

TERMS, CONDITIONS & WARRANTY

Contract Terms

Only the terms and conditions set forth or incorporated herein shall be binding on Buyer and Seller. Acceptance of this Contract is expressly conditioned on acceptance of the terms and conditions contained herein and terms and conditions contained in any purchase order, or accompanying payment for delivery of the equipment specified herein, which are different from or in addition to these Terms and Conditions of Sale shall not be binding on Seller, whether or not they would materially alter this Contract, and Seller hereby objects thereto. Buyer shall be deemed to have accepted these terms and conditions by placement of a purchase order hereafter or by any other conduct indicating acceptance.

Payment

Payment for products sold hereunder shall be made in accordance with these terms. All invoices are due and payable thirty (30) days from date of invoice or as may otherwise be quoted and time is of the essence with respect to payment hereunder. Amounts that are outstanding more than sixty (60) days from the date of invoice shall bear an interest rate of two percent (2%) per month (twenty four percent (24%) annually) until fully paid, including any interest payments thereon. Payment for the products furnished hereunder shall not be subject to offset or deduction by Buyer, unless such offset or deduction by Buyer is expressly accepted by Seller. Any sums that have been deducted by Buyer in violation of this paragraph shall be considered overdue and are subject to the above interest charge.

Pricing

All quotations furnished hereunder will retain a 10 day validity period however all prices for the products said hereunder will be billed at the Seller's prices in effect at the time of shipment and are subject to change without notice if necessary. All transportation charges are on the account of the Buyer unless otherwise previously agreed to. If rates of common and contract carriers are increased or decreased prior to shipment, prices of unshipped materials, goods or equipment which may have been ordered on a "delivered price" basis shall be increased accordingly.

Conformance, Inspection

The products furnished hereunder shall conform to Seller's standard manufacturing specifications, including any variations or classifications thereof. Seller reserves the right to change specifications at any time without incurring obligation for materials, goods and equipment previously and subsequently sold. The Buyer shall inspect the products immediately on the arrival thereof, and shall within fourteen (14) days after arrival give written notice to the Seller of any matter by reason whereof it may allege that the products are not in accordance with the contract. If the Buyer shall fail to give such notice, the goods, materials and equipment shall be deemed to be in all respects in accordance with the contract, and the Buyer shall be bound to accept and pay for the same in accordance with contract terms. All goods, materials and equipment made to special specifications are deemed to be inspected and accepted before shipment is made, and may not be cancelled.

Cancellation:

Buyer may not cancel this Agreement once drawings are approved and released for fabrication. In the event a cancellation is required, all expenses shall be paid by the Buyer in accordance with the termination schedule below.

Termination Charge

5% of the Purchase Price
25% of the Purchase Price
70% of the Purchase Price
100% of the Purchase Price

Milestone

After receipt of purchase order, prior to drawing submission.
After drawing submission.
After drawing approval.
Upon start of manufacturing.

Termination

In addition to any remedies that may be provided under these Terms, Seller may terminate this Agreement with immediate effect upon written notice to Buyer, if Buyer: (i) fails to pay any amount when due under this Agreement and such failure continues for 10 days after Buyer's receipt of written notice of nonpayment; (ii) has not otherwise performed or complied with any of these Terms, in whole or in part; or (iii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

Changes

Changes to the design, specifications, delivery schedule or shipping instructions of the equipment may be made upon execution by the Buyer and acceptance in writing by Seller of a Change Order, stating their agreement on (i) change in the specifications, designs, delivery schedule or shipping instructions for the equipment, (ii) an adjustment to the purchase price, or (iii) an adjustment in the Seller's period of performance. In the event Buyer has communicated changes to the Seller, Seller shall not be required to continue performance of the Contract and may cease work on the equipment until an acceptable change order has been issued by Buyer. This Contract may be cancelled by Buyer upon issuance of an executed Change Order and payment of reasonable cancellation charges which shall include all incurred costs on the completed work plus twenty five percent (25%) of the Contract Price.

Repairs

Any repairs or alterations made to goods shall void all warranties and be at the expense of Buyer unless specifically authorized in writing by Seller. In no event shall Seller accept back charges for unauthorized repairs or alterations.

Delivery

The scheduled dates for shipment are estimated based on production loading at the time of quotation and may be quoted as days or weeks after receipt of order. All delivery and installation dates are estimates only, and Seller shall not be liable for any

damages relating to failure to ship the products as of a date certain. If Seller is delayed at any time by the acts or omissions of the Buyer, its agents, subcontractors or material suppliers, or by modifications of the Contract as specified in Section 5, or by causes beyond Seller's control including governmental acts, orders or regulations, strikes, civil disturbances or acts of God, then the period of performance shall automatically be extended by one day for each day in which Seller encountered such delay. Seller shall not be liable for any actual or consequential damages related to or arising out of said delay.

Packaging

All items sold hereunder shall be packed or crated and shipped in accordance with Seller's specifications. Any special packing, crating, shipping or unloading requirements of Buyer must be agreed upon by Seller in advance at additional cost. Weights listed, if any, are approximate.

Transportation

The products shall be shipped EXW Seller's factory with freight routing at the discretion of the shipper unless otherwise quoted. Title and risks of loss shall pass upon delivery to the carrier at the EXW point. Buyer must make arrangements for the proper inspection of the equipment and subsequent claims (if any) for damage to the products against the shipping company. Seller is not responsible for the condition of the equipment once they leave Seller's factory. Any shortage must be noted in detail on the Bill of Lading.

