Purchase Agreement Terms and Conditions

1. THE CONTRACT — The contract shall be comprised of the following terms and conditions, including any documents, drawings or specifications incorporated therein by reference, and any additional terms stated on the face of the Buyer's purchase order (the "Purchase Order"), and shall constitute the entire agreement between the parties. This contract shall be binding upon Seller's notice of acceptance, or upon commencement of performance of the Purchase Order. The Contract may not be modified, supplemented or waived except in writing and executed by the authorized representatives of both party.

2. PRICING - Prices set forth on the Purchase Order shall remain fixed for the duration of this agreement except as provided herein.

3. PACKING AND SHIPMENT - All items shall be prepared for shipment in a manner which: 1. follows good commercial practice; 2. is acceptable to common carriers for shipment at the lowest rates; and 3. is adequate to ensure safe arrival. Buyer may return at Supplier's expense any items not in accordance with these declarations.

4. DELIVERY - Deliveries shall be in strict accordance with the schedule set out or referred to in the Purchase Order, and in the exact quantities ordered except where quantity variances have been agreed upon by the Buyer. The Seller shall be liable for any direct costs or penalties, including liquidated damages, incurred by the Buyer as a result of the Seller's failure to meet the delivery schedule. For shipping to an incorrect location, the Seller will be charged all freight charges associated with reshipment.

5. ACCEPTANCE - All items are subject to Buyer's inspection and test before final acceptance at Buyer's premises. Buyer shall have the right to reject or require the correction of any item found to be defective or non-conforming, and at Buyer's request, any defective item shall be immediately replaced or corrected by Supplier.

6. WARRANTIES - Seller warrants that the goods supplied shall be free of latent defects in materials, workmanship, and design that renders the goods supplied unfit for the use for which such goods were purchased. Goods will conform to any specifications and/or drawings from Buyer, and to all applicable industry codes and standards, for a period of 12 months from the date of initial operation of the goods, or 18 months from the date of shipment, whichever shall occur first, or in the case of repairs, 12 months from the date of Buyer's acceptance following the repairs. Seller shall repair any defective goods or furnish replacement goods or parts thereof to Buyer's satisfaction, at Seller's sole expense. The warranties of the Seller, if any, shall run to the Buyer and its customers.

7. CHANGES - Buyer may at any time by written notice make changes within the general scope of this Contract to drawings and specifications, shipping instructions, quantities, and delivery schedules. Should any change decrease or increase the cost of, or the time required for performance of this Contract, an equitable adjustment in the price and/or delivery schedule may be made. Any claims for adjustment by Seller must be made within 30 days from the date the change is ordered, or within such additional period of time as may be agreed upon, provided that any such claims shall not delay Seller's performance.

8. TITLE AND RISK OF LOSS - Unless otherwise provided in this Contract, Seller shall have title to and bear the risk of any loss of or damage to the goods until they are delivered in conformity with this Contract at the F.O.B. point specified in the Purchase Order. Upon such delivery, title shall pass from the Seller and the Seller's responsibility for loss or damage shall cease except for loss or damage resulting from Seller's negligence or failure to comply with this Contract. Passing of title upon such delivery shall not constitute acceptance of goods by the Buyer.

9. PATENT INDEMNITY - Seller shall save the Buyer, its agents, customers, and users of its products, harmless from all loss, damage and liability which may be incurred on account of a claim that the goods infringe any patent, trademark or copyright and shall, at its own expense, defend all claims, suits, and actions against Buyer, its agents, or customers, or the users of the goods, in which infringement is alleged, providing Seller is duly notified of such claims, and provided Seller indemnity shall not apply to any infringement arising from the use or sale of an item delivered hereunder in combination with other goods not delivered hereunder where such infringement would not have occurred from the use or sale of the goods solely for the purpose for which it was designed.

10. COMPLIANCE - Seller shall comply with all federal, provincial and local laws and regulations governing the manufacture, transportation, or sale of items in the course of this Contract. In Canada, these may include, but are not limited to, Environment Canada regulations applicable to hazardous materials.

