

INSPECTION & REPAIR TERMS AND CONDITIONS

The terms and conditions set forth below (these “**Terms**”) shall apply, without exception, to the inspection and repair services (the “**Services**”) to be performed by AITX Railcar Services LLC and its subsidiaries and affiliates (collectively, “**AITX**”). These Terms, along with the order confirmation, billing repair card or invoice (the “**Order Confirmation**”) delivered to the customer named therein (“**Client**”), constitute the entire integrated agreement between Client and AITX concerning the Services and supersede and replace other documents, including all documents, forms, or other terms or conditions provided heretofore or hereafter by Client to AITX, including, without limitation, any other terms and conditions (“**Other Terms**”) attached to any billing repair card, quotation, estimate, and/or proposal (collectively, the “**Proposal**”), the Scope of Work (defined herein) or the Order Confirmation with respect thereto. If any Other Terms shall contain any provision or understanding which are, or at any time become, inconsistent, contrary or otherwise not in conformity with these Terms, these Terms shall govern and supersede such inconsistent, contrary or non-conforming terms and shall be controlling to the exclusion of, or in lieu of, the terms of any Other Terms. These Terms are hereby incorporated in any and all oral or written repair contracts, obligations, understandings, commitments, or other agreements, arrangements and/or transactions between or among Client and AITX, including, without limitation, in connection with any Services purchased by Client as of or subsequent to the date hereof. By ordering and/or receiving the Services, Client represent and warrant that Client has read, understood, and accepted these Terms. No change, modification, amendment or other agreement with regard to these Terms shall be binding upon AITX unless made in writing and signed by an authorized officer of AITX. Receipt of any Proposal from AITX shall not obligate AITX to perform any Services to any person, unless AITX otherwise provides an Order Confirmation. By ordering or receiving the Services, Client accepts and agrees to be bound by the following:

1. **Scope of Work; Acceptance and Confirmation of Order; Services; Change Orders.**

(a) **Scope of Work.** In order to receive a Proposal, Client is responsible for furnishing to AITX all pertinent data and information concerning the Services to be performed hereunder, the condition of the railcar(s), including special hazards or risks involved with such Services, and an accurate identification of last contents of each railcar (“**Scope of Work**”). AITX allows seven (7) days from the initial Scope of Work for the parties to mutually agree upon any Scope of Work changes, questions, clarifications, and submit a Proposal for the Services requested. To receive any Services referenced in any Proposal, you must accept the Proposal by sending AITX authorization of the same, which may be in the form of a verbal, email, or written order, prior to the expiration of such Proposal. To the extent practical, AITX will order long lead item parts based upon the provided Scope of Work. If such part is not ultimately used in the Services, Client will be charged a restocking fee of 30% of the cost of the part plus freight.

(b) **Acceptance and Confirmation of Order.** Upon Client’s submittal of an authorization to AITX, and AITX’s acceptance of such authorization by sending an Order Confirmation or performing the Services, the performance and purchase of the Services identified in the Proposal and Order Confirmation shall be subject to these Terms. Notwithstanding anything contained herein to the contrary, the issuance of a Proposal does not guarantee that AITX shall accept an order or otherwise perform the Services identified in the Proposal. Client shall not send any railcars to

AITX's facility until Client receives an Order Confirmation from AITX for such railcars.

(c) Services. All Services performed hereunder shall be invoiced in accordance with the Scope of Work, Order Confirmation, AITX's then-current rate schedule, and these Terms. In the event of a conflict between the Scope of Work and the Order Confirmation, the Order Confirmation shall control in all respects.

(d) Change Order. In the event the Services or the Scope of Work changes for any reason, Client agrees to pay AITX on a time and material basis in accordance with AITX's then-current rate schedule or other unit rates, which is applicable, as determined by AITX, unless there is a written change order signed by an authorized officer of AITX and Client. Client is responsible for furnishing to AITX all pertinent data and information concerning the Services to be performed hereunder, the condition of the railcars, including special hazards or risks involved with such work, and an accurate identification of last contents of each railcar.

