

THIS AGREEMENT is made effective as of the ..1..... day of *Oct.*, 2011, between **The Bloom Lake Iron Ore Mine Limited Partnership**, by and through its General Partner, Bloom Lake General Partner Limited ("Buyer") and **Beumer Corporation** ("Seller").

Intending to be legally bound, the parties agree as follows:

**1. SALE OF EQUIPMENT**

Buyer agrees to purchase from Seller, an under cover tripper conveyor and an ore storage building designed to accept material from the Beumer OLC conveyor purchased under a separate contract (the "Systems," each individually described in the **Scope of Work**, attached as **Exhibit A**). Buyer agrees to purchase the Systems from Seller on the terms and conditions set forth herein as well as the terms and conditions set forth in the **Standard Terms and Conditions – Purchasing of Equipment**, attached as **Exhibit B**, which is incorporated herein by reference.

**2. PURCHASE PRICE**

The total purchase price (the "Purchase Price") for the Systems is as itemized on **Exhibit C**, is exclusive of freight duties, applicable sales/use taxes, interest and exchange rate rollover costs, and similar fees or charges, and will be payable in accordance with the payment schedule detailed on **Exhibit C**.

**3. DELIVERY SCHEDULE**

Seller will deliver the Systems to the agreed-upon location (the "Mine") in accordance with the delivery schedule on **Exhibit C**.

**4. INITIAL SPARE PARTS (Commissioning Spares)**

To be provided with the overland conveyor under a separate agreement.

**5. CRITICAL SPARES**

Seller will take all reasonable steps ensure that critical components are available for warranty replacement or non-warranty replacement (as applicable) in a timely fashion. Seller and Buyer will jointly develop a list of such critical components.

**6. FUTURE SPARE PARTS AND REBUILDS**

Seller and Buyer will mutually agree on pricing for rebuilds and spare parts at time of Systems start up. Pricing during the initial year of operation of the first System will not exceed pricing agreed at Systems start up for the same items (or similar items in the case of updated or redesigned parts) being purchased as of the date of this Agreement.

**7. PAYMENT TERMS**

Payment terms for spare parts, service/exchange components, and other goods and services will be 2% 10 Net 45. The 2% discount will not apply to invoices issued during any period when Buyer's account is not current. Buyer's account is considered current when

## **PURCHASE AGREEMENT**

there are no outstanding overdue (i.e. unpaid for greater than 45 days) payments. Disputed charges will not be considered overdue but will not be eligible for the 2% discount.

### **8. REPORTING**

Seller and Buyer will meet quarterly until Systems start up to discuss any issues relating to the Systems. During all project stages, including engineering and manufacturing, Seller will provide Buyer with monthly progress reports.

### **9. CANCELLATION AND TERMINATION**

- 9.1 If Buyer cancels all or part of its order for the Systems for any reason, (including paragraph 9.3 below), Buyer will pay and/or reimburse Seller for its actual costs and expenses reasonably incurred in connection with processing the cancelled Systems through the effective date of cancellation (per the notice requirements below). Buyer shall not be responsible for any additional damages, including consequential damages, which may arise from the cancellation. All cancellations must be made on at least 30 days prior written notice to Seller. All amounts owing to Seller for cancellation by Buyer are due within 45 days of the date of Seller' invoice.
- 9.2 Seller shall provide detailed invoices, bills of lading, purchase orders and/or other forms of independent written proof reasonably satisfactory to Buyer as verification of the actual costs and expenses reasonably incurred as a result of Buyer's cancellation.
- 9.3 Buyer, in addition to Buyer's other rights and remedies, reserves the right to terminate the Agreement or any applicable Service Request immediately, without further payment obligations if, in the discretion of Buyer, Seller has failed to enforce or comply with applicable safety, health, environmental or other laws, regulations, policies, requirements, or rules

### **10. DRAWINGS AND PROTOTYPE INSPECTION**

Seller agrees to use reasonable commercial efforts to deliver to Buyer no later than 30 June, 2012, engineering arrangement drawings and erection information for the Systems. Buyer agrees to provide Seller with written approval of all drawings submitted by Seller within 10 business days of their submission (or re-submission in the event Buyer notifies Seller in writing within an earlier approval period that any drawings are not approved.)

### **11. TRAINING AND SERVICE**

- 11.1 Seller will provide training for Buyer's qualified technicians concerning the proper operation and maintenance of the Systems as set forth in **Exhibit E** of the overland conveyor supply contract, attached hereto and incorporated herein by reference.
- 11.2 Seller will provide Service in connection with the installation supervision, start-up and initial period of operation of the Systems, as set forth in

## PURCHASE AGREEMENT

Exhibit E of the overland conveyor supply contract attached hereto and incorporated herein by reference.

### 12. COMPLIANCE WITH APPLICABLE LAWS AND COMPANY RULES

Seller shall comply with: (i) Buyer safety rules and other rules set forth on Exhibit F attached hereto or otherwise provided to Seller by Buyer and (ii) all applicable laws, rules, regulations, orders and/or permits in effect at the time Buyer provides a Service Request or the Services are performed, which, to the best of its knowledge, information, and belief, apply to the respective obligations of Seller pursuant to the Agreement.

Buyer shall pay for any reasonable charges from Seller for Services required on the part of Seller to comply with rules, laws or regulations (a) which become effective after the execution of the Agreement and (b) which could not have been reasonably anticipated in the quote for the Services.

### 13. NOTICES

All notices to the parties under this Agreement will be in writing, delivered in person or sent via facsimile, certified mail or an express mail carrier, and directed as follows:

TO Buyer:

Pascal Vallée  
Directeur de Projet & Améliorations  
The Bloom Lake Iron Ore Mine Limited Partnership  
1115 Rue University, Suite 508  
Montréal, Québec H3B 3A7  
Canada  
Tel. 514.895.5116  
Fax. 514.393.9041

with copy to:

Cliffs Natural Resources Inc.  
ATTN: North American Legal Department  
1100 Superior Avenue, Suite 1500  
Cleveland, Ohio 44114  
Tel. 216.694.5700  
Fax. 216.694.6741

TO Seller:

Brad Williams – Director of Projects  
Beumer Kansas City  
4435 Main St, Suite 750  
Kansas City, MO 64111  
Tel. 816.245.7249  
Fax. 816.605.1693

## PURCHASE AGREEMENT

Any such notices will be deemed received when placed in the U.S. Mail (certified mail) or to an express mail carrier, when personally delivered.

### 14. MISCELLANEOUS

- 14.1 Assignment. Neither this Agreement nor any right, interest or obligation hereunder may be assigned, pledged or otherwise transferred by any party, whether by operation of law or otherwise, without the prior written consent of the other party, which consent shall not be unreasonably withheld. Refusal of Buyer to consent to any less than full Assignment of this agreement to another entity (for example, and not by way of limitation, if Seller were purchased or acquired by another company) shall not be considered as consent unreasonably withheld.
- 14.2 Waivers. The due performance or observance by the parties of their respective obligations hereunder will not be waived, and the rights and remedies of the parties hereunder will not be affected, by any course of dealing or performance or by any delay or failure of any party in exercising any such right or remedy. The due performance or observance by a party of any of its obligations hereunder may be waived only by a writing signed by the party against whom enforcement of such waiver is sought, and any such waiver will be effective only to the extent specifically set forth in such writing.
- 14.3 No Agency. Neither party is or will be an employee, agent, representative, joint venturer or partner of the other party, but each is and will remain an independent contractor. Without limiting the generality of the foregoing, the parties agree that Seller is an independent contractor in the performance of each and every part of this Agreement. Seller will have full and complete control as an independent contractor of its activities and operations, and those of any of its subcontractors under this Agreement. Seller's employees will be deemed for all purposes the employees of Seller and subject to Seller's sole and exclusive direction, supervision and control.
- 14.4 Agreement. The provisions of this Agreement (including all attached Exhibits and other referenced documents, which are incorporated by reference herein) are intended by the parties as the final expression of their agreement and are the complete and exclusive statement of the terms of their agreement superseding all previous or simultaneous communications whether oral or written. This Agreement cannot be modified or rescinded in any way except in a writing signed by the party against whom enforcement of such modification or rescission is being sought, nor will this Agreement be modified, rescinded or altered by any subsequent course of conduct or dealing between the parties. In case of a conflict between this Agreement and the terms of a purchase order from Buyer, the terms of this Agreement will control and prevail.
- 14.5 Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision.
- 14.6 Governing Law. Any disputes arising out of or in conjunction with this Agreement shall be adjudicated in the local, state or federal courts of Cleveland, Ohio and shall be interpreted in accordance with the laws of the State of Ohio and for all purposes will be governed by and construed and enforced in accordance with the laws of the State of Ohio.


**PURCHASE AGREEMENT**

- 14.7 Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts, and by each of the parties on separate counterparts, each of which, when so executed, will be deemed an original, but all of which will constitute but one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic mail will be equally as effective as delivery of a manually executed counterpart of this Agreement.
- 14.8 Successors and Assigns. This Agreement will be binding upon and will inure to the benefit of each of the parties and their respective heirs, successors and permitted assigns.
- 14.9 Software. For software components of the Systems, the terms "purchased" or "sold" as used herein mean "licensed" subject to the following: (i) Seller hereby grants to Buyer a perpetual, non-exclusive, fully paid-up world-wide license to use any and all software components of the Systems, and (ii) Buyer may install software on back-up or replacement hardware as long as the total number of software copies in use at any time does not exceed the number originally installed.

EXECUTED THIS DAY AND YEAR FIRST ABOVE WRITTEN.

**The Bloom Lake Iron Ore Mine Limited Partnership**  
by its General Partner, Bloom Lake General Partner Limited

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By: David B. Blake

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Title: President

**Beumer Corporation**

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By: Simon Shipp

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Title: Vice President

## PURCHASE AGREEMENT

### Exhibit A – Purchased Equipment (Statement Of Work)

One (1) 72" BW (1830mm) Tripper Conveyor rated at 6,000 TPH complete with supports, rail, skirtboard, idlers and vertical gravity take-up. Conveyor includes guarding and safety switches.

One (1) 72" BW (1830mm) Tripper Car complete with dual discharge chute, two (2) traverse drives and Ingus Energy Chain w/chainflex cables

One (1) Storage Structure over ore stockpile with optional escape stairways as per Exhibit C.

