



The Steel Company of Canada

STANDARD TERMS AND CONDITIONS OF SALE

Governing Sales Made by Stelco Inc.

1. Payments:

Payments shall be made in Canadian currency or U.S. currency, as the case may be, as shown in the Seller's invoice or EDI payment instructions, and directed to the payment address, lockbox or other means specified in Seller's invoice or EDI payment instructions. Buyer shall make such arrangements for payment as Seller shall from time to time reasonably require and Seller may suspend scheduling, production, shipment or delivery of goods until such arrangements are made. If Seller reasonably believes that Buyer is, or may become, unable to perform its obligations hereunder, Seller may require that Buyer provide Seller with security for, or other assurance of, performance, in either case acceptable to Seller, acting reasonably. If Buyer fails to provide such security or assurance or fails to make payment in full within the time period set forth on the invoice or expressly agreed upon in writing by the parties, any such failure will constitute a material breach of contract by Buyer permitting Seller or Seller's affiliates to suspend scheduling, production, shipment or delivery of goods under this contract or any other contract between Buyer and Seller or Seller's affiliates. Buyer shall pay to Seller interest on any past due amount at the maximum rate permitted by law or the Prime Rate in effect charged by The Toronto-Dominion Bank (or any successor institution) on the first day of the month such amounts first become past due plus 3.5%, whichever is less. Seller shall have, in addition, all other remedies available to Seller at law, equity or under this contract. If Seller takes legal action to collect any amount due hereunder, Buyer shall pay all dispute resolution costs, including court costs, plus reasonable legal fees incurred by Seller in bringing such legal action. Seller shall have the right to set off against any monies due Seller hereunder any obligations of Seller or its affiliates to Buyer.

2. Taxes:

To the extent legally permissible, all present and future taxes, duties and tariffs imposed by any national, federal, provincial, state or municipal authority of any country which Seller may be required to pay or collect, upon or with reference to the sale, purchase, transportation, delivery, storage, use or consumption of the goods or services, including taxes upon or measured by the receipts therefrom (except net income and capital taxes) shall be for the account of Buyer.

3. Risk of Loss; Incidental Transportation and Storage Charges; Title:

Risk of loss shall pass to Buyer upon tender of delivery at the delivery point specified in this contract. Any charges at the delivery point for spotting, switching, handling, storage and other accessorial services, and demurrage, shall be for Buyer's account. Seller shall have the right to assess storage and handling charges for goods left in Seller's possession after notification to Buyer that the goods

are available to ship. Title to the goods shall pass to Buyer upon Seller's receipt of full payment for the goods.

4. Time of Shipment and Shipping:

Except with respect to payment of amounts due by Buyer to Seller hereunder, time is not of the essence hereunder. Each shipment is a separate sale. Seller reserves the right to ship all or any part of the goods from any shipping point other than the shipping point or points specified herein. Shipment in installments is permitted. Buyer shall furnish shipping instructions to enable Seller to perform the contract in accordance with its terms. Failure by Buyer to do so shall entitle Seller, in addition to all other rights, to cancel such portion of the contract that has not been performed, or to make shipment in such manner as Seller may elect. Seller will use reasonable efforts to comply with Buyer's requests regarding transportation, but Seller reserves the right to make alternate transportation arrangements, even if at a higher cost to Buyer, if the transportation specified by Buyer is deemed by Seller to be unavailable or unsatisfactory. Seller shall notify Buyer of any such change within a reasonable time.

5. Specification Variations:

Except in the particulars specified by Buyer and expressly agreed to in a writing signed by Seller, the goods furnished hereunder shall be produced in accordance with Seller's standard practices. All goods, however, including those produced to meet an exact specification, shall be subject to Seller's mill tolerances and variations consistent with good mill practice in respect of: (a) dimension, weight, straightness, section, composition and mechanical and/or physical properties; (b) normal variations in surface and internal conditions and in quality; (c) deviations from tolerances and variations consistent with practical testing and inspection methods; and (d) regular mill practice on over and under shipment.

