



OFFSHORE TRADE GENERAL CONDITIONS OF SALE

1. ENTIRE AGREEMENT: Unless CarlWood Lumber Limited (hereafter called CWL) and Purchaser have agreed otherwise in writing, these terms of sale, together with all provisions appearing on the face hereof, shall be deemed to comprise the entire Agreement between CWL and Purchaser, and supersede any and all prior communications and agreements including without limitation any terms and conditions as may be contained in Purchaser's purchase order form. This Agreement may only be modified by the mutual agreement of the parties in writing.

2. WARRANTY AND LIMITATIONS: Products manufactured by CWL are warranted to be of merchantable quality and to conform to the specifications and tolerances provided in the applicable industry standards published in either NLGA 2003 or later or R-List 2003 or later, or CWL's published standards, or otherwise in this Agreement. Claims will be governed by the applicable standards published in either paragraphs 400-412 inclusive NLGA 2003 or later or paragraphs 500 R-List 2003 or later, or in the case of "in house" grades claims will be governed by paragraph 500 R-List 2003 or later. In general these standards require claims to be filed, in writing, within ten (10) normal working days after receipt of the shipment and, in the case of wrapped, strapped or packaged units within ninety (90) calendar days of receipt of shipment. There are no representations or warranties whatsoever, statutory or otherwise, express or implied, including without limitation any warranty of merchantability or fitness for any particular purpose, which extend beyond the foregoing warranty. The liability of CWL under the foregoing warranty and otherwise under this Agreement shall be limited in the manner herein provided, and shall in no event exceed the total price of the shipment involved. In no event shall CWL be liable for consequential, indirect or special damages.

3. FUMIGATION: CWL will take reasonable care to inspect shipments but does not undertake liability for costs incurred for fumigation or bark removal. The option of fumigation insurance is provided by CWL for Purchaser's account.

4. WARRANTY FOR PRODUCTS NOT MANUFACTURED BY CWL: The foregoing warranty, excluding purchased with fumigation insurance, does not apply to products which are not manufactured by CWL. For all such products, CWL makes no representations or warranties whatsoever, statutory or otherwise, express or implied, including any warranty of merchantability or fitness for any particular purpose. All such products are sold "AS IS, WITH ALL FAULTS". To the extent that the manufacturer of the product provides a warranty and such warranty is transferable without consent, CWL will transfer such manufacturer's warranty to Purchaser without incurring any liability thereunder.

5. CLAIMS AGAINST INSURANCE: All insurance claims must be filed with CWL or CWL's sales agent. Claims made directly to the insurance carrier may be voided.

6. QUANTITY TOLERANCES: Unless exact-loading was specified by Purchaser at the time of ordering, or is the universal custom applicable to the described product, Purchaser acknowledges CWL right to increase or decrease the quantity called for under the order by not more than 10%, if necessary to avoid waste, to avoid breaking customary shipping units, to meet minimum tariff requirements or size of equipment furnished, or to comply with governmental regulations. CWL has the right to ship the entire order at one time or any portion or portions thereof from time to time on one or more vessels under one or more bills of lading within the contract period. If an order calling for specific percentages of grade or dimensions is to be shipped on more than one vessel, CWL is not bound to ship an exact percentage on each but may ship the goods as convenient, provided that when the order has been completed the proper percentages have been shipped.

7. TIME AND PLACE OF SHIPMENT: Purchaser acknowledges that, unless otherwise noted, the date of shipment is generally a two month contract period and the first month is not guaranteed. The date of the bill of lading or sea waybill determines the date of shipment.

8. TITLE AND RISK: Notwithstanding any other provision contained herein, title and risk of loss or damage shall pass to Purchaser upon delivery of goods under the conditions of sale. CIF means under ship's tackle at destination but for insurance purposes means warehouse to warehouse. FOB loading dock named or un-named means FOB the truck at the loading dock. FOB carrier named or un-named means passed the ship's rail. Unless otherwise agreed in writing, any charges at destination including wharfage and landing charges, dues, duties, etc. are not included in the selling price and shall be paid by the Purchaser.

9. PAYMENT: Purchaser agrees to pay CWL all invoice amounts when due, all legal fees and expenses incurred by CWL in collecting such amounts, and interest on all outstanding amounts from and after the payment due date at a rate of 1¾ % per month (21% per annum) or as otherwise indicated on the contract.

10. FORCE MAJEUR: If CWL is prevented from or delayed in performing its obligations under the contract by any Act of God, fire, armed conflict, strike or other labour disturbance, government action, acts of public authorities, or any other cause whatsoever reasonably beyond its control it shall be relieved of its obligations to perform for as long as its performance is prevented or delayed and shall not be liable to Purchaser for any loss caused by failure of performance or delay. If the delay is a result of war whether declared or not involving Canada, the USA, the country of destination, or any of the major world powers, or if the Panama Canal is closed, CWL may cancel the contract or any unshipped portion thereof, without liability to the Purchaser.

11. LAW: The provisions of this Agreement shall be construed and interpreted in accordance with the laws of British Columbia.