

PURCHASE ORDER TERMS AND CONDITIONS: GOODS AND/OR SERVICES

1. EXECUTION OF THE WORK

The Contractor shall for the stated order price furnish all necessary labour, materials, tools and equipment and shall carry out in a careful and good workmanlike manner and to the satisfaction of the Yukon Energy Corporation ("Corporation"), the work set out in "Description of the Work" and more particularly described in the drawings and specifications when applicable (the "Work"). All materials used in the execution of the Work must be new and of a quality satisfactory to the Corporation and installed or applied in accordance with manufacturer specifications.

2. CHANGES

No agreement or other understanding in any way modifying any part of this Purchase Order ("PO"), including these terms and conditions, will be binding upon the Corporation unless made in writing and signed by its authorized representative.

Any resulting adjustment to the order price shall be agreed upon by the Corporation and the Contractor and will represent the reasonable and proper costs incurred by or savings accruing to the Contractor.

3. QUALITY

Material purchased is subject to Corporation's inspection and testing. If materials are rejected they may be returned to the Contractor at their risk and expense.

Equipment supplied by the Contractor which in the opinion of the Corporation fails to perform in accordance with the applicable specifications shall be subject to Section 18.

4. ACCEPTANCE

Delivery of material or performance of any services constitutes an acceptance of the PO and its terms and conditions.

5. CARRIER

The Corporation shall have the right to designate the carrier over which materials shall be routed providing that this shall not entail additional cost to the Contractor when freight charges are the Corporation's responsibility.

6. REMOVE DEBRIS

The Contractor shall remove from the premises, from time to time and as directed by the Corporation, all building rubbish or debris resulting from the Work.

7. ACCESS TO WORK

The Contractor shall permit the Corporation or its representatives to have access to the Work at all times during the execution of the Work and shall co-operate fully with other contractors or workers sent to the place of the Work by the Corporation.

8. WORKERS

All workers shall be competent and qualified to do the Work. The Contractor shall be responsible for all assessments, returns, remittances, and deductions in respect of the Contractor's workers under the *Workers' Compensation Act* (Yukon), *Unemployment Insurance Act*, *Income Tax Act* and Canada Pension Plan.

9. PAYMENT

It is mutually agreed between the parties hereto that no certificate given or payment made under a subsequent purchase order or agreement, except for the final certificate of payment, shall be conclusive evidence of the performance of this PO, either wholly or in part, and that no payment shall be construed to be acceptance of defective work or improper materials. Further to this:

- (a) Unless otherwise stated, all monies payable by the Corporation shall be in Canadian Funds.
- (b) Unless otherwise stated and provided all terms and conditions have been met, invoice payment shall be net 30 days from receipt of the invoice or after receipt of the goods, whichever is later.

10. BILLING

Original Invoice to be submitted to Corporation as indicated on the front of the PO with PO number indicated.

11. GST

Contractor's GST registration number must be shown on all invoices and the amount of GST shown separately.

12. INSURANCE

The Contractor must maintain, and provide a Certificate of Insurance to the Corporation upon request by the Corporation, Comprehensive Commercial General Liability Insurance covering bodily injuries, property damage including the Contractor's premises, property (including unlicensed motor vehicles) and non-owned automobile liability. The minimum insurance limit shall be \$2,000,000 per occurrence and in the aggregate, inclusive of bodily injuries and property damage. Any deductible amounts due shall be borne by the Contractor.

13. WORKERS' COMPENSATION REQUIREMENTS FOR CONTRACTORS REGISTERED OUTSIDE THE YUKON

If the Contractor is to perform any of the Work on the Corporation's site including but not limited to delivery, assembly, installation and/or unloading of deliverables, Contractor shall within 10 days of the award of this PO and before commencing work on site, and at any time on the request of the Corporation, provide evidence of certification by the applicable Workers' Compensation Board(s) ("WCB"), including but not limited to:

- (a) an account number and/or certificate from WCB to confirm coverage by the Contractor's and any subcontractor's home province;
- (b) a statement from WCB that the Contractor and any subcontractors are registered and in good standing in their home province;
- (c) Confirmation that all persons performing the Work who are not covered by the Workers Compensation Act are covered under personal optional protection coverage available through WCB.

