

STANDARD TERMS AND CONDITIONS FOR THE PURCHASE OF GOODS AND SERVICES ("Terms and Conditions")

1. ACCEPTANCE AND ENTIRETY

- (a) These Terms and Conditions shall form part of any agreement or purchase order which incorporates these Terms and Conditions by reference or to which these Terms and Conditions are attached (and these Terms and Conditions, the agreement or purchase order to which they are incorporated by reference or attached, and the specifications, drawings and documents attached hereto or thereto shall hereinafter be referred to collectively as the "**Purchase Order**"). Supplier's written or electronic acceptance of this Purchase Order or the shipment of any Goods or performance of any Work shall constitute acceptance by Supplier of this Purchase Order.
- (b) This Purchase Order constitutes the entire agreement between SCEL and Supplier with respect to the subject matter of this Purchase Order and supersedes all prior communications, negotiations, representations, understandings and agreements (whether oral or written) which are made prior to the date of this Purchase Order. For greater certainty: (i) any invoice, acknowledgement or other communication issued by Supplier in connection with this Purchase Order shall be construed to be for record and accounting purposes only; (ii) any terms and conditions stated in such communication shall not be applicable to this Purchase Order and shall not be considered to be Supplier's exceptions to the provisions of this Purchase Order; and (iii) trade custom and/or usage is superseded by this Purchase Order and shall not be applicable in the interpretation of this Purchase Order.

2. DEFINITIONS AND INTERPRETATION

For purposes of this Purchase Order, capitalized words or expressions which are not defined in this Section 2 shall have the meanings given to them elsewhere in this Purchase Order and capitalized words or expressions which are defined in this Section 2 shall have the meanings hereby assigned to them below:

- (a) "**Claim**" means any claim, action, proceeding or demand and the resulting losses, liabilities, costs (including legal costs on a solicitor and his own client basis), expenses and damages, whether incurred through settlement or otherwise.
- (b) "**Goods**" means the goods, materials, supplies, equipment, methods, processes, designs, information, and any other items or things (whether tangible or intangible) to be supplied and delivered by Supplier to SCEL pursuant to the terms and conditions of this Purchase Order.
- (c) "**including**" means including without limitation, and "**includes**" or other derivatives thereof shall have corresponding meanings.
- (d) "**Purchase Order**" has the meaning given such term in Section 1(a) of these terms and conditions.
- (e) "**SCEL**" means Sinopec Canada Energy Ltd., together with its successors and permitted assigns.
- (f) "**SCEL Related Party**" means SCEL, its affiliates, and each of their directors, officers, employees, agents and representatives.
- (g) "**Subcontractor**" means any entity to whom execution of any part of the Supplier's obligations hereunder, including the supply of any Goods or performance of any Work, is subcontracted directly or indirectly by Supplier or any of its subcontractors, and includes such entity's successors and permitted assigns.
- (h) "**Subcontractor Related Party**" means Subcontractor, its affiliates, and each of their directors, officers, employees, agents and representatives.
- (i) "**Supplier**" means the party noted in the applicable Purchase Order, together with its successors and permitted assigns.
- (j) "**Supplier Related Party**" means Supplier, its affiliates, and each of their directors, officers, employees, agents and representatives.
- (k) "**Work**" means all the work and services the Supplier is required to carry out for SCEL pursuant to this Purchase Order.

For greater certainty, references in this Purchase Order to "SCEL" and "Supplier" shall mean SCEL or Supplier (as applicable) together with its successors and permitted assigns.

