

TERMS AND CONDITIONS

1. **Definitions:** “**Arrow**” means the Arrow group company that is identified in the Quote. “**Contract**” means the contract formed between Arrow and Customer with respect to the Services upon acceptance of the Quote by the Customer, consisting of the Quote and these Terms and Conditions. “**Customer**” means the entity that has accepted the Quote, and includes its subcontractors and third party truck operators (“**Agents**”). “**Facility**” means any Arrow or third-party (including CPKC) owned facilities which are utilized in the performance of the Services. “**Minimum Volume Commitment**” means the minimum volume of Product required to be tendered for the Services as set out in the Quote, if applicable. “**Product**” means Customer’s commodity/product identified in the Quote and tendered for the Services. “**Quote**” means the quote issued by Arrow and accepted by Customer, including all terms and conditions therein and any documents referenced in or attached thereto. “**Rates**” means the rates for the Services payable by Customer as specified in the Quote, as may be adjusted in accordance with the Contract. “**Services**” means the services to be performed by Arrow as identified in the Quote. “**Term**” means the term of the Contract. “**Terms and Conditions**” means these terms and conditions.
2. **Contract Terms:** The Contract constitutes the entire agreement and supersedes any prior agreement between the parties with respect to the Services. There are no representations, warranties or conditions, express or implied, except those stated in the Contract. Any different or additional items or conditions proposed by Customer (including in any purchase order issued by Customer) are not binding unless accepted in writing by Arrow. In the event of any conflict or inconsistency between these Terms and Conditions and the Quote, the Quote shall take precedence.
3. **Deemed Acceptance:** If Customer uses any Services (including shipment of any Product), Customer will be deemed to have accepted the Quote.
4. **Term:** The Term will begin upon Customer’s acceptance of the Quote or the tendering of any Product for the Services (whichever is earlier). The Term will end on the end date for the Services specified in the Quote or, if there is no such date specified, then when the Services in the Quote are completed, unless terminated earlier pursuant to section 22.
5. **Ownership of Product:** Customer shall maintain ownership of, and title to, the Products at all times during the Term. If any of the Product is sold, exchanged or otherwise changes ownership while in Arrow’s custody and control, Customer shall remain responsible for all obligations under the Contract in respect of Services relating to such Product (including payment of the Rates).
6. **Product Instructions:** Customer shall:
 - (a) provide correct, complete and accurate information with respect to the Products including quantity and characteristics of the Products, and any specific shipment instructions;
 - (b) provide reasonable advance notice for incoming Product shipments to a Facility; and
 - (c) transmit all instructions regarding the Services and Products in writing to Arrow.

7. **Services:** The Services:
- (a) will be under the exclusive control of Arrow, including any personnel performing the Services and any equipment;
 - (b) will be subject to the hours of operation of any Facility required for the Services;
 - (c) exclude cross-border services unless specifically contracted from Arrow; Customer is responsible to manage all aspects of cross-border requirements regarding the Product and shipment; and
 - (d) require a minimum of three (3) weeks advance notice for any rail-related Services.
8. **Transload and Temporary Storage:** If the Products must be stored at a Facility to allow for performance of the Services, then:
- (a) Customer shall only temporarily store the Products at a Facility for such limited period of time as is required for the Services. Customer shall pay Arrow additional Rates for Products stored at any Facility, as provided in the Quote.
 - (b) The quantity of Products stored at a Facility must not exceed the equivalent of one weeks' planned outbound shipments, unless otherwise defined in the Quote. Any excess stored Products will be subject to additional Rates.
 - (c) Customer may remove its temporarily stored Products from a Facility at any time, subject to any rights of Arrow with respect to such Products.
 - (d) Arrow agrees not to co-mingle Products with goods owned by other customers at the Facility.
 - (e) Customer acknowledges that Arrow will not issue warehouse receipts or similar documentation.
 - (f) When loading or unloading railcars, Arrow will follow the Rail Association of Canada and/or the Association of American Railroads rules, as applicable, as well as the railway facility rules and requirements.
9. **Sub-contracting:** Arrow may subcontract any of the Services.
10. **Rates:** The Rates are:
- (a) based upon the information and requirements provided by Customer;
 - (b) subject to any Minimum Volume Commitment;
 - (c) subject to legal load limits (weight);
 - (d) subject to local conditions and shipment characteristics;
 - (e) exclusive of taxes, ancillary services (including tarping, staging, storage, inventory

management), truck wait times, and railway assessed fees (including railcar demurrage); and

(f) subject to adjustment as provided in the Quote.

