



PETRO-CANADA LUBRICANTS INC.
STANDARD TERMS AND CONDITIONS OF SALE - CANADA

As may be amended without Notice by Petro-Canada Lubricants Inc. ("PCLI")
For use only in Canada

1. INTENT AND REFERENCE

Unless there is a Contract between PCLI and Customer (in which event the terms of the Contract shall apply), Customer acknowledges and agrees that PCLI shall sell Product to Customer and Customer shall purchase and take Delivery of Product from PCLI in accordance with these Terms.

CUSTOMER'S ORDER OR PURCHASE OF PRODUCT SHALL CONSTITUTE ITS ACCEPTANCE OF THESE TERMS IN TOTAL, TO THE EXCLUSION OF ANY CONTRARY OR ADDITIONAL TERMS AND CONDITIONS IN ANY FORM WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, ANY STATEMENT, INVOICE, SALES ORDER, PURCHASE ORDER, OR OTHER DOCUMENT OR RECORD PROVIDED BY CUSTOMER.

Any action, inaction, negligence or misconduct by a Party's directors, officers, employees, agents, subcontractors or representatives in connection with Customer's purchase of Product under these Terms shall be deemed to have been committed by that Party. Any indemnity to which a Party is entitled in connection with these Terms, whether expressly set forth herein or under Law, shall include that Party's directors, officers, employees, agents, subcontractors and representatives.

Herein, as appropriate or as required in the context, words importing the singular shall include the plural and vice versa.

2. DEFINITIONS

- (a) **"Additional Charges"**: amounts, excepting Prices, Levies and Taxes, payable by Customer to PCLI in connection with Customer's purchase of Product under these Terms, as agreed by the Parties from time-to-time.
- (b) **"Affiliate"**: any person that directly or indirectly controls, is controlled by, or is under common control with PCLI, or Customer, as applicable.
- (c) **"Business Day"**: a day other than a Saturday, Sunday or public holiday where a Party performs an activity under these Terms, or as otherwise defined herein.
- (d) **"Contract"**: a signed agreement between the Parties for the sale and purchase of Product.
- (e) **"Customer"**: a legal entity to which PCLI Delivers and sells Product pursuant to a Contract or these Terms.
- (f) **"Days"**: calendar days, unless otherwise stated.
- (g) **"Delivered" and variants**: Product picked-up by or on behalf of Customer from PCLI, or shipped by or on behalf of PCLI to Customer, per, if applicable, the Incoterms ® 2010 in the order confirmation issued to Customer by PCLI's Customer Order Management department. Delivery occurs when Product passes, enters, or is set at, upon or within, as applicable, the receiving flange, pipe, hose, tank, vehicle, marine or stationary vessel, loading or unloading dock, warehouse, shipping container, railcar, rail spur or siding, other facility or equipment (without limit), at Delivery (individually or collectively "Receiving Equipment"), or otherwise when Customer or its representative has possession or control of Product.
- (h) **"Government"**: a recognized political division or entity including, but not limited to, national, provincial, territorial, municipal and local governments, and includes governmental agencies and authorities.
- (i) **"Laws"**: Government laws, by-laws, decrees, orders, ordinances, regulations and statutes applicable to these Terms, or to a Party's activities under these Terms.
- (j) **"Levies"**: any current, retroactive or deficit recovery fee, levy, handling charge, operating cost or other financial charge, excluding Additional Charges and Taxes, payable or incurred by PCLI in connection with the sale or supply of Product to its customers, including Customer, and which is a consequence of, or related to, any Law in force when Customer purchases or purchased Product, including, but not limited to, PCLI's obligations to make payments to an organization whose functions are associated with recovering or recycling or reclaiming used Product, its packaging / container, or both.
- (k) **"Notice"**: written communication from one Party to the other about any of these Terms.
- (l) **"Party"**: PCLI or Customer; **"Parties"**: PCLI and Customer.
- (m) **"PCLI"**: Petro-Canada Lubricants Inc., a corporation incorporated under the Laws of Canada, having an office at 2310 Lakeshore Road West, Mississauga, Ontario, L5J 1K2.
- (n) **"Prices"**: prices for Product exclusive of applicable Supplements, unless otherwise required by Law.
- (o) **"Product"**: Lubricants and other products Delivered under these Terms and means a single Product or a collection thereof.
- (p) **"Supplements"**: Additional Charges, Levies and Taxes, in addition to Prices, applicable to or associated with, Customer's purchase of Product under these Terms.
- (q) **"Taxes"**: any taxes including, but not limited to, sales, use, value-added and excise taxes, but excluding income taxes, imposed by a Government, directly or indirectly, in connection with the sale or supply of Product by PCLI to Customer.
- (r) **"Terms"**: these Standard Terms and Conditions of Sale - Canada.