3. SUPPLIER COVENANTS

- (a) **Performance.** Supplier agrees to supply the Goods and perform the Work as specified in this Purchase Order. Supplier shall diligently and carefully perform all Work and supply all Goods in a good, timely and workmanlike manner satisfactory to SCEL and in compliance with all applicable laws, rules and regulations, and shall furnish all labour, supervision, machinery, materials, equipment and supplies necessary therefor.
- (b) **Schedule and Delay.** Supplier shall: (i) deliver the Goods to the delivery location specified in this Purchase Order, and by the delivery date specified therein, or of no such date is specified then within twenty-eight (28) days of the date on which Supplier returns an executed copy of this Purchase Order to SCEL and (ii) perform and complete the Work within the time or times for completion specified in this Purchase Order. Time is of the essence for this agreement and SCEL shall have the right to cancel this Purchase Order, in whole or in part, if it is not filled or performed at the time or times specified. Supplier shall promptly notify SCEL of any actual or anticipated delay in the delivery of Goods or the performance of the Work and shall take all reasonable steps to avoid or end delays without additional cost to SCEL.
- (c) **Subcontracting.** Supplier shall not sublet or subcontract any portion of the supply of Goods or performance of Work without the prior written approval of SCEL, which may be withheld for any reason. Such approval, if given, shall not relieve Supplier from responsibility for the conduct and work of all Subcontractors, and third party charges shall not be charged to SCEL.
- (d) **Applicable Law and SCEL's Policies and Standards.** In the supply of Goods and performance of the Work, Supplier shall comply with all health and safety, environmental, ethics, business conduct, and all other policies and standards of SCEL published on SCEL's website at the following address: www.sinopeccanada.com/contractors and all applicable governmental laws, ordinances, rules and regulations, whether federal, provincial or municipal; and shall require like compliance by all its Subcontractors. If Supplier is of the opinion that any drawings or specifications with respect to the Goods or the Work are at variance with any such laws, ordinances, rules or regulations, Supplier shall promptly notify SCEL in writing and shall cease the supply of such Goods or the performance of such Work, as the case may be, until the discrepancy is resolved to the satisfaction of SCEL.
- (e) **Hazardous Materials.** Supplier shall notify SCEL in writing if any Goods furnished or Work performed are subject to laws or regulations relating to hazardous or toxic substances, or when disposed of, to regulations governing hazardous wastes, or to any other environmental or safety and health regulation. Supplier shall furnish: all appropriate shipping certification; labeling in compliance with the Workplace Hazardous Materials Information System; Material Safety Data Sheets in compliance with the Workplace Hazardous Materials Information System; and instructions for shipping, safety, handling, exposure and disposal in a form sufficiently clear for use by SCEL's non-technical personnel and sufficiently specific to identify all action which the user must take concerning the material. The following certification must be made on the bill of lading: "*This is to certify that the above named articles are properly classified, described, packaged, marked and labeled and are in proper condition for transportation according to any applicable transport regulations*".
- (f) **Shipping and Packing.** All Goods shall be shipped and packed to protect the Goods from damage during transit, and in accordance with the terms and conditions contained within this Purchase Order. Unless otherwise specified in writing, Supplier shall have affixed to each case, skid, crate or container used to supply Goods to SCEL one copy of the packing slip firmly affixed to the exterior and a second copy included on the inside, with a copy of the complete set for packing lists for the entire shipment included and affixed to the first case, skid, crate or container in the shipment, which shall be properly marked and identified as containing same. On shipments not accompanied by an itemized packing list, SCEL's count of the Goods received shall be final and conclusive. Every signed original bill of lading or express receipt shall be retained by Supplier and supplied to SCEL upon request.
- (g) **Damage or Non-conformities.** Upon delivery, if SCEL notifies Supplier of any damage, shortages or non-conformities, Supplier shall immediately take all necessary measures to rectify same.

4. PRICE AND PAYMENT

- (a) **Price and Payment.** As full consideration for the satisfactory performance by Supplier of its obligations hereunder, SCEL agrees to pay to Supplier compensation in accordance with the pricing provisions set forth in this Purchase Order, all at the times, in the manner and in accordance with the provisions of this Purchase Order, including this Section 4. No changes to the price stated in this Purchase Order are permitted without SCEL's written authorization. The time for payment of invoices or for accepting any discounts offered shall run from the date that proper and correct invoices are received by SCEL. Where the price is based in whole or in part on the cost to Supplier as specified in a published price list, rate, fee, duty or tax and the Supplier's cost is subsequently reduced, the price shall be reduced accordingly. Unless otherwise provided, all prices are in Canadian dollars. No payment made by SCEL hereunder shall be deemed to constitute acceptance by SCEL of the Goods delivered

or of the Work or any part(s) thereof. Non-payment by SCEL of any amount in dispute shall not alleviate or modify in any respect Supplier's obligations to perform as required by and in accordance with this Purchase Order.

- (b) **Invoicing.** Each invoice shall contain the information and supporting documentation required by SCEL and as published on SCEL's website at the following address: www.sinopeccanada.com/contractors.
- (c) **Right to Offset.** Notwithstanding any other term or provision of this Purchase Order, SCEL shall be entitled to deduct from any amounts due or owing by SCEL to Supplier in connection with this Purchase Order, any and all amounts owed by Supplier to SCEL.
- (d) **Right to Audit.** With respect to the cost of any Goods supplied or Work performed on a non-lump sum basis, including on a unit price (but only with respect to the number of units supplied), time and materials, cost reimbursable or cost plus basis, SCEL, upon notice in writing to Supplier, shall have the right, at any time before and within twenty-four (24) months after completion of this Purchase Order, to audit Supplier's accounts and records maintained in respect of the Goods supplied and Work performed. Supplier shall maintain accurate and complete accounts and records and shall preserve such accounts and records until such time as any claims or discrepancies are resolved. Supplier shall ensure that all Subcontractors provide SCEL with the same provisions and rights of audit.