6. Inspection:

Where mill inspection is made by Buyer, Buyer's inspector shall be deemed the agent of Buyer with authority to waive specified tests and details of test procedure and to accept goods as conforming to this contract with respect to all characteristics of such goods for which such inspection is made. In all cases Buyer shall conduct a timely inspection of the goods upon receipt or within a commercially reasonable time and manner not to exceed fifteen (15) days from such receipt. Buyer's use of the goods in its production operations shall be deemed an acceptance of the goods involved as conforming to this contract unless Buyer provides Seller written notice of rejection or of a nonconformity respecting such goods prior to or concurrent with Buyer's use thereof.

7. Force Majeure, Allocation of Production:

In the event either party's performance hereunder is delayed or made impossible or commercially impracticable due to causes including fire, explosion, war, terrorism, strike or other differences with workers, shortage or interruption of energy sources, facility, material or labour, delay in or lack of transportation, temporary or permanent plant shutdown, breakdown or accident, compliance with or other action taken to carry out the intent or purpose of any law, regulation, or other requirement of any governmental authority, or any cause beyond that party's reasonable control (each, a "force majeure event"), that party shall have such additional time in which to perform this contract as may be reasonably necessary under the circumstances. However, the obligation of Buyer to pay for goods delivered is never suspended or delayed. In addition, if due to a force majeure event or any

other cause, Seller is unable to produce sufficient goods to meet all demands from customers and internal uses, Seller shall have the right to allocate production among its customers and plants in any manner which Seller may determine, acting reasonably.

8. Patent Indemnity:

Buyer shall indemnify Seller with respect to a claim arising out of Seller's compliance with special designs or specifications furnished by Buyer, now or hereafter forming a part of this contract, or with other written instructions given by Buyer for the purpose of directing the manner in which Seller shall perform this contract.

9. Warranty; Disclaimers:

SELLER WARRANTS THAT THE GOODS FURNISHED HEREUNDER WILL, SUBJECT TO THE VARIATIONS CONTEMPLATED BY SECTION 5 OF THESE TERMS AND CONDITIONS, BE FURNISHED IN ACCORDANCE WITH THE SPECIFICATIONS SET FORTH OR INCORPORATED BY EXPRESS REFERENCE ON THE FACE OF ANY OFFER, ACCEPTANCE OR ORDER ACKNOWLEDGEMENT (AS THE CASE MAY BE) ISSUED BY SELLER THAT INCORPORATES THESE STANDARD TERMS AND CONDITIONS OF SALE BY REFERENCE. HOWEVER, NO WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE NOR ANY OTHER REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED, IS MADE RESPECTING SAID GOODS, OR THE PRODUCTION THEREOF AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE AFOREMENTIONED WARRANTY WITH RESPECT TO SPECIFICATIONS SET FORTH OR INCORPORATED BY EXPRESS REFERENCE ON THE FACE OF ANY OFFER, ACCEPTANCE OR ORDER ACKNOWLEDGEMENT (AS THE CASE MAY BE) ISSUED BY SELLER THAT INCORPORATES THESE STANDARD TERMS AND CONDITIONS OF SALE BY EXPRESS REFERENCE. ANY TECHNICAL ADVICE PROVIDED BY SELLER WITH RESPECT TO THE USE OF GOODS SOLD HEREUNDER SHALL BE FOR INFORMATIONAL PURPOSES ONLY, AND SELLER MAKES NO REPRESENTATION OR WARRANTY, NOR ASSUMES ANY OBLIGATION OR LIABILITY, FOR ANY SUCH ADVICE. NOTWITHSTANDING ANYTHING TO THE CONTRARY, NO REPRESENTATION OR WARRANTY WHATSOEVER IS PROVIDED WITH RESPECT TO ANY GOODS SOLD ON AN 'AS IS' BASIS OR WITH RESPECT TO MATERIALS COMMONLY KNOWN AS 'NONPRIME', 'SECONDARY' OR 'DECLASSED' MATERIALS.

