

STANDARD TERMS AND CONDITIONS

These Terms and Conditions govern the relationship between Buyer and Seller. Each Purchase Order placed by Buyer for goods is subject to these Standard Terms and Conditions. Unless written objection is provided by Buyer within five (5) days of receipt of these Terms and Conditions, Buyer shall be deemed to have agreed to be bound by these Terms and Conditions. Notwithstanding anything contained herein, Seller's acceptance of a Purchase Order is at all times subject to future availability of the Goods.

1. Definitions

"Agreement" means the agreement between Seller and Buyer for the purchase and sale of Goods and consists of the documents set out in Section 2.1 below.

"Buyer" means the party indicated on the face page of the PO that is contracting with Seller for the purchase of Goods.

"Delivery Date" means the date of delivery for Goods as specified in the PO.

"Delivery Point" means the location identified by Buyer in the PO to which the Seller is to deliver Goods, or such other delivery area or point that is agreed to in writing by the Parties.

"Goods" means the goods that are required to be delivered by Seller pursuant to the PO, and include all materials, component parts, packaging, and labelling of such goods.

"Party" means each of Buyer and Seller and **"Parties"** means both of them.

"Purchase Order" or **"PO"** means the purchase order between Buyer and Seller for the purchase and sale of Goods to which these Standard Purchase Terms and Conditions are attached or are incorporated by reference.

"Specifications" means the requirements, attributes and specifications for the Goods that are set out in the applicable PO. Specifications also include: (a) documentation published by Seller relating to the Goods; (b) operational and technical features and functionality of the Goods communicated by Seller to Buyer; and (c) Buyer business requirements that are expressly set out in a Purchase Order.

"Seller" means Silsource Inc.

"Seller Proposal" means any acknowledgement, estimate, quote, offer to sell, invoice, or proposal of Seller relating to the supply of Goods to Buyer, including any delivered in connection with a request for quotations, request for proposal or similar process initiated by Buyer.

"Warranty Period" means in respect of any Goods, the longer of: (i) any express written warranty period provided by Seller for the Goods; and (ii) the period commencing on the date of Acceptance of such Goods and ending on the date that is one (1) year from that date.

2. Agreement

2.1 The Agreement consists only of: (a) these Standard Purchase Terms and Conditions; (b) the applicable Purchase Order; and (c) any Specifications or other documents expressly referenced in the Purchase Order or otherwise agreed to in writing by the Parties. Any Buyer terms and conditions that are in addition to, or different from, those contained in the Agreement are not binding and shall have no force or effect. A new PO will be required for any additional Goods.

2.2 If there is any conflict or inconsistency between the documents constituting the Agreement, then unless otherwise expressly provided, the documents will rank in the order of precedence in accordance with the order in which they are listed in Section 2.1.

3. Delivery of Goods

3.1 Seller agrees to supply and deliver the Goods to Buyer on the terms set out in the Agreement; provided, however, that: (a) the Delivery Date, and any shipping date, are approximate and shall be subject to review and revision, from time to time, by Seller based on Seller's commitments and the availability of products involved in the Goods, which cannot be guaranteed by Seller; and (b) Seller reserves the right to ship and invoice for a quantity of Goods which may vary up to ten percent (10%) over

or under the quantity specified in the PO. Buyer shall accept delivery and pay for such revised quantity as per the terms of the applicable invoice. Each delivery will be accompanied by a packaging slip clearly showing the quantity and full description of each of the Goods delivered.

3.2 Orders with indefinite delivery dates are accepted upon the understanding that Seller shall have the right to fill such orders as it sees fit in the course of its manufacturing schedules and to hold the Goods for Buyer's account, at Buyer's expense and risk, pending receipt of definite shipping instructions, and, where required, by government authorization.

3.3 In the absence of specific written instructions from Buyer, Seller shall select a carrier, but shall not thereby assume any liability in connection with the shipment, nor shall the carrier be construed to be an agent of Seller.

3.4 Risk of loss or damage to the Goods shall pass to Buyer upon delivery of the Goods to Buyer at the Delivery Point (regardless of whether payment of the purchase price has theretofore been made). Confiscation or destruction of or damage to the Goods following delivery shall not in any way affect the liability of Buyer to pay the purchase price.