One (1) Labor Services as follows

Installation Support Day shift 12 hour working day 1 technician	28 weeks
Pre Start up Inspections 12 hour working day 1 technician	2 week
Dry start up 12 hour working day 1 technician	2 weeks
Material start up 12 hour working day 2 technicians	3 weeks
Operational support 24 hours	12 weeks
Operational support 12 hour working day 1 technician	30 weeks

Beumer supplies labor service only. Travel inside Canada, accommodation, food and local transport

Will be supplied by Cliffs or billable at cost.

Beumer's scope of work does not include the items listed under Specification S05539C-P25601-45W-WPF-001 Section 2.2 Work Excluded, Transportation cost, motors over 200 HP and motor starters.

Structural Steel and mechanical fabrication shall be cleaned per SSPC-SP6 and painted with a two (2) coat paint system consisting of:

Primer – Sherwin Williams Macropoxy® HS High Solids Epoxy 3 – 4 mils dft

Finish – Sherwin Williams Hi-Solids Polyurethane 3 – 4 mils dft

Mechanical components will be supplied with manufacture's standard finish.

#### Controls

PLC software engineering for electrical control system for Tripper Conveyor

Control technology design approach and determination

Functional descriptions and operating narrative for complete control system

Kick off meeting and control design requirements appraisal

FAT at drive supplier

Integration testing for PLC prior to delivery

PLC software simulation testing

PLC software based on Schneider System Quantum with PLC Software Unity

3 weeks onsite additional commissioning time based on day shift 12 hour working days for start up (accommodation, meals and travel inside Canada paid by Cliffs)

## PURCHASE AGREEMENT

### Note: Approach to Preassembly

Beumer is planning to add execution of preassembly for the conveyor sections at the Cliffs proposed assembly shop (Fransi Construction) in Baie Comeau. The preassembly will be managed by Beumer and the approved steel fabricator to enable aggressive reductions in installation time to be achieved.

Beumer intends at this time to present an offer to preassemble the equipment and we are reviewing Cost + Options, see pricing table Exhibit C.

All freight associated with material and components to the job site or pre-assembly shop will be presented at a cost + rate to be decided to cover logistics management, overhead and profit. Freight and logistics from pre assembly to job site will be responsibility of Cliffs.

Beumer and Cliffs will jointly agree a change order or separate service order to cover preassembly, freight and logistics.

Shipping to jobsite or Pre Assembly site in Canada (See Note Above)

- Mechanical equipment will be prepared for shipment by the manufacturers per their standard packaging.
- Conveyor drives will be prepared for shipment with reducer, motor and couplings mounted to a common base plate.
- Pulleys will have pillow block bearing assembled.
- Belting will be packaged with open sided steel HexPak reels, with protective circumferential wrap and steel banding.
- Switches will be shipped loose for field installation or preassembly shop.
- Idlers for the Tripper Conveyor will be prepared for shipment on pallets with rolls installed.
- Chutes and skirtboards will be shipped with liners installed.
- Tripper shall be assembled to the extent allowed for standard shipping, Typical assembly includes wheel and axles with traverse drives, pulleys, idlers and switches. Access walkways and upper chute section are field assembled.

### Points of Shipment

#### Tripper Conveyor:

FCA Pella, IA, USA / FCA Wallaceburg, ON, Canada  
Idlers, Pulleys

FCA Marysville, OH, USA  
Belting

FCA Elgin, IL, USA  
Hood Covers

FCA Lyman, SC, USA  
Drive Units

## PURCHASE AGREEMENT

FCA Pickneyville, IL, USA  
Walkway Grating

FCA Neponset, IL, USA  
Belt Cleaners

FCA Cullman, AL, USA  
Steel Structures

FCA Elgin, IL, USA  
Roofing & Siding

FCA Minneapolis, MN, USA  
Electrical Devices

### Vendor List

#### Tripper Conveyor

Main drive motor:	by others
Speed reducer:	SEW
High speed coupling:	SEW
Low speed coupling:	SEW
Creep drive unit:	SEW
Belting:	Veyance
Idlers:	Precismeca
Pulleys:	Precision Pulley & Idler / Dodge

**Note:** Beumer will appraise and support a full investigation for the option to use Enduride idlers. Beumer will work with Cliffs to create comparison between existing approved supply options and Enduride. Beumer will work with Cliffs to achieve the most competitive and technically competent supplier solution.

Beumer will supply technical appraisal and comparison data including cost effect differences for the idler options. Decision of supplier will be jointly agreed by Cliffs and Beumer.

### Technical Exceptions and Clarifications

Data Sheets S05539C-P25601-45W-DSH-001, 002 and 003

Safety Devices and Accessories – Seal belt, welding plug at ends and calibration chain are not included.

Specification S05539C-P25601-45W-SFA-001

Section 2.1 – Conveyors are designed for -40 degrees Celsius, restarting a fully loaded conveyor after an extended period below -20 degree Celsius may not be possible due to the increased resistance in the bearings of the idler rollers.

Section 2.2.3 – Tripper does not include a reversible cross belt conveyor. Tripper is supplied with a dual discharge chute.



## PURCHASE AGREEMENT

Specification S05539C-P25601-45W-WPF-001

Section 2.1 – Conveyors will be dressed with necessary instrumentation with standard terminal blocks.

Specification S05539C-02000-45E-DCR-002

Section 3.1 – Tripper Conveyor belt speed shall not exceed 3 m/s.

– Belt reeling stands and reels are not included.

Section 3.2.1 – Grease will be ESSO Epic EP102 or equal

– Rollers will be supplied with deep grooved ball bearings

Section 3.2.2 – Idlers for Sacrificial and Tripper Conveyors shall be 35 degree with maximum spacing of 0.914m (3 ft.).

Section 3.8 – All belting included shall have covers of Grade I.

Section 3.13 – No fire protection system is included. Mobil water tank, etc to meet FM Global Data Sheet 7-11 shall be supplied by others.

Section 3.17 – Side guide rollers will not be used, an additional fourth roller will be utilized to prevent belt buckling and folding over.

Section 5.0 – "GAS Loaded" Tensioners are not available with Martin Engineering products, standard spring tensioners are included.

Specification S05539C-P25601-48W-SFG-001

Section 4.0 – Cable tray shall be located under the Conveyors supported at 3m. Mounting hardware and cable tray supplied by others. The main motors for the Tripper Conveyor are supplied by others including all motor starters and Variable Frequency Drives. The creep drive motors are supplied by Beumer.

Section 7.8 – Target for tripper car position laser is not included. For distances less than 250m, no reflector is required. Tripper travel in this instance is 120m. The tripper head chute could be the target. If a reflector is required it should be purchased with the device and mounted to the head chute of the tripper.

## **PURCHASE AGREEMENT**

### **Exhibit B – Terms and Conditions**

Contained in CT-Beumer Terms and Conditions appended to the Purchase Agreement under separate cover.

**PURCHASE AGREEMENT**

**Exhibit C – Payment and Delivery Schedule**

1.0	<b>Tripper Conveyor Equipment no #2420-5251-004 including storage shed</b>	
	Mechanical	\$697,149
	Structural	\$12,490,680
	Engineering	\$503,098
1.1	<b>Additions / Deletions of Previously Discussed Options</b>	
	Supply second secondary cleaner for all conveyors	\$3,950
	Design and supply of a stair tower at north end of the Ore Storage Shed	\$181,200
	Add siding and roofing, flashing, man doors, etc.	
	Deduct to delete roofing and siding from scope, Beumer will supply roof purlins for TT and girts for storage shed	(\$562,000)
	Enclose the ends of the Ore Storage Building	\$953,115
1.2	<b>Additional Items resulting from progress meetings</b>	
	Provide escape ways to ore storage shed	See Escape Way Options Below Total
1.3	<b>Savings Offered</b>	
	Supply Precismeca idler rolls	(\$127,800)
	Use Sherwin-Williams Paint	(\$39,000)
1.4	Controls	\$87,685
1.5	Pre-assembly	T.B.D. Beumer Reviewing cost+ options in progress
1.6	Freight	Cost + in progress
1.7	<b>Subtotal</b>	<b>\$14,188,077</b>
2.1	<b>Additional Items resulting from progress meetings</b>	
	Applicable flat Daily Rate for 2012 labor services \$1550 for 12 hour days over the labor contained within the lump sum contract.	
3.0	<b>Total</b>	<b>\$14,188,077</b>
4.0	<b>Escape Way Option One</b> Consisting of modification and additional steel to ore storage	\$4,985,400 lump sum offer

## PURCHASE AGREEMENT

	building design. Reinforcement of roof to storage building. Design change is and steel to accommodate interior walkways, frames and exterior walkways. Interior and exterior walkways with grip strut and handrail. Modification of design and additional engineering.	Beumer is reviewing cost + options also in progress
5.0	<b>Escape Way Option Two</b> 8 additional walkways and 8 intermediate stair towers to provide egress from building (emergency escape) Reinforcement of roof truss steel to building Additional costs for walkway steel, access towers, engineering and design costs	\$2,683,000 lump sum offer  Beumer is reviewing cost + options also in progress
6.0	<b>Items Not Supplied by Beumer</b> <ul style="list-style-type: none"> <li>• <b>Belt Splicing kits</b></li> <li>• <b>Supply Sensor Guard Rip Detection</b></li> <li>• <b>Intermediate stair tower with walkway bridge at ore storage building</b></li> <li>• <b>Siding, roofing, flashing and man door access</b></li> </ul>	

### 1. Schedule of payment for the project (main supply contract)

- 10% down payment
- 5% with submitted engineering documents (conveyor route drawing and NTE loads information)
- 25% against purchase and procurement commencement
- 50% through delivery phase (Monthly invoicing)
- 5% at equipment start up, payment date not to exceed Dec 31<sup>st</sup> 2012
- 5% Acceptance test passed, payment date not to exceed April 30<sup>th</sup> 2013

10% of each invoice will be retained.

### 2. Payment for Additional Site Labor (labor not contained within lump sum contract)

- Site hours shown in Exhibit A will be deducted from the lump sum amount that is included in contract. Time sheets will be presented weekly.
- Site labor in excess of lump sum contract hours will presented on time sheets weekly for client approval at agreed flat rate.
- Invoicing for additional labor hours beyond contract or for labor services supplied in addition to contract will be invoiced monthly at Cliffs daily flat rate. No retention will apply to labor in excess of lump sum contract inclusion.

