

ESSAR STEEL ALGOMA INC. ("Seller")

TERMS AND CONDITIONS OF SALE

The within terms and conditions of sale apply without exception to the sale of the Seller's product(s) and no other terms or conditions including, without limitation, the Buyer's standard printed terms and conditions, on the Buyer's purchase order or otherwise, will have any application to any purchase order between the Buyer and the Seller unless specifically agreed in writing by the Seller. Upon receiving delivery of the Seller product(s), the Buyer accepts, acknowledges and agrees to be contractually and legally bound by the within terms and conditions of sale.

1. STANDARD PRACTICES

Unless otherwise specifically agreed to in writing by Seller, all products sold hereunder (including those ordered to an exact specification) shall be produced and shipped in accordance with Seller's and, in the case of products not produced by Seller, the manufacturer's standard practices (including those on over and under shipments) and, where applicable, shall be subject to standard mill tolerances and to variations in quality, dimensions, weight, straightness, section, composition, mechanical properties and surface and internal conditions consistent with good mill practice and practical testing and inspection methods.

2. DELIVERY

Seller shall use its best efforts to deliver within the time specified herein but does not guarantee to do so. Seller shall not be liable for any loss or damage of any kind or nature whatsoever, whether direct, indirect or consequential, caused by delay in delivery for any reason whatsoever.

3. EXPEDITED SHIPMENT IN ADVANCE OF TEST REPORTS

Certain products sold hereunder may require one or more test reports respecting metallurgical, physical or other tests performed on the product pursuant to a product grade or specification. Seller may, at its sole discretion, expedite material shipments to Buyer in advance of any associated metallurgical, physical or other test reports. In such cases, Buyer shall: (a) receive any such expedited shipment at its premises; and (b) not consume or otherwise process such products until it receives such test reports from Seller indicating conformance with the applicable grade or specification.

4. TITLE AND RISK

Unless otherwise specifically stated, INCO terms apply. Unless otherwise specifically agreed to in writing by Seller, all sales of products hereunder are FCA/CPT Seller's plant and title to such products shall pass to Buyer upon delivery by Seller to a carrier for transportation to Buyer. Title to products sold FCA/CPT destination shall pass to Buyer upon arrival at the destination specified and charges at destination for spotting, switching, handling, storage, demurrage and other accessory services shall be for Buyer's account. All products shall be and remain at the risk of Buyer from and after the time at which title passes. Buyer hereby constitutes and appoints Seller, its divisions and subsidiaries to act through any of its licensed officers or any employee specifically authorized to act for such corporation as the true and lawful agent and attorney of the Buyer effective from the date hereof to act for and in the name of and on behalf of the Buyer, with full power of substitution, to make, endorse, declare, swear, execute, negotiate, sign, seal, deliver, issue, perform any act or generally transact in respect of any declaration, certificate, affidavit, bill of lading, sworn statement or any other document relating to customs matters required by law or regulation in any customs district, and to do all acts and things necessary with respect to all customs matters required by law or regulation in all customs districts including, without limitation, in connection with: (a) the importation, transportation,

exportation or receiving of any merchandise shipped or consigned by or to the Buyer or the performance of any act related thereto or which may be required by law or regulation in connection with such merchandise; (b) the conferring of authority to make entry and collect drawback and to make, sign, declare or swear to any document which may be required by law or regulation for drawback purposes, regardless of whether such document is intended for filing in said district or in any other customs district; (c) the entry or withdrawal of imported or exported merchandise with or without the benefit of drawback or the entry, clearance, lading, unloading or navigation of any vessel or other means of conveyance owned or operated by the Buyer; (d) the transaction of customs business on behalf of the Buyer; (e) the receipt, collection or endorsement of cheques issued for customs duty refunds in Buyer's name; (f) the acceptance of service of process on behalf of the Buyer; (g) the issuance of powers of attorney on behalf of the Buyer to transact customs business on behalf of the Buyer and (h) generally transact in any district any and all customs business, including making, signing, and filing of protests in which the Buyer is or may be concerned or interested and which may properly be transacted or performed by an agent, giving to said agent full power and authority to do anything whatever requisite and necessary to be done in the premises as fully as Buyer could do if present and acting, hereby ratifying and confirming all that the said agent shall lawfully do by virtue of these presents. This power of attorney supersedes any prior delegation of authority that conflicts with it. The Buyer agrees to be bound by any representations or actions made or taken by the Seller pursuant to this power of attorney, and waives any and all defenses that may be available to contest, negate or disaffirm any action of the Seller taken in good faith under this power of attorney. The Buyer agrees that all acts of the Seller are ratified and approved and directs that the Seller will be fully and completely indemnified against all claims, actions and costs which may be incurred by or imposed on it in connection with the exercise of this power of attorney in good faith. The foregoing power of attorney is to remain in full force and effect until notice of revocation in writing is duly given to and received by the Seller. If the donor of this power of attorney is a partnership, the said power shall in no case have any force or effect after the expiration of two years from the date of its execution. In the execution of this document, it is expressly understood that the Seller, its parent, its divisions and its wholly owned subsidiaries, limit their liability to the extent provided for under law and in accordance with, the within Terms and Conditions.

5. PRICES, TAXES AND DUTIES

Unless otherwise specifically agreed to in writing by Seller, all shipments shall be priced at Seller's prices and transportation charges in effect at the time of shipment and Buyer, unless it delivers to Seller an appropriate certificate or other proof of exemption, shall be liable for and shall pay all present and future taxes and duties and any increases thereon relating to the sale or delivery of products hereunder; provided that any such taxes

or duties required by applicable law(s) to be paid or collected by Seller shall be added to and become a part of the price payable by Buyer to Seller. Seller shall have the right to correct any typographical or mathematical errors in any quotation, order or invoice.

