



STANDARD TERMS AND CONDITIONS

1. SCOPE OF SUPPLY

This proposal covers the design, manufacturing, testing, packing, marking, delivery, supervision of field assembly and commissioning of the equipment as described in our specific terms and conditions, by CG Power Systems Canada, Inc (named "CG" hereafter).

2. DELIVERY CONDITIONS

The equipment will be delivered as indicated in the specific terms and conditions of this offer.

3. PRICES

Our prices are in US / CANADIAN DOLLARS, currency of account and payment. They are firm and not subject to revision provided that the order is placed within the validity period of this quotation.

After this period, CG may revise the price of the contract according to the price revision formula as per document "CG price escalation".

The quoted prices are based on receipt of an order for all quoted equipment. Hence, a partial order might result in a price adjustment by the Supplier.

If spare parts or other (optional) services are quoted separately from the main equipment, prices have to be understood as only valid if and when ordered together with the main equipment and for deliveries together with the main equipment unless specifically mentioned by the Supplier.

4. VALIDITY OF QUOTATION

This quotation is valid for acceptance by the Purchaser for a period as indicated in our specific terms and conditions. Any extension beyond this period must be explicitly agreed upon by the Supplier and may result in a price adjustment or any other modification of the terms and conditions (e.g. as per document "CG price escalation").

5. TERMS AND CONDITIONS OF PAYMENT

Our prices have been based on the payment schedule indicated in the specific terms and conditions of this offer. Changes of this schedule can result in a price



adjustment and changes in delivery times. If a payment depends on the approval of documents, this approval should be received within 15 days of submission of the same. Otherwise the supplier has the right to invoice this payment as it was originally quoted and accepted by the Purchaser.

6. DELIVERY TIMES

The proposed project planning times are expressed in calendar weeks starting from the receipt of order.

Any delays after receipt of the order due to the Purchaser, may result in:

- a possible extension of total delivery time.
- a possible price adjustment due to increases in labor and material costs.

If detailed drawings have to be approved by the Purchaser, such approvals shall reach the Seller within 2 weeks from the date of his request for approval. Beyond this time, the drawings shall be deemed to have been approved by the Purchaser.

Any change of the Specification of the equipment may result in a modification of our delivery times and prices.

The delivery time and project planning does not take into account adaptation, refurbishment, reinforcing, repairs or construction of roads, bridges, tunnels, railroad(crossing)s in order to deliver the equipment to site unless explicitly mentioned in writing by the supplier. Any costs associated with these activities are also excluded.

7. COMING INTO FORCE OF THE CONTRACT

This contract will come into force when the following conditions have been fulfilled:

- Signing of this contract.
- Credit Approval of the Customer as per CG procedures

8. TRANSFER OF TITLE AND RISK

The transfer of risk shall be ruled by the applicable requirements or where not identified by the Incoterms listed on the purchase order.

9. PACKING AND MARKING

Transportation packing as per the Supplier's standard has been included in our prices. The equipment will be marked according to the Supplier's standard unless specific instructions have been given by the Purchaser.



10. TAXES AND OTHER CHARGES

Any present or future taxes, levies, fees or similar charges, levied related to the supply of the quoted equipment and/or services are not included in our prices. If applicable, these costs shall be borne by the Purchaser.

11. STORAGE

If at the scheduled delivery date, the Purchaser is unable or unwilling to take delivery for any reason, the Supplier may arrange for storage of the equipment if the Purchaser's should so request.

However, the Purchaser shall in that event reimburse the Supplier for all costs incurred by such storage and shall accept a transfer of title of the goods as if the equipment had been delivered.

12. LIABILITY

The Parties' exclusive remedies and the entire liability of a party, its affiliates and their employees, agents and suppliers, for any claim, loss, damage or expense of the other party or any other entity arising out of this agreement, or the use or performance of any product or services, whether arising out of breach of contract, tort, negligence, indemnity or strict liability, shall be as follows:

- a. for the non-performance of Equipment and services during the warranty period: the remedy set forth in the "Warranty" section13.
- b. in case of accidents occurring at any time, both during the eventual assembling as afterwards, the responsibility of CG is limited to its supplies and CG is never responsible for any damage incurred by an accident in the Purchasers premises, nor to his installations, goods and/or staff.
- c. subject to the terms of clause (d) below, for everything other than as set forth above, the amount of the proven direct damages, not to exceed the price allocable to the Equipment or part thereof which gives rise to the claim.
- d. neither party shall be liable for any damages that could have been mitigated with reasonable care, nor for incidental, indirect, consequential or economic damages such as lost profits, revenues or savings, loss of other equipment or tangible damage, downtime costs or business interruption losses, removal or reinstallation costs, claims of third parties, arising out of this agreement, or the use or performance of any product or services, whether in an action arising out of breach of contract, tort, negligence or strict liability.