Retained amount will be placed in interest bearing joint escrow account with dual signatory rights. Upon successful Acceptance test and operation of the plant or by June 30<sup>th</sup> 2013,

## **PURCHASE AGREEMENT**

whichever is sooner retained amount will be released. Interest amount will be split evenly between supplier and owner.

Prices are valid for acceptance until 1<sup>st</sup> October 2011.

Prices are subject to escalation per following:

- 40% of contract amount is subject to escalation based on BLS index WPU111- Machinery and Equipment.
- 60% of contract amount is subject to escalation based on PPI index BLS code 332312- Fabricated Structural Steel Manufacturing.

Pricing does not include any sales or use taxes.

## PURCHASE AGREEMENT

### Beumer Provisional Schedule of Critical Dates

Task	Start	Finish
<b>Bloom Lake Project - Phase II</b>	<b>08/11/11</b>	<b>09/30/12</b>
Notice to Proceed	08/15/11	09/14/11
Misc	08/11/11	08/11/12
Site Plan	08/11/11	09/11/11
Machinery and Pulley Schedule	11/07/11	12/11/11
Specification Sheet	08/11/11	09/23/11
Mechanical and Structural Standards	08/25/11	10/08/11
O&M Manual	05/31/12	08/11/12
<b>Engineering</b>	08/11/11	05/19/12
Tripper Conveyor / Tripper	08/11/11	04/06/12
Ore Storage Shed	08/11/11	05/19/12
<b>Equipment Procurement</b>	08/11/11	06/09/12
<b>Steel Procurement</b>	08/22/11	12/11/11
<b>Fabrication</b>	09/20/11	09/15/12
Fabricate & Deliver Tripper Conv	01/12/12	09/15/12
Fabricate Tripper	01/12/12	08/30/12
Fabrication Tripper Trusses	01/12/12	08/30/12
Fabrication Tripper Car and deliver	03/02/12	09/15/12
Fabricate & Deliver Ore Storage Shed	01/13/12	08/30/12
Fabrication Detail Drawings and Sub-Ass'y drawings	01/13/12	04/14/12
Review of Shop Details	03/16/12	05/12/12
Fabricate Ore Storage Shed	03/30/12	08/15/12
Delivery Ore Storage Shed	05/25/12	08/23/12

## PURCHASE AGREEMENT

### **Exhibit E – Service and Support Program & Training**

The labor services described in sections 1 through 4 will be included in the supply of the conveying system detailed under Exhibit C.

The items contained in section 5 are optional service programs that Beumer can provide.

Beumer intent is to recruit at least one French speaking Quebec based Technician to provide the main point of contact and interface with Cliffs staff present at site during various phases of the on-site time required. Cliffs will be invited to attend final interviews for short listed candidates, given that the individual selected will be exclusively on Cliff's site for an extended time period. Final candidate selection will be jointly agreed between Cliffs and Beumer. The candidate will be a full time Beumer employee managed and directed by Beumer Kansas City.

We plan to have the individual trained and ready for start of site time during the early to mid phase of the installation period in 2012. Beumer may also supplement this approach with additional field labor (Beumer start up and service technicians) or prequalified and trained sub-contractors.

Beumer supplies labor service only. Travel inside Canada, accommodation, food and local transport

Will be supplied by Cliffs or billable at cost.

#### **1. Installation Supervision**

Beumer will supply supervision to enable effective and accurate installation of the items to be supplied under Exhibit A. The supervision support will be in the form of a qualified and trained technician who can recommend and advise on erection, equipment storage and effective handling of all items within Beumer scope of supply.

No field labor is included in the contract, supervisory technician services only.

Normal working day will be 12 hours day shift. The total number of weeks provided in the scope for installation support is 28 weeks.

#### **2. Start-Up services**

Start-Up Services will comprise of the following activity to be conducted by Beumer as follows.

##### **I. Installation Checking and Certification for Commencement of Test Operation**

Beumer will perform dry installation checks including, but not restricted to conveyor alignment, belt splice conditions, general conveyor condition, general inspection, tail end checks, drive end checks, final assembly etc. Switches and safety equipment installation and operation check will also be completed. Setting up and initial adjustment of belt cleaners will be completed. Installation of all covers and guards will be checked. An installation checklist will be produced and any items requiring rectification will be submitted and discussed with installation contractor and owner.

## **PURCHASE AGREEMENT**

Beumer has included 2 working weeks 12 hour day shift. This assumes installation is fully complete at time of checking.

Beumer will issue written report and will recheck modifications or rectification work prior to starting dry start up.

### **II. Dry Start-Up services**

Beumer will perform initial dry operation of the conveyor over a 2 week period. Based on 12 hour day shift.

In order for dry start up to commence the following conditions need to be met:

- Certificate of conveyor and system check from Beumer technician is in place
- Power available to all equipment in scope
- All safety equipment is in place and checked
- Initial proving of control system, joint commencement agreement agreed between Beumer, electrical controls technician and owner.

The initial dry start up will in general terms take place as follows

- Dry start up initiated, short duration of initial run and operation observed
- Setting of cleaners, tracking
- Winch adjustment and final setting dry belt tension adjustments completed
- Extended dry run building up to consistent level of running hours completed
- Checking and operation of control system, including safety interlocks completed
- Operation of creep drive and emergency operation completed
- Continuous operation of conveyor dry established completed

### **III. Wet Start Up Services**

Beumer will perform wet operation of the conveyor over a 3 week period based on 12 hour day shift. Beumer has provided two technicians for the completion of the wet commissioning period. Wet commissioning is based on day shift operation extending towards fulltime operation at end of start-up period.

In order for wet start up to commence the following conditions need to be met:

- Proven dry operation and completed inspection report of conveyor and system check from Beumer technician in place
- Sufficient material available from owner to run conveyors at capacity
- All safety equipment in place and checked
- Final proving of control system
- Storage hall ready to receive material and or mobile equipment provided by owner to remove material from site

The wet start up will in general terms as follows

- Wet start up initiated, short duration of initial run and operation
- Final setting of cleaners, tracking



## PURCHASE AGREEMENT

- Winch adjustment and final setting
- Extended wet run building up to consistent level of full running hours
- Checking and operation of control system
- Operation of creep drive and emergency operation
- Continuous operation of conveyor dry established
- Testing of conveyors at full capacity for Customer Acceptance
  - As per Terms and Conditions a 4 hour test will be run
  - All conveyors will be tested at 6000tph average for a continuous 4 hour period
  - Successful completion shall result in Customer Acceptance
  - Unsuccessful completion shall require adjustment and retesting as per terms and conditions

### 3. Operator Training

The approach and curriculum for training is provisionally planned as follows

Beumer suggests a mix of classroom and practical on job training sessions.

The labor to complete training is the same individuals that will be on site for installation supervision, start up and initial period of operation.

#### I. Conveyor General Classroom Training Sessions (All Staff)

This will be a general overview of the basic design and approach criteria for belt conveyors. This will be accomplished in a 4 hour (morning or afternoon) classroom session maximum group size 12.

- OLC design
- Components and design criteria
- Approach and differences to conventional horizontal conveyors
- Explanation of drawings, manuals and procedures
- Beumer customer support program explanation and contacts

#### II. Practical Operator Training (Operator Training)

This can be accomplished in 2 - 3 days with a maximum group size of 3. This can be done after an initial period of start up.

- OLC operational characteristics
- Start up and shut down
- Emergency operation
- Belt tracking and belt running observations
- Cleaner setting
- Trouble shooting
- Wear parts and wear indicators (operational performance assessment)

#### III. Practical Maintenance Training (Maintenance Staff)

This can be accomplished in 3 days with a maximum group size of 3.

## PURCHASE AGREEMENT

- Detailed equipment set up and wear observations
- Monitor and observation of typical wear parts
- Key component change and maintenance
- Check sheets and inspection criteria
- Maintenance schedule and program
- Optimization of conveyor performance

Beumer has included 3 introduction classroom sessions and 4 sessions each for operator and maintenance training on site in scope.

#### **4. Initial period of Operation Support**

Beumer intends to support Cliffs in the initial period of operation and has included in the contract the following post start up site services level.

Post operation support commences from the completion of startup and will include acceptance testing completion.

The scope of support for initial operation will be for the following activity

- Conveyor optimization
- Regular running adjustments recommendations for equipment
- Inspection and monitoring of equipment with Cliffs staff
- Ongoing training for Cliffs site engineering and operators
- Technical advice for Cliffs staff
- Assistance in setting maintenance inspections schedules and intervals with Cliffs maintenance group
- Supporting spare parts inventory and ordering
- Supervision of any spares fitting as required
- Work to assist in the determination of any potential warranty claim or performance exception

The principle is to create a sense of comfort for Cliffs and to ensure that the conveyor operation is smooth and consistent. Beumer has provided coverage initially day and night. Beumer anticipates that a reduction in site presence to day working only can occur, when the conveyor operation and performance is consistent. Beumer has allowed for 24 hour coverage for the first 12 weeks of operation. Beumer has allowed for a further 30 weeks of support based on day shift running hours 12 hour days.

This will provide a total of 42 weeks of support from start up.

#### **5. Optional Beumer Combined Customer Support Program Options**

Beumer suggests that Cliffs consider combined site support programs once Beumer contract inclusive support is completed.

This can be designed with varying levels of service and some options have been outlined below.

Contract duration is subject to discussion, Beumer can suggest 1, 3 or 5 year terms.

## **PURCHASE AGREEMENT**

Beumer will supply pricing for these options on request at anytime, firm prices can only be agreed at time of contract start.

### **Level One Spare parts and service schedule**

Under this arrangement Beumer will issue a service plan and spares holding level. All labor services will be selected and pre priced up front on an annual basis from a Cliffs preferred rate sheet. This will essentially be a time and materials supply basis taken as required by owner with pricing set in advance for the following year.

The rate sheet will contain Cliffs preferred labor rates and spares pricing level.

Labor should be scheduled in advance

Spares deliveries will be defined in advance along with the recommended delivery intervals.

### **Level Two Predetermined Inspection and Spares Contract**

This will be a service contract with 1, 3 or 5 year duration. The contract will define standard maintenance intervals and scope of work for each inspection to be completed during the contract period.

The inspection will be concluded with a full written report of equipment condition, operating and general condition status. The report will define required actions both to rectify any exception conditions, wear part replacement or anticipated near term maintenance requirements. The information will define any preventative maintenance or rectification work recommended.