14. WORKERS' COMPENSATION REQUIREMENTS FOR CONTRACTORS PERFORMING WORK IN THE YUKON

If the Contractor is to perform any of the Work on the Corporation's site including but not limited to delivery, assembly, installation and/or unloading of deliverables, Contractor shall within 10 days of the award of this PO or related contract and before commencing work on site, and at any time on the request of the Corporation, provide evidence of certification by the Yukon Workers' Compensation Health and Safety Board ("YWCHSB"), including but not limited to:

- (a) if the Contractor will be performing work on the Corporation's site that does not exceed 10 days per year, a statement from the YWCHSB that the Contractor is registered with the YWCHSB;
- (b) if the Contractor will be performing work on the Corporation's site that exceeds 10 days per year, a statement and/or certificate from the YWCHSB that the Contractor and all subcontractors are registered and in good standing, and that all workers performing the Work are covered by the Contractor's or subcontractor's workers' compensation through the YWCHSB;
- (c) confirmation that all persons performing the Work who are not covered by the YWCHSB are covered under personal optional protection coverage available through YWCHSB.

15. SAFETY RESPONSIBILITY

The Contractor will be the principal contractor, for the purposes of the Work for any work area where the Work is undertaken. If the Corporation notifies the Contractor that another person will be the principal contractor for all of part of the Contractor's work, the Contractor shall comply with the directions of the principal contractor in accordance with the *Occupational Health and Safety Act* (Yukon) and any other Applicable Laws. If a governmental, judicial or similar body with requisite authority determines that the Contractor is not the principal contractor, then the Contractor and all other staff, contractors or other personal shall comply with the instructions of the principal contractor relating to health and safety matters.

16. SUSPENSION OF WORK

In the event that the Work is suspended, the Contractor shall arrange for protection of the Work as directed by the Corporation. The Contractor will be reimbursed for reasonable direct costs incurred in protecting the Work.

17. TERMINATION

The Corporation may terminate this PO, in whole or part, without penalty by giving 90 days notice in writing to the Contractor to that effect at any time if:

- (a) The materials and services to be furnished are not provided in accordance with the schedule for the same forming part of this PO.
- (b) The materials and services furnished, in the opinion of the Corporation, are of inferior quality and are not in accordance with the specifications herein or elsewhere contained.
- (c) The Contractor fails or refuses to:
 - (i) supply a sufficient number of properly skilled personnel or materials or equipment of the proper quality or quantity;
 - (ii) perform any of its obligations in good faith; or
 - (iii) make prompt payment to any person in relation to this PO.

The Corporation's obligation to make payment to the Contractor shall cease when payment for work satisfactorily performed has been made.

The Corporation shall be relieved of any further obligation hereunder, except for payment for the balance outstanding for the Work performed by the Contractor up to the time of termination.

In addition, the Corporation may immediately terminate this PO upon the occurrence of any of the following:

- (A) Where the Contractor, despite notice thereof, persists in rendering services unacceptable to the Corporation.
- (B) Where the Contractor becomes insolvent, partners or merges with another firm(s), and/or change their business models.
- (C) Where the Contractor fails or refuses to comply with Applicable Laws.

18. DEFICIENCIES

Prior to the commencement of the warranties pursuant to Section 26, the Contractor shall be responsible to:

- (a) remove and replace or modify all or any part of the Work which, in the sole opinion of the Corporation, is not fit for the purpose for which it is intended or is not in accordance with this PO, in order to make it fit for the purpose for which it is intended or to make it in accordance with this PO; and
- (b) remove, including disposal and storage, of any unsatisfactory Work.

Upon receiving written notice of a deficiency from the Corporation, the Contractor shall immediately take all reasonable steps required to remedy the deficiency within the time specified in the Corporation's notice.

The Corporation shall advise the Contractor of any limitations to the period of time when the delivery point is accessible for the Contractor to perform the remedial work, and the Contractor will work within those time limitations.