In addition to any other remedies under the Contract, Arrow reserves the right to levy additional charges or revise any of the Rates (upon written notice) based upon: i) any changes to or failure of Customer to comply with section 6; and ii) any additional work undertaken by Arrow due to improper handling, marking, packing, packaging, loading, unloading, securing or storage of the Products by Customer or its Agent.

11. **Bills of Lading/Receipts:** A Bill of Lading shall be evidence that the shipment was received by Customer in good order and condition, unless otherwise noted on its face. In the event of a conflict between the terms and conditions of the Bill of Lading and the Contract, the Contract shall govern.
12. **Payment:** Customer agrees to pay Arrow for all Services provided, based upon the Rates, plus any applicable federal and provincial taxes. Unless otherwise agreed, Arrow will issue invoices on a weekly basis to Customer. Customer shall pay Arrow the full amount in the invoice (without any set off) within 30 calendar days of the invoice date, unless otherwise noted in the Quote.
13. **Non-Payment:** If Arrow determines it necessary to refer an overdue account to a third party for collection or otherwise to enforce its rights under the Contract, Customer shall be responsible for all costs of collection or enforcement incurred by Arrow, including reasonable legal fees and disbursements. If at any time Customer is overdue on payment of any amount owing under the Contract, or if the financial responsibility of Customer, or the credit risk involved, becomes unsatisfactory in the reasonable judgment of Arrow, Arrow may: a) require cash or satisfactory security prior to further performance of any Services; b) withhold performance of any Services; or c) shorten the payment terms under the Contract. The foregoing are in addition to any and all other remedies available to the Arrow under the Contract or at law.
14. **Lien Rights:** Arrow shall have a lien on all Products while located at any Arrow owned or leased Facility for all amounts owing on account of Services performed under the Contract, and shall have the right to refuse to remove, or allow to be removed, the Products from any Facility until all such amounts have been paid in full. Arrow shall have the right to enforce such lien by the sale of the Products at a public or private sale, at any time or place and upon terms which are commercially reasonable after notifying all persons known to claim an interest in the Products. Such notification shall include a statement of the amount due, the nature of the proposed sale and the time and place of any public sale. Notification is sufficient if delivered in person or sent by registered or certified mail to the last known address of the person to be notified at least ten days prior to such sale. The fact that a better price could have been obtained by a sale at a different time or in a different method than that selected by Arrow, is not in and of itself sufficient to establish that the sale was not made in a commercially reasonable manner. Arrow may satisfy its lien from the proceeds of the sale but must hold the balance, if any, for delivery on demand to the person to whom it would have been bound to deliver the Products. The foregoing rights are addition to any and all other rights available to Arrow at law.
15. **Safety/Compliance:** Each party shall be responsible and accountable for compliance by their respective employees, subcontractors and Agents with all environmental, health, fire, safety and

security laws, regulations, orders, guidelines, work practices, and procedures applicable to the Services and any Facility.

16. **Facilities:** If Customer or its Agent enter any Facility, Customer agrees to comply with and cause its Agents to comply with:
- (a) all Facility access, safety, security, environmental and other requirements, policies, rules, procedures and protocols issued by Arrow or the Facility owner or lessee; and
 - (b) for truck carriers, all Facility safety and operating authorities, licences and permits (including a National Safety Code Safety Fitness Certificate with “satisfactory” rating, which records and documentation shall be provided to Arrow upon request.
17. **Risk of Loss:** As Customer is responsible to obtain and maintain insurance to cover loss, deterioration, theft or damage to the Products and shipments, the entire risk of loss to the Products shall remain at all times with Customer, except as provided in section 18.
18. **Liability:** Arrow’s liability arising out of or in connection with the Services or the Contract shall be limited to loss or damage to Product directly caused by the negligence of Arrow while such Products are in its possession. In no circumstance will Arrow’s liability (whether arising in contract, tort, strict liability or under any other legal theory) exceed:
- (a) subject to paragraph (c), for trucking Services: the lesser of: i) \$2.00 per pound per lost or damaged Product, ii) a total maximum liability of \$200,000 per truck; or iii) the declared value of the Product stated on the Bill of Lading;
 - (b) subject to paragraph (c), for rail Services: the limitation of liability established by the applicable rail carrier (which shall not exceed \$50,000.00 per shipment); or
 - (c) notwithstanding paragraphs (a) or (b), for wood and lumber Products (including trucking, storage and rail Services), the lesser of: (i) \$400 per MFBM or MSF of lost or damaged Product or (ii) the declared value of the Product stated on the Bill of Lading.