The inspection interval recommended should be once per quarter with an anticipated site time of 1 week to cover all equipment based on 10 hour working days

Depending on finalized duration some increase in inspection intervals may be advisable in years 4 and 5.

The spares requirements will be defined as a standard recommended spares holding that will be housed within the contract. The contract for spares will be based on a base holding level purchased by Cliffs prior to contract commencement. Beumer will monitor inventory and will make recommendations on holding level adjustments and provide proposals and recommended reordering instructions.

### **Level Three Complete Routine Maintenance and Spares Package Contract**

This contract option will include the routine inspections that are defined and contained in the level two options.

In this option Beumer will also offer the management and supervision of all routine maintenance requirements that result from inspection visits. This is typically limited to a number of predetermined overhaul or maintenance visits to take place at anytime within the contract duration. Contract durations can be 1, 3, 5 or more years depending on customer preference. Once visits are used contract can be renegotiated or switched to standard rates.

## **PURCHASE AGREEMENT**

Simple maintenance work such as single idler replacement, switch replacement or simple repairs during normal operation are not considered routine maintenance events.

The spares package associated with this contract level will be essentially supplied as per contract level two with the inclusion of key replacements defined as occurring in the contract duration held on consignment (pay as used basis) at the customer site. Beumer will manage inventory to base level agreed. At the end of the contract duration all spares are to be acquired by the owner at proposal values.

This is essentially an upfront fixed cost service plan. Additional hours or parts that exceed the contract scope will be at standard rates and prevailing quotation rate at time of order.

### **Level Four Fully Inclusive Maintenance Contract with availability option Contract**

This contract level is normally executable over a longer period, typically 3 years or more. This places all ongoing maintenance management and potentially some responsibility for equipment availability into Beumer scope.

All coverage contained in levels two and three are included in this scope.

This contract type will normally be based on a defined availability rate established within the first six months of operation under contract. This will fix an availability benchmark for the covered equipment under the contract. The contract contains bonus and penalty elements based on criteria for % of equipment availability.

Beumer anticipates supplying a level of permanent site presence suitable to meet criteria defined for service intervals and operating availability. This is normally dayshift presence for equipment of this type, although 24 hour coverage options can be considered.

Spares are included on either a fixed lump sum cost basis for entire contract time (no risk spares option) or on consignment (pay as used) basis.

### **Emergency Services Option**

Beumer can support various levels of call out for emergency or exception conditions irrespective of the contract established.

The following variables are to be determined and are established dependent on contract level taken.

- Call to site arrival time level
- Exact event that constitutes emergency call out
- Level of phone support available or applicable

## **PURCHASE AGREEMENT**

### **Exhibit F – Site Safety and Health Provisions**

Beumer will only send competent people to job site.

Site staff will arrive on site with Beumer-provided personal protective equipment to meet Cliffs' site requirements.

Beumer will undertake and complete all required induction and safety training for all site staff.

Beumer will adhere to all site rules including accident reporting, posted safety instructions, safety notices, all safety instructions provided to Beumer.

PURCHASE AGREEMENT

between

**The Bloom Lake Iron Ore Mine Limited Partnership,**  
by and through its General Partner,  
Bloom Lake General Partner Limited

and

**Beumer Corporation**

TERMS AND CONDITIONS

September 30, 2011

TABLE OF CONTENTS

1.	APPLICATIONS .....	1
2.	DEFINITIONS.....	1
3.	INTERPRETATION.....	2
4.	AUTHORIZATIONS .....	3
5.	TAXES, FEES AND DUTIES .....	3
6.	REPRESENTATIONS AND WARRANTIES OF SUPPLIER.....	4
7.	ASSUMPTION OF RISKS OF LOSS AND DAMAGE.....	4
8.	INSURANCE.....	4
9.	DEFECTIVE DELIVERABLES.....	5
10.	INDEMNIFICATION .....	5
11.	DRAWINGS, DIAGRAMS, MANUFACTURER INSTRUCTIONS AND DELIVERY CONDITIONS .....	6
12.	DELIVERY .....	7
13.	DELAYS.....	7
14.	CONFIDENTIAL INFORMATION.....	7
15.	MAINTENANCE AND OPERATING MANUALS.....	9
16.	FOLLOW-UP.....	9
17.	INSPECTION .....	9
18.	MATERIAL REPLACEMENT AND EQUIVALENCE .....	10
19.	MODIFICATIONS.....	10
20.	MODIFICATION REQUEST .....	10
21.	CHANGE ORDER .....	10
22.	EVALUATION OF WORK CHANGES.....	10
23.	BILLING .....	11
24.	PAYMENTS.....	11
25.	REGULATIONS CONCERNING DISAGREEMENTS .....	12
26.	DEFAULT OF SUPPLIER.....	13
27.	UNILATERAL TERMINATION OF THE CONTRACT .....	13
28.	FORCE MAJEURE.....	14
29.	LIQUIDATED DAMAGES .....	14
30.	SURVIVAL .....	14
31.	EQUIPMENT PREPARATION, SHIPMENT AND STORAGE CONDITIONS .....	15
32.	SENSITIVE MATERIALS.....	17
33.	GUARANTEE.....	17
34.	SUPPLIER EXECUTION SCHEDULE .....	17
35.	DRAWINGS AND DOCUMENTATION .....	18

36.	QUALITY.....	18
37.	METRIC SYSTEM.....	19
38.	PERFORMANCE TESTING.....	20
39.	DOCUMENT AND EQUIPMENT NUMBERING.....	20



## **PART I - GENERAL**

### **1. APPLICATIONS**

These Standard Terms and Conditions are applicable to the Supply of deliverables as set forth in the Contract.

### **2. DEFINITIONS**

As used in these Standard Terms and Conditions, the following terms have the following meanings unless the context otherwise requires:

- 2.1 **"Affiliates"** – means, with respect to either Party, any entity which directly or indirectly controls or is controlled by or is under direct or indirect control with the Party or any entity which is directly or indirectly controlled by any entity which controls said Party.
- 2.2 **"Confidential Information"** – has the meaning ascribed thereto in Section 14.1 of these Standard Terms and Conditions.
- 2.3 **"Consulting Engineer"** – means the third party acting on the behalf of Owner to perform the general engineering and related project management services for the execution of the Project.
- 2.4 **"Contract"** – means:
  - (i) The Purchase Order;
  - (ii) the Standard Terms and Conditions;
  - (iii) the Specific Conditions;
  - (iv) the Contract Documents;
- 2.5 **"Contract Documents"** – means all job instructions, diagrams, plans, shop drawings, samples, scale models and all other documents or materials supplied by Owner to Supplier within the context of the Project.
- 2.6 **"Disclosing Party"** – has the meaning ascribed thereto in Section 14.1 of the Standard Terms and Conditions.
- 2.7 **"Equipment"** – means the equipment identified in the Contract Documents.
- 2.8 **"Losses"** – means all damages, losses, amounts paid in settlement, demands, claims, liabilities, assessments, judgments, awards, costs and expenses (including, but not limited to, attorneys' fees and expenses, costs of investigation, court costs, expert and consultant fees), interest (including prejudgment interest in any litigated matter), penalties and charges.
- 2.9 **"Owner"** – means The Bloom Lake Iron Ore Mine Limited Partnership.
- 2.10 **"Parties"** – means Supplier and Owner.
- 2.11 **"Project"** – means the Supply by Supplier to Owner of all deliverables identified in the Contract in compliance with the terms and conditions contained therein.

- 2.12 **“Purchase Order”** – means such purchase order issued for the Supply by Supplier of the deliverables more specifically identified in these Standard Terms and Conditions, the Specific Conditions and the Contract Documents duly signed by an authorized representative of Owner, setting forth a particularized order for the Supply by Supplier of said deliverables, including price, delivery dates and such other information as may be necessary in accordance with and subject to the terms and conditions of the Contract.
- 2.13 **“Quality Plan”** has the meaning ascribed thereto in Section 36.1 of these Standard Terms and Conditions.
- 2.14 **“Recipient”** – has the meaning ascribed thereto in Section 14.1 of these Standard Terms and Conditions.
- 2.15 **“Representatives”** – means the officers, directors, employees and agents of one Party or any other corporate entity referred to in the Contract.
- 2.16 **“Specific Conditions”** – means the document entitled “Specific Conditions” agreed upon by the Parties within the context of the performance of the Project.
- 2.17 **“Standard Terms and Conditions”** means the standard terms and conditions provided herein.
- 2.18 **“Supplier”** – means Beumer Corporation.
- 2.19 **“Supply”** – means the design, research and development, manufacturing, supply and delivery of the Equipment and the supply of accessory services including, but not limited to, technical assistance, commissioning, test, start-up, compilation, process and planning services as required for the progress and finalization of the Project, but excluding erection.

### 3. INTERPRETATION

The following provisions govern the Contract with respect to rules of interpretation:

- 3.1 **Applicable Laws** – this Contract is governed by the laws of Ohio and shall be interpreted in accordance with such laws.
- 3.2 **Currency** – unless otherwise indicated, all dollar amounts mentioned in the Contract are in US dollars.
- 3.3 **Entire Agreement and Amendments** – the Parties acknowledge that the Contract constitutes a full and entire agreement entered into between them and supersedes any previous agreement, discussions and negotiations to the same effect regarding the subject matter of the Contract. The Parties acknowledge that no amendments may be made to the Contract unless agreed to between the Parties and confirmed in writing.
- 3.4 **Implicit Waiver** – the fact that a Party hereto has not insisted on the full performance of any provision contained herein or has not always exercised any of its rights conferred thereon shall not be construed as a waiver of such rights or the performance of such provisions in the future; save for express provisions to the contrary, any waiver of a right by one of the Parties hereto shall be effective only where set out in writing and any such waiver shall apply only to the rights and circumstances expressly indicated therein.

