

1. DEFINITIONS

1.1 **Purchase Order:** shall mean, collectively, the purchase order of Technologies M4 inc. (hereinafter referred to as "TM4"), and the designs, standards or other documents referred to in the Purchase Order or any schedules or agreements mentioned in the Purchase order or submitted with the tender.

1.2 **Force Majeure:** shall mean any event out of the control of the parties hereto, which such parties could not have reasonably foreseen and against which they could not have protected themselves. Force majeure shall include, without limitation, any natural disaster, strike, complete or partial work stoppage, lock-out, fire, riot, civil or military interventions and acts of war (whether declared or not).

1.3 **Days:** shall mean business days (from Monday to Friday) excluding statutory holidays recognized by the law of the country of the Vendor.

1.4 **Non-Compliant:** shall refer to any goods or services which are not in compliance with the Purchase Order, the engineering specifications or the TM4 quality requirements.

1.5 **Quality:** shall mean the specifications applicable to goods and the quality requirements provided to the Vendor for the manufacturing, assembly, processing or purchase of goods ordered by TM4.

1.6 **Engineering Specifications:** shall mean the specifications submitted by the engineering department of TM4 with respect to the parts, assembly and other specific services of TM4, or designed by TM4 or indicated in designs, standards, reference documents or other documents provided to the Vendor. They shall also refer to the quality requirements.

1.7 **Vendor:** shall mean any person to whom the Purchase Order is addressed, including any divisions, subsidiaries and associated companies involved in the manufacture of the goods referred to in the Purchase Order.

2. MEMORANDUM OF AGREEMENT

2.1 The acceptance of a Purchase Order or of any full or partial delivery of goods made pursuant to a Purchase Order shall constitute an unconditional acceptance by the Vendor of all terms and conditions of such Purchase Order and shall imply that the Vendor shall comply with such terms and conditions. Only a written refusal of the Purchase Order or a request in writing for clarification, amendment or correction from the Vendor within five business days following receipt shall constitute a refusal by the Vendor to accept a Purchase Order as submitted by TM4.

2.2 No sale confirmation, acknowledgement or other agreement amending the terms and conditions of the Purchase Order shall be binding upon TM4 or grant any rights to the Vendor, unless approved in writing by TM4. The terms and conditions of the Vendor shall not supersede the terms and conditions of the Purchase Order, unless approved in writing or incorporated in the Purchase Order by TM4, it being understood between TM4 and the Vendor that if the Purchase Order refers to the terms and conditions of the Vendor's tender, the terms and conditions contained in the Purchase Order shall supersede the terms and conditions of such tender in the event of any discrepancy, unless otherwise specifically indicated in the Purchase Order.

3. ERRORS/CORRECTIONS/AMENDMENTS

3.1 If any clause, information or requirement of the Purchase Order or any schedules thereto is inconsistent with the Vendor's tender or impossible to apply, the Vendor shall be required to advise TM4 thereof. The Vendor shall also advise TM4 of any discrepancy between the specifications of a plan or technical document and the Purchase Order or the tender. In such event, the Vendor shall not fill the Purchase Order until the situation shall have been reported in writing to TM4 within five days following receipt of the order and rectified by TM4.

3.2 TM4 shall at any time amend in writing any of the components of the Purchase Order or any schedules thereto. Any amendment made by TM4 and resulting in changes in costs or quality or in additional delivery delays shall be provided to TM4 in writing within five (5) days following receipt of such amendment by the Vendor. TM4 shall approve these changes in writing and reserves the right to refuse any additional costs or to take the measures set forth in clause 5.2.

3.3 TM4 reserves the right to cancel a Purchase Order without penalty, if the Vendor reports an error in the Vendor's tender resulting in a change in price, a delivery delay or other consequences, unless the Vendor honours the original Vendor's tender or TM4 agrees to the amendment in writing.

3.4 No price increase shall be accepted for any reason other than those provided for in paragraph 3.3, unless TM4 agrees thereto in writing. Any refusal by TM4 to agree to a price increase shall not release the Vendor from its obligation to supply the goods referred to in the Purchase Order.

4. EQUIPMENT ON LOAN

4.1 All tools, templates, matrixes, models, equipment and other objects loaned or provided by TM4 to the Vendor in order for the Vendor to fill the Purchase Order or to manufacture the goods requested in the Purchase Order shall be kept in a good state of repair, otherwise the Vendor shall be liable for any loss of or damages to such items, and a reimbursement covering the market value of such items shall be collected by TM4 by a set-off against the price of the merchandise delivered or, in the case of a value-added item, such as a prototype, the costs incurred by TM4 in time and in money, except if such damages result from normal wear and tear. The Vendor shall be liable, unless otherwise agreed upon, for the custody, maintenance and protection of such items and shall return them immediately upon request by TM4. In the event of wear and tear, damage or loss of such items, the Vendor shall advise TM4 immediately. TM4 shall remain the owner of such items, unless otherwise agreed upon with the Vendor.

