

SERVICES AGREEMENT

Effective as of **February 10, 2011**

BETWEEN **Petroleum Technology Research Centre Inc.**; hereafter referred to as the "PTRC" and **CLIMBIT Inc.** (ClimBIT) incorporated under the laws of Canada and legally entitled to conduct business in Saskatchewan ("Vendor").

PTRC AND THE VENDOR ACKNOWLEDGE AND AGREE AS FOLLOWS:

1. **Contract**

1.1 The following documents form the Contract:

- (a) This Services Agreement
- (b) Schedule 1: Terms and Conditions
- (c) Appendix A: Statement of Work
- (d) Appendix B: Pricing
- (e) Schedule 2: Soft Landing Provisions

In the event of any conflict or discrepancy among the provisions of the foregoing document, the conflict will be resolved in the order of precedence described above.

2. **Engagement**

PTRC agrees to retain the Vendor to perform the Services and the Vendor agrees to perform the Services in accordance with the Contract.

3. **Term**

The term of the Contract will commence February 10, 2011 (the "Effective Date") and will continue until February 10, 2012 unless one party gives earlier written notice to the other that it wishes to terminate the Contract. Subject to the Soft Landing Procedures, the termination will be effective on the date the notice is received by the other party, except that if there is one or more Statements of Work in effect at the time such notice is given, the termination shall not be effective until the expiration or termination of all Statements of Work. PTRC shall be entitled to extend the terms and conditions of the Contract for an unlimited number of one year periods by providing a written notice of extension of the Contract to Vendor on or before the anniversary of the Effective Date immediately prior to the beginning of the desired extended term.

4. **Addresses for Notices**

4.1 Each party's address for notices is:

To PTRC at:

Petroleum Technology Research Centre Inc.
220 - 6 Research Drive
Regina SK S4S 7J7

To the Vendor at:

ClimBIT Inc
195 -10 Research Drive
Regina SK S4S 7J7

Attention: Dr. Malcolm Wilson

Attention: Tammy Brandt

5. **Address for Invoices**

PTRC's address for invoicing purposes is as follows:

Petroleum Technology Research Centre Inc.
220 6 Research Drive
Regina SK S4S 7J7

6. **Binding Agreement**

PTRC and the Vendor, intending to be legally bound to the Contract, have signed this Services Agreement effective as of date written above.

Signatures indicate acceptance of the Services Agreement and signify authorization to proceed with scheduled activities as defined in the Statement of Work.

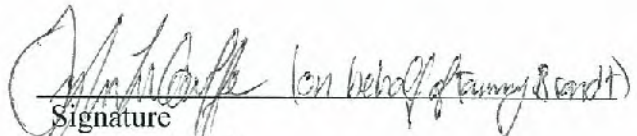
ACCEPTED BY:

Petroleum Technology Research Centre
Inc.

ClimbIT Inc.

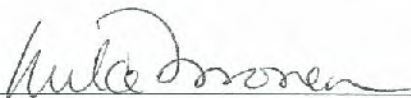


Signature
Dr. Malcolm Wilson
Officer



Signature
Tammy Brandt
Executive Director

Petroleum Technology Research Centre Inc.



Signature
Mike Monea
Board Chair

Date

March 24, 2011

Date

SCHEDULE 1 - TERMS AND CONDITIONS

ARTICLE I- INTERPRETATION

1. Definitions

1.1. In the Contract:

- (a) **“Affiliate”** means any of the following:
 - i) a corporation that is owned or controlled, directly or indirectly, by a party;
 - ii) a corporation that controls, directly or indirectly, by a party, and
 - iii) a corporation that is under common control (direct or indirect) with a party by a third party.
- (b) **“Appendix”** means an appendix attached to the Services Agreement which prescribes the specifications, requirements, resource qualifications, pricing, service levels and any other terms applicable to the types of Services described in the Appendix;
- (c) **“Appendix Term”** the term of an Appendix as specified in the particular Appendix;
- (d) **“Business Day”** means any day other than Saturday, Sunday or any statutory holiday observed by PTRC;
- (e) **“Change Order Proposal”** means a Change Order Proposal executed pursuant to section 18 of this Contract. For greater certainty, the term “change request”, where used in Annex 1 to this Contract, shall have the same meaning as Change Order Proposal;
- (f) **“Contract”** means the Services Agreement, all the documents scheduled, attached or incorporated by reference into the Services Agreement, including these Terms and Conditions, all Appendices and all Statements of Work;
- (g) **“Contract Price”** means the total consideration payable to the Vendor for performance of the Services, as specified in a Statement of Work, exclusive of any applicable Taxes;
- (h) **“Deliverables”** means all Documentation, computer programs, software and source codes, which are provided by the Vendor pursuant to a Statement of Work or in connection with the Services;
- (i) **“Dispute Resolution Procedures”** means the procedures for resolving disputes pursuant to section 29 of this Contract.
- (j) **“Documentation”** means all written policies and procedures relating to Services, training course materials (including knowledge transfer and computer based

training programs or modules), technical and operating manuals, application overviews, data models, data, information, production job run documents, specifications, project plans, project charters, reports or other written materials identified, provided, or developed under a Statement of Work or in connection with the Services;