- 3.5 **Severability** – each provision hereof forms a distinct whole such that any court decision rendering any such provision null or unenforceable shall not in any manner affect the validity of the other provisions or the enforceability thereof.
- 3.6 **Precedence** – Supplier undertakes to strictly comply with all documents hereinafter referred to. In the case of contradiction between the following documents, they shall take precedence in the following order:
- 3.6.1 the Purchase Order;
  - 3.6.2 the Specific Conditions;
  - 3.6.3 the Standard Terms and Conditions;
  - 3.6.4 the technical specifications contained in the Contract Documents subject to the foregoing:
    - (i) the documents with the most recent date take precedence;
    - (ii) the figured dimensions on the plans take precedence, even if they are different than the dimensions given by scale;
    - (iii) the plans drawn on a larger scale take precedence over the plans drawn on a smaller scale on the same date; and
    - (iv) the technical specifications take precedence over plans except plans produced at a later date take precedence over technical specifications relating to the same subject matter; and
  - 3.6.5 the technical standards contained in the Contract Documents.
- 3.7 **Interpretation of Contract Documents** – Owner has priority in interpreting the Contract Documents. Where the Contract is unclear or ambiguous and the Owner’s interpretation causes an increase or decrease in costs of, and/or the delivery schedule for, the Equipment and Supply, the Parties undertake to negotiate in good faith in order to adjust the total price payable to the Supplier by Owner for, and/or the delivery schedule of, the Equipment and Supply, whether or not such adjustments benefit Supplier or Owner.

#### 4. **AUTHORIZATIONS**

Supplier is responsible for obtaining all authorizations from third parties, including licenses and certificates, necessary to carry out the Project and for observing and ensuring that the federal, provincial and municipal laws, regulations, ordinances, decrees and codes applicable to the execution of the Project are observed, and for providing, if Owner so requests, proof that they were observed.

#### 5. **TAXES, FEES AND DUTIES**

The consideration set out in the Purchase Order includes all accessory fees, duties, royalties, commissions and other accessory disbursements, if any, for the Supply under the Contract. The consideration set out in the Purchase Order excludes, however, all federal, provincial and municipal applicable taxes, if any, which must be satisfied by Owner.

## **6. REPRESENTATIONS AND WARRANTIES OF SUPPLIER**

Supplier hereby makes the following representations and warranties:

- 6.1** Supplier has the full right and authority to enter into the Contract and is not aware of any impediment that would inhibit its ability to perform its obligations under the Contract.
- 6.2** Supplier is the owner and has good and marketable title to the Equipment free and clear of all liens. The Equipment is not subject to any restrictions with respect to the transferability thereof and there is no contract, option or any other right binding upon or which at any time in the future may become binding upon Supplier to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber the Equipment other than pursuant to the Contract.
- 6.3** The use of the Equipment and the Supply rendered by Supplier in accordance with the Contract will not infringe the rights (including intellectual property rights) of any third party.
- 6.4** The use of the Equipment and the Supply rendered by Supplier in accordance with the Contract will not breach any laws (including any laws in respect of intellectual property rights) or infringe any intellectual property rights.
- 6.5** The Equipment will conform:
  - 6.5.1** to the specifications set forth in the Contract; and
  - 6.5.2** to all applicable laws.
- 6.6** The Equipment will be of merchantable quality, free from all defects in design, workmanship and material and will be fit for the particular purpose for which it is purchased.

The Parties consent and agree that nothing contained herein shall limit in any way representations and warranties imposed upon Supplier by applicable law.

## **7. ASSUMPTION OF RISKS OF LOSS AND DAMAGE**

Notwithstanding any provision included in the Contract, Supplier shall bear all risks of loss or damage to the Equipment, until delivery to Owner in accordance with the Contract.

## **8. INSURANCE**

Without limiting Supplier's undertaking to indemnify, defend and hold harmless Owner as provided herein, Supplier shall purchase and maintain, until the expiry of a year subsequent to completion and acceptance of the Equipment by Owner, general liability insurance, product liability insurance, property damage insurance, workers compensation and employees liability insurance with an inclusive limit of \$5,000,000 per occurrence as well as any other insurance coverage which may be required by law in any jurisdiction with authority over Supplier's operations or which Owner may reasonably request from time to time, whichever is greater. Coverage shall be written on an occurrence basis. Supplier shall provide insurance coverage by a responsible and reputable insurance company (or companies). Certificates of insurance evidencing the aforementioned coverage shall be forwarded to Owner within ten (10) days of demand. It is further agreed that Owner will be added as additional insured on the aforementioned policies.

## **9. DEFECTIVE DELIVERABLES**

- 9.1** If any of the deliverables under the Contract are found to be defective within twelve (12) months from date of first use, but not more than eighteen (18) months from the date of delivery by Supplier to Owner, then, in addition to other rights and remedies Owner may have under the Contract or at law or equity, Owner may, at its option and sole discretion, and at Supplier's expense: (a) reject and return such deliverables; (b) require Supplier to re-perform/replace the non-conforming deliverables with deliverables that conform to the requirements of the Contract; and/or (c) take such actions as may be required to cure all defects and/or bring the deliverables into conformity with all requirements. Any attempt by Supplier to limit, disclaim or restrict any such undertaking, by acknowledgment or otherwise, in accepting or performing the Contract, shall be null, void and ineffective without Owner's written consent. Notwithstanding the above, Owner shall allow Supplier to inspect any defective deliverable and provide evidence of defect and maintenance records to justify warranty claims. Should Supplier wish to inspect any defective deliverable, such inspection shall be completed by Supplier within 15 days of a notice delivered to the Supplier to the effect a deliverable is defective, unless a longer delay is agreed to by Owner.
- 9.2** All deliverables re-performed or remedied in accordance with the aforementioned undertaking shall be covered by a warranty which shall apply under the same conditions as for the original deliverables. Receipt and acceptance of deliverables under the Contract by Owner shall in no way limit Owner's ability to exercise its rights under this Section 9.

## **10. INDEMNIFICATION**

- 10.1** To the fullest extent permitted by law, the Parties (Supplier and Owner) shall mutually defend and indemnify each other. The first party shall defend and indemnify the second party, its Affiliates and their respective Representatives and hold each of them harmless to the extent Losses of any nature whatsoever suffered by any or all of them, arising out of or resulting in any manner whatsoever from (i) the negligence or willful misconduct of the first party, its sub-contractors, and their Affiliates and their Representatives; (ii) the performance of any of the first party's covenants, undertakings and/or obligations under the terms of the Contract; and (iii) any material breach of, or failure to fulfill, any representation and warranty given by the first party under the terms of the Contract. The first party shall confer with the second party prior to settlement of any claims for which the first party shall provide a defense and indemnity to the second party.
- 10.2** Promptly upon obtaining knowledge thereof, the second party shall notify the first party of any cause which the second party has determined has given or could give rise to indemnification under this Section 10. The omission to notify the first party shall not relieve the first party from any duty to indemnify and hold harmless which otherwise might exist with respect to such cause unless (and only to the extent) the omission to notify materially prejudices the ability of the first party to exercise its right to defend provided in this Section 10.
- 10.3** Limitation of Liability
- 10.3.1** Except for liabilities provided for in this Agreement, including liquidated damages, neither Party shall have any liability whatsoever to the other for any special, incidental, indirect or consequential loss, injury or damage of any nature such as, but not limited to, loss of income, profit or revenue, loss of buyer goodwill, damage to business relations, business opportunity or production, loss of use of equipment, down-time costs, claims by clients or buyers of either Party, or damages for economic losses arising from, connected with or relating to a

Party's acts or omissions, whether or not such damages are foreseeable, whether or not such party has been advised of the possibility of such damages, whether based on contract, warranty, tort (including negligence of any nature, whether sole or concurrent), strict liability, enterprise liability or other product liability theories.

- 10.3.2 Each party expressly waives any right to claim or to seek recovery of exemplary or punitive damages from the other Party for any act or omission arising out of or in connection with the performance or nonperformance of the obligations under the Agreement.
- 10.3.3 The cumulative total liability of either Party with respect to claims, costs, liabilities and damages under or related to the Agreement or the performance or nonperformance of the work, whether based on contract, tort (including negligence, whether sole or concurrent), strict liability or otherwise (excluding warranty), shall not exceed the total amount to be paid under this Agreement. This limitation on cumulative total liability shall not apply if the damage was caused by a Party's gross negligence or willful misconduct nor shall this limitation apply with respect to recovery from insurance policies provided pursuant to this Agreement.

## **PART II - CARRYING OUT THE WORK**

### **11. DRAWINGS, DIAGRAMS, MANUFACTURER INSTRUCTIONS AND DELIVERY CONDITIONS**

- 11.1 In order to keep the Supply on schedule, Supplier shall give, at the appropriate time, to Owner and its Consulting Engineer and for their review and acceptance, all the drawings, diagrams and manufacturer instructions necessary to carry out the Supply properly, which review and acceptance by Owner and Consulting Engineer shall be performed in a timely manner and Supplier shall not be responsible for any delays in such review and acceptance.
- 11.2 All final drawings, diagrams and manufacturer instructions for the Equipment shall be checked, identified, dated, signed and sealed by Supplier's registered design engineer. Upon submittal to the Owner and its Consulting Engineer, Supplier must clearly highlight and indicate all changes in connection with the Contract Documents.
- 11.3 It is specifically agreed that review and acceptance of the drawings, diagrams or manufacturer instructions by Owner and/or Consulting Engineer does not in any way discharge Supplier of its liability.
- 11.4 Supplier is not to proceed with the Supply until Owner and Consulting Engineer have had an opportunity to review and accept Supplier's drawings, diagrams and manufacturer instructions accessory to the Supply.
- 11.5 Supplier is responsible for the design and the preparation of all general arrangements for the Supply. Supplier will undertake the shop fabrication drawings following the review and acceptance of the general arrangement drawings by Owner and Consulting Engineer.
- 11.6 Each component of the Supply, including each of the drawings, diagrams and manufacturer instructions prepared by Supplier shall comply with the specific conditions required for the Equipment with regard to:

- 11.6.1 packaging and labeling;
- 11.6.2 transportation;
- 11.6.3 storing procedures;
- 11.6.4 unloading procedures;
- 11.6.5 installation procedures; and
- 11.6.6 operating instructions and maintenance manuals in English and in French.