Default

If the Buyer fails to fulfill the terms of payment or if at any time the financial responsibility of the Buyer becomes impaired or unsatisfactory to the Seller, or, in the Seller's opinion, inadequate to meet to the obligations hereunder, the terms of credit may, at the Seller's option, be changed or withdrawn, and if withdrawn the Seller at its option may require cash or satisfactory security before making shipment or deliveries under this contract. Upon failure of the Buyer to pay any amount when due, the Seller may at its option, without prejudice to the other lawful remedies, suspend further shipments and deliveries under this agreement, and no forbearance, course of dealings, or prior payments shall affect this right of the Seller.

Taxes, Laws

Unless expressly stated in Seller's invoice, the Purchase Price for the products furnished hereunder excludes all Federal, Provincial, or local taxes. The Buyer is responsible for all tariffs, customs duties, and other export or import fees associated with the purchase. It is the Buyer's duty to ascertain that the equipment proposed by the Seller complies with applicable local laws, statutes, ordinances, and building codes (laws). Seller shall not be responsible for compliance of the equipment with such laws but shall promptly notify the Buyer of any discrepancies that come to the Seller's attention between the specifications and laws.

Typographical Errors

Seller is not responsible for typographical errors made in any of its publications or for clerical errors made in preparation of quotations, sales orders or acknowledgments. All such errors are subject to correction.

Warranty

"Fil-Trek warrants that the items sold hereunder shall be free from defects in material or workmanship for a period of 12 months AFTER START-UP or 18 months AFTER THE DATE OF SHIPMENT from Fil-Trek Corporation or one of its divisions, whichever comes first. This warranty comprises the sole and entire warranty pertaining to items provided hereunder. Fil-Trek makes no other warranties or representation with respect to the products furnished hereunder and disclaims all other warranties, express or implied, including warranties of merchantability and fitness for a particular purpose. All other warranties, including but not limited to, merchantability and fitness for purpose, whether express, implied or arising by operation of law, trade usage or of course dealing are hereby disclaimed.

Warranty is Void If

- A. Equipment is subjected to misuse, improper installation, improper storage or protection prior to installation or use, negligence by buyer or user, accident, corrosion, chemical attack, or misapplication.
- B. Equipment has been modified or repaired by anyone other than Fil-Trek authorized personnel.
- C. The serial number on the system is missing, defaced, or modified in any manner.

Warranty Does Not Cover

- A. Damage to the system due to parts of other manufacturers added to or connected to the product.
- B. Any costs incurred in shipping the product to Fil-Trek or a service center location.
- C. Damage or improper operation of the product caused by customer abuse, negligence (including corrosion), or failure to follow operating instructions.
- D. The compatibility or performance of any third-party product used with or connected to the system.
- E. Any cosmetic damage to system caused by accident or customer abuse.

Limitation of Remedy

Fil-Trek Corporation's liability arising from or in any way connected with the items sold or this contract shall be limited exclusively to repair or replacement of the items sold or refund of the purchase price by buyer, at Fil-Trek Corporation's sole option. In no event shall Fil-Trek Corporation be liable for any incidental, consequential or special damages of any kind or nature whatsoever, including but not limited to lost profits arising from or in any way connected with this agreement or items sold hereunder, whether alleged to arise from breach of contract, express or implied warranty or in tort, including without limitation, negligence, failure to warn or strict liability. "

This warranty is void if any of the spare parts are not supplied by Fil-Trek Corporation or one of its divisions.

Non-Disclosure

Neither party hereto shall disclose any information regarding any the subject matter hereof or proprietary technical information received from the other party, except to the extent that disclosure is required by law or is otherwise agreed to in writing by the parties.

Limitations of Liability

The above warranty shall constitute the Buyer's exclusive remedy with respect to the products furnished hereunder. Buyer understands and acknowledges that Seller shall not be liable for any special, consequential, punitive or incidental damages of any kind and regardless of the legal theory or causes of action by which claims for such damages are advanced, whether or not Seller has been advised of the possibility of such damages.

Force Majeure

Seller shall not be liable for any delay or failure in performance due to circumstances beyond its reasonable control, including but not limited to acts of God, natural disasters, fires, floods, pandemics, epidemics, wars, terrorism, government actions or regulations, labor strikes or disputes, supply chain disruptions, shortages of materials, transportation delays, power failures, or any other unforeseen events that prevent or hinder performance. In the event of such a delay, Seller's obligations shall be extended for a period equal to the time lost by reason of the delay, and Seller shall not be liable for any costs, damages, or penalties arising therefrom. If the Force Majeure event continues for a period of sixty (60) days or more, either party may terminate the affected portion of the agreement upon written notice to the other party without liability, except for obligations that accrued prior to such termination.

Entirety

These terms and conditions together with the exhibits referenced and attached hereto embodies the entire understanding between Buyer and Seller and there are no agreements, understandings, conditions, warranties, or representations, oral or written, express or implied, with reference to the subject matter hereof which are not merged herein.

Miscellaneous

This Contract may not be modified except in writing and signed by the parties' authorized representatives. Waiver of any of the provisions of the Contract shall not constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver, unless otherwise specifically provided. The terms of this Contract shall be interpreted in accordance with the procedural and substantive laws of the Province of Ontario, Canada, excluding its conflict of interest laws. It is agreed and understood that in no event will Seller be responsible for any field charges unless the same are approved in writing by Seller prior to their incurrence. It is agreed and understood that Seller is a supplier of goods, equipment and material, and that prices quoted do not include any installation or field service charges.

**FIL-TREK CORPORATION**

55 Stafford Court
Cambridge, ON N1T 1B3

P (519) 623-7448
F (519) 623-8807

Disclaimer

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