- (k) **“Effective Date”** has the meaning given in section 4 of the Services Agreement;
- (l) **“including”** means, when referencing a class or list of things, “including without limitation”, unless specifically stated otherwise;
- (m) **“Laws”** means:
 - i) any federal, provincial, local or other laws, ordinances, rules, codes, regulations and permits of any relevant government or governmental authority;
 - ii) all orders and decrees of bodies, tribunals or agencies;
 - iii) that are applicable to the Services or the performance of the Contract;
- (n) **“Services Agreement”** means the Services Agreement signed by the parties to which these Terms and Conditions are scheduled or attached;
- (o) **“Services”** means the performance of all work and provision of all Deliverables by the Vendor pursuant to a Statement of Work or otherwise paid for by PTRC;
- (p) **“Soft Landing Procedures”** means the procedures applicable to the transition of the Services to a third party or in-house set out in the attached Schedule 2;
- (q) **“Statement of Work”** means a Statement of Work executed pursuant to this Contract, as may be modified by one or more Change Order Proposals;
- (r) **“Sub-contractor”** means any individual, firm or corporation engaged directly or indirectly by the Vendor in performance of any part of the Services; and
- (s) **“Taxes”** means all sales, use, excise, consumption, goods and services tax and value-added taxes, or taxes of a similar nature payable in respect of the Contract Price (excluding personal property taxes and taxes based on the Vendor’s income, capital or payroll), imposed by Canada or any provincial or local government within Canada.
- (t) **“Terms and Conditions”** means this Schedule 1 – Terms and Conditions.

2. References to Sections, Subsections

- 2.1. References to sections and subsection (i.e. “section 2” and “subsection 2.1”) are references to sections and subsections of the Contract document in which they appear unless accompanied by a reference to another Contract document.

3. **Governing Law and Jurisdiction**

3.1. The laws in force in Saskatchewan govern the interpretation, validity and enforceability of the Contract.

3.2. Each party agrees to submit to the jurisdiction of the courts of Saskatchewan.

4. **Governing Terms and Conditions**

4.1. The Contract is the exclusive agreement between PTRC and the Vendor and supersedes all prior agreements or commitments, whether oral or written, regarding the Services. The Contract's terms apply to all Services and Deliverables including, without limitation, any Services performed or Deliverables delivered prior to the date of execution of this Agreement or prior to the date of execution of a Statement of Work.

4.2. The parties will not be bound to any agreement or understanding modifying the terms of the Contract unless it is written and properly executed on behalf of each party.

5. **Intentionally deleted**

6. **Interpretation of Contract**

6.1. The division of the Contract into sections and the use of headings are for convenience only and have no legal effect whatsoever.

6.2. If a court of competent jurisdiction finds that any provision of the Contract is invalid, illegal or unenforceable, the finding will not affect or impair the legality or unenforceability of the remaining provisions of the Contract.

6.3. Unless otherwise provided in a Statement of Work, all references in the Contract to currency mean Canadian currency unless otherwise specifically noted.

6.4. If the date on which a party must perform an obligation pursuant to the Contract is not a Business Day, the obligation must be performed on the next succeeding Business Day.

ARTICLE II – PERFORMANCE OF THE SERVICES

7. **Statements of Work**

7.1 The Statements of Work describe the Services for which the Vendor will be engaged to provide to PTRC pursuant to a Statement of Work. Each Statement of Work contains the specifications, requirements, Deliverables, resources qualifications, pricing (which shall be consistent with the pricing set out in Appendix B to this Contract, unless explicitly agreed otherwise), service levels, acceptance criteria for all Deliverables and any other terms that are applicable to the type of Services described in the Statement of Work.

7.2 Intentionally Deleted

7.3 Each Statement of Work must: (a) be substantially in the form of the Statement of Work attached as Appendix "A" to these Terms and Conditions and include those elements set out in section 7.1 of the Contract unless the parties agree otherwise; and (b) be executed by both parties, only after which it will be a legally enforceable part of the Contract.

8. **Performance of the Services**

8.1 Unless otherwise specified in an Appendix or Statement of Work, the Services will be provided between the hours of 8:00 a.m. and 5:00 p.m., Regina time, on Business Days.

8.2 Unless otherwise specified in an Appendix or Statement of Work, the Services will be performed at PTRC's Regina locations, or at the Vendor's offices..

8.3 The Vendor will use commercially reasonable efforts to manage the Services efficiently and in a manner that will result in the least cost to PTRC.

8.4 The Vendor will perform the Services in accordance with any service levels specified in the applicable Statement of Work.