3. PRODUCT PRICES AND QUANTITIES

PCLI may, from time-to-time, discontinue the sale of a Product; or change the composition or packaging of a Product; or change, discontinue or replace a Product trademark or a service offered in connection with the Product.

Prices shall be provided to Customer upon demand and shall be subject to change upon Notice.

Unless otherwise agreed by the Parties or required by Law:

- (a) Prices for lubricating oils and other fluids shall be "per litre" and Prices for greases shall be "per kilogram";
- (b) Prices for supply of Product outside of Quebec, New Brunswick and Prince Edward Island shall be exclusive of all applicable Supplements;
- (c) Prices for supply of Product in Quebec or New Brunswick or Prince Edward Island shall be exclusive of all applicable Supplements except PCLI's Environmental Handling Charges which shall be included in Prices;
- (d) Prices and Supplements shall be in Canadian currency.

Customer shall pay all Supplements directly to PCLI in addition to the Prices, unless and to the extent Customer provides a valid exemption certificate to PCLI, or unless and to the extent a Supplement is payable by Customer, by Law or contract, directly to a third party and Customer provides written evidence of such obligation to PCLI and, if applicable, the Parties agree, in writing, to transfer the obligation from PCLI to Customer. New, or changes to existing, Supplements shall be reflected on PCLI's invoices as of their effective date, or such other date as PCLI advises.



4. PRODUCT QUALITY; WARRANTY DISCLAIMERS; CLAIMS; EXCLUSIVE REMEDIES

PCLI warrants to Customer that, upon Delivery, Product conforms to PCLI's manufacturing specifications for such Product at its date of manufacture (the "Product Specifications"). Upon request, PCLI shall provide Customer with the typical qualities, characteristics, or values (individually or collectively "Values") for the Product at the time of their original publication. All Values are subject to change without Notice. Product samples solely exemplify the Product's typical Values at the time of manufacture of such sample. Sale is not by sample. The particular Values for any Delivery of the Product may not match the particular Values for any sample of that Product.

Subject to the other Terms, PCLI shall further warrant that a Product is fit for a specific application ("Application"), provided Customer advises PCLI, in writing, in advance, of the Application and provided that a PCLI technical services advisor approves, in writing, in advance, use of the Product for the Application.

Subject to the other Terms, if PCLI Delivers Product which, before or at the time of initial use or application by Customer, is alleged by Customer and is thereafter confirmed by PCLI after its investigation to not meet the Product Specifications and to be unusable, through no negligence or misconduct of Customer ("Defective Product"), PCLI shall:

- (a) repair damaged equipment or replace damaged equipment parts (individually or collectively "Damage") to the extent such Damage is caused by Defective Product, provided the Product is used in accordance with the recommendations of the equipment manufacturer and PCLI;
- (b) at its option, replace Defective Product or credit Customer's account for the amount originally billed for Defective Product.

If a Product package is damaged by PCLI before or during Delivery (except to the extent caused or contributed to by Customer's negligence or misconduct), and the Product is thereby made unsalable, as determined by PCLI, acting reasonably ("Damaged Product"), PCLI's sole liability shall be, at PCLI's option, to replace Damaged Product or credit Customer's account for the amount originally billed for Damaged Product.

Customer's claim for alleged Defective Product or Damaged Product (individually or collectively "Defect") shall be made by phone, and then by facsimile or electronic mail as follows.

- (a) Defective Product: Promptly upon Customer's first knowledge of a possible defect in the Product.**
- (b) Damaged Product: Within two (2) Business Days after Delivery.**

PCLI shall be given a reasonable opportunity to investigate the alleged Defect. Customer's failure to comply with the foregoing in this paragraph shall operate as a waiver of any and all claims for Defect.

Notwithstanding any of the other Terms, PCLI's liability shall be subject to Customer:

- (a) complying with PCLI's statements about Product handling, storage and shelf life, as provided or otherwise made available to Customer;**
- (b) visually inspecting Product before its use (which must occur before expiry of its "shelf life") to identify a reasonably apparent possible Defect;**
- (c) not blending or mixing Product with a different product (including, but not limited to, a different type, brand, or grade) without the prior, written approval of a PCLI technical services advisor;**
- (d) complying with PCLI's instructions, if applicable, or otherwise taking reasonable and prudent steps, to prevent or mitigate any loss or damage as a result of an alleged or PCLI-confirmed Defect.**

PCLI makes no representations or warranties (express, implied, statutory or otherwise) other than the express warranty set out above in this Section. PCLI expressly disclaims all other warranties (express, implied, statutory or otherwise) including, without limitation, the implied warranty of merchantability. Notwithstanding any of the other Terms, the remedies provided in this Section shall be Customer's exclusive remedies for any claims for Defect.