4.2 The Vendor shall not assign or loan the specifications, templates, matrixes, models, plans, tools, instruments, prototypes, samples or any other material whatsoever which is owned by TM4 without the prior consent in writing of TM4. The Vendor shall remain liable for any loss of or damage to such items caused by third parties to whom such items shall have been provided, it being understood that the Vendor shall guarantee the obligations of such third parties to hand over such items to TM4.

5. DELIVERY

5.1 Unless otherwise agreed upon, deliveries shall be made in accordance with the dates and quantities indicated in the Purchase Order. In the case of goods manufactured/assembled/processed in accordance with the Engineering Specifications, a variance of +/- 10 % in the quantity delivered in relation to the quantity ordered shall be acceptable. Payment shall be made on the basis of the quantity delivered. TM4 reserves the right to indicate in the Purchase Order whether such percentage is reduced or eliminated, in which case the Vendor shall complete delivery on the basis of the quantity indicated in the Purchase Order and/or any items received in excess shall be returned for credit at the Vendor's expense.

5.2 If the goods are not delivered within the required time periods and such delays are not attributable to a force majeure or if the goods delivered are not in compliance with the Engineering Specifications or any specified quality requirements, TM4 reserves the right, without prejudice to any of its other rights or recourses, to cancel the Purchase Order, in whole or in part, without any penalty and upon simple notice in writing.

5.3 Transportation costs and customs duties shall be paid by the Vendor to the point of delivery indicated in the Purchase Order, unless otherwise specified in the Purchase Order, in which case if TM4 indicates in the Purchase Order a specific transportation company and/or service to be used by the Vendor and if the Vendor retains another service or company, the amount invoiced in excess of what TM4 would normally have paid for such service shall be credited to TM4 by the Vendor.

5.4 The goods shall be prepared and packaged as specified in the Purchase Order. In the absence of instructions in the Purchase Order, the Vendor shall prepare and package the goods so as to protect them from potentially harmful transportation conditions. The Vendor may be held liable for any damages caused by inadequate packaging which is non-compliant with packaging standards recognized in the industry.

6. QUALITY

6.1 The Vendor specifically guarantees that the goods delivered are in compliance with the plans, standards, grades or other descriptions provided in the Purchase Order and any schedules thereto. The Vendor guarantees that such items are free from any manufacturing defects, are in compliance with the specifications indicated in the Purchase Order, are convenient for their intended use and do not contravene any laws or regulations in force upon delivery.

6.2 All goods manufactured in accordance with the Engineering Specifications shall be subject to the quality control program of TM4 in force upon inspection. If the parts are non-compliant with the requirements set forth in the Purchase Order, the Vendor shall complete a waiver request, on a form provided by TM4, and send such request to TM4 prior to delivery of the goods. TM4 shall review such request and return it with instructions. Processing fees of 125 CAD could apply to the treatment of non-compliant equipment delivered without TM4's approval.

6.3 The goods shall be delivered subject to inspection thereof: the payment of goods shall not constitute satisfactory inspection and acceptance. TM4 reserves the right to return defective products at any time if a manufacturing defect appears after delivery of the goods to TM4, whether or not they have been paid for by TM4. If a manufacturing defect occurs after an indefinite period of storage or use, TM4 shall be entitled to request that the product be remanufactured or to obtain a credit from the Vendor. In addition, if TM4 incurs monetary losses (production stoppage, recall of defective products, remanufacturing, repairs, etc.) due to a manufacturing defect or another failure by the Vendor to comply with the Purchase Order which affects merchandise delivered by the Vendor, the Vendor shall, upon presentation of supporting documents, indemnify TM4 by mutual agreement. All testing, transportation, customs or other expenses shall be paid for by the Vendor in the event of the remanufacture or replacement of a defective or non-compliant product.

6.4 In the event of a dispute on measurements or data obtained during inspection or tests made or certified by either party, TM4 shall select a neutral and respectable laboratory to verify and validate the measurements or data. Any costs so incurred shall be paid by the defaulting party.

7. DOCUMENTS

7.1 Any deliveries shall be accompanied by the following documents as well as all other documents required by the Purchase Order and any schedules thereto:

a) From the United States:

i) Three (3) copies of the customs invoice, duly completed and signed, indicating the number of parcels, the fair market value, the unit price and the resale price.

ii) Three (3) copies of a NAFTA certificate (original certificate) duly completed and signed, indicating the validity date, the value, the exact tariff item (the Vendor is responsible for contacting the customs office to ensure that the product is adequately classified) and the country in which the product was manufactured.