8.5 All Deliverables will meet any acceptance criteria specified in the applicable Statement of Work.

9. **Scheduling and Time for Performance**

9.1 The Vendor will complete the Services in accordance with the timelines specified in the applicable Statement of Work.

9.2 Time shall be of the essence in this Agreement.

10. **Intentionally deleted**

11. **Control of the Work**

Unless otherwise specified in a Statement of Work, and subject to section 12, the Vendor will completely control the Services and effectively direct and supervise contractors involved in the performance of the Services to ensure compliance with the Contract.

12. **Additional Instructions**

The Vendor will carry out the Services in accordance with all reasonable instructions from PTRC, including minor changes to the Services that are consistent with the general scope and intent of the Contract. PTRC may request changes to the Services, and where such requested changes are material and would reasonably result in materially greater or lower expenses for Vendor than the performance of the Services as set out in the applicable Statement of Work, then Vendor may request that such change be the subject of a Change Order Proposal and such changes shall only be implemented in accordance with a mutually agreeable Change Order Proposal with respect to the changes. Except as otherwise specified in the applicable Change Order Proposal, if any, the Vendor's

adherence to PTRC's reasonable instructions pursuant to this section shall not in any way relieve the Vendor of any of its obligations under this Contract or any Statement of Work.

13. Compliance with PTRC Rules and Regulations

13.1 The Vendor will reasonably ensure that any of its Contractors and employees performing the Services review and comply with PTRC's security, safety, administrative and operational rules that are made available to the Vendor in writing or by electronic means (the "PTRC Policies") to the extent applicable to the Services:

- (a) Code of Conduct;
- (b) Respectful Workplace Policy;
- (c) Information Technology Management Policy and Standards;
- (d) Safety Policy.

13.2 The Vendor shall declare promptly to PTRC if the Vendor or any of its employees or contractors is, or may be reasonably perceived to be, in a conflict of interest as contemplated in PTRC's Code of Conduct, or is aware of any breaches of the PTRC Policies by the Vendor, its employees or Contractors, employees of PTRC, or employees or Contractors of any other contractors of PTRC.

13.3 PTRC will, by written notice, notify the Vendor of any changes or additions to the PTRC Policies. The Vendor will ensure that its contractors and employees comply with all such changes or additions to the PTRC Policies, provided that they are consistent with the Contract.

14. Laws, Permits and Licences

The Vendor will, and will ensure its Contractors and employees, comply with all Laws in the performance of the Services and shall obtain all necessary permits and licenses for the performance of the Services and delivery of the Deliverables.

15. Subcontracts

15.1 No subcontract will relieve the Vendor of any of its liabilities or obligations under the Contract.

15.2 The Vendor must pay all invoices, claims and accounts of contractors employed in connection with the Services.

16. Excusable Delays

- 16.1 If either party is delayed in the performance of its obligations under the Contract due to fire, flood or other unusually severe weather conditions, insurrection, riots, acts of the enemy, acts of government including governmental agencies and other bodies, acts of God, strikes or industrial disputes, or other similar causes reasonably beyond their control, and which party could not prevent or provide against by the exercise of reasonable diligence, then the time for performance of the obligations of that party under the Contract will be extended for a period equivalent to the time lost by reason of the event, provided that:
- (a) The other party is given written notice within five Business Days of the commencement of the delay; and
 - (b) The party giving such notice takes reasonable steps to mitigate the effects of the event upon its performance of its obligations under the Contract.
- 16.2 If any delay contemplated in subsection 16.1 is or is expected to be more than 30 Business Days, PTRC may, at its option, cancel any of the Services by giving notice to the Vendor, without incurring any liability related to the cancellation or to any aspect of the Services not completed as of the date of the notice. If any Services are cancelled pursuant to this subsection, PTRC's sole liability to the Vendor with respect to such cancellation will be limited to payment of: the portion of the Contract Price attributable to the Services actually provided by the Vendor up to the cancellation date, a pro-rated portion for Deliverables in progress and PTRC pre-approved expenses incurred by Vendor prior to the date of termination.
- 16.3 If the performance of the Services is delayed due to an action of PTRC not contemplated in this Agreement or an applicable Statement of Work or due to a failure of PTRC to meet its obligations pursuant to the Contract, the time for completing the Services will be extended by the period of time attributable to the interference, provided that the Vendor gives PTRC written notice within ten (10) Business Days of the commencement of the delay.