5. TAXES AND DUTIES

- (a) **Taxes and Duties.** The purchase price for the Goods supplied and any Work performed pursuant to this Purchase Order shall be inclusive of all customs duties, sales taxes (other than GST), assessments and other like charges required to be paid by Contractor, any Subcontractor or the employees of Contractor or any Subcontractors on or in connection with such Goods or Work, but shall be exclusive of any GST which is payable in respect of the purchase price (or any part thereof).
- (b) **Canadian Residency.** In the event that Supplier is or becomes a non-resident of Canada for purposes of the *Income Tax Act* (Canada), Supplier shall notify SCEL in writing and SCEL shall then withhold all amounts required by applicable laws and regulations; provided that SCEL shall not withhold on any payments to the extent that Supplier has obtained an exemption from the Canada Revenue Agency and provided SCEL with a copy of such exemption. Supplier shall reimburse SCEL for any and all losses, damages, liabilities, costs, expenses, interest and penalties incurred by SCEL in respect of any such required withholdings. Unless Supplier provides SCEL with written notice within ten (10) days of the effective date of this Purchase Order that it is a non-resident of Canada for purposes of the *Income Tax Act* (Canada), Supplier shall be deemed to have represented and warranted to SCEL that it is not a non-resident for such purposes.

6. CHANGES

SCEL may, from time to time, make changes, issue additional instructions, require the rescheduling or acceleration or deceleration to all or any part of the Work or the Goods, require additional Work or Goods or direct the omission of Work or Goods previously ordered and the provisions herein shall apply to all such changes. No such change shall be binding unless in writing, signed by a duly authorized representative of SCEL and expressly made part of this Purchase Order. If Supplier believes that such change affects the price or delivery date for such Work or Goods, Supplier may request an adjustment to the price or time for performance of its obligations hereunder (including any committed delivery date(s)) from SCEL in writing (with adequate supporting documentation) within ten (10) days after receipt of notification of such change. Supplier's request for any adjustment to the price or delivery date shall be deemed waived unless submitted in writing within such ten (10) day period. If released in writing by SCEL, Supplier shall comply with and perform any change in respect of which the request for an adjustment was made in accordance with the terms of this Purchase Order during the time Supplier and SCEL require to mutually agree upon an equitable adjustment. No agreement or understanding modifying the terms and conditions of this Purchase Order shall be binding upon SCEL, nor will extra compensation be paid by SCEL unless such agreement or understanding is made in writing.

7. INTELLECTUAL PROPERTY INFRINGEMENT

Supplier shall indemnify and hold harmless SCEL and each SCEL Related Party from and against any and all loss, liability or expense by reason of any claim or suit for alleged infringement of any copyright, industrial design, trademark or patent resulting from or arising in connection with the manufacture, sale, normal use or other normal disposition of any Goods furnished, or the performance of any Work, and shall defend any such claim or suit and pay all costs and expenses incidental thereto; provided, however, that SCEL shall have the right, at its option, to participate in the defense of any such claim or suit without relieving Supplier of any obligation.

8. PROPRIETARY INFORMATION

All drawings, blueprints, specifications, dies, patterns, and tools, whether supplied by SCEL or prepared or constructed by Supplier as required for the completion of this Purchase Order and paid for by SCEL, shall be the property of SCEL and

information therefrom shall be considered confidential and shall not be disclosed to any third party or made use of by Supplier in connection with furnishing any goods, materials, supplies or equipment or performing any work outside the scope of this Purchase Order without written approval of SCEL and, upon the earlier of completion of deliveries or termination of this Purchase Order, shall be delivered to SCEL unless otherwise agreed to in writing.

9. **EXPEDITING AND INSPECTION**

SCEL or its authorized representatives may, in its or their discretion, expedite and inspect the Goods furnished and the Work performed under this Purchase Order at all reasonable times during manufacture, before delivery and within thirty (30) days after delivery to destination. SCEL shall be allowed reasonable access to Supplier's facilities and those of its Subcontractors for purposes of expediting, inspection or ascertaining the status of the Work and the Goods. However, neither SCEL's inspection nor failure to inspect or reject shall relieve the Supplier of any warranties or obligations. As required by SCEL, Supplier and its Subcontractors shall supply schedules and progress reports and copies of Supplier's unpriced purchase sub-orders for SCEL's use in expediting.

10. **WARRANTIES**

(a) The Supplier represents and warrants to SCEL that:

- (i) Supplier has the experience and competence necessary for the proper supply of the Goods and the proper carrying out of the Work; and
- (ii) all Goods supplied and Work performed: (A) shall be of the kind and quality specified in this Purchase Order; (B) shall comply strictly with the provisions of this Purchase Order, and all specifications, standards, drawings or other descriptions set forth herein (or hereafter furnished by SCEL and accepted by Supplier); (C) shall be free from fault in design, workmanship and material; (D) shall be new, of good materials, of good design and workmanship, and of first rate quality; (E) shall be of the most suitable grade and fit for their intended purposes, as described by this Purchase Order, and (F) shall perform as specified and satisfactorily fulfill any operating conditions specified herein.