The Corporation's inspection rights identified in Section 3 shall apply to any and all remedial work performed by the Contractor.

Where the Contractor does not meet its obligations under this Section 18 within the time specified in the Corporation's notice, the Corporation may retain another contractor to complete and remedy any deficiencies and all costs incurred by the Corporation in remedying such deficiencies shall be the responsibility of the Contractor.

19. CO-OPERATION AND MAKING GOOD

The Contractor shall perform the Work with minimum disturbance to personnel and the public and ensure that the health and safety of persons occupying adjacent or contiguous parts of any buildings or properties and shall ensure that the Work is protected.

The Contractor shall obtain the approval of the Corporation for the hours during which the Work will be performed and shall provide a work schedule for approval of the Corporation.

The Contractor shall repair and make good all parts of any property, including any buildings that may be affected by the Work. All such repair work shall be equal in kind, quality and finish to that of the existing Work, if any

If the Work affects occupied portions of a building, the Contractor shall ensure continuity of building services and necessary access for personnel and vehicles.

If the Work is conducted adjacent to a road or highway, the Contractor shall ensure that adequate safety measures are employed to direct traffic and maintain continuity in the public's use of the roadway or highway.

20. PROPERTY OF THE CORPORATION

The Contractor shall be liable to the Corporation for any loss or damage to any property of the Corporation arising out of the performance of the Work whether or not such loss arises from causes beyond the Contractor's control.

21. DRAWINGS

All engineering drawing and mapping products provided to the Corporation under this PO (and any modifications to them) will be provided in all of the following formats:

- (a) hard copy paper;
- (b) PDF format;
- (c) either Microstation (.dgn) or Autocad (.dwg or .dxf) format, such drawings are to be provided on the title blocks provided by the Corporation; and
- (d) the original source file format (where the originating program differs from those noted above in Section 21(c)).

All mapping products shall be in the UTM coordinate system, NAD 83 datum, unless otherwise requested.

The Contractor shall check and ensure that all formats use versions consistent with those used by the Corporation.

22. OWNERSHIP AND USE OF WORK PRODUCT

The Contractor grants to the Corporation a non-exclusive royalty free perpetual irrevocable license to use the Contractor's intellectual property related, directly or indirectly, to the Work (the "Contractor's Project IP") to the extent necessary to permit the Corporation to operate, maintain, repair, upgrade and otherwise use any equipment supplied and other works installed without infringing on the rights of the Contractor or any other person having an interest in the Contractor's Project IP.

The Contractor agrees that all records or other documents (in any form) ("Documents") prepared, produced, or delivered by the Contractor in the direct course of this PO, will be the sole and exclusive property of the Corporation to use for any purpose by the Corporation without any additional compensation to the Contractor.

Without in any way limiting the foregoing, the Corporation, at its sole discretion, may allow third parties to have access to and use any or all of the drawings, including the design, method of fabrication and arrangement of the Work, for the installation, construction, maintenance, repair, operation and replacement of any or all of the Work for the Corporation, including as

part of procurement processes for such installation, construction, maintenance, repair, operation or replacement.

The Corporation may use the Documents for any other purposes and the Corporation and Contractor shall agree on the fees for any services necessary to properly revise the Documents for such use. If the Corporation and Contractor are unable to reach such an agreement the Corporation may retain another contractor/consultant for the purpose of revising the documents for such alteration, addition or deletion, as it deems fit.

The Documents include documents prepared by consultants and subcontractors. The Contractor and such consultants and subcontractors will not be held liable by the Corporation to the extent of any modification or revision of the plans, sketches, drawings, graphic representations and specifications made pursuant to this section made by the Corporation or third-party. For clarity, this does not limit any indemnification or liability for unmodified portions of documents prepared by the Contractor or any consultants or subcontractors.

23. INDEMNIFICATION

The Contractor shall indemnify and save harmless the Corporation from and against all claims, damages, costs, expenses, actions and suits caused by or arising out of or in connection with, whether directly or indirectly, the carrying out of the Work or by reason of any matter or thing done, permitted or omitted to be done by the Contractor, subcontractors or their agents or employees and whether occasioned by the negligence of the Contractor, subcontractors or their agents or employees.