17. Intentionally Deleted

18. Change Order Proposals

- 18.1 Changes to a Statement of Work may be made only by a Change Order Proposal signed by duly authorized signing officers for both parties.
- 18.2 A Change Order Proposal is a written instrument indicating each of the following:
- (a) the scope of the change to the Statement of Work;
 - (b) the amount of the adjustment in the Contract Price (such adjustments to be reasonable based on the time and materials rates specified in Appendix B);
 - (c) the extent of the effect on the time for performance of the Services (which shall

be reasonable in the circumstances), if any; and

- (d) any other reasonable terms and conditions applicable to the change.
- 18.3 A Change Order Proposal may be initiated by either PTRC or the Vendor. The Vendor may present a Change Order Proposal to PTRC recommending a change to a Statement of Work. If PTRC requires or desires a change to a Statement of Work, PTRC will deliver to the Vendor a notice with written description of the change and the Vendor, on receipt of such notice, shall promptly provide PTRC with the Vendor's proposal in the form of Change Order Proposal respecting all aspects of the change to the Statement of Work.
- 18.4 If PTRC and Vendor reach agreement on all aspects of a Change Order Proposal, it will be signed by both parties.
- 18.5 A Change Order Proposal signed by both parties will form a part of, and be deemed incorporated into, the applicable Statement of Work.

ARTICLE III – RATES, PRICES AND PAYMENT

19. **Contract Price**

PTRC will pay to the Vendor the Contract Price specified in the relevant Appendix or Statement of Work, plus any applicable Taxes.

20. **Intentionally Deleted**

21. **Invoicing**

- 21.1 The Vendor may invoice PTRC for completed Services in accordance with the applicable Statement of Work or, where not specified in the Statement of Work, on a monthly basis for Services provided in the previous month.
- 21.2 The Vendor will separately identify in each invoice all applicable Taxes and reimbursable expenses.
- 21.3 Each invoice will reference the applicable Statement of Work reference number and/or Purchase Order number, and any other information required pursuant to the applicable Statement of Work.
- 21.4 Unless otherwise provided in the applicable Statement of Work, invoices must be delivered to PTRC at the address specified in section 6 of the Services Agreement. PTRC may change its address for invoicing purposes by giving notice to the Vendor of the new address.

22. **Payment of Invoices**

- 22.1 Unless otherwise specified in a Statement of Work and subject to subsection 22.2, PTRC will pay the Vendor's undisputed invoice(s) within 30 days of the invoice date. A late payment charge of 1.5% per month on overdue balances will apply.
- 22.2 PTRC will not delay payment of any undisputed portion of an invoice.
- 22.3 If PTRC disputes any charges in an invoice, PTRC will notify the Vendor within 30 days of receipt of such invoice. The Vendor will immediately re-issue a corrected invoice to PTRC or, if any invoiced amounts are still in dispute, PTRC or the Vendor may refer the matter of the invoice dispute to the Dispute Resolution Procedures.
- 22.4 Unless otherwise specified in an Appendix or Statement of Work, the Contract Price includes all duties, levies, freight charges, packing charges, insurance charges, installation charges and any other charges related to the Services.
- 22.5 The Contract Price is the only compensation payable from PTRC to the Vendor for the performance of the Services and all of the Vendor's obligations under the Contract.

ARTICLE IV - INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION

23. Ownership of Property

23.1 In this Agreement

"Vendor IP" means: (a) Intellectual Property of the Vendor or its Sub-contractor that is not developed or created in the course of providing the Services; and (b) any other Intellectual Property that the parties mutually agree in writing constitutes "Vendor IP";

"Enhancements" means any Intellectual Property developed by the Vendor or its Contractors in connection with the Vendor's performance of the Services;

"Intellectual Property" means software (including related documentation and media), systems, data, tools, methods, materials, process, trade secrets, and all associated intellectual property rights whether registered or not registered, including without limitation copyrights, patents, patent applications and trade secrets;

"PTRC IP" means: (a) Intellectual Property of PTRC; (b) Intellectual Property licensed, made, conceived, or developed by a third party and used or lawfully accessed by PTRC including, without limitation, Intellectual Property of the Saskatchewan Research Council and any other organization with whom PTRC has an agreement for the provision of research; and (c) any other Intellectual Property that the parties agree in writing constitutes "PTRC IP".

- 23.2 Vendor hereby grants to PTRC and its Affiliates perpetual, non-exclusive and fully paid right and license to access, operate and use the Vendor IP: (a) to the extent required to use and receive the full benefit of the Services, Enhancements and Deliverables; and (b) for internal business purposes. Subject to the provisions of this section and any other

agreements between the Vendor and PTRC, the Vendor does not convey nor does PTRC or any of its Affiliates obtain any right, title or interest in or to the Vendor IP.

- 23.3 PTRC does not convey and the Vendor does not obtain any right, title or interest in or to any PTRC IP. Where entitled to do so at no additional cost by the licensor of such PTRC IP and where necessary for the Vendor to provide the Services, PTRC hereby grants to the Vendor a non-exclusive license or sublicense, as the case may be, to access, operate and use the PTRC IP solely in connection with the provision of the Services and solely to the extent necessary to provide such Services.
- 23.4 Vendor hereby irrevocably assigns and, upon creation, automatically and irrevocably assigns all of its right, title and interest (including all intellectual property rights) in and to each Enhancement to PTRC. Vendor shall further obtain and deliver to PTRC waivers of moral rights from all individuals who create any Enhancement or portion thereof
- 23.5 At no time during this Agreement or following its termination or expiry will Vendor challenge, or assist any third party in the challenge, of the validity of PTRC's ownership or intellectual property rights in respect of the Enhancements.