5. INDEMNITY AND DISCLAIMER OF LIABILITIES

(a) Subject to paragraph (b), each Party (as "Indemnitor") shall indemnify and save the other Party (as "Indemnitee") harmless from and against any and all losses, costs, damages, claims, fines, penalties, liabilities and expenses, including, but not limited to, those related to or associated with death, personal injury or damage to property or the environment, which Indemnitee may sustain, incur, suffer or have asserted against it as a result of Indemnitor's negligence or misconduct, including, but not limited to, leaking or otherwise faulty Receiving Equipment provided by or on behalf of Customer, except to the extent caused or contributed to by Indemnitee's negligence or misconduct.

(b) Notwithstanding any of the other Terms, neither Party shall be liable to the other Party for any loss of profits, loss of any contract, loss of any use of facilities or equipment, or for any incidental, consequential, indirect, special or punitive damages, arising out of or in connection with these Terms.

6. RESALE OF PRODUCT

Customer shall not resell Product under trademarks, trade names or brands affixed to Product or any other trademarks, trade names or brands owned, or used under license, by PCLI. If Customer resells any Product, it does so entirely at its own risk and without benefit of any warranty or representation as to quality or specifications by PCLI.

7. PRODUCT MEASUREMENT AND PURCHASE QUANTITIES

The quantities of Product Delivered shall be determined by the meters, weigh scales, tank gauge, or other methods of measurement normally used by or on behalf of PCLI for bulk Deliveries, or, for packaged Product, by the number of containers Delivered. Bulk Deliveries within ten percent (10%) of amounts ordered shall be deemed sufficient; though Customer shall only pay for amounts Delivered. However, if PCLI provides specialty bulk services to Customer (by example, if Product is decanted from drums for Customer or Product is subject to a minimum size order), Customer shall pay for all Product ordered and made available, even if it exceeds the amount Customer is able to receive on the scheduled Delivery date.

8. PRODUCT TITLE AND RISK

Risk of loss or damage and title to Product shall pass to Customer upon Delivery in Canada.

9. ORDERS AND DELIVERIES

All Product orders, Deliveries and returns shall be subject to these Terms and to PCLI's applicable policies and procedures, as amended, and as provided or otherwise made available to Customer. PCLI shall use reasonable efforts to meet the Delivery



schedule requested by Customer or proposed by PCLI, but shall not be liable (in contract, negligence or otherwise) for any loss or damage resulting from its failure to do so, howsoever caused.

10. CREDIT AND PRODUCT PAYMENT

- (a) From time-to-time PCLI may request financial or other information ("Information") from Customer, including, but not limited to, Customer's audited financial statements, to determine whether, to what extent, and on what conditions to continue extensions of credit to Customer. If PCLI does not receive such Information within three (3) Business Days after its request, or determines the financial condition of Customer or Customer's guarantor (if any) has become unsatisfactory, or otherwise determines it appropriate, PCLI is entitled to withdraw or revise existing credit terms at any time, acting reasonably. If credit is withdrawn, payment terms shall be prepaid Deliveries. Alternatively, or in addition, PCLI, in its sole discretion, may provide credit if Customer or Customer's guarantor (if any) provides security, at Customer's expense, satisfactory to PCLI.
- (b) If Customer's order for Product or other goods or services with PCLI or its Affiliates places Customer's account over the credit limit agreed to by PCLI from time-to-time, PCLI is entitled to require payment in advance.
- (c) Customer agrees to ensure PCLI receives full payment of invoices per the terms as advised by PCLI from time-to-time and by the date indicated on its invoices ("Due Date"). At PCLI's discretion, taking account of Customer's payment record, overdue amounts shall be subject to a late payment interest charge ("LPIC"), at the lesser of (i) 24% per annum (daily rate 0.06575%) or (ii) the maximum amount or rate lawfully permitted by Law, from the Due Date until payment is made in full. The LPIC may be altered from time-to-time by PCLI, but shall not exceed the maximum amount or rate lawfully permitted by Law. No LPIC shall apply if Customer's delay of payment is due to an incorrect PCLI invoice, provided such delay is limited to that part of an invoice which Customer reasonably believes is incorrect ("Disputed Charge"), and provided Customer makes prompt payment of the Disputed Charge upon its correction or resolution, as applicable.
- (d) If Customer fails to make full payment of an invoice by the Due Date, excepting a Disputed Charge, PCLI is entitled to suspend Product Deliveries until all outstanding amounts have been received from Customer. PCLI is entitled to set off any amounts owing by PCLI or its Affiliates to Customer, against any amounts owing by Customer to PCLI or its Affiliates, under any agreements between such parties.
- (e) Any monies owing by Customer under these Terms shall be payable immediately if PCLI suspends or terminates Deliveries because of Customer's default per Section 11 (a).