The Corporation shall indemnify the Contractor for failure of the Corporation to comply with this PO. The Corporation's maximum aggregate liability under this PO shall not in any circumstances exceed the amount payable to the Contractor.

24. FORCE MAJEURE

"Force Majeure" means any event or circumstance which:

- (a) is beyond the reasonable control of the affected Party;
- (b) the affected Party, having used all commercially reasonable due diligence, could not have prevented, mitigated or overcome such event or circumstance; and
- (c) the affected Party is directly caused by such event or circumstance to be unable to perform, or perform a material part of, their obligations pursuant to this PO.

In the event of a Force Majeure, the Contractor shall have the right to seek an extension of time equal to the duration of the relevant Force Majeure. Notwithstanding the foregoing, the Contractor will take all reasonable steps and measures to mitigate the impact (including cost and delay) of any Force Majeure. For clarity, the Contractor shall not be entitled to any costs associated with a Force Majeure.

25. DELAY

If the Contractor is delayed in the performance of the Work by an action or omission of the Corporation or anyone employed or engaged by the Corporation, directly or indirectly, contrary to the terms and conditions of this PO, then the date for total performance of this PO will be extended for such reasonable time as the Corporation's representative may recommend in consultation with the Contractor or the Corporation and the Contractor may agree. The Contractor will be reimbursed by the Corporation for reasonable direct costs incurred by the Contractor as the result of such delay.

No extension or compensation will be made for delay unless notice in writing of the cause of delay is given to the Corporation or Corporation's representative not later than 10 working days after the commencement of

such delay provided, however, that in the case of a continuing cause of delay only one notice will be necessary.

26. WARRANTY

The Contractor warrants that the deliverables are free from all defects from faulty materials or workmanship which appear within the later of:

- (a) 12 months from the date total performance; or
- (b) 18 months from the date of delivery of the deliverables to the specified delivery point(s); or
- (c) such other date as may be specified in the contract documents.

The Contractor shall, at its own expense, upon receiving written notice from the Corporation, remedy immediately and to the satisfaction of the Corporation, any defect in or deficiency to the Work and any other work arising from that defect, deficiency or unsatisfactory Work.

The Corporation shall provide the Contractor with access, at all reasonable times, to the location of any defective, deficient or unsatisfactory Work to enable the Contractor to perform the remedial work and the Contractor shall be responsible for:

- (A) exposure of the defect, deficiency or unsatisfactory Work in order to perform the remedial work;
- (B) the restoration of the Work and any other property disturbed or damaged in the course of exposing the defect, deficiency or unsatisfactory Work, and in performing the remedial work; and
- (C) any and all risks and costs associated with exposing the defect, deficiency, or unsatisfactory Work and performing the remedial work.

The Contractor warrants that all remedial work will be free from defects to the same extent provided above, except that the warranty period shall commence on the date that the Corporation provides to the Contractor written acceptance of the remedial work performed by the Contractor.

The Contractor's obligations under this section shall not be affected by the completion or termination of, suspension or withdrawal of, or rejection of the Work under this PO or any corresponding contract.

27. LEGALITY

All Work and materials furnished shall comply in every respect with all applicable statutes, regulations, laws (including all applicable principles of common law and equity), by-laws, rules, ordinances, codes, orders, decrees, judgements, rulings, awards or directives of or made by any and all legislative, regulatory, administrative, judicial or other public authorities or agencies having jurisdiction over ("Applicable Laws").

28. CONFLICT OF TERMS

Should any inconsistency or conflict exist between the provisions of any of the documents comprising this PO or delivered pursuant to this PO, such inconsistency or conflict shall be resolved by the documents having priority in the following sequence:

- (a) the main body of any corresponding contract, if applicable, including any amendments made thereto;
- (b) the schedules to any corresponding contract, if applicable, include any amendments made thereto; and
- (c) these Purchase Order Terms and Conditions.

29. HIGHEST STANDARD

Notwithstanding the foregoing if any Applicable Law creates a more extended liability for faulty materials or workmanship, the provisions of such Applicable Law shall apply.