24. **Intentionally Deleted**

25. **Documentation**

Where required pursuant to an Appendix or Statement of Work:

- (a) The Vendor will ensure that each of its employees and Contractors that participates in the provision of the Services documents his or her activities and procedures in a format and level of detail that is acceptable to PTRC (the "Services Procedures");
- (b) If any of the Vendor's personnel or Contractors performs activities of a recurring nature, the Service Procedures will be documented and updated on a regular basis as instructed by PTRC.

26. **Confidential Information**

26.1 In this section:

"Confidential Information" means any information in any form that is disclosed from one party to the other, but does not include information that a Recipient can show with written evidence: (a) publicly available, other than by reason of a breach of this section by the Recipient; (b) received by the Recipient from a third party who is not subject to obligations of confidence to the Owner with respect to such information; (c) already lawfully in the possession of the Recipient prior to disclosure by the Owner ; (d) disclosed with the prior written consent of its Owner; or (e) independently developed by the Recipient without reference to or use of the Confidential Information of the Owner;

The above exceptions do not apply where the Confidential Information does not wholly meet the definition for such exception but is ascertainable from other information which is not Confidential Information.

“Owner” means the party to which Confidential Information pertains or from which it emanated; and

“Recipient” means the party which has received Confidential Information of the other party.

- 26.2 It shall not be a breach of this Agreement for a Recipient to disclose Owner’s Confidential Information pursuant to an order, request or directive of a court or government agency of competent jurisdiction provided that (a) Recipient promptly notifies Owner of such order or request with sufficient time to enable the Owner to seek a protective order therefore and (b) provides only the minimum information necessary for compliance with such order or request.
- 26.3 During the term or after the termination of the Contract, a Recipient must not permit the disclosure of any Confidential Information of the Owner thereof that is within the Recipient’s possession or control to anyone other than the Recipient’s employees, Vendors, Contractors and agents who must have the Confidential Information to perform the Recipient’s obligations under the Contract, unless the Owner gives its written consent. Without limiting the generality of the foregoing, the Recipient will:
- (a) Exercise at least the same degree of care to preserve the confidentiality of such Confidential Information as it exercises in preserving the confidentiality of its own data and information of similar business importance;
 - (b) Maintain all such information in a secure area with restricted access;
 - (c) Restrict all computer systems containing Confidential Information to authorized personnel;
 - (d) Implement proper procedures for the identification, integrity and authentication of Confidential Information;
 - (e) Enact appropriate policies and procedures to retrieve Confidential Information from terminated employees;
 - (f) Observe clean desk policies and best physical practices, best training and awareness of issues in relation to security and performance of the Services in relation to Confidential Information; and
 - (g) Take all reasonably necessary precautions to restrict access to the Confidential Information and track any removal with appropriate written authorization.
- 26.4 Within thirty (30) days from the termination of the Contract or at any time upon the request of the Owner, the Recipient must either, at the Owner’s option, return to the

Owner or destroy all the Owner's Confidential Information whether original or embedded in extracts of other information that is not the Owner's, in its possession or under its control.

27. Location of Confidential Information

27.1 Except as otherwise specified in a Statement of Work, in no event will any Confidential Information of PTRC be maintained, transferred, transmitted, moved or stored in any manner whatsoever, electronically or otherwise, outside of Canada, unless expressly agreed to in writing by PTRC, which agreement may be withheld for any reason.

ARTICLE V – WARRANTIES

28. Warranties

28.1 The Vendor warrants that:

- (a) the Services and the Deliverables will meet the requirements of the Contract;
- (b) at the time of delivery it will have good title to the Deliverables free of any encumbrances and no third party shall have any legal right or interest therein;
- (c) neither the performance of the Services nor the use of the Deliverables by PTRC shall result in the infringement of any intellectual property right of any third party; and
- (d) the Services will be performed in a competent and professional manner, with all due skill, diligence, prudence and foresight, which would reasonably be expected from service providers skilled and experienced in the nature of the Services.

28.2 The warranty set out in subsection 28.1 is in addition to any other warranties provided in an Appendix or Statement of Work.

28.3 Unless otherwise specified in an Appendix or Statement of Work, if any Services or Deliverables are not in compliance with the warranties set forth in subsection 28.1 or Annex 2 of Appendix A – Statement of Work, promptly upon receipt of notice of such non-compliance from PTRC and in any event, within 30 days of receipt of such notice, the Vendor will initiate the re-performance of the defective Services or re-delivery of acceptable Deliverables at no additional cost to PTRC.