6. TERMS OF PAYMENT

Terms of payment shall be established by Seller at the time an order is accepted but Seller reserves the right to change the terms of payment at any time prior to shipment and to refuse to make delivery pending modification satisfactory to Seller of the terms of payment if, in Seller's sole opinion, the financial position of Buyer has so changed prior to delivery as to render Seller insecure. Unless otherwise requested by Seller, payment by Buyer for products sold hereunder shall be made in Canadian funds at Sault Ste. Marie, Ontario. If Buyer fails to make payment when due hereunder, Seller may suspend production, shipment or delivery of products then on order by Buyer or which may thereafter be ordered by Buyer until such payment is made and until security arrangements satisfactory to Seller are made with respect to any future payments due hereunder. Seller shall be entitled upon notice to Buyer to charge interest on any past due account at the maximum rate permitted by applicable law.

7. WARRANTY AND CLAIMS

Subject to the other provisions of these conditions of sale, Seller warrants that all products sold hereunder will conform to any specifications expressly agreed to in writing by Seller. Provided claims are made promptly following delivery of the product to Buyer (and, in any event, not later than 12 months after such delivery) and Seller is given a reasonable opportunity to investigate, Seller shall at its option repair, replace or repay the price paid for any product which fails to conform to said specifications, and Buyer shall have no other remedy. Products shall not be returned without Seller's permission. Except as specifically provided in this paragraph, Seller shall not be liable, whether in contract, tort or otherwise, for any defect in any product or for failure to conform to specifications or for breach of warranty or condition, express or implied, statutory or otherwise, howsoever it may arise, or any fault whatsoever, and shall not be liable for any loss or damage resulting from any such defect, failure to conform, breach of warranty or condition, or fault, whether such loss or damage is direct, indirect, or consequential. The terms of this paragraph shall survive any termination or cancellation of this contract, whether mutual or by either party, or whether due to any other type of discharge or due to any type of breach (including without limitation breach of a fundamental term of contract).

8. FORCE MAJEURE

Without limiting any other provisions of these conditions of sale, Seller shall not be liable for any loss or damage of any kind or nature whatsoever, whether direct, indirect or consequential, caused by a failure or delay in performance when such failure or delay is caused by strikes, lockouts, labour disputes, accidents, fires, delays in manufacturing, transportation or delivery of material, acts of God, embargo, civil commotion, government action whether federal, provincial, municipal, foreign or otherwise, or any other cause or causes beyond Seller's control.

9. INSPECTION

Where a mill inspection is made by or on behalf of Buyer, Buyer's inspector shall be deemed to be the agent of Buyer and shall have authority to waive specified tests and details of testing procedure, and to accept any product as conforming to this contract with respect to all characteristics of such product for which inspection is made.

10. PATENT INFRINGEMENT

Provided that Buyer promptly notifies Seller of the claimed patent infringement, permits Seller to assume the defense thereof, and co-operates with Seller with respect to such defense, Seller shall indemnify Buyer against all direct and actual costs and damages recovered from Buyer by a third person in any legal proceedings for infringement of Canadian patents by the normal intended use of the products furnished hereunder or by the resale of such products. If any product is produced under special design and/or specification of Buyer not customarily followed by Seller, no liability under this paragraph shall arise against Seller, and Buyer shall save Seller harmless from all direct and actual costs and damages arising from or based upon any alleged patent infringements resulting from Seller's use of any such design and/or specification originating with Buyer.

11. ENTIRE AGREEMENT; DISCLAIMER OF WARRANTIES
THESE CONDITIONS OF SALE AND ANY OTHER TERMS AND CONDITIONS SPECIFICALLY AGREED TO IN WRITING BY SELLER CONTAIN ALL OF THE SPECIFICATIONS, TERMS, REPRESENTATIONS, WARRANTIES AND CONDITIONS APPLICABLE TO THE PRODUCTS AND SERVICES FURNISHED HEREUNDER AND ALL OTHERS, WHETHER WRITTEN, ORAL, IMPLIED OR STATUTORY, ARE SPECIFICALLY EXCLUDED UNLESS OTHERWISE SPECIFICALLY AGREED TO IN WRITING BY SELLER AND BUYER. IN PARTICULAR, ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COURSE OF DEALING OR USAGE OF TRADE ARE HEREBY EXPRESSLY DISCLAIMED AND EXCLUDED. IF ANY PROVISIONS IN BUYER'S PURCHASE ORDER OR ANY OTHER DOCUMENT CONFLICT WITH OR CONTRADICT THE TERMS HEREOF OR INCLUDE ADDITIONAL TERMS NOT SET FORTH HEREIN, SUCH CONFLICTING OR ADDITIONAL PROVISIONS SHALL BE OF NO FORCE AND EFFECT AND THESE CONDITIONS OF SALE SHALL GOVERN.

12. WAIVER, ALTERATION AND MODIFICATION

No waiver, alteration or modification of any specification, term, warranty or condition applicable to the products and services furnished hereunder or of any other term or condition of this contract shall be binding upon Seller unless made in writing and signed by an authorized representative of Seller. Waiver by Seller of any breach of these provisions shall not be construed as a waiver of any further or other breach.

13. LAW APPLICABLE

This contract shall be deemed to have been made in the Province of Ontario and its provisions, interpretation and performance shall be governed by the laws of the Province of Ontario.

14. SEVERABILITY

Any provision hereof which is contrary to law shall not invalidate any other provision hereof and shall be severed and deleted herefrom.