11. PERFORMANCE DEFAULT AND TERMINATION

- (a) PCLI may suspend or terminate Deliveries of Product to Customer immediately and without Notice if Customer:
- commits a material breach of these Terms and fails to remedy such breach to PCLI's satisfaction within fifteen (15) Days from notification in writing, or, as to any failure to pay amounts hereunder when due, fails to make such payment in full within five (5) Days from written demand for payment; or
 - becomes bankrupt or insolvent, seeks the benefits of, or is the subject of, any voluntary or involuntary petition for relief as a debtor under the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act or under any other act at the time in force regarding bankrupt or insolvent debtors, or makes any assignment for the benefit of its creditors or any proposal to its creditors for compromise or relief from debts; or
 - breaches, or fails to comply in any material respect with, any Law; or
 - in PCLI's judgment, engages or has engaged in a fraudulent, unsafe, or deceptive business practice; or
 - acts or has acted in a manner PCLI determines, acting reasonably, to be detrimental to its image; or
 - enters into any contract or obligation on behalf of, or that would obligate, PCLI without its prior written authorization.
- (b) The Terms of this Section are cumulative of other Terms regarding rights of termination and do not limit, nor are limited by, such other Terms.

12. TERMINATION RIGHTS AND OBLIGATIONS

The termination of Product Deliveries ("Termination") shall not relieve either Party of any rights or obligations which may have arisen between them before Termination, including, without limitation, PCLI's right to payment for Delivered Product, including applicable Supplements (collectively "Full Payment"), and to payment for or recovery of any other costs or expenses incurred by PCLI to exercise its right to Full Payment. In case of Termination, PCLI is entitled to cancel any non-completed Deliveries. Neither Party shall be liable to pay goodwill or other compensation because of Termination. All rights and obligations of a Party which are capable of having effect after Termination, including, but not limited to, those set out in Sections 4, 5, 6, 8, 9, 10, 12, 15, 18, 20, and 21 shall survive and remain in full force and effect after Termination for any reason.

13. FORCE MAJEURE

A "Force Majeure" event includes, but is not limited to, a strike; lock-out; work stoppage or slow down or other labour dispute; popular uprising; sabotage; riot; rebellion; seizure; insurrection; act of terrorism; act of God; fire; storm; flood; war; accident; embargo; hostilities; explosion; perils of navigation; breakdown, closure or loss of use of, or damage to, or an unsafe condition involving, any facilities, machinery or equipment (for any reason whatsoever) used to manufacture, obtain, store, distribute or receive Product; a reduced or inadequate supply of raw materials or services to PCLI or its Affiliate (for any reason whatsoever, including PCLI's or its Affiliate's inability to acquire same on economically reasonable terms); an act of any Government or other authority; or any other event beyond the reasonable control of a Party (individually or collectively "Event"). However, lack of finances shall not be considered an event beyond the reasonable control of a Party, and nothing herein shall relieve Customer of its obligation to pay for Delivered Product.

Neither Party shall be liable, in damages or otherwise, for any non-performance, omission or delay (individually or collectively "Delay") in performing its obligations under these Terms to the extent and for the time its Delay is directly or indirectly attributable to an Event. The Party claiming Force Majeure shall notify the other Party of the situation as soon as possible, shall communicate all reasonable details to the other Party, and shall, as soon as possible, remedy the cause and consequences of the Event insofar as it is able to do so. However, terms of settlement of any strike, lock-out or other labour dispute (individually or collectively, "Dispute") shall be at the discretion of the Party claiming Force Majeure and such Party shall not be bound to settle the Dispute merely to remedy the Event.



14. PCLI'S RIGHT TO ALLOCATE SUPPLY

If for any reason PCLI's supplies of Product are curtailed or cut off, or are otherwise inadequate to meet the requirements of its customers, PCLI shall allocate the available supply equitably to its customers, subject to PCLI having the right to allocate as PCLI considers appropriate, and such allocation shall not be a breach of PCLI's obligations under these Terms.