3.5 Buyer shall inspect the Goods upon receipt and notify Seller within twenty-four (24) hours following delivery of evidence of shipping damage or destruction. Upon such inspection, Buyer shall have the right to either accept the Goods ("**Acceptance**") or reject them for damage or destruction. Buyer shall provide Seller notice of any Goods that are rejected, together with the reasons for such rejection. If Buyer does not provide Seller with any notice of rejection within twenty-four hours of delivery, Buyer will be deemed to have provided Acceptance of such Goods. At Seller's option, Seller shall either provide a credit or refund for all amounts paid by Buyer for the rejected Goods or replace such Goods within the time period specified by Seller. Buyer will hold any rejected Goods at Buyer's place of business until such time as Seller has been notified in writing of such rejection. If requested by Seller, Buyer shall promptly return to Seller any rejected Goods and Seller will pay freight thereon. Under no circumstances may Buyer return any rejected Goods to Seller without first receiving from Seller a returned goods authorization to return the Goods.

4. Limited Warranty

4.1 Determination of the suitability of the Goods for the use contemplated by the Buyer or Buyer's customers is the sole responsibility of Buyer or Buyer's customers, as the case may be, and Seller shall have no responsibility in connection therewith. BUYER ASSUMES ALL RISK AND LIABILITY FOR LOSS, DAMAGE, OR INJURY TO PROPERTY OR PERSON OF BUYER OR OTHERS, ARISING OUT OF THE PURCHASE, USE, OR POSSESSION OF THE GOODS.

4.2 Seller warrants only that the Goods shall meet and conform to the Specifications. THE FORGOING WARRANTY IS IN LIEU OF ALL OTHER WRITTEN, OR UNWRITTEN, EXPRESS OR IMPLIED, REPRESENTATIONS AND WARRANTIES. SELLER PROVIDES NO OTHER, AND HEREBY DISCLAIMS ANY OTHER, WARRANTIES, AND GIVES NO GUARANTEES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, AS TO ANY MATTER, INCLUDING BUT NOT LIMITED TO, THE QUALITY OF ANY GOODS SUPPLIED HEREUNDER, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

4.3 Seller shall assign to Buyer all manufacturer's warranties for Goods not manufactured by or for Seller, and shall take all necessary steps as required by such third party manufacturers to effect assignment of such warranties to Buyer.

4.4 During the Warranty Period, Buyer shall have the right to notify Seller promptly in writing of any claim of breach of warranty and shall provide Seller with the opportunity to inspect and verify each Good claimed to be defective. Buyer will hold any defective Goods at Buyer's place of business until such time as Seller has been notified in writing of the issue. In the event of breach of any of the warranties in Section 4.2, Buyer's exclusive remedy and Seller's sole liability hereunder is expressly limited to, at Seller's option, refunding the purchase price for, or correcting or replacing, the affected Goods within ten (10) day(s) after notice by Buyer to Seller of the warranty breach. If requested by Seller, Buyer shall promptly return to Seller any defective Goods and Seller will pay freight thereon. All other associated costs, including costs to inspect the Goods, will be borne by Buyer. Buyer shall have no right to procure substitute goods. Under no circumstances may Buyer return any defective Goods to Seller without first receiving from Seller an authorization to return the Goods. If Goods are corrected or replaced, the warranty in Section 4.2 will continue as to the corrected or replaced Goods for a further Warranty Period commencing on the date of Acceptance of the corrected or replaced Goods by Buyer.

4.5 SELLER SHALL NOT BE RESPONSIBLE, AND ACCEPTS NO LIABILITY, FOR ANY LOSSES, DAMAGES (INCLUDING, BUT NOT LIMITED TO, ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, COSTS, OR EXPENSES, WHETHER BASED UPON GOODWILL, LOST PROFITS OR REVENUE, LOSS OF PRODUCTION OR WORK STOPPAGE, LOSS OF USE, IMPAIRMENT OF OTHER GOODS, OR OTHERWISE), COSTS, EXPENSES, ACTIONS, OR LIABILITY WHATSOEVER, INCLUDING PROPERTY DAMAGE

OR PERSONAL INJURY, SUFFERED OR INCURRED BY ANY PARTY, ARISING OUT OF OR IN ANY WAY IN CONNECTION WITH THE GOODS. SELLER'S LIABILITY FOR DAMAGES UNDER THIS CONTRACT SHALL IN NO EVENT EXCEED THE PURCHASE PRICE PAID BY BUYER FOR THE RELEVANT GOODS.