## **12. DELIVERY**

- 12.1** Supplier must deliver the Equipment to the specified location at the specified time, packaged, labeled and tagged according to specifications set forth in the Specific Conditions set forth in the Contract. Each delivery must be accompanied by a packing list, in duplicate inside a waterproof envelope attached to or inside any parcel, clearly listing the items delivered, item tag numbers, quantities, order number and item numbers. Any delivery not materially conforming to the above conditions may be refused. A delivery intention notice must be sent to Owner, to the attention of "Construction Supervisor", e-mail address to be provided, with mention "Equipment Delivery", seven (7) days before any delivery. Unless otherwise indicated in the Specific Conditions, the delivery and transport conditions are per Incoterms 2010. All equipment, parcels or parts delivered must be clearly identified by Supplier using labels firmly attached before shipping. The equipment number will be given to Supplier before shipping and must appear on the label.
- 12.2** In the case of sub-assemblies or parts that are shipped separately, Supplier shall give Owner, at least three weeks before shipping, a list of every sub-assembly or part, and indicate on the label, every sub-assembly or part number that will be given to Owner by Supplier's procurement manager.
- 12.3** In the event Supplier reasonably believes that the delivery of the Equipment or any component thereof under the Contract may be delayed, Supplier shall immediately inform Owner of any such delay and shall submit recovery plans to meet Owner's requirements. Notwithstanding the foregoing, Supplier shall not be relieved of its liability as a result of the late delivery of the Equipment.

## **13. DELAYS**

Owner may, at its sole discretion, request postponement of any shipment without being deemed to have failed in its obligations pursuant to the Contract upon payment of Supplier's increased storage costs and carrying costs, if any, resulting from the delay. If Owner postpones any shipment by more than 45 days and such postponement causes modifications in costs of, and/or delivery schedule for, the Equipment and Supply, the Parties shall negotiate in good faith a reasonable adjustment to the total price payable by Owner to the Supplier for, and/or the delivery schedule of, the Equipment and Supply.

## **14. CONFIDENTIAL INFORMATION**

- 14.1** As used in these Standard Terms and Conditions, the term "Confidential Information" means any and all material and information, whether or not reduced to writing, related to the Project or to the business of any Party or any of its Affiliates which (a) is disclosed by one Party or any of its Affiliates or any of their Representatives (collectively the

“Disclosing Party”) to the other Party or any of its Affiliates or any of their Representatives (collectively the “Recipient”) or observed by Recipient on Disclosing Party’s premises, and (b) is treated as confidential by Disclosing Party, or would otherwise reasonably be understood to be confidential under the circumstances. Confidential Information includes but is not limited to plans, formulas, machinery, designs, layouts, equipment, processes, manufacturing methods, ideas, data (technical and non-technical), patterns, compilations (including compilations of customer information), programs (including models), devices, methods (including design methods), techniques, drawings, processes, financial information (including sales forecasts), lists of past, actual or potential customers and suppliers (including identifying information about those customers and suppliers), operational information, planning or strategy information, research and development information, information about existing and future products, and information about personal matters of Disclosing Party. Confidential Information also includes information disclosed to Disclosing Party by a third party that Disclosing Party is legally obligated to maintain in confidence. Confidential Information disclosed in tangible or electronic form may be identified by Disclosing Party as confidential with conspicuous markings, or otherwise identified with a legend as being confidential, but in no event shall the absence of such a mark or legend preclude disclosed information which would be considered confidential by someone exercising reasonable business judgment under the circumstances from being treated as Confidential Information by Recipient.

- 14.2** For the purposes of these Standard Terms and Conditions, the term “Confidential Information” does not include information which is: (a) in the public domain when it is received by or becomes known to Recipient or which subsequently enters the public domain through no fault of Recipient; (b) already known to Recipient at the time of its disclosure to Recipient by Disclosing Party and is not known by Recipient to be the subject of an obligation of confidence of any kind; (c) independently developed by Recipient without any use of or reference to the Confidential Information of Disclosing Party and which such independent development can be established by evidence that would be acceptable to a court of competent jurisdiction; (d) received by Recipient in good faith without an obligation of confidence of any kind from a third party who Recipient had no reason to believe was not lawfully in possession of such information free of any obligation of confidence of any kind; or (e) released in writing by Disclosing Party from confidential status.
- 14.3** Each of the Parties (a) must at all times keep and hold all Confidential Information in strict confidence and must not use the Confidential Information except to further the Project or as otherwise specifically authorized in writing by Disclosing Party; and (b) must use the same care and discretion as it employs with its own confidential and proprietary information (but in no event less than reasonable care and discretion) to maintain in confidence, and prevent disclosures of, the Confidential Information. Under no circumstances, except as expressly set forth below, shall Recipient reproduce, distribute or otherwise provide, directly or indirectly, any Confidential Information to any person or entity without the consent of Disclosing Party. Recipient shall not reverse engineer, disassemble or decompile any prototypes, software or other tangible objects which embody Disclosing Party’s Confidential Information.
- 14.4** Notwithstanding the foregoing, each Party may disclose Confidential Information: (a) on a “need-to-know” basis to the Representatives of Recipient who are directly involved in performing or evaluating the Project, and who have a specific need to know such information, and who are obligated to hold the information in confidence and otherwise to comply with the terms of these Standard Terms and Conditions; and (b) to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law provided that, in the event such disclosure may be required, demanded or ordered, Recipient provides prior written notice to Disclosing Party.



Recipient will advise each Representative who is given access to the Confidential Information of its confidential nature and the existence and importance of these Standard Terms and Conditions. Moreover, Recipient shall be solidarily liable for any breach of these Standard Terms and Conditions by any of its Representatives.

- 14.5 Each Party understands and acknowledges that Disclosing Party's Confidential Information has been developed or obtained by Disclosing Party by the investment of significant time, effort and expense, and that such Confidential Information provides Disclosing Party with a significant competitive advantage in its business.
- 14.6 The obligations of confidentiality set forth herein shall continue indefinitely.
- 14.7 Each Party acknowledges that its failure to comply with its obligations under this Article 14 will cause irreparable harm to the other Party which cannot be adequately compensated for in damages, and accordingly acknowledges that the other Party will be entitled to obtain, in addition to any other remedies available to it, interlocutory and permanent injunctive relief to restrain any anticipated, present or continuing breach of this Article 14.
- 14.8 At any time, upon simple request of Disclosing Party, Recipient must provide to Disclosing Party all Confidential Information in Recipient's possession, custody or control. Recipient agrees to return all Confidential Information together with any copies (including but not limited to, complete or partial copies incorporated into other materials) that may have been made, promptly upon the request of Disclosing Party or, if not requested earlier, promptly after the Project has been completed or abandoned and, upon request of Disclosing Party, provide a certificate of destruction, except that Recipient may retain one copy of a document or other media for legal archival purposes, subject to protection and non-disclosure in accordance with the terms of these Standard Terms and Conditions.

## **15. MAINTENANCE AND OPERATING MANUALS**

The Supplier shall give Owner maintenance and operating manuals and sheets for installation, operation and maintenance in English and French. These manuals shall be provided along with the drawings, diagrams and manufacturer instructions as specified in Article 11 of these Standard Terms and Conditions.

## **PART III - WORK CONTROL**

### **16. FOLLOW-UP**

Owner or those mandated by Owner, may at any time check the progress of the Supply and compare it to the schedule agreed upon by both Owner and Supplier. Supplier shall allow Owner and Consulting Engineer free access to its premises at reasonable times with advanced notice and shall make similar arrangements with its sub-contractors and suppliers. If Owner or Consulting Engineer judges the work to be behind schedule, it may demand that Supplier prepare and carry out, at its own expense, corrective measures to have the work back on schedule.

### **17. INSPECTION**

- 17.1 Owner or those mandated by Owner, may at any time check the quality of the Supply and the materials used in rendering same. In order to do so, Supplier shall allow free access to its premises at reasonable times with five (5) day advanced notice and shall make similar

arrangements with its sub-contractors and suppliers. During inspections, Owner, or those mandated by Owner, may write down in an inspection report anything that is not in conformity with the specifications set out in the Contract in order to have adjustments and corrections made. Supplier shall pay for any corrections made. If in later inspections, there are still matters not in conformity with the Contract, Supplier shall be held responsible for any additional inspection costs incurred by Owner. Supplier shall be responsible for the quality of the parts purchased from other suppliers as well as for the quality of the work of its sub-contractors and suppliers. If following these inspections, Owner, or those mandated by Owner, accept the deliverables under the Contract, Supplier shall not be relieved, in any way, of its responsibility regarding quality and guarantees.

**17.2** All tests or verifications required by the Contract or prescribed by law shall occur, upon Owner or Consulting Engineer's request, in the presence of Owner or Consulting Engineer. Supplier shall provide Owner and Consulting Engineer with sufficient notice of any such tests to allow the latter to be present. Supplier shall also provide the Representatives of Owner and Consulting Engineer an office space with a desk, a telephone line and an Internet connection.

## **18. MATERIAL REPLACEMENT AND EQUIVALENCE**

**18.1** Any proposal concerning material replacement and equivalence must be approved by Owner or Consulting Engineer. When such a proposal is made by Supplier, Supplier must prove that the material is at least equivalent, and Supplier must pay for it. Nothing set forth in this paragraph shall relieve Supplier, in any way, of its responsibility regarding quality and guarantees.

**18.2** Any replacement of material, made at Owner's request, which changes the cost may necessitate a change order, according to the provisions of Article 21.

## **19. MODIFICATIONS**

Owner may, at any time, modify the Contract as defined in Articles 20, 21, and 22. These modifications do not nullify the Contract; Supplier cannot use this as a reason to nullify the Contract and must abide by it.

## **20. MODIFICATION REQUEST**

A modification request, duly submitted by Owner, must precede a modification order. The price submitted by Supplier following the modification request is valid for a period of sixty (60) days. A new delivery schedule for the Supply, if necessary, will be negotiated in good faith by the Parties as part of any modifications to the Contract.

## **21. CHANGE ORDER**

**21.1** Owner and Supplier may make modifications to the Contract without abrogating it. The amount of the Contract, deadlines and delivery schedule will be revised accordingly.

**21.2** No modification can be made without a written modification order, issued and approved in writing by Owner and Supplier.

**21.3** Any modification order forms an integral part of the Contract and shall be executed in accordance with the Contract Documents.

## **22. EVALUATION OF WORK CHANGES**

The cost of each modification is determined using one or more of the following methods:

- 22.1 estimation and acceptance of a lump sum;
- 22.2 unit price mentioned in the tender form or agreed upon by the Parties;
- 22.3 the cost of labour, material and equipment plus a certain percentage agreed upon by the Parties.

## **PART IV - BILLING**

### **23. BILLING**

No payment can be made without an invoice from Supplier. Invoices must be sent, in triplicate, to the attention of Owner. The invoice must correspond to the price and the quantity of each delivery and, must be issued according to the terms of payment stipulated in the Purchase Order. The order number, item numbers, description, quantities, unit price, calculations and total price must be clearly marked on the invoice. Unless the Equipment is exempt from sales taxes, Supplier must list the amount of federal and provincial sales taxes separately on the invoice before calculating the total.

