



GENERAL CONDITIONS FOR WORKSHOP REPAIR AND MAINTENANCE

Last Revision: September 1, 2017

1. GENERAL PROVISIONS

1.1 CSM Compressor Inc. GENERAL CONDITIONS FOR WORKSHOP REPAIR AND MAINTENANCE (the "General Conditions") shall apply to all contracts between CSM Compressor Inc. ("Service Contractor") and the ordering party ("Customer") for repair and maintenance work done in a CSM workshop.

1.2 The contract for repair and maintenance (the "Contract") shall be deemed to have been entered into upon receipt of Service Contractor's acknowledgement stating its acceptance of the order.

1.3 The Service Contractor proposal shall remain open for acceptance by the period stated in the tender unless it is previously withdrawn but no longer unless a further period is expressly agreed between the parties in writing.

1.4 Proposals which do not stipulate an acceptance period shall not be binding.

1.5 These General Conditions supersede all previous negotiations, representations and/or contractual commitments between the parties. Service Contractor hereby gives notice of its objection to and rejection of any different or additional terms, and Customer agrees that the terms in these General Conditions shall apply and govern to the exclusion of all others.

1.6 All agreements, amendments, modifications and legally relevant declarations of the parties to the Contract must be in writing and agreed to by the parties in order to be valid. Declarations in text form which are transmitted by or recorded on electronic media will be equated with written declarations when specifically so agreed by the parties.

1.7 Should a provision of these General Conditions prove to be wholly or partly invalid, the parties to the Contract shall jointly seek an arrangement having a legal and economic effect which will be as similar as possible to the invalid provision.

2. DEFINITIONS

2.1 For the purposes of these General Conditions, the following definitions apply:

2.2 Maintenance: All operations which comprise the detection, analysis, correction, repair or prevention of equipment dysfunction. These operations may be described as "Services" or "Works".

2.2 Service Contractor: Contractor to which the Maintenance Service is consigned, and which is also a manufacturer of the same type of equipment.

2.3 Equipment: appliance made available for Maintenance by the Customer to the Service Contractor, whether or not the latter is the manufacturer.

2.4 Customer: person or entity assigning Maintenance of the Equipment to the Service Contractor.

3. TRANSPORT AND RISK

3.1 The Equipment must be clean and free from pollution.

3.2 Unless otherwise agreed in writing, the cost and risk of loss or damage caused to or by the Equipment shall be borne as follows:

(a) Delivery to workshop

- The cost and risks of delivery of Equipment to the Service Contractor's workshop shall be borne by the Customer unless otherwise agreed.
- A detailed delivery notice prepared by the Customer must accompany the Equipment.

- The Service Contractor will effect Equipment receipt and identification in the workshop.
- If the Equipment has been sent to the Service Contractor without notification, Service Contractor may store the Equipment on the cost and risk of the Customer.

(b) During Work

Risks related to the Maintenance shall be borne by the Service Contractor, save for those caused by inherent defects in the Equipment which existed prior to the delivery to the workshop.

(c) Return to Customer

- Unless otherwise agreed, the cost and risks of return of the Equipment to the destination site shall be borne by the Customer. Packaging shall be paid for by the Customer.
- A detailed delivery notice prepared by Service Contractor must accompany the Equipment.

4. OWNERSHIP OF THE EQUIPMENT

Vis-a-vis the Service Contractor, the Customer remains the owner of the Equipment consigned and keeps the risk of accidental damage and loss.

5. DOCUMENTS AND INFORMATION

For optimum service quality, the Service Contractor may require the Customer to provide:

- Technical documentation (plans, notices including the manufacturer's instructions, security and maintenance notices, user manuals, etc.), the history of modifications, repairs and interventions effected to the Equipment and the operating logs.
- Documents concerning traceability and source of spare parts and Equipment

The agreed intervention periods for Maintenance will not commence until remittance of all such documents and information are provided., as may be requested by the Service Contractor. The Service Contractor undertakes to ensure the traceability of its own interventions and will hold harmless the Customer by any third party claims of unauthorized transfer of documents.

Any documents submitted by the Service Contractor to the Customer shall be reviewed within five (5) days, failing of which the documents shall be deemed to be approved.

Unless otherwise agreed, technical documents such as drawings, designs, brochures, catalogues descriptions, illustrations and the like are not binding. Data provided for in technical documents are only binding in so far as having been expressly stipulated as such.

Each party to the Contract retains all rights to technical documents provided to the other and shall retain them on a confidential basis. The party receiving such documents recognizes these rights and shall not, without previous written consent of the other party, make these documents available to any third party, either in whole or in part, nor use them for purposes other than those for which they were handed over.

6. INSPECTION AND ASSESSMENT

The Service Contractor undertakes to inspect and assess the Equipment within a reasonable period once the Equipment is received. In all cases, the cost of inspection, dismantling and assessment shall be borne by the Customer.

7. ESTIMATE, RESPONSE TIME

In the absence of response from the Customer within a reasonable time from collection of the Equipment, the Service Contractor may invoice the



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Equipment retention costs to the Customer, and reserve the right to dispose of such Equipment.