5. Fees and Payment

5.1 Prices for the Goods will be set out in the applicable PO. The price(s) stated therein may be increased by Seller to the extent that Seller's cost of the Goods increase as a result of (i) any agreements, codes, or legislative enactments made by or enacted pursuant to federal, provincial, state, or municipal legislation, (ii) increase in costs of labor, raw materials, or overhead, (iii) taxes, tariffs or other charges imposed by governmental authorities upon the production, sale, or use of the Goods or of materials used in the manufacture thereof, or (iv) increase of existing freight rates. Buyer agrees to be bound by such price increase(s).

5.2 Buyer shall be responsible for all destination charges for the Goods, including without limitation, charges for loading, storage, freight, transportation, insurance, shipping, storage, handling, demurrage, cartage, packaging, rigging, unloading, unpacking, and placement, unless agreed otherwise by Seller.

5.3 Unless otherwise stated in the applicable PO, all prices or other payments in the PO shall be exclusive of any taxes. Seller shall separately itemize all applicable taxes on each invoice and Buyer will pay all applicable taxes to Seller when the applicable invoice is due.

5.4 Buyer will pay each invoice within thirty (30) days of the invoice date. Seller reserves the right to change the credit terms at any time, when in Seller's opinion, Buyer's financial condition or previous payment record so warrant. Buyer agrees to pay, as a late charge, the sum of one and a half percent (1.5%) per month or the highest interest rate permitted by law, whichever is lower, on the unpaid balance of any invoice from Seller, beginning from the thirtieth (30th) day after the date of such invoice. Should Buyer become delinquent in the payment of any sum due after ten (10) days from the date of written notice to Buyer, Seller shall not be obligated to continue performance under the Agreement.

5.5 Seller retains, until Buyer performs all of its obligations hereunder (including, without limitation, payment in full of the purchase price), a purchase-money security interest in the Goods (including all accessions and replacements thereto and the proceeds thereof) to secure performance of all obligations of Buyer. Buyer agrees promptly upon request by Seller to execute any financing statement, registration, and like documents, and to take any other action deemed necessary or desirable by Seller in order to perfect Seller's security interest hereunder. In addition, Buyer hereby irrevocably constitutes and appoints Seller as attorney to prepare, sign, and file any such documents, with full power of substitution. This Agreement shall constitute a security agreement. Accordingly, upon Buyer's default, Seller shall have all the rights and remedies of a secured creditor, as well as those of a seller of goods, under the Ontario Personal Property Security Registration system and applicable law, including but not limited to the right to take possession of the Goods herein supplied. Seller may remedy any default by Buyer and may waive any default by Buyer without waiving the default remedies or without waiving any prior or subsequent default.

6. General Terms

6.1 Unless stated otherwise herein, time shall be of the essence in this Agreement. If either Party is prevented or delayed by the occurrence of an event outside of its control (a "**Force Majeure Event**") from carrying out any of its obligations in the Agreement, its obligations affected by the Force Majeure Event will be suspended while (but only for so long as) the Force Majeure Event continues. A Party will notify the other Party of the occurrence of a Force Majeure Event within two (2) business days. No Force Majeure Event will absolve Buyer from fulfilling its financial obligations hereunder. Seller may, during any Force Majeure Event, prorate its supply of products among its customers in such manner as Seller, in its sole discretion, may deem fair and practicable.

6.2 Seller may unilaterally terminate the Agreement at any time, for convenience, upon written notice, for any reason (including, without limitation, when Seller is unable to obtain within a reasonable time enough products to meet timely delivery to Buyer). Under no circumstance may Buyer unilaterally terminate the Agreement.

6.3 All communications between the Parties will be conducted using the contact information set out in the PO.

6.4 The Parties specifically and expressly disclaim any intention to constitute a Party as the agent of the other Party. Neither Party shall have the authority to enter into any contract or commitment in the name of, or on behalf of, the other Party or to bind the other Party in any respect whatsoever. Neither Party shall have the right to use the name, tradename(s), trademark(s),

and/or logos of the other Party without prior written consent.

