

Terms and Conditions of a Purchase Order

1. Entire Agreement

This Purchase Order ("PO") is used by DMI to purchase goods, services, processes, supplies, materials, machinery and equipment from a supplier (the "Vendor").

"Goods" means the goods, services, processes, supplies, materials, machinery or equipment set out in or referred to in this PO. This PO, including the terms and conditions and any specifications and attachments hereto, constitutes the sole and entire agreement between DMI and the Vendor.

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

2. No Change to Purchase Order Unless Specified

The Vendor's acceptance of this PO, whether given orally or in writing or implied by conduct, is effective only to the extent that the terms of acceptance do not modify the terms of this PO, and this PO is deemed accepted on exactly the terms set forth in it. No other terms or conditions bind DMI unless otherwise specified in writing by an authorized DMI representative. The Vendor's shipment of the Goods constitutes a waiver by the Vendor of any right to claim that its acceptance of this PO constitutes a counteroffer or that the terms or conditions of such acceptance, whether contained in the Vendor's PO acknowledgement, other sale or shipping forms or invoice are binding on DMI. Any quote from the Vendor is part of this PO only to the extent of specifying the nature and description of the Goods and only to the extent that the terms and conditions of the Vendor's quote are consistent with this PO.

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

3. Patents

The Vendor warrants and guarantees that the Goods delivered under this PO 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 DMI, 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 PO. DMI will provide notice to the Vendor of any such claim. DMI 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 DMI and if DMI requests, either replace the Goods with non-infringing Goods satisfactory to DMI, modify the Goods with non-infringing Goods satisfactory to DMI, or obtain for DMI 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.

4. Warranty

The Vendor warrants that the Goods sold under this PO are fit for the particular purpose or use for which they are purchased by DMI and also warrants that the Goods are free from any defects in material, workmanship or design. The Vendor agrees that for 12 months from the date upon which the Goods sold hereunder are put into use, it will replace and install at the Vendor's expense any part or parts which may prove to be defective, reasonable wear and tear excepted. By accepting this PO, and 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 DMI regarding any specific warranty or service guarantee offered by the Vendor.

5. Delivery

Unless otherwise agreed, the term FOB (which means 'free on board') at a named place, is a delivery term under which:

a) when the term is FOB Shipping Point (meaning the Vendor's place of business or a place designated by the Vendor),

(i) the Vendor must ship the Goods and bear the expense and risk putting the Goods into possession of the carrier;

(ii) DMI will bear the freight costs for transport of the Goods by DMI's choice of carrier on a collect basis to the place of destination; and

(iii) title and risk of loss will pass from the Vendor to DMI when the Goods are put into possession of the carrier.

b) when the term is FOB the place of destination (meaning DMI's Peace River Pulp Mill or other destination named by DMI),

(i) the Vendor must at its own expense and risk transport the Goods on a prepaid basis to that place and tender delivery; and

(ii) title and risk of loss will pass from the Vendor to DMI when the Goods are put into DMI's possession at DMI's Peace River Pulp Mill or other destination named by DMI.

Time will be 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 DMI (e.g. picketing), DMI may terminate this PO or any undelivered part of it without cancellation charges unless specifically agreed to in writing by DMI. However, the Vendor will not be liable for any delay or failure to deliver due to any Unavoidable Delay provided it promptly notifies DMI 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.

6. Inspection and Acceptance

All Goods sold under this PO are subject to inspection and acceptance by DMI within a reasonable time after receipt. DMI will notify the Vendor of the rejection of any Goods which are not in accordance with the description or specifications stipulated in this PO, 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. Packing

As plastic and styrofoam may contaminate 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, DMI's PRPD number, 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. The packing slip may be either attached to the outside of the package or included inside the package, The Vendor must clearly mark the exterior of the package with the PO number.

8. Overages

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

9. Assignment

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

10. Laws

The PO will be governed by and construed in accordance with Alberta law and applicable Canadian law and will be treated in all respects as an Alberta contract without regard to conflicts of law principles. Any reference to legislation includes a reference to the legislation and to any regulations made under that legislation as that legislation or those regulations may be amended or re-enacted periodically. DMI may bring proceedings in Alberta and the Vendor agrees to submit to the jurisdiction of the Alberta courts.

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

DMI 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 DMI that employees, agents and sub-contractors who will be on sites owned or controlled by DMI 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 DMI's Senior Environmental Advisor: 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/ee-ue. Should any product under this agreement be identified on the Environmental Emergency Regulations List of Substances, DMI 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 parts and can be found on the internet at www.ec.gc.ca/npri. Should any product under this agreement contain one or more NPRI substances, at or above the threshold concentration listed, DMI must be notified in writing.

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

12. Privacy Requirements

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

13. Insurance

The Vendor will, on demand by DMI, provide evidence satisfactory to DMI of sufficient insurance coverage.

The Vendor will provide proof that all employees including working principals, agents or sub-contractors who will be on sites owned or controlled by DMI, are covered by Worker's Compensation in accordance with the regulations of the Province of Alberta and proof of insurance coverage against public liability and property damage (including bodily injury and accidental death) in an amount of not less than one million dollars (\$1,000,000) per occurrence, in writing and in a form acceptable to DMI.

14. Price and Payments

The purchase price for the 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.

15. No Waiver

If DMI fails to insist on the strict performance of any term in this PO, or to exercise any right or remedy, that failure will not be construed as waiving or relinquishing that term, right or remedy. No oral change or rescission of this PO by DMI will operate as a waiver of any of its terms.

16. General Indemnity

The Vendor will indemnify and save harmless DMI, 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 the Goods supplied under this PO.

If you have any questions pertaining to this information please email jmarshall@prpddmi.com