(b) Supplier shall, at its sole expense (including all costs of removal, packing, transportation and reinstallation), promptly repair or, at SCEL's option, replace Goods furnished to SCEL, or re-perform Work performed for SCEL, as the case may be, which fails to conform to the requirements of this Purchase Order, provided that such failure to conform is discovered by the earlier of: (i) that date which is twelve (12) months after operational start-up of the unit or facility of which the Goods or Work (as applicable) are a part or (ii) twenty-four (24) months after (as applicable) the delivery the Goods or the completion of the performance of the Work. SCEL may charge Supplier for all costs incurred by SCEL with respect to repairs made by SCEL or Work re-performed by SCEL to correct Supplier's failure to meet its warranty obligations as set forth herein when Supplier has been given notice of such failure and thereafter has failed to take prompt and effective action to correct the failure in accordance with the foregoing.

(c) Goods or Work which are repaired, replaced or re-performed pursuant to this Section 10 shall be warranted, according to the terms of this Section, for an additional twelve (12) months from the date of such repair, replacement, or re-performance, and the original warranty period for other Goods and Work shall be extended by the time period that such Goods or Work that cannot be used or are delayed due to such repairs, replacements or re-performance; provided that, in no event, shall the warranty period for such repaired, replaced or re-performed Goods or Work be shorter than the original warranty period set out in Section 10(b).

(d) Goods delivered in error, rejected or delivered in overages in excess of trade practice shall be held at Supplier's risk and shall be removed by Supplier or returned by SCEL, at Supplier's expense and risk. Full refund and credit on the original purchase price as well as storage and other reasonable costs shall be allowed on account of such returned or removed items.

(e) THE WARRANTIES EXPRESSLY SET FORTH IN THIS PURCHASE ORDER ARE THE EXCLUSIVE WARRANTIES WITH RESPECT TO THE GOODS AND THE WORK, AND THE PARTIES AGREE THAT NO ADDITIONAL WARRANTIES SHALL APPLY WITH RESPECT TO EITHER THE GOODS OR THE WORK WHETHER IMPLIED, STATUTORY OR OTHERWISE, INCLUDING IMPLIED WARRANTIES OR IMPLIED CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

(f) All warranties set forth in this Section 10 shall remain in effect notwithstanding termination of this Purchase Order by SCEL.

11. **LIENS**

Supplier agrees to defend, indemnify and hold harmless SCEL from any and all claims, liens and encumbrances arising from the Work or Goods placed or furnished by or to the order of Supplier under this Purchase Order. If at any time there

shall be evidence of any such lien, claim or encumbrance for which, if established, SCEL might become liable or which might attach to property of SCEL, SCEL shall have the right to retain out of any payment then due or thereafter to become due to Supplier, an amount sufficient to indemnify SCEL against such lien, claim or encumbrance and to satisfy any statutory requirements to establish a lien fund. Should there prove to be any such lien, claim or encumbrance after all payments are made, Supplier shall refund to SCEL all monies that SCEL may be compelled to pay in discharging any such lien, claim or encumbrance. Further and without limiting the generality of the foregoing, payment by SCEL of all invoices shall be subject to all statutory holdback provisions of the jurisdiction in which the Work is performed and the Goods supplied.

12. ALLOCATION OF LIABILITY AND INDEMNIFICATION

(a) General Allocation of Liability

- (i) Supplier shall be liable to SCEL for, and shall indemnify SCEL and hold it harmless from and against:
 - (1) any and all losses, costs (including all reasonable legal and related expenses), damages and expenses whatsoever which SCEL or any SCEL Related Party may suffer, sustain, pay or incur; and
 - (2) all Claims brought against, suffered, sustained, paid or incurred by SCEL or any SCEL Related Party;

including without limitation respecting any damage to property, any injury or death of persons or any loss or damage of any other kind, which directly or indirectly, in whole or in part, are caused by, arise out of or are in any way attributable or incidental to any breach of this Contract by Supplier or to any acts or omissions by Supplier, any Supplier Related Party, any Subcontractor, or any Subcontractor Related Party in relation to this Contract which constitute negligence, gross negligence or wilful or wanton misconduct.

