

TERMS AND CONDITIONS FOR PAPER SALES

1. **PREAMBLE.** – These Terms and Conditions shall apply to all sales by Catalyst Pulp & Paper Sales Inc. or Catalyst Paper (USA) Inc., as applicable (“**Seller**”), of paper products (“**Paper**”) to its buyers (each, a “**buyer**”), except when altered by express agreement accepted in writing by both Seller and the buyer. In these Terms and Conditions, the term “**buyer**” refers only to the initial buyer from Seller or, if the initial buyer is a broker or agent that Seller knows is purchasing the paper for re-sale purposes, to the initial buyer from such broker or agent. In no case will any other person who purchases the paper have rights against Seller hereunder or any other remedies of any kind. These Terms and Conditions together with the order confirmation provided by Seller (the “**Order Confirmation**”) constitute the entire agreement between the parties and are collectively referred to as the “**contract**”.
2. **DELIVERY.** – Paper will be delivered in accordance with the delivery terms specified in the applicable Order Confirmation. Delivery dates are estimates only and Seller shall not have any liability in connection with any delay in delivery.
3. **PRICING.** – The pricing of the Paper shall be the purchase price on the date of shipment or as mutually agreed by the parties. Applicable taxes, duties, surcharges and fees will be added to such prices and payable by the buyer.
4. **PAYMENT TERMS.** – Payment terms shall be set out in the applicable Order Confirmation. Interest will accrue on overdue amounts at the rate of 12% per annum, calculated monthly. Upon any payment default by the buyer, Seller may, in its sole discretion, suspend deliveries of the Paper and/or change the payment terms hereunder, in addition to any other rights and remedies available to it. If Seller determines it necessary to refer an overdue account to a third party for collection, the buyer will pay to Seller all costs of collection or enforcement incurred by Seller, including legal fees and disbursements.
5. **PLACING AND CONFIRMING ORDERS.** No order for paper will be binding unless accepted by Seller by issuing to buyer an Order Confirmation. No change can be made to any order after the last date of change (LDC) indicated on the applicable Order Confirmation.
6. **PAPER.** – All Paper will meet the standard specifications of Seller. Seller will not be liable for any non-conformance with the foregoing warranties where the buyer has misused the Paper, not stored the Paper properly and in suitable conditions, has used the Paper without first notifying Seller of the non-conformity and followed Seller’s reasonable instructions, or fails to provide Seller with reasonable opportunity to inspect the Paper in an unaltered condition and evaluate any claim. Written notice of any claim under this warranty must be delivered in writing to Seller within: (i) thirty (30) days of the delivery date of the non-conforming Paper if the non-conformity relates to type, quantity or weight of Paper as noted in the shipping documents, or relates to the condition or quality of the non-conforming Paper in transit which non-conformity would be revealed by visual inspection upon receipt; or (ii) if the non-conformity presents as a material defect not covered by subparagraph (i) above, the later of: (x) thirty (30) days after the delivery date of the non-conforming Paper, or (y) ten (10) days after opening of packaging when Paper is intended to be stored in original wrapper after receipt, provided the Paper is opened within ninety (90) days of delivery. After the above-noted periods, the Paper will be deemed duly delivered in conformity with the contract and any claims sent after the above-noted periods will not be recognized. ALL OTHER WARRANTIES, CONDITIONS AND GUARANTEES IMPLIED BY LAW, BY CUSTOM OR TRADE USAGE, OR BY ANY COURSE OF DEALING, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR PURPOSE OR FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED.

7. **REMEDIES FOR NON-CONFORMITY.** Buyer's sole remedy for non-conforming Paper shall be limited to, at Seller's discretion, replacement of, or reimbursement of the purchase price paid for, the portion of the Paper that is non-conforming. Buyer shall not be entitled to deduct from the invoiced price any claim asserted by buyer against Seller unless such claim has been approved in writing by Seller.
8. **FORCE MAJEURE.** – Neither party will be liable for any breach, default or delay in the performance of any of its obligations (except for payment obligations) to the extent such breach, default or delay is caused, directly or indirectly, by fire, flood, earthquake, explosion, strike or other labor dispute, riot, embargo, acts of governmental authority, acts of civil or military authorities, acts of god or of the public enemy, sabotage, epidemic, pandemic, machine breakdown or curtailment, inability to secure material or transportation, acts or omissions of the carriers or contractors, or any other cause beyond the reasonable control of the party. Under any such circumstance the affected party shall give the other party written notice of the force majeure event and the expected time for resumption of performance by that party.
9. **CONFIDENTIALITY.** The buyer shall keep the terms of the contract, as well as all documentation, information, and materials belonging to Seller or its affiliates related to its business, operations, finances, practices, processes, intellectual property, customers, pricing, quantities, product specification, delivery requirements, or any other information that ought reasonably to be considered as confidential or proprietary to Seller or its affiliates, confidential.
10. **DISPUTE RESOLUTION.** – All disputes arising in connection with this contract will be resolved through arbitration to be held in Vancouver, B.C. under the Arbitration Act (British Columbia).
11. **LIMITATION OF LIABILITY.** – In no event will Seller be liable to the buyer for any indirect, incidental, punitive, special or consequential damages including, but not limited to, loss of use, revenues, profits or savings, whether known or unknown, and whether based on breach of this contract or warranty, negligence, tort, strict liability, at law or in equity, or otherwise. The liability of Seller to the buyer, whether based on this contract, in law or any other legal theory, shall in no event exceed the price payable by buyer for the Paper in respect of which the claim is based.
12. **APPLICABLE LAW.** – This contract and the legal relations between the buyer and Seller shall be governed by the laws of British Columbia and the federal laws of Canada applicable therein. The UN Convention on Contracts for the International Sale of Goods shall not apply to this contract.