8. COMPLETION TIME

The time estimated for completing the Works shall not constitute a commitment by the Service Contractor unless expressly agreed as such.

The Works shall be deemed to have been completed when the Equipment is ready to be returned to the Customer and so notified to the Customer by the Service Contractor.

The Service Contractor shall be entitled to prolong duration of the Works it undertakes when:

- The instructions required by the Service Contract to carry out the Works are not provided in good time; or
- the Customer places additional work orders accepted by the Service Contractor; or
- the Customer modifies the scope of the planned Works with the agreement of the Service Contractor; or
- an event of Force Majeure, as defined in Clause 17, occurs; or
- the Customer breaches one of its obligations herein or in the Contract.

Should any of the said events occur, a new completion time shall be agreed and until such agreement the completion time shall be automatically extended as the Service Contractor deems reasonable.

9. DELAYED COMPLETION

The Service Contractor undertakes to inform the Customer whenever delay in completing the Works proves inevitable.

The Customer shall not be entitled to any claim for compensation resulting from delivery delay

10. VARIATIONS AND CLAIMS

10.1. The Customer has the right at any time to request a change to the Contract ("Variation Request").

10.2. Depending on the nature and extent of such Variation Request, the Service Contractor shall, within thirty (30) days or any longer reasonable period after receipt, propose to the Customer in writing the effects of such a variation with respect to the time schedule and/or the costs and expenses attributable thereto ("Variation Proposal").

10.3. The Customer shall, within twenty (20) days after receipt of a Variation Proposal, provide written reply to the Variation Proposal, failing of which, the Variation Proposal shall be deemed to be accepted. In the event of rejection, the parties shall without any delay agree on the action to be taken. If an agreement cannot be reached within twenty (20) days after the Service Contractor's receipt of the notice of rejection, Service Contractor shall be free to proceed with the Works as described prior to the Variation Request with an extension of time for completion equal to the delay resulting from the Variation Request.

10.4. The Service Contractor, at its own discretion, shall be entitled to make minor changes to the Contract, which do not impact the price and costs specified in the Contract and/or delivery time.

10.5. Any changes to the Contract necessitated by changes in law or required by authorities after the effective date of the Contract shall be treated as a Variation Request. The Service Contractor shall, within thirty (30) days after learning of it submit a Variation Proposal to the Customer.

10.6. If the Customer considers himself to be entitled to any claim arising out of a clause of the Contract, or otherwise in connection with the Contract (a "Claim"), the Customer shall give notice to the Service Contractor not later than thirty (30) days after the Customer became aware, or should have

become aware of the event or circumstance giving rise to the Claim describing in detail the event(s) or circumstance(s) giving rise to the Claim and if requested by the Service Contractor, provide further evidence related to such Claim. If the Customer fails to give notice of a Claim within said period, the Service Contractor shall be discharged from all liabilities in connection with the Claim. Customer waives any right to raise a Claim for late delivery, back-charges and any other changes to the Contract or price and costs related to the Work six (6) months after delivery or completion of Services.

11. POST-MAINTENANCE ACCEPTANCE

In the absence of special provisions, acceptance shall be deemed to have taken place on issue of the delivery notice by the Service Contractor.

Formal acceptance shall only be effected insofar as expressly stipulated in the Contract and agreed by the Service Contractor.

In such case:

- acceptance will be by verification by the Customer, in the presence of the Service Contractor of the conformity of the completed Maintenance and confirmation thereof in a report signed by Contractor; or
- the Service Contractor shall request the Customer to attend for acceptance which shall be held, unless otherwise agreed, in its workshop. Should the Customer fail to do whatever may be necessary to participate in acceptance within the time specified or at the date and time stated, acceptance shall be deemed to have taken place and the Equipment deemed to have been accepted.

13. PRICES

Prices are exclusive of applicable Federal and Provincial taxes. If the Maintenance to be provided exceeds the amount defined in the Contract, the extra amount shall be calculated on the Service Contractor's prevailing tariffs and shall be borne by the Customer.

14. PAYMENT

Payments shall be made by the Customer at Service Contractor's chief executive office within 30 days from the date of issue of invoice, without any deduction for cash discount, expenses, taxes, levies, fees, duties, and the like. The Service Contractor reserves the right to require partial or complete payment in advance of the presumed amount.

Unless otherwise agreed upon the terms of payment for the Services shall be in accordance with the Contract as acknowledged in writing by the Service Contractor.

The Customer is not allowed to withhold or decrease payments because of complaints, claims or counterclaims not accepted by the Service Contractor. The payments are also to be made should the Services be delayed or have been made impossible for reasons beyond the control of the Contractor.

If the Customer delays in the agreed terms of payment, it shall be liable, without reminder, for interest with effect from the agreed date on which the payment was due at a rate depending on the normal interest conditions at Customer's domicile, but not less than five (5%) percentage points above the Royal Bank of Canada prime rate applicable at the due date of the delayed payment.

The fact that the Contractor avails itself of either of these provisions shall not deprive it of the right to apply the reservation of ownership clause below.