- (ii) SCEL shall be liable to Supplier for, and shall indemnify Supplier and hold it harmless from and against:
 - (1) any and all losses, costs (including all reasonable legal and related expenses), damages and expenses whatsoever which Supplier or any Supplier Related Party may suffer, sustain, pay or incur; and
 - (2) all Claims brought against, suffered, sustained, paid or incurred by Supplier or any Supplier Related Party;

including without limitation respecting any damage to property, any injury or death of persons or any loss or damage of any other kind, which directly or indirectly, in whole or in part, are caused by, arise out of or are in any way attributable or incidental to any breach of this Contract by SCEL or to any acts or omissions by SCEL or any SCEL Related Party in relation to this Contract which constitutes negligence, gross negligence or wilful or wanton misconduct.

- (iii) If any Claims, losses, costs, damages or expenses for which a Party is liable hereunder pursuant to subsection 12(a)(i) or 12(a)(ii) above is attributable to the acts or omissions of both SCEL (or any SCEL Related Party) and Supplier (or any Supplier Related Party, Subcontractor or Subcontractor Related Party), the Parties shall share liability in respect thereof in the proportions that their respective acts or omissions contributed to such liability, provided, however, that if one Party's acts or omissions constitute gross negligence or wilful or wanton misconduct, there shall be no sharing of liability on the part of the other Party.

(b) Indirect, Incidental, Consequential and Punitive Damages

- (i) Notwithstanding any other provision of this Contract, neither Supplier nor any Supplier Related Party shall be liable to SCEL, and neither SCEL nor any SCEL Related Party shall be liable to Supplier, for any indirect, economic, consequential, incidental, special, punitive or exemplary damages which may be suffered or incurred by SCEL or by Supplier, as the case may be, and which arise out of or in connection with the performance of the Work, including loss of profits and overhead, loss of product, loss of production, loss of business, or mineral rights or business interruptions; provided that this Section 12(b)(i) shall not apply in respect of any breach of, or liability arising pursuant to Section 21 hereof, or the intellectual property indemnification provisions which are set forth herein.
- (ii) Supplier shall require each of the Subcontractors to provide a waiver of indirect, economic, consequential, incidental, special, punitive and exemplary damages in favour of SCEL and all SCEL Related Parties which is substantially similar to the waiver provided by Supplier in Section 12(b)(i) above, and Supplier hereby agrees to indemnify, and hold harmless, SCEL and each SCEL Related

Party from and against any and all Claims with respect to any such damages suffered or incurred by any Subcontractor.

13. **INSURANCE**

- (a) Without limiting its obligations or liabilities hereunder, Supplier shall, during the performance of this Purchase Order and the duration of any warranty period, obtain and maintain, at its sole cost and expense, as a minimum, with insurance companies satisfactory to SCEL, all insurance required by applicable law or that SCEL (acting reasonably) deems necessary, as well as the following insurance:
- (i) Workers Compensation Insurance (whether mandatory or optional) covering all workers engaged in the performance of the obligations hereunder in accordance with all applicable statutory requirements;
 - (ii) Commercial General Liability Insurance, on a per occurrence basis, with a limit of loss of not less than FIVE MILLION DOLLARS (\$5,000,000.00) inclusive for bodily, personal injury, contractual liability, broad form property damage including loss of use, broad form completed operations, contractor's protective liability, non-owned automobile liability, forest fire fighting expenses, and sudden and accidental pollution liability;
 - (iii) Automobile Liability Insurance covering all motor vehicles owned, leased or licensed by Supplier and engaged in the supply of Goods or performance of Work under this Purchase Order, with limits of not less than TWO MILLION DOLLARS (\$2,000,000.00) for injury or death of one or more persons, or damage to or destruction of property as a result of any one accident;
 - (iv) if aircraft are used, aircraft liability insurance covering all aircraft owned, leased or licensed by Supplier, with limits of not less than TEN MILLION DOLLARS (\$10,000,000.00) for injury to or death of one or more persons, or damage to or destruction of property as a result of any one accident;
 - (v) if watercraft are used, marine protection and indemnity insurance covering all watercraft owned, leased or licensed by Supplier, including marine pollution coverage, with limits of not less than TWO MILLION DOLLARS (\$2,000,000) for injury to or death of one or more persons, or damage to or destruction of property as a result of any one accident;
 - (vi) all risk property insurance covering loss of or damage to all construction equipment or tools, and any other equipment, materials and supplies, to be provided or used in the performance of this Purchase Order by the Supplier, if any, on a replacement basis;
 - (vii) if professional services are provided, Professional Liability (Errors & Omissions) insurance with limits of not less than TWO MILLION DOLLARS (\$2,000,000) for any one claim; and
 - (viii) if transportation of product or equipment is provided, Marine/Motor Cargo Liability insurance with limits of not less than TWO MILLION DOLLARS (\$2,000,000) covering loss of or damage to all product and equipment to be transported by the Supplier.
- (b) The Supplier shall, upon request by SCEL and prior to the supply of any Goods or performance of any Work, provide SCEL with a certificate of insurance as evidence that the insurance required under this Section 13 has been obtained. The Supplier shall require each of its Subcontractors and common carriers to provide like insurance to that set forth herein. Supplier, its Subcontractors, and its common carriers shall provide SCEL with an insurance certificate evidencing the insurance required and shall require its insurers to provide thirty (30) days' prior written notice to SCEL of any lapse or cancellation in the insurance required herein.

