

## TERMS AND CONDITIONS OF SALE

**The following Terms and Conditions apply to all sales of Stag Energy Solutions Inc. (the “Seller”) products and services. The items sold by the Seller are referred to as “Goods” or “Products” (the term Products may include certain Seller services). The Customer is referred to as the “Buyer.”**

### **1. General Agreement**

Seller hereby accepts Buyer’s order for products described on the face hereof, but such acceptance is expressly conditional upon acceptance by the Buyer of the terms set forth herein. No modification of, addition to, or waiver of, any of these terms and conditions will be effective unless agreed to in writing by an authorized representative of Seller.

The terms hereof shall survive (i) delivery of the products ordered hereunder; and (ii) the signing of an additional security agreement, if applicable, by Buyer and Seller relating to such products. If the terms herein conflict with such security agreement, the terms of the security agreement shall prevail.

### **2. Payment**

Subject to prior credit approval, Buyer shall make payment in the currency of invoice within the payment terms of Seller’s invoice. The terms of sale herein are subject to credit approval and Seller may at any time prior to delivery modify the terms of payment originally specified to assure prompt payment for the products ordered.

Payments not received when due will incur a late payment charge that will be computed at the rate of one and one-half percent (1.5%) of the amount due per month or the highest rate allowed by law. Buyer shall be liable for all solicitors fees and costs incurred in connection with collecting any amounts past due, including but not limited to, pre-litigation and litigation fees and costs. Buyer shall be assessed a handling fee for any Buyer payment which is not honored by the bank for any reason. Thereafter, Seller may, at its option, require that all future payments by Buyer be made by wire transfer.

If, in Seller’s judgment, reasonable doubt exists as to Buyer’s financial capability, or if Buyer is past due in payment of any amount owing to Seller, Seller reserves the right, without liability and without prejudice to any other remedies, to suspend performance, decline to ship, or stop any material or Products in transit, until Seller receives payment of all amounts owing to Seller.

### **3. Prices**

The price of the Product is printed on the Seller’s invoice. The cost of packing and shipping (and insurance, if required) is an additional charge and will be added to the Invoice. Prices quoted are based on known Buyer requirements and conditions at the time of the quotation. Pricing is subject to change.

### **4. Taxes**

Seller’s price does not include any taxes, brokerage fees, customs or duties. Buyer is liable for all taxes, brokerage fees, customs and duties, whether invoiced by Seller or not.

## 5. Delivery

Unless otherwise specifically agreed, all prices are for products packed for domestic shipment and for delivery F.O.B. Seller's factory or point of shipment. All risk of loss shall be upon the Buyer from the point of shipment. Buyer shall pay, including and without limitation, all transportation, freight, delivery, duties, customs, taxes and any such other applicable charges.

Seller will ship Product at the earliest possible date unless otherwise specified in Buyer's Purchase Order. Seller's weights taken at shipping point shall govern. Seller reserves the right to route shipments. If Seller cannot fulfill the order due to any cause beyond Seller's reasonable control, including, but not limited to the following: natural disaster, casualty, labor disputes, accidents, or unavailability of supplies or transportation, the estimated delivery time will be extended accordingly and Seller will not be liable to Buyer for any damages caused by the delay.

## 6. Changes

Seller will notify Buyer in writing of changes that involve form, fit or function in the manufacture of Product, but reserves the right to make other changes without notice unless mutually agreed upon between Buyer and Seller.

## 7. Returns

No returns can be made without the authorization of Seller. All returns shall be in accordance with Seller's specific shipping instructions.

## 8. Warranty

Limited Warranty and Remedies: Seller warrants that Product sold hereunder shall be of merchantable quality and shall conform to the attached specifications, if any, and otherwise to Seller's standard specifications for such Product and manufactured to the required specifications for such Product. Upon payment of the purchase price, Buyer will receive good title to all such Products free from any lien or encumbrance.