13. WARRANTY

The warranty covers all defects directly related to design, material or workmanship of CG manufactured items and all damaged parts will be repaired on site or replaced, at the option of the Supplier, free of charge subject to the conditions described in this section.

Definition of a defect (or non-conformity)

A defect is a non-conformity with the agreed technical specifications, which has a material negative impact on the function or the performance of the Equipment. This warranty covers all such defects that are directly related to design, material or workmanship.

Warranty conditions

This Warranty is contingent upon:

- a) At the discretion of Seller, a Factory Technician inspecting the apparatus before energizing
- b) Compliance by Purchaser with the instructions and conditions as defined in Seller's TRANSFORMER INSTRUCTION AND MAINTENANCE MANUAL, SECTION 200 SHIPPING AND RECEIVING, inclusive of, but not limited to, the completed and returned forms titled AFFIRMATION OF CG POWER SYSTEMS CANADA INC. WARRANTY and TRANSFORMER RECEIVING INSPECTION REPORT.

Receipt of these documents and authorization by Seller to proceed with energization shall validate this warranty as of the energization date of the equipment. Any deviation from these requirements shall invalidate the warranty.

Notice

The Purchaser shall give written notice during the applicable warranty period of any defect or non-conformity within ten days after discovery thereof, or within 10 days after the date that such defect became visible, and shall put the defective or non-conforming parts at the disposal of the Supplier according to its instruction regarding return of defective or non-conforming equipment.

When the defect is such that it may cause damage, the notice shall be given immediately. Negligence of the Purchaser may result in loss of his rights and the Purchaser shall under all circumstances mitigate the damages from defective equipment.



The notice shall contain a sufficient description of the defect and should be supported by visual evidence like photographs, video recordings or other means available to the customer at that time and in accordance with the indications in the user's manual.

Replace or repair procedure

CG shall decide as soon as possible whether repair or correction shall be carried out at the site of the equipment or a defective part shall be returned to CG for replacement, or any other solution and will proceed to do so to its best efforts and possibilities. No product will be accepted for repair or replacement without the authorization of and in accordance with instructions of CG.

If CG determines that the returned product is not defective and such absence of defect (s) could reasonably have been discovered by Purchaser or that the warranty is not applicable, independently of what CG might have announced in prior correspondence based on the notice of the Purchaser, Purchaser shall pay CG's costs of handling, inspecting, testing and transportation and, if applicable, travel and related expenses.

In repairing or replacing any product or part of product under this warranty, CG may use either new, remanufactured, reconditioned, refurbished or functionally equivalent products or parts; provided, however, that such repair or replacement will not impact upon the function of the product under normal and proper use, as provided in the Specifications. The repair or replacement of items during the warranty period does not extend this period.

Transportation and other cost

In case of standard/extended warranty provisions, removal and reinstallation expenses as well as transportation expenses associated with a returning of such product to CG shall be borne by the Purchaser. After CG repairs such Product or acquires a replacement Product, CG shall pay the cost of transportation of the repaired or replacement product up to the original delivery location of the transformer (if within the USA or Canada mainland) or named US-port of shipment (if delivery location is outside the USA mainland).

Only when explicitly stated as such in the specific terms and conditions of the offer, In/Out expenses are covered by CG up to the original delivery location. In/Out warranty will not automatically obligate CG to repair or replace damaged product in his own facility or anywhere else than the last operational location of the transformer.

For either type of warranty, the Purchaser shall at its own expense arrange for any dismantling and reassembly of other equipment than the Equipment



delivered by CG, to the extent that this is necessary to remedy the defect. The Purchaser shall not move any of the Equipment without the authorization of CG and will follow the given indications at his own risk even if CG decides not to expedite a representative for that matter.

The replaced products or parts shall become property of CG. All replaced parts must be returned free of charge to CG within in one month of their replacement, in default of which their value will be invoiced.

Exclusions and limitations

The warranty is not applicable in the case of defect due to design originating from Purchaser or a third party, faulty installation by or on instruction of the Purchaser or a third party, misuse, neglect, accident or abuse; improper cabling , repairing, installation, storage and maintenance, normal wear and tear, improper operation or disregard of Supplier's technical instructions or suppliers specifications, accidental handling, improper maintenance, improper environment, repair, modification or intervention by the Purchaser or any third party.

The Supplier's liability is expressly limited, unless otherwise specified by compulsory legal prescriptions, to the cost of correcting defects in the equipment as provided herein, and shall in no case exceed the price allocable to the equipment or part thereof which gives rise to the claim.

The Supplier shall not be liable for any special or consequential damages, such as loss of profit or revenue, loss of other equipment, downtime costs, removal or reinstallation costs (except these are covered by a I/O warranty), claims of third parties against the Purchaser.