For greater certainty, only that entity in the Arrow group of companies that is named in the Quote shall have any liability in connection with the Services or the Contract and Customer shall have no recourse against any affiliate of such entity.

19. **Claims Process:** If Customer has a claim for loss or damage to any Product, or an invoicing error, Customer shall provide sufficient documentation to Arrow to prove the nature of its claim. Any claim must be submitted to Arrow within 30 days after delivery of the Product to which the claim relates.
20. **Indemnity:** Customer shall indemnify Arrow for all loss, damage, expenses and costs (including reasonable lawyer’s fees) and all claims, demands, awards, actions and proceedings by whomsoever made, brought or prosecuted (including in respect of injury to persons (including injuries resulting in death) and for loss or damage to property) arising from:
- (a) Customer’s breach of the Contract; or

- (b) Customer's or its Agent's actions, omissions or negligence including:
 - (i) improper loading or unloading, marking, packaging, handling, storage or securing of the Products;
 - (ii) any injuries suffered at a Facility or loss or damage to Arrow property and railway property, whether owned or rented; or
 - (iii) the release of any Product or contaminate at a Facility.

21. **Insurance and WCB Requirements:** Customer is responsible for:

- (a) obtaining insurance for all Products and shipment;
- (b) ensuring that it and its Agents maintain insurance satisfactory to Arrow if entering Facilities, including: i) Commercial General Liability insurance with a limit of not less than \$5,000,000; and ii) Automobile liability insurance covering bodily injury and property damage in an amount of not less than \$2,000,000; and
- (c) ensuring it and its Agents comply in all respects with the workers' compensation legislation in the jurisdiction where the Facility is located, if entering a Facility.

22. **Termination:** In the event that Customer terminates the Contract without cause during the Term, Customer will be responsible for the full Minimum Volume Commitment. Either party may terminate the Contract, without limiting any of its other rights or remedies, if:

- (a) the other party breaches a term or condition of the Contract and that party does not remedy the breach within 15 days after it is served with written notice of the breach; and
- (b) the other party becomes bankrupt, insolvent, makes an assignment for the benefit of creditors, or a receiver is appointed.

Expiration or earlier termination of the Contract shall not relieve either party from its obligations that accrued prior to expiration or termination.

23. **Force Majeure:** No delay or failure in performance by either party shall constitute default or give rise to any claim for damage to the extent that such delay or failure is caused by Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a party, including acts of God, natural disasters, severe weather conditions, transportation accidents and emergencies, governmental or judicial orders.

24. **Dispute Resolution:** If a dispute arises in connection with the Contract, the parties agree to each nominate a senior executive and use commercially reasonable efforts to attempt to negotiate a resolution within a period of 30 days, before commencing any legal proceedings.

25. **Confidentiality:** Except as mutually agreed in writing, the parties agree to keep confidential and not disclose to any third party: a) the terms and conditions of the Quote, including the Rates and any Minimum Volume Commitment, b) any company financial documentation/information

disclosed; or (c) any information identified as “Confidential” by the disclosing party. The parties agree only to disclose confidential information to such directors, officers, employees, accountants, lawyers and consultants who have a specific need to know with respect to the performance or enforcement of the Contract.

26. **Independent Contractor:** Arrow is an independent contractor and the Contract does not create an employment relationship, partnership, joint venture, or agency between the parties.
27. **Notice:** Any notice required to be given by either party under the Contract shall be given by courier, facsimile or electronic means to the addresses set out above.
28. **No Modification:** The parties shall not modify or amend the Contract except in writing.
29. **Severability:** If any provisions of the Contract are found to be unenforceable, the balance of the Contract shall be interpreted and enforced as if the unenforceable provisions had never been a part of the Contract.
30. **No Assignment:** Customer shall not assign the Contract without the prior written approval of Arrow, which it may withhold in its sole discretion.
31. **Currency:** All Rates are in Canadian Dollars for shipments terminating in Canada and US Dollars for shipments terminating in the United States, unless otherwise noted in the Quote. All other amounts stated in the Contract are in the same currency as the Rates.
32. **Electronic Counterparts:** The Quote may be executed by either party using electronic signatures in one or more counterparts and sent by electronic mail to the other party. Each counterpart when executed will be deemed an original, and together shall constitute one and the same agreement.
33. **Governing Law:** The Contract shall in all respects be governed by and be construed in accordance with the laws of the Province of British Columbia and any parties hereto attorn to the jurisdiction of the courts of British Columbia.