**SELLER MAKES NO OTHER WARRANTIES (EXCEPT OF TITLE), EXPRESS OR IMPLIED, AND SELLER EXPRESSLY DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE, AND ALL OTHER WARRANTIES ARE HEREBY EXPRESSLY EXCLUDED. IN NO EVENT SHALL SELLER BE LIABLE FOR CONSEQUENTIAL OR SPECIAL DAMAGES.**

Buyer's sole and exclusive remedy for breach of warranty or contract shall be the repair or replacement of defective Product, or, at Seller's option, to refund the purchase price; provided:

- (i) Product has not been altered, damaged, or modified;
- (ii) Product has been properly stored, installed, maintained, and operated;
- (iii) Product has not been stored more than 6 months; and
- (iv) Buyer promptly notifies Seller of any defect, and returns Product to Seller within 45 days of notice of defect, freight prepaid.

Defective Product replaced by Seller shall become the property of Seller. Repaired or replacement Product will be shipped to Buyer F.O.B. Buyer's facility.

Seller is not responsible for any charges relating to warranty work that have not been authorized by Seller in writing. If Seller, without separate compensation, furnishes Buyer with advice or other assistance concerning any Product or any system or equipment in which any such Product may be installed, the furnishing of such advice or assistance will not subject Seller to any liability whether in contract, tort (including negligence and strict liability) or otherwise.

#### **9. Liability and Indemnity**

Buyer will indemnify and hold harmless Seller from and against all damages, losses, claims, and expenses, including attorney fees, incurred by Seller as a result of:

- (i) incorporation of the Product into another product;
- (ii) any breach by Buyer of any of its obligations under these terms of sale; or
- (iii) any claimed unfair competition or patent, trademark, or copyright infringement or any other claim resulting from Seller's manufacture of goods to Buyer's specifications.

In no event shall Buyer or Seller be liable for special or consequential damages.

#### **10. Security Interest and Default**

Seller shall retain a security interest in the products delivered hereunder until the total selling price, including taxes, delivery and other applicable charges are paid in full by the Buyer. Buyer agrees to sign and deliver to the Seller any additional security agreement that may be required by the Seller.

If the Buyer fails or refuses to accept delivery of the products ordered hereunder or shall default on the performance of any of the terms, covenants and conditions of this Agreement, Seller may retain the cash deposited or paid to it and the products accepted by it on account of the sale price, if any, and apply the same toward payment of its damages. If the products ordered have been delivered to the Buyer by the Seller at the time of default, the Seller may declare the full amount due and payable without notice or demand and may repossess the products. Repossession and disposition of the products, and any suit for deficiency, shall be pursuant to applicable laws. The remedies provided herein in favor of Seller shall not be exclusive but shall be cumulative and in addition to all other remedies in Seller's favor existing at law or in equity.

#### **11. Applicable Law and Entire Agreement**

This Agreement shall be governed by and shall be construed according to the laws of the Province of Alberta and the federal laws of Canada applicable therein. All claims relating to this Agreement or to the Products shall be brought exclusively in the Federal or Provincial courts in the Province of Alberta.

The provisions hereof are intended by the Buyer and Seller as a final expression of their agreement and are intended as a complete and exclusive statement of all applicable terms to the Buyer's order. No waiver, modification or addition to any of these terms

## **12. Cancellation**

Orders accepted by Seller are not subject to cancellation except with Seller's consent and after arrangement of terms which will indemnify Seller for any losses or damages including lost profit occasioned by such cancellation. Buyer shall be responsible for all costs incurred in executing a Product order, up to the time of cancellation.

## **13. Confidentiality**

Products are the subject of issued or pending Canadian and foreign patents. Products of the Seller are Proprietary and may not be manufactured, reverse engineered or caused to be manufactured, by any other party. The designs and specifications of the Products are Proprietary to Seller and may not be disclosed by Buyer to any third party or used by Buyer other than as provided herein.