15. SECRECY

The Parties may exchange proprietary and other confidential information, including, but not limited to, Product Specifications and Prices. Neither Party shall divulge to any third party any such information supplied by the other Party without the prior written consent of the other Party, unless required by Law. Customer shall not attempt, nor cause or participate in an attempt, to reformulate Product. In addition to any other right or remedy to which a Party may be entitled, at law or in equity, for any breach of this Section, such Party shall be entitled to temporary, preliminary and permanent injunctive relief.

16. NO AGENCY/WARRANTIES

Neither these Terms nor the relations between the Parties shall constitute or create the relationship of principal and agent or of partnership or of joint venture between the Parties. Neither Party is authorized to create or incur any obligation on behalf of the other Party and shall not make any representation, express or implied, that it has such authority. Neither Party, unless having given its express prior written authorization to the other Party, shall be responsible for any debts, contracts, or obligations incurred, made or entered into by or on behalf of the other Party.

Each Party warrants it is duly organized, validly existing and in good standing under the Laws of its respective jurisdiction, and has the power and capacity to enter into, execute and perform its obligations under these Terms, and that the execution of these Terms shall not result in a breach by such Party of any other agreement by which it is bound.

17. COOPERATION AND ASSISTANCE

Each Party shall execute and deliver, or cause to be executed and delivered, all documents, and do, or cause to be done, any further and other acts or things, necessary to implement and carry out the intent of these Terms.

18. ENTIRE AGREEMENT

These Terms and the credit and payment terms, as may be amended, that are provided by PCLI to Customer, constitute the Parties' entire agreement. All representations, conditions, understandings and warranties regarding the subject matter of these Terms, whether past or contemporaneous, are merged herein or superseded hereby. Other than the credit and payment terms provided by PCLI to Customer, no contrary or additional terms and conditions in any form whatsoever shall apply to these Terms, notwithstanding any oral or written statement made or provided by either Party, including, but not limited to, any statement, invoice, sales order, purchase order, or other document or record.

19. HEADINGS

The headings herein are for convenience only and are not indicative of contractual content.

20. SEVERABILITY AND WAIVER

Should anything herein be found to be illegal or unenforceable, it shall be severed from these Terms, without affecting the enforceability of the balance of these Terms. A Party's failure, in one (1) instance or more, to (a) take action in response to the other Party's breach of any Term ("Breach"), or (b) enforce any Term, or (c) exercise any right, shall not be deemed to excuse or waive such Breach, Term or right, nor shall it thereafter limit, impair or extinguish a Party's right to take action in response to any Breach, or to enforce or exercise any Term or right.

21. GOVERNING LAW AND COMPLIANCE WITH APPLICABLE LAW

These Terms shall be governed by and construed under the Laws of the Province of Ontario, including the Laws of Canada of general application therein (individually or collectively "Governing Law"), without regard to conflicts-of-laws principles that would require the application of any other law. Any action arising out of or relating to these Terms shall be brought in the appropriate Ontario court in the City of Toronto ("Court"). The Parties agree to irrevocably attorn to the exclusive jurisdiction of such Governing Law and Court. Each Party shall comply with all Laws. The Parties exclude application of the United Nations Convention on Contracts for the International Sale of Goods, or any local legislation implementing such Convention.

22. NOTICES

A Notice shall be deemed properly given if in writing and (a) delivered by hand (including commercial delivery service), (b) sent by telecommunication (including facsimile and electronic mail), or (c) sent by mail, to the other Party's address or facsimile number below.

- To Customer: To the address or facsimile number provided by Customer.
- To PCLI: By hand or mail: Petro-Canada Lubricants Inc., 2310 Lakeshore Road West, Mississauga, ON, L5J 1K2.
By facsimile: 905-804-3617.

Notice served by hand or by telecommunication shall be deemed to have been given one (1) Business Day after the date on which it is served, provided, if service is by telecommunication, sender has proof of receipt by the other Party. Notice served by mail shall be deemed to have been given five (5) Business Days after the date on which it is postmarked. If there is an anticipated or actual postal disruption, Notice shall only be given by hand delivery or by telecommunication. Either Party may at any time change its address for service by giving Notice in accordance with this Section. For the purpose of this Section, "Business Day" means a Day which is not a Saturday, Sunday or public holiday in the jurisdiction where a Party receives a Notice.

23. LANGUAGE

The Parties confirm they wish these Terms to be in English. Les parties aux présentes confirment que c'est leur volonté que les présentes conditions soient rédigées en anglais seulement.