6.5 The Agreement may only be modified by written agreement of both Parties. If Buyer requests a change order causing a delivery delay, Buyer shall be subject to a five percent (5%) charge based upon the list price of the affected Goods.

6.6 If any part of the Agreement is ruled invalid or unenforceable, the Agreement shall continue to be effective as if the invalid or unenforceable part was not included.

6.7 Buyer cannot assign its rights or responsibilities hereunder, in whole or in part, without Seller's prior written consent.

6.8 The Agreement sets forth the entire agreement between the Parties relating to the Goods and supersedes all prior written and verbal discussions and correspondence between the Parties, and Seller shall not be bound by any conditions, definitions, warranties, or representations other than as expressly provided in the Agreement, or as duly set forth subsequent to the date hereof in writing and signed by Seller.

6.9 The Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against Seller as the Party drafting or causing the Agreement to be drafted. Buyer acknowledges that it has read and understands the Agreement and acknowledges and agrees that it has had the opportunity to seek, and was not prevented or discouraged by Seller from seeking, any independent legal advice which it considered necessary before the execution and delivery of the Agreement.

6.10 If reasonably requested by Seller, Buyer will execute and deliver such additional documents and take such further actions as may be reasonably necessary or desirable in order to give effect to the Agreement.

6.11 The Agreement shall be binding on, and enure to the benefit of, each of the Parties and their respective heirs, executors, legal representatives, successors, and permitted assigns. The termination of the Agreement shall not terminate the rights of either Party that survive such termination, either by the wording of the Agreement or by operation of law. The rights and remedies of Seller in the Agreement are cumulative and in addition to any other rights and remedies at law or in equity.

6.12 The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the Agreement. The relationship between Seller and Buyer, and the Agreement, will be governed by the laws of the Province of Ontario, Canada and the federal laws of Canada. The Parties agree to use best efforts to resolve any dispute, controversies, and claims with respect to this Agreement amicably through nonbinding discussions between senior management of each Party. If a resolution cannot be found, the issue shall be referred to a mediator agreed upon by both Parties. Should the Parties fail to agree on the identity of a mediator, or should mediation fail to bring about a resolution to the dispute, such dispute shall then be transferred to a single arbitrator. The arbitrator shall be appointed by agreement between the Parties or, in default of agreement, such arbitrator shall be appointed by a Judge of the Ontario Superior Court of Justice upon the application of either of the Parties. The arbitration shall be held in the Regional Municipality of Durham, Ontario, and conducted in English. The arbitration shall proceed in accordance with the *Arbitration Act, 1991* (Ontario). The arbitrator shall have the power to proceed with the arbitration and to deliver an award notwithstanding the default by a Party in respect of any procedural order made by the arbitrator. The decision arrived at by the arbitrator shall be final and binding and no appeal shall lie therefrom. Any award for payment of money may include pre-award and post-award interest. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The arbitrator may apportion costs of the arbitration, including the reasonable fees and disbursements of the Parties, between or among the Parties in such manner as the arbitrator considers reasonable. The arbitration will be kept confidential and the existence of the proceeding and any element of it (including any proposals, pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions and any awards) will not be disclosed beyond the sole arbitrator, the Parties, their counsel, and any expert person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration, as may be reasonably necessary for the enforcement of the arbitration award, or as permitted by this Agreement.

6.13 Buyer shall comply with all applicable laws and regulations of the various provinces of Canada and other countries that relate to Goods or the Agreement. Buyer represents and warrants that it is buying for its own internal use only, and not for resale. The Goods provided may be subject to laws, regulations, or requirements in other countries. Buyer shall comply with any and all export regulations and such other laws, regulations, or requirements as may apply to its receipt, re-export and use of the Goods. Buyer shall protect, indemnify, defend, and hold harmless Seller from and against any liability, claims, damages, or penalties arising from Buyer's failure to comply with its representations, warranties, and certifications as set forth in this Section. This provision survives the termination of the Agreement and the delivery of the Goods.

6.14 Buyer represents and warrants that it has the right and lawful authority to enter into the Agreement and to perform its obligations hereunder; and the Agreement has been duly authorized, executed, and delivered by and constitutes a valid, binding, and legally enforceable agreement in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar applicable laws relating to creditors' rights generally and subject to general principles of equity.