10. Limitation of Remedies:

Seller will replace, at the delivery point specified herein, any goods furnished hereunder that are confirmed by Seller to be defective or otherwise fail to conform to Seller's warranty or this contract, or, at Seller's option, Seller will repay the price paid for such goods plus any transportation charges paid by Buyer in addition to such price and less any scrap value if authorized by Seller and realized and demonstrated by Buyer for such goods. Claims for damaged or non-conforming goods must be made, in writing, promptly, and in no event later than ten (10) days following delivery of the goods to Buyer or all such claims shall be deemed waived. Buyer shall set aside, protect, and hold such goods without further processing until Seller has an opportunity to inspect and advise of the disposition, if any, to be made of such goods. In no event shall any goods be returned, reworked, or scrapped by Buyer without the express written authorization of Seller. Buyer's exclusive remedies with respect to any goods furnished by Seller hereunder that are found to be defective or otherwise not in conformity with Seller's warranty or this contract shall be limited exclusively to the right to replacement thereof or, at Seller's option, to repayment of the price, as above provided. Seller's maximum liability for any other breach of this contract shall be limited to the difference between the delivered price of the goods covered hereby and the market price of such goods at Buyer's

destination at the time of such breach. IN NO EVENT SHALL SELLER BE LIABLE FOR PERSONAL INJURY, PROPERTY DAMAGE, LOSS OF PROFIT, DELAY, OR ANY SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHETHER ARISING FROM CONTRACT, BREACH OF CONTRACT, TORT, SELLER'S NEGLIGENCE, STRICT LIABILITY, OR ANY EXPRESS OR IMPLIED WARRANTY, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO CLAIMS OF ANY NATURE, WHETHER BASED ON CONTRACT OR OTHERWISE, MAY BE BROUGHT AGAINST THE SELLER OR ANY OF ITS AFFILIATES MORE THAN TWELVE (12) MONTHS AFTER THE DELIVERY OF THE GOODS TO THE BUYER.

11. Exclusive Terms and Conditions; Acceptance; Modification:

These Terms and Conditions of Sale constitute the complete, exclusive and fully integrated statement of terms and conditions between the Buyer and Seller with regard to the matters contained herein. No terms or conditions (whether consistent or inconsistent) other than those stated herein and no agreement or understanding, oral or written, in any way purporting to modify these Terms and Conditions of Sale, shall be binding on Seller unless agreed upon in writing by authorized representatives of both Seller and Buyer that such document expressly overrides one or more terms in these Terms and Conditions of Sale. In the event of a conflict between these Terms and Conditions of Sale and any such document signed by authorized representatives of both parties, the terms of the signed document shall prevail. Buyer's placement of an order or release for, or taking delivery of, any product of Seller that is the subject of this contract shall constitute acceptance of the Seller's offer under these terms and conditions and Seller hereby objects to and rejects any and all additional or different terms proposed by Buyer, whether contained in Buyer's purchase orders, production releases or shipping release forms, or related correspondence or any other documents including emails. All proposals, quotes, request for quotes, purchase orders, negotiations, representations and other communications, if any, are merged herein.

12. Provisions Incorporated by Reference:

Any provision required by any applicable law or regulation to be included in a contract of this type shall be deemed to be incorporated herein.

13. Governing Law:

This contract shall be governed by the laws of Ontario, Canada, exclusive of its conflicts of laws rules and of any principles therein that would require the application of The United Nations Convention on Contracts for the International Sale of Goods ("CISG"). CISG shall not apply to this or any other agreement between the parties. Seller and Buyer each irrevocably agrees that any legal proceeding seeking the enforcement or interpretation of this contract may be brought in the courts located in Toronto, Ontario, Canada. Each Party hereby irrevocably submits itself to the jurisdiction of any such courts, and waives any objection it may now or hereafter have to the placing of venue in any such courts and any right to remove any such action or proceeding to another court.

14. Export of Goods Sold:

In the event the goods sold hereunder are exported from Canada, the following shall apply:

- a) **Export Control.** Any sale made under this contract shall at all times be in strict conformity with all relevant export control laws and regulations. Buyer will not make any disposition by way of trans-shipment, re-export, diversion or otherwise of the goods, except as such laws and

regulations may expressly permit (with Buyer bearing full responsibility for obtaining any required export licenses or other permits), and no such disposition or transfer will be made other than to the ultimate country of destination specified in this contract. Buyer will furnish, upon request, proof that the goods have been entered, and will remain in, the specified destination country. Buyer hereby agrees to indemnify, defend and hold harmless Seller and its employees from and against any and all claims, demands, damages, costs, penalties and fines arising in connection with any alleged breach by Buyer or its agents of this paragraph. Seller reserves the right to suspend or cancel any delivery of product to Buyer or cancel this contract in its entirety, without liability to Buyer, if Seller has a good faith basis for believing Buyer or its agent has violated or intends to violate this paragraph.