(e) Pricing; Invoices. Unless otherwise stated in the Proposal, all pricing is based upon the railcar arriving at AITX's facility Resource Conservation and Recovery Act ("**RCRA**") empty and does not include state or local sales tax which, if applicable, will be billed as a separate line item. Any variance in these conditions is considered a change in the Scope of Work unless otherwise expressly stated in the Proposal. AITX shall submit to Client an invoice(s) setting forth the amounts due in accordance with the Order Confirmation and/or rate schedule. In the event that Client requests a final BRC before invoicing, AITX will provide the BRC to Client and Client shall provide any objections within five (5) days of receipt or otherwise any objection is waived. If AITX does not receive a timely objection to the BRC, AITX will issue a final invoice. Client shall make payments as directed in each invoice within thirty (30) days of the invoice date or such other time as mutually agreed to by the parties in writing. Interest shall begin to accrue on the invoice due date for any late payments at the lesser of (i) the maximum lawful interest rate or (ii) one and one-half percent (1.50%) per month. All payments will be first applied to interest, if any. In the event payment is not timely made, Client agrees that AITX may assert a possessory lien on all railcars and other equipment owned, operated, and/or leased by Client which is/are located at any AITX facility or later comes into AITX's possession. Client is directly responsible for the payment of all charges incurred hereunder, including legal fees and expenses, collection attempts, and any and all other expenses incurred with respect to Client's non-payment without regard to receipt of payment or approval from any third parties.

(f) Dispositions. AITX shall use commercially reasonable efforts to meet promised out dates ("**PODs**") but, in any event, shall not be liable in any manner if any PODs are missed, extended, or delayed. Client acknowledges that fluid conditions exist in the repair industry that can significantly affect dwell time. Therefore, unless otherwise expressly agreed to in writing for a specific railcar or group of railcars, AITX shall not be liable for rent, lease payments, lost revenue or any other charges or damages of any kind related to extended dwell time or missed PODs. Client shall provide disposition of the railcars on a timely basis upon request by AITX. To facilitate timely disposition, AITX allows for a maximum of five (5) days to remove completed railcars from AITX's repair shops. As long as there are open storage spaces available at the repair location providing Services, Client agrees to pay AITX the standard gate rate for switching, storage, and picking services for the repair location providing Services until the disposition occurs. If AITX's storage spaces are fully utilized at the repair location providing Services or, at AITX's sole

discretion, unavailable, Client agrees that the storage fee will increase to the current demurrage rate, as determined by AITX, per day per railcar.

2. Client Railcar Obligations. Unless expressly accepted by AITX as a “storage car”, all railcar spots must be occupied by railcars that are sequenced in queue for work or disposition. Client shall be responsible for arranging all transportation and/or disposition of the railcars to AITX’s facilities or a designated third party facility, in accordance with the Order Confirmation or as directed by AITX in writing. Upon AITX’s completion of any Services (including any repair or rework of the Services pursuant to **Section 3**), Client shall arrange for, at Client’s sole expense, the transportation of the applicable railcar(s) subject to the Services and shall notify AITX of such instructions prior to such completion. In the event Client fails to arrange for and/or notify AITX of any transportation instructions prior to AITX’s completion of the Services (including any repair or rework of the Services pursuant to **Section 3**), AITX shall have the right to charge Client a storage or holding fee (at AITX’s then-current rates) for each day after such rework or repair is complete until the applicable railcars leave AITX’s facility in accordance with Client’s transportation instruction, which fees shall be payable by Client to AITX upon demand. In the event AITX is performing the Services (including any repair or rework of the Services pursuant to **Section 3**) at a remote or third party location, Client shall also be responsible for all fees and costs (including storage, holding, demurrage, access and other fees) incurred by AITX or required by such third party in connection with using and/or holding the applicable railcars at such remote or third party location plus a twenty-five percent (25%) management fee, which shall be payable by Client to AITX upon demand.

3. AITX Warranty.

(a) **Limited Warranty.** Solely with respect to railcar(s) to which AITX applies a coating, and subject to the requirements, exceptions and limitation herein, AITX warrants that the Services provided to Client are provided in a workmanlike manner, under conditions of normal use and regular service and maintenance, for a period of one (1) year from the date the Services are provided (the “**Warranty Period**”). AITX makes no warranties for (i) parts, materials or components received from third parties, (ii) lining of any outlets, (iii) any exterior/interior “Paint Over Paint” type systems and/or lining touch up repairs, (iv) grit contamination and /or damage to the PD components unless Client authorizes in writing piping and plenum plates removal prior to blasting the exterior, (v) the designs and specifications provided or requested by Client, including the Scope of Work, or (vi) Services performed on railcars that AITX does not apply a coating to. This limited warranty is conditioned upon use and handling practices by Client which qualify as good commercial practices of the trade. The limited warranty in this **Section 3(a)** shall extend only to Client, and shall not extend to any successor or transferee of Client without AITX’s express written consent.