14. **SUSPENSION OF PERFORMANCE**

- (a) SCEL may at any time, and from time to time, by written notice to Supplier, suspend further performance of all or any portion of this Purchase Order by Supplier. Such suspensions shall not exceed more than one hundred eighty (180) consecutive calendar days each nor aggregate more than two hundred seventy (270) calendar days. Upon receiving any such notice of suspension, Supplier shall promptly suspend further performance of this Purchase Order to the extent specified, and during the period of such suspension shall properly care for and protect all Goods, work in progress, materials, supplies and equipment Supplier has on hand for performance of this Purchase Order. Supplier shall use its best efforts to utilize its material, labour and equipment in such a manner as to mitigate costs associated with suspension. SCEL may at any time withdraw the suspension as to all or part of the suspended performance by written notice to Supplier specifying the effective date and scope of withdrawal and Supplier shall, on the specified date of withdrawal, resume diligent supply of the Goods and performance of the Work for which the suspension is withdrawn.

- (b) SCEL shall reimburse Supplier for reasonable and verifiable out-of-pocket costs incurred by Supplier as a direct result of suspension of all or any portion of this Purchase Order by SCEL pursuant to Section 14(a), and Supplier shall be entitled to reasonable extensions to the delivery dates or time or times for completion specified in this Purchase Order which are reasonably required as a direct result of suspension of all or any portion of this Purchase Order by SCEL pursuant to Section 14(a).

15. **TERMINATION WITHOUT CAUSE**

SCEL shall have the right to terminate this Purchase Order in whole or in part at any time for its convenience and without cause by giving written notice to Supplier. On the date of such termination stated in the notice, Supplier shall discontinue the performance of all Work, shall place no additional orders, and shall, pending SCEL's instructions, preserve and protect all Goods which it has on hand (which were purchased for or committed to this Purchase Order), work in progress, and completed work product (whether located in Supplier's or its supplier's plant or facility), and shall make the same available to SCEL or dispose of same in accordance with SCEL's instructions. In the event of any such termination, Supplier shall receive as payment for the Goods supplied and Work performed by Supplier and accepted by SCEL, such proportion, as reasonably determined by SCEL, of the total Purchase Order price as the portion of such Goods supplied and Work performed bears to the entire Goods to be supplied and Work to be performed pursuant to this Purchase Order, less any amount previously paid to Supplier on account of same, together with any actual out-of-pocket costs reasonably incurred by Supplier as a direct result of such termination. Supplier shall not, in any event, be entitled to any damages (including loss of profits or anticipated profits) because of such termination. Upon any such termination, SCEL may remove from Supplier's possession all Goods, materials, supplies and equipment for which SCEL has paid (whether fabricated or not) without hindrance by Supplier or anyone claiming through Supplier.

16. **TERMINATION FOR DEFAULT**

- (a) In the event that:
 - (i) a petition for bankruptcy shall be filed by or against Supplier;
 - (ii) Supplier shall be adjudged a bankrupt;
 - (iii) Supplier shall make a general assignment for the benefit of creditors;
 - (iv) a receiver shall be appointed on account of the insolvency of Supplier;
 - (v) Supplier shall, except as the result of an event of Force Majeure, neglect to supply enough properly skilled workers or proper, goods, materials, supplies or equipment for the proper supply of the Goods or execution of the Work; or
 - (vi) Supplier shall fail to meet any delivery schedule hereunder, fail to supply the Goods or perform the Work in accordance with any schedule hereunder, or fail in any material respect to comply with or perform any of the terms of this Purchase Order, and any such failure continues for a period of five (5) days after the date of receipt of written notice from SCEL to remedy or cure such failure;

SCEL may immediately terminate this Purchase Order by written notice to Supplier.

- (b) Upon any such termination, SCEL shall be relieved of all further obligations with respect to this Purchase Order except the obligation to pay such proportion of the total Purchase Order price, as determined by SCEL, as the proportion of the Goods supplied and Work which is completed and accepted bears to the entire Goods to be supplied and Work covered by this Purchase Order, less any amount previously paid to Supplier on account of same and any claims that SCEL may have against the Supplier, and Supplier shall be liable to SCEL for all costs in excess of the Purchase Order price herein specified incurred by SCEL in completing or procuring the completion of performance specified in this Purchase Order. Upon any such termination, SCEL may remove from Supplier's possession all Goods, materials, supplies and equipment for which SCEL has paid (whether fabricated or not) without hindrance by Supplier or anyone claiming through Supplier.