ARTICLE VI - DISPUTE RESOLUTION AND CANCELLATION

29. Dispute Resolution

If any disputes, disagreements, controversies or claims (a "Dispute") arise between the parties under or in connection with the Contract, which the parties are unable to resolve through consultation, the following procedures (the "Dispute Resolution Procedures")

will apply upon the provision of notice by either party to the other:

- (a) PTRC and the Vendor will each appoint a designated representative (the “Designated Representatives”);
- (b) The Designated Representatives of both parties will confer with each other immediately and use reasonable efforts to resolve the Dispute within two Business Days following their initial conference, or such extended period as may be jointly approved by the parties. For the purposes of establishing a start date for the Dispute Resolution Procedures, the Designated Representatives will confirm the date of their initial conference in writing;
- (c) If the Designated Representatives of the parties are unable to resolve the Dispute within the prescribed time period, then a senior management representative of each party (the “Senior Representatives”) will confer with each other immediately and use reasonable efforts to resolve the Dispute within five Business Days following their initial conference, or such extended period as may be jointly approved by the parties. The Senior Representatives will confirm the date of their initial conference in writing;
- (d) If the Senior Representatives are unable to resolve the Dispute within the prescribed period, either party is entitled to commence court proceedings, unless both parties agree to arbitrate the matter, in which case the matter will be submitted to arbitration in accordance with paragraph (e);
- (e) If a Dispute is referred to arbitration, then the Dispute will be definitively settled by means of arbitration and to the exclusion of courts of law, in accordance with *The Arbitration Act*, (Saskatchewan). The reference to arbitration shall be to a single arbitrator mutually agreed to by the parties hereto who shall be qualified by profession or occupation to decide the matter in dispute. If the parties are unable to agree on the arbitrator within 30 days of one party requesting arbitration as provided hereunder, the arbitrator shall be chosen by a judge of the Court of Queen’s Bench of Saskatchewan. The determination of the arbitrator will be final and binding upon the parties;
- (f) Except where clearly prevented by the nature of the Dispute or in the event of PTRC's non-payment of any amounts due and owing to the Vendor, the parties agree to continue performing their respective obligations under the Contract while a Dispute is being resolved.

30. **Cancellation With Cause**

- 30.1 In addition to any other right or remedy each party has, either party may cancel the Contract or any Statement of Work by giving the other party 30 days’ notice if the other party commits a breach of its obligations under the Contract or a Statement of Work, and the breach is not cured during the notice period.

- 30.2 Neither PTRC nor the Vendor will withhold its consent to a written request for an extension of the 30-day notice period given according to subsection 30.1 as long as:
- (a) the party whose consent is required is reasonably satisfied that the other party is making a diligent effort to meet all the obligations that have been breached; and
 - (b) it is not reasonably possible to meet the obligation to cure the breach within the original notice period but still reasonably possible to cure the breach within a longer period of time.

30.3 If PTRC cancels the Contract or any Statement of Work according to this section, PTRC will pay the Vendor the portion of the Contract Price attributable to the Services and Deliverables supplied and accepted by PTRC as of the cancellation date. PTRC shall, in such circumstances, be entitled to invoke the Soft Landing Procedures but shall not be responsible to pay any fees to Vendor in connection therewith.

31. **Cancellation Without Cause**

31.1 Unless otherwise provided in a Statement of Work, PTRC may, at any time, cancel the Statement of Work without cause by giving the Vendor 30 days' prior written notice.

31.2 If PTRC cancels any Statement of Work without cause or the Vendor, pursuant to section 30, cancels a Statement of Work with cause, PTRC will pay the Vendor the portion of the Contract Price attributable to the Services supplied up to the cancellation date, plus the pro-rated portion for the Deliverables in progress and the actual direct costs incurred by the Vendor due to the cancellation including, without limitation, the reasonable termination costs paid to Sub-contractors engaged by the Vendor to provide the Services (provided that such Sub-contractors have been approved by PTRC in accordance with the terms of this Contract).

31.3 PTRC may, at any time, cancel any Statement of Work without cause by giving the Vendor less written notice than that required in subsection 30.1, provided that PTRC pays the Vendor the portion of the Contract Price attributable to the Services that reasonably would have been payable if PTRC had provided the number of days' notice required by subsection 30.1.

31.4 Where Vendor terminates this Contract in accordance with Section 3 of the Services Agreement, PTRC shall be excused from any further payment obligations from the date that it receives notice of termination until the effective date of such termination.

32. **Exclusive Remedy**

Except for any amounts payable to the Vendor pursuant to the Soft Landing Procedures, a payment by PTRC to the Vendor pursuant to subsections 30.3 or 31.2 (as the case may be) will be the Vendor's exclusive remedy, and will constitute satisfaction of all of PTRC's liability to the Vendor with respect to any such cancellation of the Contract or a Statement of Work.