(b) **Limited Warranty Exclusions.** Notwithstanding anything contained in **Section 3(a)** to the contrary, AITX does not warrant and shall have no obligation with respect to Services, or to the equipment upon which Services are provided, that (i) have been repaired or altered by someone other than AITX; (ii) have been subject to misuse, abuse, neglect, intentional misconduct, accident, Client or third party negligence, unauthorized modification or alteration, use beyond rated capacity, a force majeure event, or improper or a lack of maintenance; (iii) have failed due to ordinary wear and tear; (iv) have been exposed to adverse

operating or environmental conditions; or (v) has failed due to damage caused or contributed to, by the use of the railcars in excess or outside the scope of the AAR, FRA and DOT usage parameters assumed in the applicable AAR, FRA and DOT standards and regulations.

(c) Warranty Limitations. **WITH REGARD TO ANY VALVES RESEALED BY AITX OR OTHERWISE WORKED ON OR SERVICED BY AITX, THE WARRANTY IN SECTION 3(a) SHALL BE FURTHER LIMITED TO (i) ONLY ONE FULL LOADING CYCLE AND (i) SOLELY WITH RESPECT TO A WARRANTY CLAIM WHICH IS MADE (A) AFTER THE APPLICABLE CAR IS APPROPRIATELY LOADED WITH ANY LEGALLY PERMISSIBLE FOR SUCH CAR COMMODITY OR LEAK TESTED THROUGH A PROPERLY CONDUCTED LEAK TEST, AND (B) PRIOR TO SUCH APPLICABLE CAR ENTERING SERVICE.** Components, materials or parts received from third parties are covered only by the warranty in Section 3(a), if any, of the manufacturer thereof. AITX shall, if requested by Client in writing, assign to Client any such component, material or part warranty, to the extent assignable. AITX shall have no other obligation with respect to components, materials or parts received from third parties.

(d) Warranty Claim Notice. To make a warranty claim under the these Terms during the Warranty Period, Client must notify AITX in writing within thirty (30) days after discovering an alleged defect or breach in warranty, which writing shall (i) set forth, in reasonable detail, the nature and scope of the defect or breach claimed, (ii) include a reference to the Invoice, and (iii) be sent to 100 Clark Street, Attn: Legal Dept., St. Charles, MO 63301, or via email to legal@aitx.com, and, in each instance, with a copy to Client's assigned AITX sales representative. Any claim by Client will be deemed waived unless submitted in writing to AITX within thirty (30) days from the date discovered by Client. Any warranty claim must be brought by Client within the Warranty Period or else such claim shall be deemed waived.

(e) Sole and Exclusive Remedy upon Breach of Warranty. AITX's sole and exclusive liability to Client and Client's sole and exclusive remedy against AITX for breach of AITX's warranty in Section 3(a) or any other claims or causes of action against AITX in contract, tort or otherwise related to the Services or these terms and conditions, shall be limited to rework or repair of any Services found to be in breach of AITX's warranty in Section 3(a), or, at AITX's option, a refund of the purchase price attributable to such defective Services. AITX shall elect to rework/repair or refund in accordance with the foregoing within a reasonable time after AITX receives a properly submitted claim by Client in accordance with the terms hereof. **THE REWORK OR REPAIR OF OR REFUND OF THE PRICE ATTRIBUTABLE TO DEFECTIVE SERVICES SHALL BE CLIENT'S SOLE AND EXCLUSIVE REMEDY AND AITX'S SOLE LIABILITY AS TO ANY DEFECT IN THE SERVICES AND/OR A BREACH OF THE WARRANTY IN SECTION 3(a).**

(f) Transportation for Repair Remedy. In the event of any breach of AITX's warranty in Section 3(a) and AITX elects to rework or repair the Services, at AITX's request, Client will, at Client's expense, ship the affected equipment to AITX's facility or such other place as AITX may reasonably designate. Client will not transport or cause delivery of any equipment to AITX for rework or repair of Services unless AITX first requests and expressly approves transportation or delivery in writing. Client will not repair, rework, replace or discard the affected Services until AITX has first been given a reasonable opportunity to inspect and

rework, repair, replace or discard, if necessary.