17. **TITLE TO GOODS**

- (a) Title to all Goods furnished by Supplier pursuant to this Purchase Order shall pass to SCEL upon such Goods first being identified in respect of this Purchase Order. SCEL's title to all such Goods shall be free and clear of all liens, claims, charges, security interests and encumbrances whatsoever upon the earlier of payment by SCEL of any Supplier's invoice, submitted in accordance with this Purchase Order, covering such Goods or part thereof or upon delivery of such Goods hereunder. Supplier shall, regardless of whether title to such Goods has transferred to SCEL, be responsible for the care, custody, control and security of such Goods, maintain and service such Goods, make good on any loss or damage that may occur to such Goods, and exercise due care with respect thereto, all until satisfactory delivery of such Goods as set forth in this Purchase Order. The cost of

making good any such pre-delivery loss or damage shall be borne solely by Supplier. The transfer of title to Goods shall in no way affect Supplier's obligations or SCEL's rights as set forth in any other provision of this Purchase Order.

- (b) Supplier shall ensure that all Goods furnished by Supplier pursuant to this Purchase Order, as soon as identifiable in respect of this Purchase Order, are set apart at the premises of the party in possession and are clearly and visibly marked, in accordance with any procedures which may be stipulated by SCEL, individually or in sets as being the property of SCEL and their destination being SCEL's worksite. For the purpose of protecting SCEL's interest in all such Goods with respect to which title has passed to SCEL but which remain in possession of another party, Supplier shall take or cause to be taken all steps necessary under the laws of the appropriate jurisdiction(s) to protect SCEL's title and to protect SCEL against claims by other parties with respect thereto, including consulting with SCEL and attending to (or assisting SCEL with) all personal property registry registrations which SCEL deems necessary to protect SCEL's interests. Supplier shall provide SCEL with all certificates and documentation in respect of the title to and identification of such Goods upon delivery of such Goods to SCEL's worksite.

18. **FORCE MAJEURE**

- (a) Neither party to this Purchase Order shall be in default by reason of any delay or failure in the supply of the Goods or prosecution of the Work to the extent that such delay or failure is due to acts, delays or failures which are caused by reason of matters not within Supplier's reasonable control ("**Force Majeure**"), provided that the following shall not constitute an event of Force Majeure:
 - (i) strikes, lockouts or other industrial concerted action by workers of the Supplier or any Subcontractor for which may adversely impact the the performance of Supplier's obligations hereunder;
 - (ii) failure of equipment that could have been prevented by normal maintenance;
 - (iii) shortage of materials, equipment, transportation or utilities (unless caused by circumstances which are themselves an event of Force Majeure);
 - (iv) lack of finances or inability to perform because of a party's financial condition; or
 - (v) climactic weather and subsurface conditions reasonably expected to occur within the geographic area where any worksite is located.
- (b) Should Supplier be delayed in the supply of the Goods or the prosecution and completion of the Work because of any event of Force Majeure, the time herein fixed for completion shall be extended for a period equivalent to the time so lost, which extended period shall be determined and fixed by SCEL, but no such extension shall be made unless a claim for such an extension is presented in writing to SCEL within forty-eight (48) hours after commencement of the delay. Supplier shall not, due to an event of Force Majeure, be excused from performance hereunder where alternate sources of supply of goods, materials, supplies, equipment or service are available, or be entitled to claim any additional amounts from SCEL.

19. **THIRD PARTY DISPUTES**

In the event that SCEL is required to litigate or arbitrate a dispute with a third party, which dispute arises out of this Purchase Order or is in any way connected with this Purchase Order or Supplier, Supplier agrees to join in such litigation or arbitration proceeding as SCEL may direct and shall submit to such jurisdiction and be finally bound by the judgment rendered with respect thereto.

20. **ASSIGNMENT**

- (a) Supplier shall not assign this Purchase Order or any interest herein (including any payment due or to become due) to any party without the prior written consent of SCEL, which consent may be withheld in SCEL's sole and absolute discretion. Any assignment of this Purchase Order or any interest herein in violation of the foregoing shall be null and void.
- (b) SCEL shall not assign this Purchase Order or any interest herein to any party without the prior written consent of Supplier, which consent shall not be unreasonably withheld or delayed, save and except that nothing herein will restrict SCEL from assigning, in whole or in part, any of its interest in this Purchase Order, upon prior notice to Supplier, to any of its affiliates, provided that SCEL shall not be released from its obligations hereunder.
- (c) No assignment of this Purchase Order or any interest herein shall be valid until this Purchase Order or such interest, as the case may be, shall have been assumed by the assignee. When duly assigned in accordance with

this Section 20, this Purchase Order or such interest, as the case may be, shall be binding upon and shall inure to the benefit of the assignee.