### **24. PAYMENTS**

- 24.1 Once Owner, or those mandated by Owner, approves the progress of the Supply, payment will be made, by Owner, in conformity with agreed terms of payments within forty-five (45) days of receipt by Owner of an undisputed corresponding invoice.
- 24.2 No compensation or reimbursement shall be paid to Supplier for its performance under the Contract except as specifically provided in the Contract. Subject to the satisfactory performance of Supplier's obligations under the Contract, Owner shall pay the price for the Equipment and the Supply rendered in accordance with the aforementioned conditions. Payment shall however be subordinate to remittance by Supplier, upon Owner's request, of a satisfactory lien waiver, including any construction lien or other legal hypothec. Owner may retain any amount necessary to satisfy any such lien filed by a supplier or sub-contractor of Supplier (collectively "Lien Amounts") unless remedied by Supplier through full payment of such Lien Amounts or delivery of performance bond covering Lien Amounts, and subject to delivery to Owner of satisfactory evidence, in Owner's sole discretion, of such payment of Lien Amounts or delivery of performance bonds covering the Lien Amounts.
- 24.3 Supplier will deliver to Owner an irrevocable advance payment guarantee issued by an acceptable bank or insurty company, in form acceptable to the Owner, for advance progress payments. The value of the advance payment guarantee outstanding value will diminish pro-rata upon shipment of deliverables in accordance with agreed Incoterms 2010.
- 24.4 Owner will proceed to the final payment only after having received from Supplier at least each of the following documents:
  - 24.4.1 Technical documents stipulated in the Contract.
  - 24.4.2 Operation and maintenance manuals in accordance with the requested quality standards. A "pdf" file of all the documentation related to the operation and maintenance manuals, including all drawings revised according to the work performed.

24.4.3 "As built" drawings.

24.4.4 Complete and final waiver of any Losses whichever the nature, deriving directly or indirectly from the Contract as well as from any related work performed, to Owner's complete satisfaction.

## **PART V - DISAGREEMENTS AND TERMINATION**

### **25. REGULATIONS CONCERNING DISAGREEMENTS**

**25.1** If a disagreement arises concerning the interpretation of any Contract Document, either Party may send a written notice of such a disagreement to the other Party. The Parties shall use their best efforts to settle amicably all disagreements arising out of or in connection with the interpretation of any Contract Document. In the event that the Parties cannot settle the dispute amicably within a fourteen (14) day delay starting from the receipt of said written notice by the other Party, either Party, in lieu of litigation, shall then refer the disagreement to arbitration to be administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules modified as follows:

25.1.1 The place of the arbitration shall be Cleveland, Ohio, United States.

25.1.2 Unless the parties consent in writing to a lesser number, the arbitration proceedings shall be conducted before a panel of three neutral arbitrators, one to be appointed by Owner, one to be appointed by Supplier, and a third to be selected by the two Party-appointed arbitrators. None of the arbitrators shall be an employee, officer, director or consultant of, or of a direct competitor of, Owner or Supplier.

25.1.3 In connection with any arbitration under this Agreement, the arbitrators shall have no authority to alter, amend, or modify any of the terms and conditions of any Contract Document, and further, the arbitrators may not enter any award that alters, amends, or modifies terms or conditions of any Contract Document in any form or manner.

25.1.4 The award or decision shall be made within nine months of the filing of the notice of intention to arbitrate, and the arbitrators shall agree to comply with this schedule before accepting appointment; provided, however, that this time limit may be extended by written agreement signed by both parties, if necessary.

25.1.5 In connection with any arbitration under this Agreement, each Party shall be responsible for its own costs and expenses, and the Parties will equally split the cost of conducting the arbitration itself.

**25.2** Either Party may apply to the arbitrators seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either Party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal (or pending the arbitral tribunal's determination of the merits of the controversy).

- 25.3 The judgment of the arbitrators shall be final and binding on the Parties, and judgment upon the award rendered by the arbitrators may be entered and enforced by any court of the United States any state court thereof, or any Canadian court.
- 25.4 Notwithstanding said disagreement, Supplier shall diligently pursue its activities under the Contract. The fact that Supplier continues working on the Project does not constitute a renunciation of its rights and/or its recourse.

## **26. DEFAULT OF SUPPLIER**

If Owner believes that Supplier is in breach of a provision of the Contract or is not fulfilling an obligation set forth in the Contract or, without limiting the generality of the foregoing, if Supplier:

- 26.1 is behind schedule in the delivery of any of the critical path deliverables (i.e., items that directly affect the construction schedule that do not have any time flexibility—to be defined by Supplier in the delivery schedule based upon Owner’s construction schedule) under the Contract and such delay exceeds four weeks.
- 26.2 refuses or fails to make the corrections and adjustments required by Owner or Consulting Engineer;
- 26.3 in spite of Owner or Consulting Engineer instructions to the contrary, has the Supply done, in totality or in part, by third party contractors, which detrimentally affects the quality of the Supply;
- 26.4 contravenes the laws, decrees, regulations or orders imposed upon it;
- 26.5 does not allow Owner and Consulting Engineer proper supervision in compliance with the terms of the Contract;
- 26.6 declares bankruptcy, makes a proposal, or becomes insolvent; or
- 26.7 abandons the Supply,

Owner may advise Supplier of any of these violations and order same, if the default can be cured, to correct them immediately. If (i) Supplier does not respond to this order with a definitive recovery plan acceptable to the Owner within ten (10) working days of receiving this notice; or (ii) the default cannot be cured, Owner may terminate the Contract without further notice or delay. Notwithstanding the termination of the Contract by Owner, Supplier is, nevertheless, not freed from any contractual or legal obligation, except from the obligation of completing the physical work. Within a reasonable delay starting from the termination of the Contract, Owner will assess the value of each component of the equipment received by Owner, if any, and will establish in writing a detailed breakdown thereof, copy of which shall be remitted to Supplier. Value shall be established from priced copies of purchase orders provided by Supplier plus reasonable overhead. Alternatively, Owner may return to Supplier, in totality or in part, any component that has no value for Owner or which it does not want to pay for. If the aggregate payments made by Owner to Supplier exceed the value of any said components of the equipment established by Owner and retained by same, Supplier shall immediately reimburse Owner the difference. Notwithstanding the foregoing, Owner shall be entitled to claim any and all Losses it may have suffered from the breach of the Contract by Supplier and resulting from termination thereof by Owner.

## **27. UNILATERAL TERMINATION OF THE CONTRACT**

Owner may, at any time, unilaterally terminate the Contract without cause simply by giving Supplier written notice. In such event, Owner shall pay Supplier all direct labor and material costs incurred on the Work that is

subject to such termination prior to such notice, plus any reasonable unavoidable cancellation costs which Supplier may incur as a result of such termination, plus indirect costs or overhead on the portion of the Work completed, computed in accordance with generally accepted accounting principles less salvage value. As an alternative to salvage value reduction, Owner shall have the right in its sole discretion to take possession of all or part of the Work.

## **28. FORCE MAJEURE**

Neither Owner nor Supplier shall be liable to the other for loss, damage, delay in the completion of the Project or non-performance of any contractual obligation set forth in the Contract caused by acts of God, war, riot, the act or order of any competent civil or military authority, fire, flood or by any other cause which is unavoidable and beyond the Party's reasonable control. Both Parties shall be prompt in restoring normal conditions, re-establishing schedules and resuming operations as soon as the interruptions have ceased. In the case of an event of force majeure, the Party claiming the benefit of the event of force majeure shall, within seventy two (72) hours of the occurrence of the event of force majeure, give the other Party written notice thereof, and a description of the full particulars of the event and the cause or causes of the event. The notice shall describe with particularity the actions that the Party giving the notice intends to take to resolve the event of force majeure as soon as reasonably possible. In no event shall Supplier be entitled to any increase in the price of the Contract as a result of any event of force majeure. Force majeure shall not include financial distress, insolvency, bankruptcy, or other similar conditions affecting one of the Parties and/or its Affiliates and/or sub-contractors. Should the affected Party be unable to resume performance within thirty (30) days, the non-affected Party shall be entitled to terminate Contract by giving a written notice to the other Party confirming its election to terminate the Contract, which termination shall take effect on the date of the delivery of such notice or later on as specified in such notice.

## **29. LIQUIDATED DAMAGES**

**29.1** In the event Supplier fails to fulfill its obligation relative to the final delivery date (as specified in Exhibit C of the Purchase Agreement), the Parties agree that the calculations of actual damages for such late delivery would be extremely difficult and impractical to forecast. Supplier therefore agrees that as liquidated damages, and not as a penalty, Supplier shall pay Owner the amount of \$5,000, for each day of late delivery, up to a limit of ten (10%) of the purchase price of each separate deliverable set forth in the Contract. The liquidated damages will begin on the first day that the final delivery is late, and will be assessed from that date. Missing or defective parts that miss final delivery date but do not delay installation or startup shall not result in application of liquidated damages.

**29.2** Notwithstanding the foregoing, nothing set forth in this Section 29 shall prevent Owner to terminate the Contract in conformity with the provisions of Section 26 of these Standard Terms and Conditions.

## **30. SURVIVAL**

The parties agree that the covenants and obligations contained in Sections 6, 8, 10, 14, 26, 29 and 30 shall survive the expiration or termination, for any reason whatsoever, of the Contract.

## **PART VI – SPECIFIC CONDITIONS**

### **31. EQUIPMENT PREPARATION, SHIPMENT AND STORAGE CONDITIONS**

#### **31.1 Factory Assembly**

The Equipment shall be fully assembled to the greatest practical extent, adjusted and thoroughly tested in Supplier's factory. Minimum disassembly will be done to accommodate shipping clearance restrictions. Whenever practical, a fully assembled unit shall be shipped.

#### **31.2 Packaging and Storage Conditions**

All items shall be prepared and packed in suitable lots for shipment. In all cases, Supplier is solely responsible for the quality of the packing material. Supplier shall rectify any damage to the Equipment incurred in transit attributable to packaging.

Supplier shall ensure that the Equipment is thoroughly cleaned prior to shipping.

All items shall be protected against deterioration during transportation and outdoor storage. The packing shall be able to resist long periods of storage that could extend for several months under extreme weather conditions. Supplier shall be responsible to suitably protect and pack all items for delivery to Owner's loading point and Owner shall be responsible to provide suitable protection and packing thereafter.