33. Soft Landing Procedures

- 33.1 Vendor shall indemnify, defend and hold harmless PTRC against any claims, losses, demands, damages expenses and charges in connection with any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing that alleges that PTRC's use of any Deliverable or Service infringes a right of a third party. (an "Infringement Claim")
- 33.2 Each party shall indemnify, defend and hold harmless the other party against any and all claims, losses, demands, damages expenses and charges (including, without limitation, all legal fees on a solicitor and client basis) in connection with any breach by the indemnifying party of any term of this Agreement.
- 33.3 Upon the expiration or termination of a Statement of Work for any reason, PTRC may elect to invoke the Soft Landing Procedures by written notice to the Vendor within 10 Business Days of such expiration or termination.
- 33.4 Without limiting the Vendor's indemnification obligation set forth above, if any Service or Deliverable becomes or in the Vendor's reasonable opinion, is likely to become, the subject of any Infringement Claim or injunction preventing its use as contemplated herein, the Vendor shall, at its option, (a) procure for PTRC the right to continue using such Deliverable or receive such Service, or (b) replace or modify such Deliverable or Service so that it becomes non-infringing without any material degradation of its features or functionality or other characteristics.
- 33.5 The Vendor's duty to defend and indemnify hereunder shall be its sole obligation, and PTRC's sole remedy, in relation to an Infringement Claim.
- 33.6 Vendor shall have no duty to defend or indemnify against and from a claim of infringement or misappropriation to the extent the claim derives from (a) use of the item in question in a manner not contemplated by this Contract; (b) combination of the item with items not specified by Vendor; or (c) modifications to the item not made by Vendor.

34. Conflict of Interest

Vendor and PTRC jointly declare, by virtue of this agreement that PTRC has had no undue influence on the selection of resources which have be assigned to this project, and furthermore that Vendor declares specifically that all resources for this project have been evaluated, selected and assigned on the basis of their individual competencies and merits.

35. Limitation of Liability

35.1 In this section:

"Insured Amount" means the amount of insurance coverage for each Insured Claim, regardless of any deductible or self-insured portion of the Insured Claim;

"Insured Claim" means any claim required to be insured under a policy of insurance that

the Vendor is to have and maintain pursuant to section 36 whether or not the Vendor actually has or maintains the required insurance.

- 35.2 Regardless of any other provision of the Contract, neither party shall be liable to the other party for consequential damages, including (without limitation) loss of profits, loss of revenue or loss of anticipated business suffered or incurred by the other party, except for any damages:
- (a) caused by negligence, gross negligence, wilful, wanton or intentional misconduct; or
 - (b) relating to third party claims.
- 35.3 Subject to subsection 35.4, each party's liability to the other in relation to the Contract is limited to the greater of:
- (a) the total amounts payable by PTRC to the Vendor for performing the Services under the Contract; and
 - (b) the Insured Amounts for every Insured Claim covered by the relevant policy(ies) of insurance, in aggregate.
- 35.4 The limitation in subsection 35.3 does not apply to:
- (a) claims relating to PTRC's failure to pay, or late payment under the Contract; and
 - (b) third party claims.

ARTICLE VII – INSURANCE

36. Coverage

The Vendor shall provide, pay for and maintain the following insurance covering the Services and all the Vendor's other activities pursuant to the Contract (including all warranty work), shall add PTRC as an additional insured party and shall provide certificates of insurance evidencing such coverage to PTRC :

- (a) Commercial General Liability insurance (including products and completed operations coverage) with a limit of \$2,000,000 per occurrence covering all amounts that the Vendor becomes legally obligated to pay as damages arising from personal injury (including death) and property damage. Policy must defend and include PTRC as Additional Insured on a primary basis for liability arising out of or in relation to the Vendor's work or operations performed under or incidental to this Contract.
- (b) Automobile Liability insurance (if vehicles are used) with a limit of \$2,000,000 Third Party Liability covering liability arising from the use of owned and non-

owned automobiles (alternatively, coverage for non-owned automobiles can be provided under the Commercial General Liability policy).

- (c) Professional Liability (Errors & Omissions) liability insurance with a limit of \$1,000,000 each claim and aggregate covering losses arising or resulting from the Services provided by the Vendor throughout the duration of this contract.

37. Policy Requirements

Each of the policies listed in section 36 must be primary insurance and not contingent or excess to insurance carried by any other party.

ARTICLE VIII – GENERAL PROVISIONS

38. Giving Notices

38.1 Any notice or other formal communication given to one party by another pursuant to the Contract must be in writing and must be delivered in person, sent by prepaid registered or certified mail, or sent by facsimile, addressed to the party's address for notice specified in section 5 of the Services Agreement, or to an alternate address of which a party advises by giving proper notice.

38.2 Notices will be deemed given three Business Days after being postmarked.

38.3 Faxed notices will be deemed given on the date and time recorded on the delivery verification record or sheet generated by the sender's facsimile equipment when the notice was transmitted.

38.4 If the postal service is substantially delayed, then all notices must be delivered in person or by facsimile.

39. Rights and Remedies

Unless expressly provided for elsewhere in the Contract, the rights and remedies specified in the Contract are cumulative and are not exclusive of any other rights or remedies the parties might otherwise have.