21. **CONFIDENTIALITY**

Supplier shall maintain in confidence all information which is acquired from (or prepared for) SCEL that was not previously known to Supplier, in the public domain, or lawfully obtained from a third party not under an obligation of confidence and shall not disclose it to any third party or use such information for any purpose other than the performance of its obligations under the Purchase Order. Supplier shall not release any advertising copy mentioning SCEL's name or the Work, or quoting the opinion of SCEL's employees, without prior written approval by SCEL.

22. **NOTICES**

All notices, reports, and other communications to be given by Supplier or SCEL under this Purchase Order shall be in writing, and shall be given by hand delivery, courier, facsimile or e-mail to SCEL or Contractor, as the case may be, at the applicable address, facsimile number or e-mail address shown on the face page of this Purchase Order. Any notice delivered pursuant to this Section 22 shall be deemed to have been delivered on the date of its receipt, unless such notice is received after 5:00 p.m. (Calgary time) or on a non-business day, in which event the notice shall be deemed received on the next business day.

23. **GRATUITIES**

- (a) SCEL may, by written notice to the Supplier, terminate the right of the Supplier to proceed or continue under this Purchase Order if it is found that gratuities (in the form of entertainment, gifts or otherwise), were offered or given by the Supplier, or any agent or representative of the Supplier to any officer, employee, agent or representative of SCEL with a view toward securing this Purchase Order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of this Purchase Order.
- (b) In the event this Purchase Order is terminated as provided in this provision, SCEL shall be entitled to pursue the same remedies against the Supplier as it could pursue in the event of a material breach of this Purchase Order by the Supplier.

24. **MISCELLANEOUS TERMS**

- (a) **Waiver.** No relaxation, forbearance, or delay by either Party in enforcing any of the terms of this Purchase Order shall prejudice or affect any other rights of that party under this Purchase Order, nor shall any waiver by either party of any breach of this Purchase Order operate as a waiver of any subsequent or continuing breach of this Purchase Order. Any waiver of a party's rights or remedies must be in writing. For greater certainty: (a) failure of SCEL to insist upon strict performance of the terms of this Purchase Order shall not operate as a waiver of Supplier's obligations; (b) neither failure of SCEL to exercise (or delay by SCEL in exercising) any rights or remedies provided herein or by law, nor failure by SCEL to properly notify (or delay by SCEL in properly notifying) Supplier in the event of breach hereunder, nor delay by SCEL in the acceptance of or payment for any Goods or Work, shall be deemed to be a waiver of any right of SCEL to insist upon strict performance; and (c) SCEL's payment for or acceptance of any Goods or Work shall not constitute a waiver of any of the provisions of this Purchase Order.
- (b) **Limitation Periods.** The parties agree that the two (2) year period for seeking a remedial order under section 3(1)(a) of the *Limitations Act* (Alberta), including any amendments thereto or replacements thereof, for any claim (as defined in such Act) arising in connection with this Purchase Order is extended to: (a) for claims disclosed by an audit, two (2) years after the last day this Purchase Order permits such audits to be performed, as set forth in Section 4(d) hereof; (b) for claims relating the enforcement of any provision or obligations relating to tax, seven (7) years; and (c) for all other claims, four (4) years.
- (c) **Governing Law.** The governing law of this shall be the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to any conflicts of laws principles that could require application of any other law, and Supplier and SCEL irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta, and any and all courts of appeal therefrom, with respect to any matters set forth herein. For greater certainty, the *United Nations Convention on Contracts for the International Sale of Goods* does not apply to this Purchase Order.
- (d) **Amendment.** No amendment or other modification of this Purchase Order shall be effective unless it is in writing and signed by a duly authorized officer of each of the parties hereto.
- (e) **Independent Contractor.** The Supplier is an independent contractor and is solely responsible for all persons employed or subcontracted in the performance of Supplier's responsibilities pursuant to this Purchase Order, and for the manner in which such responsibilities, including any Work, are performed.

- (f) **Severability.** Should any provision of this Purchase Order be deemed in contradiction with applicable laws or otherwise unenforceable, this Purchase shall remain in force in all other respects.
- (g) **Survival.** The provisions of this Purchase Order which expressly survive, or by their nature are intended to survive, the termination, cancellation, completion or expiration of this Purchase Order, including each other provision necessary for interpretation or enforcement, shall continue as valid and enforceable obligations of the parties notwithstanding any such termination, cancellation, completion or expiration.
- (h) **Rights and Remedies Cumulative.** All rights and remedies under this Purchase Order are cumulative and in addition to other rights or remedies available under the Purchase Order or applicable laws or at equity.