11. CUSTOMER ACCESS - Seller shall allow access to its facilities and to any records relating to the Contract by Buyer and its customers.

12. TERMINATION - Buyer may suspend or cancel all or part of the Contract upon notice to Seller and shall have no further liability to Seller except 1) costs of labour and material incurred through the termination date, and 2) reasonable termination costs approved by Buyer.

13. NON-DISCLOSURE AND INTELLECTUAL PROPERTY - In the course of Seller's performance of this Contract, Seller may acquire confidential or proprietary information in relation to Buyer, including: a) matters of a technical nature, such as know-how, formulas, trade secrets, secret processes or machines, inventions and research projects: and b) matters of a business nature such as information about costs, profits, pricing policies, markets, sales, suppliers, customers, plans for future development, plans for future products, marketing plans or strategies, and other information of a similar nature which is not generally disclosed by Buyer to the public. Since Buyer desires to keep this information confidential and to prevent its disclosure to competitors and to the general public, Seller agrees a) that it will keep secret and retain in the strictest confidence all such confidential information: b) that it will not disclose this information to anyone except employees of Buyer authorized to receive such information: and c) that it will not use any confidential information for any purpose except to perform this Contract. Seller also agrees to deliver promptly to Buyer upon completion of its performance under this Contract all memoranda, notes, records, reports, manuals, drawings, or other documents (and all copies thereof) relating to Buyer's business and all property associated therewith which are in its possession or under its control. The said confidential information is and shall remain the sole property of Buyer and any intellectual property that derives from its disclosure to Seller or any services performed by Seller on behalf of or for the benefit of Buyer shall be the exclusive property of Buyer. Seller therefore assigns and transfers to Buyer any right to the confidential information and shall sign any document that may be necessary for Buyer to establish and protect its rights to the ownership of the confidential information and to the intellectual property that may derive therefrom, including any document necessary for obtaining patent rights.

14. APPLICABLE LAW AND JURISDICTION - Any claim arising under or relating to this agreement shall be governed by the internal substantive laws of the province of Quebec and the laws of Canada applicable therein. The parties agree that any claim whatsoever arising from or related to the interpretation, application, performance, term, validity or effects of this Agreement shall be submitted to the Judicial District of Quebec City (Province of Quebec, Canada) for the hearing of the said claims at the exclusion of any other jurisdiction that may otherwise be competent under the provisions of the law. The parties hereby waive any claim which they may now or hereafter have that the above mentioned jurisdiction is not a convenient or proper venue for any proceeding in relation to this Agreement.

15. INDEMNITY - Seller shall indemnify Buyer and hold it harmless from all liability or claims of liability, costs, and expenses, including attorney's fees, for bodily injury (including death) or property damage arising out of or related to this Contract, as it may apply to Seller's product.

16. ASSIGNMENT AND SUCCESSORS - This Agreement shall be binding on the parties hereto, their respective successors, heirs and assigns, along with their legal representatives and any entity resulting from the merger of one party with another person. However, no party may, in any manner whatsoever, assign, transfer, subrogate or convey its rights in this Agreement in whole or in part to any third party, without the prior written consent of the other party. Any attempt of transfer or assignment of any right, duty or obligation under this Agreement is void for all purposes. A party may however obtain the assistance of subcontractors, being understood that the said party shall in any event remain fully liable towards the other party as to the obligations of this Agreement and as to the activities of the subcontractors.

17. RELATIONSHIP OF THE PARTIES - The parties being independent contractors, this Agreement binds them only for its purpose. Consequently, the provisions of this Agreement cannot be interpreted as creating some association or partnership between the parties or as giving whatever agency from one to the other. Moreover, a party cannot bind the other party, in any way and towards anybody, otherwise than in accordance with the provisions of this Agreement. Under no circumstances shall a party be liable for the acts, omissions, debts or obligations of the other party.

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