(g) **Disclaimer.** TO THE EXTENT NOT PROHIBITED BY LAW, THE LIMITED WARRANTY SET FORTH IN SECTION 3(A) IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, ORAL, WRITTEN, STATUTORY, EXPRESS OR IMPLIED. EXCEPT FOR THE EXPRESS WARRANTIES CONTAINED IN SECTION 3(A) AND TO THE EXTENT NOT PROHIBITED BY LAW, ALL OTHER REPRESENTATIONS AND WARRANTIES AND CONDITIONS OF ANY KIND, WHETHER EXPRESS OR IMPLIED, AND WHETHER ARISING UNDER STATUTE, UNDER CONVENTION OR OTHERWISE ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THIS SECTION 3 SHALL APPLY WHETHER THE SERVICES ARE PERFORMED ALONE OR IN COMBINATION WITH OTHER SERVICES, EQUIPMENT OR MATERIALS, EVEN IF AITX WAS INVOLVED IN THE ANALYSIS OF THE SCOPE OF WORK OR HAS PROVIDED ANY RECOMMENDATIONS, ASSISTANCE OR INSTRUCTIONS IN CONNECTION THEREWITH. SOME STATES DO NOT ALLOW DISCLAIMERS OF IMPLIED WARRANTIES, SO THE ABOVE DISCLAIMER SHALL ONLY APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

4. Client Representation. Client warrants that it will use the equipment and/or railcars upon which the Services are performed, properly and in accordance with all applicable federal, state and local laws and regulations, and all requirements and recommendations of the Association of American Railroads. All wastes shall conform to the representations of Client and the Scope of Work.

5. Client Indemnification. Client agrees, at its sole cost and expense, to defend, indemnify and hold harmless AITX and its direct and indirect owners, parents, affiliates and subsidiaries and its and their respective members, managers, directors, officers, employees, representatives and agents (collectively, the “*Indemnified Persons*”) to the fullest extent permitted by law, from and against any claims, liabilities, demands, suits, judgments, costs, expenses, including, without limitation, reasonable attorneys’ fees and disbursements of counsel, loss or damage of any kind or character, including, without limitation, any injury to or death of any person, damage to any property, or any consequential damages (collectively, “*Losses*”), arising out of, resulting from, incident to or caused by, or otherwise related to (a) any of the railcars or other equipment upon which Services are provided or any parts, materials, or components thereof, including, without limitation, lining and any removable parts (dome covers, outlets, outlet caps, valves, fittings, etc.), (b) the use, operation, maintenance, transportation, or condition of any of the railcars or other equipment upon which Services are provided, including, without limitation, Losses related transportation to or from, being located at, or stored on any private siding or track of any private or industrial railroad or any third party facilities and any costs, fees, and losses claimed by such private or industrial railroad or third party, including, without limitation, storage fees and damage to including to such siding, track, or facility, (c) handling, transportation, release, disposal, accumulation, storage, spoilage, or spillage of any commodity transported or placed in or exposed to any of the railcars or other equipment upon which Services are provided, whatever the cause (such damage shall not be

considered “ordinary wear and tear”), including, without limitation, liability for environmental contamination (including liability under CERCLA) or releases caused by or resulting from such commodity or other material placed in such railcar at any time (including, without limitation, during transportation or storage) or any release resulting from such commodity or material remaining in the railcar upon return of the railcar to AITX, even if occurring while in the possession or control of AITX after such return, (d) any assertion that the Services supplied by AITX infringe or misappropriate any registered U.S. intellectual property right of any third party to the extent the infringing portion of the Services was provided pursuant to Client’s specifications or instruction, (e) any railcar or other equipment upon which Services are provided while such railcar is in the custody of any individual or entity not subject to the AAR Rules for Interchange, (f) a breach of these Terms by Client, (g) the acts or omissions of Client or its employee, agent, sublessee, customer, or consignee, including, without limitation, the use, abuse, misuse, of any railcar or other equipment upon which Services are provided, by Client or its employee, agent, sublessee, customer, or consignee, or by any omission of Client or its employee, agent, sublessee, customer, or consignee, (h) any other occurrence that may involve Client or its employee, agent, sublessee, customer, or consignee or the railcars or other equipment upon which Services are provided, where the responsible party or the cause cannot be identified, (i) Client’s application, maintenance, and removal of interior protective linings and coatings, (j) the repairing or replacing of any maintenance item that is removed, broken off or altered for any reason, or is missing, damaged, altered or replaced with a non-standard item, or (k) the cleaning of the railcar prior to return by Client, including, without limitation, any environmental damage resulting from the improper handling, release or disposal of an residues, whether such cleaning is done by Client, a third party, or by AITX or AITX’s contractor due to Client’s failure to return a railcar in a clean condition. Prompt notice in writing shall be given by AITX of any such claim and the Client shall promptly undertake and assume the defense thereof. Client shall not settle any such claims or actions in a manner that would require any action or forbearance from action by AITX without the prior written consent of AITX. In addition, Client shall not settle any such claims or actions unless AITX, its officers, employees and directors are fully released.

6. Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY, UNDER NO CIRCUMSTANCES SHALL AITX BE LIABLE FOR ANY LOSSES, COSTS, EXPENSES, LIABILITIES OR DAMAGES OF ANY KIND OR CHARACTER, INCLUDING BUT NOT LIMITED TO, DIRECT, ACTUAL, SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY LOSS OF ANTICIPATED PROFITS INCURRED BY CLIENT, LOSS OF USE OF EQUIPMENT OR GOODS, COST OF SUBSTITUTE EQUIPMENT, PARTS OR GOODS, OR THEIR INSTALLATION, OR ANY DOWNTIME). NONE OF AITX-RELATED PARTIES (OTHER THAN AITX, AND WITH RESPECT TO AITX ONLY TO THE EXTENT EXPRESSLY SET FORTH HEREIN) WILL HAVE OR BE DEEMED TO HAVE ANY DUTY OR OBLIGATION TO CLIENT OF ANY KIND OR CHARACTER.

7. Limitation on time to file claims. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CAUSE OF ACTION OR CLAIM CLIENT MAY HAVE ARISING OUT OF OR RELATING TO THESE TERMS OR THE SERVICES MUST BE COMMENCED WITHIN SIX (6) MONTHS AFTER THE CAUSE OF ACTION ACCRUES, OTHERWISE,

SUCH CAUSE OF ACTION OR CLAIM IS PERMANENTLY BARRED. Nothing in this **Section 7** shall be deemed to expand or lengthen the Warranty Period for purposes of a warranty claim.

8. Governing Law. These Terms shall be governed and construed by the laws of the State of Missouri.

9. Severability. If any of the provisions of these Terms shall contravene, or be invalid under the laws of the State of Missouri, such contravention or invalidity shall not invalidate these Terms, but these Terms shall be construed as if not containing the particular provision or provisions held to be invalid, and the rights and obligations of the parties shall be construed and enforced accordingly.

10. Attorneys' Fees. If any litigation or other court action, arbitration, or similar adjudicatory proceeding is commenced by any party against the other party to enforce its rights under these Terms or otherwise in connection with the Services or the purchase or performance thereof, all fees, costs and expenses, including, without limitation, cost of arbitration, reasonable attorneys' fees and court costs, incurred by AITX, if it is the prevailing party in such litigation, action, arbitration or proceeding, shall be reimbursed by Client; provided, that if AITX prevails in part, and loses in part, the court, arbitrator or other adjudicator presiding over such litigation, action, arbitration or proceeding shall award a reimbursement of the fees, costs and expenses incurred by AITX on an equitable basis.

11. Force Majeure. Any delay in the performance of any duties or obligations of AITX will not be considered a breach of these Terms if such delay is caused by a labor dispute, market shortage of materials, fire, earthquake, flood, pandemic and/or shelter in place, or any other event beyond the control of AITX, provided that AITX uses reasonable efforts, under the circumstances, to resume performance as soon as reasonably practicable.

12. No Waiver. The failure by AITX to exercise or enforce any rights or provisions of these Terms shall not constitute a waiver of such right or provision.

15. Dispute Resolution. Except as otherwise determined by AITX, in its sole discretion, the parties shall attempt to resolve any disputes through good faith business negotiations or facilitative mediation in Chicago, Illinois. Except as otherwise determined by AITX, in its sole discretion, all disputes or claims arising out of or relating to these Terms shall be settled by arbitration, to be conducted by a single arbitrator in Chicago, Illinois, or any other city and/or state determined by AITX in its sole discretion, by and in accordance with the then effective commercial rules of the American Arbitration Association; provided that the arbitrator shall not have authority to issue injunctions. The proceedings shall be conducted only in the English language. Judgment upon the award may be entered in any court having jurisdiction thereof. Other legal proceedings, if any, shall be initiated and maintained in Cook County, Illinois or any other county and/or state determined by AITX in its sole discretion, upon notice to Client. The parties expressly submit to the exclusive personal jurisdiction and venue of these courts and waive any objection on the grounds of personal jurisdiction, venue, or forum non conveniens.