- b) **Drawback.** Seller reserves to itself the right to drawback of duty paid on materials used in the manufacture of the goods sold hereunder. Buyer agrees to furnish Seller proof of exportation, as well as any other necessary documents, and to cooperate with Seller to facilitate the collection of such drawback.

- c) **Anti-corruption Laws.** Buyer represents and warrants, in connection with the transactions contemplated by this contract, and any other agreement contemplated by or entered into pursuant to this contract, that it shall take no action, directly or indirectly, that would constitute a violation of the Corruption of Foreign Public Officials Act (Canada) or the United States Foreign Corrupt Practices Act, or any other applicable anti-bribery or anti-corruption law, convention or regulation (collectively, "anti-corruption laws"). Buyer acknowledges and confirms that it and its officers, directors, employees, agents, contractors, designees and/or any other party acting on its behalf (collectively, "Related Parties") are familiar with the provisions of the anti-corruption laws. Buyer hereby agrees to indemnify, defend and hold harmless Seller and its employees from and against any and all claims, demands, damages, costs, penalties and fines arising in connection with any alleged breach by Buyer or any of its Related Parties of this paragraph. Seller reserves the right to terminate this contract in its entirety, without liability to Buyer, if Seller has a good faith basis for believing Buyer or any of its Related Parties has violated or intends to violate this paragraph.

15. Language:

The parties confirm that it is their wish that this contract, as well as any other documents relating to this contract, have been and shall be drawn up in the English language only. Les signataires confirment leur volonté que la présente convention, de même que tous les documents s'y rattachant, y compris tout avis, annexe et autorisation, soient rédigés en anglais seulement. If this contract is nevertheless translated into any other language, then the English language version of this document will control in the event of any disagreement over any such translation.

16. Waiver:

Waiver by Seller of any breach of this contract shall not be construed as a waiver of any other breach.

17. Assignment Source of Production:

- a) Buyer shall not assign its rights or obligations hereunder without the prior written consent of Seller. Any attempted assignment in contravention of the foregoing shall be void.
- b) Seller reserves the right in its sole discretion to source production of the goods supplied hereunder from any facilities. Seller shall have no responsibility for meeting Buyer's country-of-origin product content requirements (if any) unless Seller is apprised in writing of such requirements at the time Buyer places its order with Seller, or in the case of standing orders, at or before the latest time Buyer may issue a release in accordance with Seller's production scheduling requirements.

18. Construction:

No provision of this contract may be construed against the Seller as the drafting party. The term "including" means "including without limitation." The term "days" means calendar days unless otherwise expressly stated.

19. Termination:

In addition to any other remedies available to Seller at law, equity or under this contract, Seller may terminate this, or any other, contract with the Buyer if:

- a) Buyer fails to perform its obligations under or otherwise breaches any provisions of this contract or any other contract between the Buyer and Seller or any of Seller's affiliates;
- b) Buyer ceases to carry on its business substantially as such business is conducted on the date of the contract between the Buyer and Seller and such change in circumstances modifies Seller's obligations or impairs either party's ability to discharge its obligations under this contract;
- c) Buyer institutes or suffers the institution against it of bankruptcy, reorganization, liquidation receivership or similar proceedings;
- d) Buyer generally becomes unable to pay its debts as they become due;
- e) any term, condition or provision of this contract or any other contract between the Buyer and Seller becomes invalid or illegal under any applicable law, rule or regulation; or
- f) a force majeure event listed in Section 7 of these Terms and Conditions continues for a period of more than thirty (30) days.

20. Seller's Best Interests:

In the event Buyer is a reseller of Seller's products, Buyer shall at all times: (i) represent Seller and its products in good faith and in a professional manner; and (ii) not engage in any deceptive, misleading, illegal or unethical practices that may be detrimental to Seller or Seller's products. In addition to any remedies available to Seller at law, equity or under this contract, Seller reserves the right to terminate this contract and any other contract between Buyer and Seller or any of Seller's affiliates in the event of any material breach by Buyer of its duties under this paragraph.

21. Third Party Rights:

Other than rights of Seller's affiliates under this contract, no third parties will have any rights under this contract.