For products not manufactured by CG himself, the latter shall only be liable to the extent of the warranty given to CG by its own suppliers and within the above time limit.

CG shall not give any warranty as to the usefulness of fitness for purpose of the Equipment. Only the Purchaser shall be responsible for his intentions with the Equipment.

The foregoing warranties are exclusive and are in lieu of all other express and implied warranties, including but not limited to warranties of merchantability and fitness for a particular purpose. Purchaser's sole and exclusive remedy shall be CG's obligation to repair or replace as set forth above in this warranty.



14. CONTRACT SUSPENSION CHARGES

This contract is subject to suspension charges if suspended by the buyer for any reason. The suspension charges and its due dates will be communicated at the beginning of each suspension period and these charges will be added to any material cost rise (according to Supplier's price revision formula) that may occur within the suspension period.

Non-payment or late payment of the suspension charges may be considered as cancellation under this clause.

When the previously announced suspension period has ended or prolonged or if the suspension is deemed to last longer than 3 months, after this period the Supplier is entitled to review the cancellation charges to be in accordance of the actual costs.

Suspension will always postpone the delivery of the material with at least the same amount of time as the suspension will take and gives Supplier the right to change the delivery date at his best convenience.

This contract is subject to cancellation charges if terminated due to buyer's default for convenience. The cancellation charges are detailed in our Specific Terms and Conditions shall serve as maximum limits under this clause.

Payments under this clause shall be justified by documentary evidence by the seller and shall not include loss of profits.

15. FORCE MAJEURE

In the event the Supplier is prevented from fulfilling his obligations described in the Contract, by force majeure, directly or indirectly affecting his activities or those of any other person or company connected with the sale, manufacture or shipment of the equipment, the Supplier shall not be liable for any loss, damage, failure or delay in fulfilling his obligations and may, at his option, extend the time of delivery of the equipment or, should the restrictive circumstances persist, re-negotiate or cancel unconditionally the unfulfilled portion of the contract to the extent so affected.

However, in no case shall payments by the Purchaser for delivered equipment or services rendered be interrupted due to the force majeure.

The Supplier shall notify the Purchaser in due time of any force majeure case affecting his performance.

Cases of force majeure include - but are not limited to - acts of God, natural catastrophes, fire, epidemics, perils of the sea, war or civil unrest, restrictive governmental measures, labor disputes, breakdown in plant, unavailability of transportation or loading facility, failure in supply of public utility or materials,



disruption in procurement from suppliers of parts, or any other cause or circumstance beyond the reasonable control of Supplier.

16. HARDSHIP

If, by reason of any substantial rise in the cost of labor or in the cost of materials or transport above such costs ruling at the date of the quotation, the cost to CG of performing its obligations under the Contract is substantially increased, the Parties will discuss in good faith a modification of the contract price that should reflect such substantial increase.

17. PERMITS, LICENCES, ETC.

The Purchaser shall be responsible for obtaining all licenses, permits and authority approvals in due time as necessary for the contract and the performance thereof.

18. STANDARDS

The equipment to be supplied in accordance with the Technical Specifications of the quotation shall be manufactured and tested in accordance with ANSI/IEEE/CSA recommendations, except when specifically indicated otherwise.

19. DESIGN DIMENSIONS

Except when explicitly guaranteed, any dimensions and weights stated in the technical part of our quotation are approximate and cannot be considered as binding.

20. TESTING AND ACCEPTANCE

Should the Purchaser wish to inspect or attend the tests to be performed on the equipment, he may do so at his own cost. In case the Purchaser or his representative is not available or present on the agreed upon date, the Supplier will be allowed to perform the testing without further delay and without the presence of the Purchaser.

If the equipment has to be erected and commissioned under the Supplier's supervision, the Purchaser shall carry out the acceptance of the equipment at the location specified in the contract and shall issue an acceptance certificate to the Supplier. However, acceptance of the equipment shall be deemed complete 15 days after issuance by Supplier of notice to Purchaser to carry it out.



21. CHANGE IN LAWS, REGULATIONS, CODES AND STANDARDS

Any change in applicable laws and regulations and/or in applicable codes and standards after the signature of the contract shall be considered as a change order from the Purchaser and shall entitle the Supplier to adjust the contract, particularly the prices and terms of delivery accordingly.

22. LANGUAGE

English shall be the language of the contract, and will prevail over any translation, if any.

23. PRIORITY OF DOCUMENTS

In case our standard terms and conditions deviate from or contradict the specific terms and conditions corresponding to a certain offer, the terms and conditions as stated in the latter will prevail over the standard, without prejudice to the other standard terms and conditions.

24. APPLICABLE LAW AND JURISDICTION

The contract shall be governed by laws of the Province of Manitoba unless otherwise agreed upon.