Maximum transportable dimension and weight shall be considered during the design. Supplier shall be responsible for ascertaining bridge, road, rail and/or waterway limits as they affect Supplier's proposed means of transportation to the Owner's loading point.

At any time, Owner or Consulting Engineer may reject any packing or marking deemed to be non-conforming to the packing standards set out in the Contract.

If the packing is rejected, Owner or Consulting Engineer is entitled to have it re-done at the expense of the Supplier, and the latter will not have the right to claim reimbursement of the incurred expenses.

Packing shall resist all risks associated to numerous handling with gravel roads, fork lift, cranes (slings), etc.

All the different types of handling shall be taken into consideration for the packing design. Material handling shall be made easy.

Storage instructions must be given to Consulting Engineer along with the factory drawings.

#### **31.3 Marking**

All the crates or packages shall be marked at least on two (2) opposite sides. The marking shall be in English and shall also be as large as the available space on the crates (or packages) allows, without exceeding a height of 100 mm. If shipment tags are to be used, they shall be printed or typed and shall be solidly attached to the wooden surface by means of staples, nails or tacks. If this is not possible, they shall be fastened with metallic wire or a solid rope (tags shall be waterproof).

Every delivery must be accompanied by a packing list, in duplicate inside a waterproof envelope attached to any parcel or box, clearly listing the items delivered, item tag numbers, quantities, order number and item numbers. Any delivery not conforming to the above conditions may be refused.

Package marking shall be as follows:

Contract #:

Item #: Piece #:

Dimension:

L W H CMS

Gross Wt:

Box Packing List:

Temporary marking (tag) of the equipment within each packing box should be as follows:

Supplier Job #:

Customer:

Customer P.O. #:

Tag item #:

Part #:

Description: (As indicated by the Consulting Engineer)

Equipment: (As indicated by the Consulting Engineer)

Quantity: x of y

Assembly #:

#### **31.4 Delivery**

The Equipment shall be delivered to and/or Supply rendered at the Supplier's plant site or at Owners site as determined by the Contract as set out by Incoterms 2010. Supplier shall consider regulations on traffic load limits during thaw periods and take any required action to meet them.

Upon shipment, one (1) set of instruction manuals, drawings and other pertinent information, including mounting details, shall be provided in a weatherproof envelope with the Equipment.

#### **31.5 Handling and Unloading**

Supplier has the responsibility to supply all the necessary rigging and loading information. Special loading tools shall be provided by Supplier

The rigging and loading specifications provided by Supplier shall be compliant with all appropriate Canadian security standards and paragraph 5 of this section.

Rigging and unloading certified documents, including procedures and drawings, shall be given to Consulting Engineer for review along with the shop drawings.

#### **31.6 Shipping**



The shipping address is:

Project Site – Town of Fermont (Bloom Lake property), Province of Quebec, Canada

Seven (7) days before the planned shipping date at the latest, advise Owner and provide the following information:

Date and hour of delivery;

Type of truck and number of units (pallets or skids) required; and

Weight and volume of units.

**31.7 Equipment Permanent ID Plate (Tag)**

31.7.1 A permanent identification plate (stainless steel 304, 1/8 inch thick) shall be affixed permanently to each piece of equipment.

31.7.2 Letter height shall not be less than 20 mm (3/4 inch). This plate shall be as follows:

Equipment #: (As indicated by Consulting Engineer)

Description: (As indicated by Consulting Engineer)

**32. SENSITIVE MATERIALS**

Material safety data sheets (MSDS) are required for all registered substances supplied with the Equipment and bulk materials delivered to the Project.

Use of undesirable (environmental and health sensitive) materials such as polychlorinated biphenyls (PCBs), chlorofluorocarbons (CFCs), asbestos, formaldehyde insulation, Halon and lead-based paints etc. is prohibited.

**33. GUARANTEE**

Supplier guarantees the Equipment in accordance with these Standard Terms and Conditions.

A quality plan shall be submitted by Supplier through its proposal. It shall be reviewed and accepted by Consulting Engineer and shall contain namely all major tests that are planned to be performed by Supplier during fabrication.

During testing, should any material or equipment be deemed non compliant with the specification data or applicable codes and standards, or show a variation higher than the admissible tolerance, this material or equipment shall be considered non compliant with the contractual obligations and can thus be rejected by Owner. Four weeks shall be allowed to replace non-compliant equipment without application of Liquidated Damages (for standard (off the shelf) components, and 12 weeks for non-standard).

**34. SUPPLIER EXECUTION SCHEDULE**

The work execution schedule shall conform to the delivery dates agreed upon in the Contract.

Review, express or implied, of this schedule by Consulting Engineer does not entail for Consulting Engineer or Owner any obligation or responsibility towards Supplier, does not lessen the latter's obligations and responsibilities and does not in any way modify the contractual terms.

Supplier shall submit every month, at the date or frequency specified by Owner, a progress report which shall include the updated work execution schedule showing the actual work status for each deliverable. Project plan including as a minimum (scope, schedule, procurement plan, quality plan, communication plan) shall be provided. Scope, schedule and communication plan to be provided within two (2) weeks, balance within six (6) weeks. Progress Reports including schedule updates shall be provided on a minimum monthly basis and, 2 months before the final delivery date shall be delivered on a biweekly basis.

Supplier shall provide evidences showing the actual work status (photos, calculation notes, etc.).

The report shall state the measures Supplier intends to take to correct any eventual delays.

### **35. DRAWINGS AND DOCUMENTATION**

Supplier shall provide all drawings, documents and information as required for electrical, mechanical, civil, structural and hydraulic installation and maintenance.

### **36. QUALITY**

#### **36.1 Quality Assurance and Quality Control**

The Supplier shall establish and maintain an inspection program for quality assurance complying with ISO-9001 standard or equivalent (the "Quality Plan") to be approved by Owner or the Consulting Engineer, which approval shall not be unreasonably withheld.

Supplier shall ensure quality control for all activities under the Contract, such as the design, manufacturing, installation, mounting or construction. The Quality Plan implemented by Supplier shall include the activities performed by the sub-contractors and their supervision. Furthermore, any sub-contractor acting as designer or supplier under the Contract shall comply with the applicable standards. Therefore, these sub-contractors shall each elaborate their quality plan which shall be integrated with Supplier's own Quality Plan.

If, according to Owner or the Consulting Engineer, Supplier is non compliant with the Quality Plan, it shall advise Supplier who shall at its sole expense correct any non-compliance.

#### **36.2 Testing and Test Reports**

##### **(i) General**

Supplier shall be responsible for all inspections and testing as required by the applicable laws. Supplier may use its own personnel and facilities or any independent testing organization acceptable to the federal and provincial agencies, and Owner. Owner reserves the right at Owner's sole cost to witness or perform any of the tests to verify the quality control. However, this will not relieve Supplier from the responsibility of any inspection and testing.

Owner may at any time, on reasonable notice, request a verification of the quality of fabrication, installation or material by requesting that the appropriate test be performed and /or supporting documentation be produced.

All components shall be fully tested in accordance with the relevant standards before their installation.

The Equipment and auxiliaries shall be shop assembled to the greatest practical extent, prior to inspection and delivery to the site.

Tests shall be made in accordance with the applicable standards set out in the Contract and all parts shall successfully withstand the tests. Production tests shall be performed as set out in the Contract.

Supplier shall provide to Owner a monthly report listing all minor non-conformities detected and remedy actions undertaken.

Supplier shall notify Owner expeditiously in writing of the detection of all manufacturing major non-conformances. Notice of a major non-conformance shall include proposed actions intended to remedy the non-conformance. Supplier shall not initiate remedial actions without the review of Owner. Should the proposed remedial actions be deemed inadequate by Owner, the required industrial standard procedure to correct the non-conformance shall be carried out by Supplier.

Additional tests may be specifically required by Owner in the technical specification section of the Contract Documents.

(ii) Witness

Owner reserves the right to witness any or all tests, plus any quality control tests performed, at no additional cost. Sufficient notification shall be given to allow Owner's Representatives to be present for the tests as defined in the schedule. A minimum of fifteen (15) working days shall be allowed when the facility where the tests are to be performed is located in Canada and a minimum of thirty (30) working days when such a facility is located outside Canada.

(iii) Failure to Pass Tests

If the Equipment fails to meet the test requirements of the standards, Owner shall be notified expeditiously and reserves the right to refuse the Equipment until defects are remedied.

(iv) Test Reports

Supplier shall use its best efforts to provide hand-written results of tests to Owner within two (2) days after completion of the tests and certified test reports within ten (10) days after completion of the tests (in two (2) copies).

### **37. METRIC SYSTEM**

All instruments shall be calibrated and have their scales marked in the International System of Units known as SI (meter - kilogram - second).

All construction drawings and specifications, including building and equipment dimensions, mechanical arrangements and civil drawings, shall use SI units, except when the equipment's original manufacturing units are in Imperial Units, in which case, dimensions shall be referred to on the drawings and specifications in Imperial Units. Soft conversion of Imperial dimensions is not permitted except when the equipment's original manufacturing units are in Imperial Units.

### **38. PERFORMANCE TESTING**

The Equipment shall be accepted upon satisfactory performance test results, as described and requested in the Contract and as follows:

- (i) When test results of the first performance testing do not meet the Contract requirements or the performance indicated in Supplier's quotation, Supplier shall make the necessary modifications at his own expense, as required by and to the satisfaction of Owner. Preliminary acceptance of the Equipment is then cancelled and a second performance testing shall be performed within the next fifteen (15) working days or as agreed by both parties.
- (ii) If the test results of the second performance testing are still not acceptable by Owner, and if further modifications by Supplier are required, the additional costs for testing shall be at Supplier's expense.
- (iii) In case of disagreement between Owner and Supplier with regard to test result interpretation, additional testing shall be performed by an independent contractor. The related costs shall be charged to the party being at fault.
- (iv) Owner shall allow Supplier access to the equipment and shall ensure adequate materials (iron ore) required for the performance test. Performance test shall demonstrate the conveyor(s) meets design capacity averaged over four hours of continuous operation.

### **39. DOCUMENT AND EQUIPMENT NUMBERING**

Supplier shall number the supplied equipment assembly and sub-assembly in accordance with the numbering system that will be provided by Owner. Supplier is responsible to ensure the implementation of the numbering system throughout the project, in drawings, documents, equipment ID tags, etc.

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