40. Independent Contractor

40.1 The Vendor is an independent contractor and not an agent or representative of PTRC.

40.2 Nothing in the Contract creates any contractual relationship between PTRC and any Sub-contractor or an employment relationship between PTRC and any employee of the Vendor or a Sub-contractor.

41. Waiver

PTRC's waiver of any provision of the Contract, or consent to any departure from the requirements of the Contract, will not be effective unless it is signed by PTRC, and then will only be effective in the specific instance and for the purpose for which given.

42. **Assignment**

Neither party will assign all or any part of the Contract except with the written consent of the other party (such consent not to be unreasonably withheld or delayed) prior to the assignment, except that either party may, without the consent of the other party, assign all or any part of the Contract to an Affiliate, provided that the assignee agrees in writing to be bound by this Contract. Consent shall not be necessary where the Contract is assigned as part of a sale of the entire business or all or substantially all of the assets of the assigning party.

43. **Enurement**

The Contract will enure to the benefit of and be binding upon each party and its successors and permitted assigns.

44. **Counterparts**

The parties may execute any number of copies of the Contract, each of which will constitute original and all of which together are a single agreement.

45. **Survival of Covenants, Representations and Warranties**

All covenants, conditions, representations, warranties, obligations and guarantees of either party that, by their nature, impliedly or expressly, either involve some aspect of performance after completion of the Services or any expiration or termination of the Contract or a Statement of Work, or that cannot be ascertained to have been fully performed at such times, will, subject to any express limitation in the Contract, survive consummation of all the transactions constituting completion of the Services and any expiration or termination of the Contract or Statement of Work.

46. **Entire Agreement.**

This Contract sets forth the entire understanding between the parties with respect to its subject matter, and supersedes all prior agreements, conditions, warranties, representations, arrangements and communications, whether oral or written, and whether with or by the parties, any of their respective Affiliates, or any of their employees, officers, directors, agents or shareholders. No agreement or understanding modifying the terms of this Contract shall be binding on PTRC or the Vendor unless made in writing and signed on behalf of PTRC and the Vendor.

APPENDIX "A" – STATEMENT OF WORK
("the Project")

APPENDIX "B" – PROJECT PRICING

Pricing

ClimbIT Inc. will provide Services for the fixed price of \$250,000 CAD plus applicable taxes for the following deliverables:

Deliverables	Price
Content Publishing	\$ 66,000 CAD
Design and Branding	\$ 23,500 CAD
System Design, Development and Implementation	\$110,500 CAD
Hardware & Software Maintenance until February 10, 2012	\$ 50,000 CAD
Total (Plus applicable tax)	\$250,000 CAD

This price includes all Software licenses.

If the Parties agree to extend the term of the Services Agreement past February 10, 2012 ongoing hosting and maintenance fees will be billed at \$200.00 CAD per user per month. The number of users for the purposes of this calculation shall be determined by the number of individuals authorized by PTRC to have access to the Project. Where the Services Agreement continues after February 10, 2012 PTRC shall notify Vendor of this number as of February 10, 2012 and shall advise Vendor of any increases or decreases. PTRC shall pay \$200.00 CAD for each user who is authorized to have access to the Project during any portion of a calendar month.

Payment Schedule

1.	Payment upon Signing of Services Agreement and Statement of Work	\$100,000 CAD
2.	March 31, 2011	\$75,000 CAD
3.	Acceptance of Services	\$75,000 CAD

Effort Rates

Any changes or adjustments to the Contract will be based on a blended hourly rate of \$130.00 CAD where authorized in an executed Change Order Proposal.

SCHEDULE 2 - SOFT LANDING PROCEDURES

If PTRC chooses to invoke the Soft Landing Procedures upon the expiration or termination of a Statement of Work for any reason, the following provisions shall apply:

- (a) PTRC will establish, with input from the Vendor, a transition plan (the "Transition Plan") to move the Services to a third party or in-house. The Transition Plan may extend the termination or expiration date of the applicable Statement of Work for up to six (6) months to facilitate transfer of the Services;
- (b) During the services transition time effort rates will be billed at the hourly rate of \$130.00 CAD unless PTRC is otherwise entitled to receive a Soft Landing at no cost.
- (c) The Transition Plan will form part of, and be deemed incorporated into, the applicable Statement of Work;
- (d) PTRC and the Vendor will continue to carry out their obligations pursuant to the Statement of Work during the transition period, including the payment by PTRC to the Vendor for Services delivered, including any Services under the Transition Plan;
- (e) PTRC and the Vendor will cooperate in good faith to bring about a smooth and orderly transition;
- (f) PTRC shall be responsible for managing the Transition Plan and each party will carry out its obligations as described in the Transition Plan;
- (g) The parties will utilize reasonable efforts to minimize the costs associated with the Transition Plan; and
- (h) The Vendor will follow PTRC's reasonable directions with respect to the return, transfer and/or destruction of any of PTRC's data and Confidential Information.