Note: If such documents or information are omitted, TM4 reserves the right to charge the Vendor for all costs incurred in connection with corrections or research made by its broker.

b) For any part or product manufactured/assembled/processed in accordance with the Engineering Specifications of TM4:

i) An inspection report duly completed (including measurements taken, dimensions obtained, features or characteristics observed or other) and signed.

c) A packaging voucher shall be included with each shipment including at least the order number granted by TM4, the part number of TM4, if any, the number of the manufacturer, the quantity delivered and the quantity, if any, on back order. Such information shall also appear on the invoice.

7.2 The following documents may be required and shall accompany the shipment or be sent to TM4 in advance, otherwise the shipment could be refused or payments withheld until the said documents are provided: compliance certificate; testing report; plating or covering certificate; calibration certificate relating to measuring instruments used; certificate of origin or number to trace the shipment; quality control plan; statistical studies or any other certificates, reports or documents required in the Purchase Order or any schedules thereto or required following delivery of the said goods.

7.3 All boxes or parcels shall be clearly and individually identified with TM4's parts numbers and reviewing levels and shall indicate whether the part is in compliance or is subject to a waiver obtained from TM4.

8. ASSIGNMENT

8.1 The Purchase Order shall not be assigned or transferred by the Vendor, in whole or in part, to third parties, without the prior authorization in writing of TM4. The Vendor shall also be solely liable for

filling the Purchase Order. Any derogation from the terms and conditions of the Purchase Order attributable to performance by the Vendor's subcontractors or suppliers or other third parties shall be the responsibility of the Vendor.

9. CONFIDENTIALITY

9.1 The Vendor acknowledges that all information received and documents sent by TM4 shall be deemed to be confidential.

9.2 The Vendor shall not disclose such confidential information or document to anyone, except to employees of the Vendor who may require same, it being understood that such employees shall be bound by the same confidentiality obligation.

9.3 The Vendor shall not use for purposes other than the performance of the obligations set forth in the Purchase Order any technical data, plans, specifications and information obtained during the Vendor's dealings with TM4, its personnel, products and operations.

10. INFRINGEMENT

The Vendor certifies and guarantees that any products or goods purchased pursuant to the Purchase Order as well as the sale or use thereof do not infringe any patent, copyright, trademark or intellectual property owned or controlled by third parties and agrees to defend and indemnify and hold harmless TM4 and its subsidiaries or affiliated companies or any user of the products or goods so purchased from any liability, loss or expense in connection with any claim, action or dispute arising from any actual or alleged infringement of any patent, copyright or trademark, whether in Canada or elsewhere.

11. INDEMNIFICATION

The Vendor undertakes to indemnify and hold harmless TM4 from any claim, proceeding, action, or demand, including legal fees and extrajudicial costs, whether grounds exist or not, or from any judgment or any indemnity granted due to property damage or injuries, including death, suffered by anyone, including any property damage or injury affecting the employees or customers of TM4 due to defective products.

12. PAYMENT

12.1 TM4 reserves the right to retain payment if any condition of the Purchase Order or any condition hereof is not fulfilled and no corrective measure is undertaken within fifteen (15) days following a request to that effect by TM4.

12.2 TM4 shall not make any payment on delivery.

13. NOTICE

The Vendor shall have the responsibility to ensure that any communication affecting any item mentioned in the Purchase Order is done through the purchasing department of TM4, the Purchaser or any person specifically designated by the Purchaser or that certified copies of any written communications be provided to the Purchaser, failing which such communications shall be considered null and void.

14. TIME

Time is of the essence in these terms and condition.

15. ELECTION

The parties agree, for any claim or legal proceedings instituted for any reason whatsoever in connection herewith, to elect the judicial district of Montréal, Province of Québec, Canada, as the place for the hearing of such claim or legal proceeding to the exclusion of any other judicial district which may have jurisdiction in such dispute in accordance with the law.

16. INTERPRETATION OF THE PURCHASE ORDER AND INTERPRETATION HEREOF

Any provision of the Purchase Order which is illegal shall not invalidate the other provisions of this Purchase Order and any provision which by law must be included in a contract shall be deemed to be incorporated by reference to such Purchase Order. The Purchase Order shall be governed by and construed under the laws of the Province of Québec.

17. LEGAL REQUIREMENTS

Each party shall comply with all laws and regulations relevant to the performance under the Purchase Agreement. This will include but not be limited to the Supplier's obligation to treat dangerous goods in accordance with all applicable laws and regulations

18. APPLICABLE LAW

The General Purchasing Conditions and any Purchase Agreement shall be governed by and construed in accordance with the laws applicable in the province of Québec, Canada.