resulting from or occurring during the Vendor's on-site work performance, such condition to be confirmed (at the option of ANC and at the sole expense of the Vendor) by a post-termination environmental inspection/audit of the mill site. The Vendor shall bear the entire cost of all work carried out to correct any environmental contamination which occurs on the mill site or which occurs on other lands or interests of ANC as a result of the Vendor's occupation or use of such land.

If the Vendor fails to correct any environmental contamination to the satisfaction of ANC and any public authority having jurisdiction, ANC may perform or hire such work and may charge the Vendor for all costs associated therewith.

The responsibility of the Vendor to ANC with respect to the environmental obligations contained herein shall survive the termination of this Agreement.

24. WORKERS COMPENSATION BOARD COVERAGE

The Vendor shall provide to ANC confirmation of valid Workers Compensation Board coverage or an equivalent coverage applicable to the Vendor's business location in accordance with applicable regulations. Such confirmation shall be provided by way of a current Clearance Certificate or equivalent validation issued by the Workers Compensation Board or equivalent agency prior to the commencement of any on-site services provided by the Vendor. As evidence of continued coverage, the Vendor shall provide a follow up Clearance Certification prior to payment of any invoice issued for services rendered.

25. PURCHASE ORDER NUMBER

The purchase order number must be clearly shown on all packing cases, invoices, packing slips, express receipts, bills of lading and other correspondence.



26. NON-RESIDENT WITHHOLDING TAX

Alberta Newsprint Company is required to deduct from payments due to non-residents of Canada a 15% withholding tax under Federal Regulation 105 from each payment for services rendered on site by non-resident Vendors.