

APPENDIX A GENERAL TERMS AND CONDITIONS

Unless otherwise stated in our proposal the following Terms and Conditions apply:

1. Definitions and Interpretation

- "Commodity" is the subject goods of this contract and includes accessories, spare parts, services and/or other additions all of which must correspond with the purchase document/specifications.
- Except for any special provisions or stipulations expressly incorporated the Purchase Document contract shall be interpreted according to "Incoterms 1990" therefore, the Seller and Purchaser hereby adopt "Incoterms 1990" as a general basis of this contract.
- Any type of documentary credit employed under this contract including letters of credit shall be issued, advised and operated in compliance with the provisions, definitions and articles of "Uniform Customs and Practice for Documentary Credits" (International Chamber of Commerce, Paris, France) which obtains and prevails at the time of issuance of the relevant documentary credit.

2. Specifications of the Commodity

All the Contractual specifications of the Commodity shall be enumerated in the Contract, and where the manufacturer's drawing furnished by the Seller is approved by the Purchaser, such manufacturer drawings shall be incorporated in and made part of the contractual specifications of the Commodity.

3. Manufacturer's Drawings and Instructions

At the time of effecting shipment or within the period fixed in this contract, the Seller shall mail the Purchaser such manufacturer's drawings and instruction as may be necessary for the installation and/or the operation of the Commodity specified in this contract.

4. Inspection

- Where independent inspection is stipulated in this contract, the purchaser shall appoint an inspector within a reasonable time from the date of making this contract.
- The Commodity which has been inspected and acknowledged to be in compliance with all the requirements of this contract shall be stamped or stenciled or labeled with the independent inspector's own emblem.
- Unless otherwise agreed upon in this contract, any independent inspection fees incurred by the Seller at the Purchaser's request shall be borne and paid by the Purchaser.

5. Notification of Readiness for Shipment

The Seller shall notify the Purchaser or its authorized agent of the readiness for shipment of the Commodity.

6. Partial Shipments

Partial shipments are allowed under the contract, the Seller shall submit to the Purchaser the written schedule of partial shipments at the time of making this contract.

7. Force Majeure

- The Seller shall not be responsible for any failure to ship or any delay in shipment of the Commodity or any part thereof which may arise from acts of God, fires, explosions, strikes, lockouts, riots, civil commotions, mobilizations, threat or existence of war, blockades, embargoes, requisitions of vessels, epidemics, acts of the authorities concerned, or from any other causes beyond the reasonable control of the Seller.
- The Seller shall notify the Purchaser of such failure or delay by facsimile within seven (7) days from the date of actual occurrence of the force majeure cause, and shall subsequently mail to the Purchaser a written certificate of occurrence of the force majeure cause.
- When such notification and such written certificate as provided in the preceding paragraph (b) have been delivered to the Purchaser the latest date for shipment will be extended as required until the operation of the force majeure cause has ceased.

8. Warranty

Seller warrants that, at time of delivery, the Commodity will be free from defects in material or workmanship and conform to the requirements of the Contract. This warranty shall continue for a period of twelve (12) months from the time when the Commodity has been shipped, or 2000 hours of operation, whichever occurs first, provided that Purchaser's account is not in arrears. All purchased equipment is limited to the original manufacturer's warranty. If required by Purchaser, within a reasonable amount of time after receiving written notice, the Seller shall, promptly, at its option, either repair or replace the defective or non-conforming part of the Commodity at the expense of the Seller. Installation at site of repaired or replaced items shall be carried out by the Purchaser. The repaired or replaced part is warranted as above for a period of six (6) months from completion of repair or replacement. Unless otherwise agreed the Purchaser is responsible for all shipping charges including customs duties and taxes for items returned for repair or replacement.

This Article states the entire warranty and liability of the Seller with respect to supplying of items and services under the contract and the incidental special or consequential damages of any nature with respect to any item delivered or any failure to deliver.

9. Maintenance of Secrecy

Both parties agree not to disclose to third parties except as may be necessary for the execution of this contract, any confidential, private or proprietary information supplied under this contract by the other party.

10. Patents

The Seller shall assume responsibility for and defend any claim which may arise from the Seller's infringement of patents, utility model designs, trademarks and/or other proprietary rights in maintenance, supply and use of the Commodity. The Seller shall at its option and expense replace, modify or procure the right to use any infringing item.

11. Governing Law

Unless otherwise stated in the Contract, the Contract will be governed by the laws of the Province of Ontario, Canada.

12. Arbitration

All disputes, controversies, or differences which may arise between the parties, out of or in relation to or in connection with this contract, or for the breach thereof, shall be finally settled by arbitration in the Province of Ontario, Canada, in accordance with the Commercial Arbitration Rules of the International Chamber of Commerce (ICC). The award rendered by three (3) arbitrators shall be final and binding upon both parties concerned.

13. Entire Agreement

- The contract and any other documents attached thereto constitute the entire and sole agreement of the parties to the contract and any other representations, agreements, undertakings, or proposals not expressed in the contract are superseded and declared null and void.
- No alteration or modification or change of the contract shall have any effect unless such alteration or modification or change is made in writing and signed by the duly authorized representatives of the parties to the contract.

14. Acceptance

Unless noted otherwise in the contract, acceptance shall be deemed to take place at the Seller's plant, prior to shipment, when the Commodity has satisfactorily passed the Seller's prescribed acceptance test(s). The Purchaser will be notified seven (7) days in advance of the acceptance test(s) and may witness these tests at the Purchaser's discretion. The warranty period starts on completion of acceptance test(s) unless otherwise noted.

15. Effectiveness of This Contract

- The contract shall not be binding upon both parties unless and until the formal approval and the implementing documents for proper funds for fulfillment of the contract have been issued by the competent authorities concerned.
- In the case where such approval or such implementing documents have not been issued within a reasonable period of time, the contract shall be automatically invalidated by the Seller's simple notification of such invalidation, and the Purchaser shall not make any claim for compensation against the Seller in connection with such invalidation.
- Unless otherwise stated in the contract the opening date of the irrevocable letter of credit, or down payment, will be the effective date of the contract.

16. Payment

- Where progress payments are specified, payment is due seven (7) calendar days from date of invoice. Delays in payment beyond seven (7) calendar days will result in a corresponding extension of the final delivery date of the Commodity.
- All payments (other than progress payments) are due within thirty (30) calendar days from date of invoice. Interest on payments received after thirty (30) calendar days will be at the rate of 2% per month or portion thereof.

17. Drawings for Approval

Where drawings are to be submitted to the purchaser for approval, an allowance of seven (7) calendar days is allowed for the return of drawings to the seller either marked "Approved" or "Approved as Noted". A delay in return of drawings beyond seven (7) calendar days will result in a corresponding extension of the final delivery date of the Commodity.

18. Notice

Any notice required to be given under the provisions of this contract shall be sent to the attention of the vendor sales manager at the address on this quotation, and to the purchasing agent of the purchase