

TERMS AND CONDITIONS

PURCHASE ORDER

1. Materials delivered or services performed, as called for by this order, (the "goods") shall be deemed an acceptance of the entire order upon the terms and conditions hereof.
2. This order, including these terms and conditions, forms the entire contract between the Company (the "Company") and you and no variation thereof, irrespective of the wording or terms of your acceptance will be effective unless specifically agreed to in writing by the Company. No local, general or trade customs, including any prior dealings with the Company shall be deemed to vary the terms hereof.
3. You warrant that you have the right to use and sell any patented devices or parts used in the goods purchased and agree to indemnify the Company, its successors and assigns against any claims for royalties, license fees or other claims or demands which may arise or be threatened against the Company arising from the use or sale thereof, whether or not any such devices or parts are specified by the Company or used by you in connection with the goods purchased without such specifications.
4. You shall bear all risk of loss or damage to the goods, from whatsoever cause arising, until delivery of the goods is accepted by the Company.
5. The goods shall be delivered strictly in accordance with the quantities, specifications and terms and conditions of this order. If no shipping instructions are given, you shall ship the goods by the most inexpensive means available. If shipment is made directly, shipping advice and original bill of lading must be sent immediately to the Company on the date of shipment. The Company reserves the right to cancel or purchase elsewhere, any or all of the goods if delivery is not made by or before the delivery date appearing on this order. You shall immediately notify the Company if it is anticipated that an order cannot be delivered as required hereby. Time shall be of the essence of this order.
6. The Company shall have the right to reject any goods or any portion thereof that are defective, damaged or that are not in conformity with specifications, samples or otherwise fail to meet the standard expressly warranted by you herein. Save and except goods which have been converted and/or resold by the Company, in which event title to the goods shall pass to the Company upon such conversion or resale, only after the expiration of 90 days from delivery of the goods shall the Company be deemed to have accepted the goods delivered except such, if any, as shall have been rejected by the Company as provided herein, and except in regards to latent defects, frauds, such gross negligence or mistake as amounts to fraud. Title to the goods shall pass to the Company only upon acceptance of the goods as provided herein, regardless of when or where the Company takes physical possession thereof.
7. You expressly warrant that the goods will strictly conform to any specifications or samples provided in connection herewith, and will be merchantable, of good material and workmanship and free from defect. In addition, you hereby acknowledge that you know of the Company's intended use of the goods and expressly warrant that the goods will be fit and sufficient for the particular purposes intended by the Company. The foregoing warranty supplements and does not substitute the terms of any other warranty stipulated or implied by law, and shall survive delivery, inspection, acceptance or payment by the Company of or for the goods.
8. When shipment is made from any country other than Canada, 5 copies of custom invoices, certified in accordance with Canadian Customs Regulations, are to be furnished in addition to 3 copies of commercial invoices. Where you have supplied the goods together with a Certificate of Origin (the "Certificate") under the North American Free Trade Agreement, you hereby expressly warrant the truth of all statements made in connection with or appearing on the Certificate and you hereby agree to indemnify and save harmless Company from and against any liability, claims, demands, damages, fees and other costs, arising from or in connection with any error, false statement or misrepresentation made in connection with or appearing on the Certificate.
9. The Order Number appearing on the reverse of this order shall appear on all packing lists, bills of lading, containers and invoices.
10. You are in compliance with all applicable government safety and environmental regulations.
11. Seller agrees to participate in Buyer's Supplier Quality and Development Programs. In addition, Seller shall comply with all Quality Requirements and Procedures specified by Buyer, as the same may be revised from time to time, including those applicable to Seller as set forth in ISO/TS 16949:2002.
12. Buyer reserves the right to audit all pertinent documents relating to the goods and services covered by this Purchase Order and if requested by Buyer, Seller shall provide such documentation promptly.
13. Except as required by law, Seller shall not disclose without Buyer's prior written consent and shall keep confidential any information supplied to it by Buyer, including contracted product under development or related product information.

14. Buyer or Buyer's customers shall be afforded the right to verify at the Seller's premises that Seller's product conforms to specified requirements. In addition, Buyer reserves the right to perform Quality System Audit, Process Audit and Product Audit at the Seller's premises. The Buyer determines the audit frequency.
15. In the event of receiving substandard products from Seller, Buyer reserves the right to charge Seller Canadian \$30.00 per hour for sorting, inspection, rework, scrap or other associated costs.
16. Buyer requires 100% on-time delivery performance from Seller.

BILL OF LADING

Received, subject to the classification and tariffs in effect on the date of issue of this Original Bill of Lading, or this original Shipping Contract (bill of lading), goods described on the reverse, in apparent good order, except as noted (contents and conditions of contents of packages unknown), marked, consigned and destined as indicated on the reverse, which said Carrier agrees to carry to its usual place of delivery at said destination, if on its route, otherwise to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said goods over all or any portion of said route to destination, and as to each party at any time interested in all or any of said goods, that every service to be performed hereunder shall be subject to all of the terms and conditions, which are hereby incorporated by reference and have the same force and effect as if the same were severally, fully and specifically set forth herein,

1. as set forth in the Railway Traffic Liability Regulations when said goods are carried by rail carrier; or
2. as set forth in the Carriage of Goods by Water Act and the rules contained in the Schedule when said goods are carried by a water carrier; or
3. of the bill of lading set forth in or prescribed by the relevant tariffs, classification, statutes and regulations pertaining to motor carrier's services when said goods are carried by motor carrier,

provided, nothing herein or therein contrary contained, said Carrier agrees that the goods to be delivered hereunder shall be delivered at the time and place specified on the reverse hereof, said Carrier hereby expressly agreeing to save harmless and indemnify the Company from and against any liability, claims, demands, damages, whether consequential or otherwise, fees and other costs, arising from or in connection with any loss, damage or delay, whether or not such loss, damage or delay is caused by negligence, which may be suffered by or effect the goods or the delivery thereof.

INVOICE

1. Return of any goods supplied hereunder will not be accepted unless otherwise agreed by the Company.
2. Unless otherwise agreed, amounts due Company under this Invoice but not fully paid by the date specified for payment of same on the reverse hereof shall bear interest at a rate per annum, calculated and compounded monthly, from the date on which the overdue amounts were required to be made to the date of payment and equal to the floating annual rate of interest established and announced by the Bank of Montreal from time to time during such period at its main branch in Toronto as the reference rate it will use to determine the rate of interest payable by its borrowers on Canadian dollar commercial loans made by such bank to such borrowers in Canada and designated by such bank as its prime rate plus four (4) %.

GENERAL

1. The terms and conditions appearing hereunder apply to each of the Purchase Order, the Bill of Lading and the Invoice, as the case may be.
2. If any term or condition of this contract is determined to be invalid or unenforceable, same shall be deemed to be severable from the remainder of the contract and shall not cause the invalidity or unenforceability of the remainder of the contract.
3. This contract shall be interpreted and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
4. This contract shall enure to the benefit of, and shall be binding upon the successors and assigns of the Company and you respectively, provided that you shall not assign this contract or any part thereof without the prior written consent of the Company, and any assignment made without such consent shall be of no effect.
5. Time shall be of the essence in this contract.