14. RESERVATION OF OWNERSHIP

The Service Contractor reserves ownership of any Equipment supplied until effective payment of the whole price, as set forth in the Contract or as otherwise agreed in writing. Default in payment of any sum due may entail



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a claim for such Equipment. However, the Customer shall, as from delivery to the workshop, be liable for any damage sustained or caused by said Equipment.

15. WARRANTY

Unless otherwise agreed, the warranty period for the Works shall be 12 months from the date of issue of the delivery notice. The Service Contractor undertakes to remedy, in its workshop, any operational fault caused by poor workmanship in the Service provided that the Equipment will be shipped to the Workshop at the cost of the Customer.

In all cases, the warranty applies subject to the following conditions:

- a) The Customer must give written notice of the defect without delay after its manifestation;
- b) The Customer must be capable of proving observance of operating conditions and maintenance of the Equipment as requested by the Service Contractor;
- c) The warranty shall not apply in the event of:
 - Normal wear and tear, or wear in Equipment whose lifespan is less than 12 months; or
 - Storage, installation, commissioning, use or operation of Equipment not in compliance with its normal purpose or within the specifications, the Service Contractor's instructions or professional practice; or
 - Intervention, repair or dismantling by the Customer or a third party not approved by the Service Contractor; or
 - Default in or delayed payment of any amounts to the Service Contractor.

The warranty shall not apply, and the liability of the Service Contractor is excluded, in the event of non-payment by the Customer which may not avail itself of any third-party claim to suspend or defer its payments.

16. LIABILITY

Notwithstanding anything to the contrary in the Contract, including all documents making part thereof, and to the maximum extent permitted by law, in no event shall Service Contractor be liable to the Customer by way of indemnity, or by reason of any breach of Contract or of statutory duty or by reason of tort (including but not limited to negligence) for any loss of profit, loss of contracts or earnings, delay damages, interruption or loss of production, loss of use or loss of opportunity or business, indirect, punitive, special or consequential damages whatsoever that may be suffered by Customer. Customer further agrees to defend, indemnify and hold harmless Contractor from any claim made by end-user or Customer's clients for such losses.

The remedies of the Customer set forth in the Contract are exclusive, and Service Contractor's liability with respect to any contract, indemnity, tort (including negligence), under any warranty, strict liability or otherwise shall not exceed 100% of the price as stipulated in the Contract, unless claims arise from gross negligence or willful misconduct of the Service Contractor or from Service Contractor's legal liability for personal injuries.

The Customer shall be responsible for any damage caused by his personnel. This applies also if the Service Contractor's personnel are directing or supervising the work, unless it can be proved that gross negligence in connection with instructions, omissions or with the supervision caused the damage.

The Customer shall also be responsible for any damage caused through deficiency in the tools, equipment and materials provided by him. This applies also when the Service Contractor's personnel have used them without lodging a complaint, unless they could have noticed the deficiency had they exercised due attention.

17. FORCE MAJEURE

No party hereto may be held liable for any non-performance, loss, damage, delay or default in performing any of its obligations hereunder if such non-performance, loss, damage, delay or default is the direct or indirect effect of an event of Force Majeure, such as: occurrence of a natural disaster; earthquake, storm, fire, flood etc.; conflict, wars, riots, attacks, acts of terrorism, workplace conflict, total or partial strike at the Service Contractor's business, the Customer, or Service Contractor's subcontractors, providers of services, transporters, postal services, public services, etc.; government acts or imperative injunction from public authorities (such as import prohibition, embargo); operating accidents, machine breakage, explosion.

Each party shall inform the other without delay of the occurrence of any event of Force Majeure of which it becomes aware and which, in its opinion, is likely to affect performance of the Contract.

The parties shall hold discussions as quickly as possible to discern in good faith the consequences of the Force Majeure and jointly decide the measures to be taken. If the Force Majeure event continues for more than 6 months and the parties are unable to find a solution the Service Contractor may terminate the Contract at its own convenience and shall be reimbursed for all cost incurred including a termination fee.

18. SUBCONTRACTING

The Service Contractor shall be entitled to subcontract, without its liability to the Customer being thereby affected.

19. DATA PROTECTION

The Service Contractor is entitled to process the personal data of the Customer in order to perform the Contract. Furthermore, the Customer consents in particular to the supplier transmitting such data to third parties in for the purpose of performing and maintaining the business relationships between the parties.

20. APPLICABLE LAW AND DISPUTE RESOLUTION

The Contract is construed and shall be interpreted in accordance with the laws of the Province of Alberta.

In case of a dispute, the parties shall make their best effort to solve such dispute amicable. If such dispute has not been settled between the parties within sixty (60) days from the date of the relevant party's written notification of a claim to the other party, the courts at the registered office of the Service Contractor shall have exclusive jurisdiction. Service Contractor reserves the right to claim against Customer at the Customer's registered office.

CSM Compressor Inc.

9330-27 Ave.
Edmonton, AB
T6N 1B2
Phone: 780.435.5722
Fax: 780.436.8227

81 Hy-Grade Cres.
Drumheller, AB
T0J 0Y0
Phone: 403.823.9119
Fax: 403.823.9118