

AIRBOSS OF AMERICA CORP.

STANDARD TERMS AND CONDITIONS OF SALE

The seller (the “**Seller**”) and the buyer (the “**Buyer**”) identified on the opposite side of these Standard Terms and Conditions of Sale (the “**Purchase Order**”), agree that the following terms and conditions will govern Buyer’s order for the products (the “**Products**”) listed on the Purchase Order. THE PURCHASE ORDER AND THESE TERMS AND CONDITIONS CONSTITUTE THE ENTIRE AGREEMENT BETWEEN SELLER AND BUYER (THE “**AGREEMENT**”) AND SUPERSEDE ALL PRIOR AGREEMENTS, PROPOSALS AND COMMUNICATIONS BETWEEN THE PARTIES, WHETHER WRITTEN OR ORAL. SELLER SHALL NOT BE BOUND BY THE TERMS OF BUYER’S ACCEPTANCE OR PURCHASE CONFIRMATION THAT ARE INCONSISTENT WITH THE TERMS HEREIN. ACCEPTANCE BY BUYER OF THESE TERMS MAY BE MADE EITHER: (1) BY WRITTEN ACCEPTANCE INDICATED BY SIGNING THE PURCHASE ORDER; OR (2) BY RECEIPT BY BUYER OF THE PRODUCTS AND FAILURE OF BUYER TO REJECT SUCH PRODUCTS WITHIN FIVE (5) DAYS FOLLOWING RECEIPT.

SELLER RESERVES THE RIGHT TO ADD, DELETE OR AMEND THESE TERMS AND CONDITIONS WITHOUT PRIOR WRITTEN NOTICE AT ANY TIME, AT SELLER’S SOLE DISCRETION. FURTHERMORE, SELLER DOES NOT ACCEPT LIABILITY BEYOND THE REMEDIES SET FORTH HEREIN.

1. ACCEPTANCE OF ORDERS

Orders are accepted only by an acknowledgement and confirmation, signed by an officer of Seller or Seller’s signature on the Purchase Order. Seller’s acceptance of this Agreement is subject to the remittance of an advance payment, as set forth on the Purchase Order, or other form of security that may be specified by Seller. All delivery and shipment dates indicated hereon are approximate and subject to Seller’s availability schedule. SELLER SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, RESULTING FROM DELAYS IN DELIVERY, EVEN IF ADVISED OF THE POSSIBILITY THEREOF.

2. PRICE AND PAYMENT

The price for Products shall be the price quoted by Seller to Buyer or, when no price is quoted, the Seller’s list price at date of delivery, unless otherwise agreed in writing by the parties. A quotation by Seller does not constitute an offer and Seller reserves the right to withdraw or revise any quotation prior to time of its acceptance of an order from Buyer. Further, in the event a Product is listed or quoted at an incorrect price due to an error in pricing or Product information, Seller shall have the right in its sole discretion, to refuse or cancel any orders, or part of an order and terminate this Agreement without further liability. All prices quoted shall be exclusive of sales tax, goods and services tax or other applicable

taxes, tariffs, duties or charges which shall be payable by Buyer. Seller may increase or decrease its prices at any time, in its sole discretion. New prices shall apply to Products ordered by Buyer but not yet delivered provided Seller has notified Buyer in writing, Buyer shall have ten (10) days prior to delivery to cancel further deliveries at such increased price by sending a written cancellation to Seller without being entitled to any damages from Seller.

3. FREIGHT AND APPLICABLE TAXES

Unless otherwise specifically agreed in writing by the parties to this Agreement, Buyer shall be responsible for payment of all freight charges and any freight charges incurred by Seller in connection with the performance of its obligations under this Agreement, including any increases in charges. Increases in charges shall be for the account of Buyer and shall apply to any balances unshipped or undelivered from warehouse at the time any such freight increase becomes effective.

Any tax, tariff, duty or charge which Seller may be required to pay or collect, now or hereafter imposed by any governmental authority or agency, foreign or domestic, with respect to the sale, purchase, production, processing, storage, delivery, transportation, use, or consumption of any of the products or services covered hereby, including all taxes upon or measured by receipts from sales or services, shall be for the account of Buyer, and any such charges may be added by Seller as a separate item to Seller's invoices.

Where Buyer claims that it is not subject to any such tax or that Seller is not required to collect such tax, Buyer will provide Seller with any documentation necessary to support such a claim and to allow Seller to document its decision not to collect such tax. In the event Seller pays any such taxes, Buyer shall reimburse Seller promptly upon invoice. Further, Buyer shall be responsible for, and shall indemnify and hold Seller harmless from, any applicable sales, use, goods and services, harmonized sales or other taxes or any fees, assessments, levies or other amounts, including without limitation any environmental fees or waste disposal assessments or levies, whether provincial, federal or other applicable governmental level associated with the Purchase Order.

4. SHIPPING AND DELIVERY

All shipments are F.O.B. Seller's location of manufacture, and freight collect, unless otherwise agreed. Products shipped may not be re-routed by Buyer. Seller may ship Products ordered in instalments. Return of a Product, defective or otherwise, shall not be accepted by Seller unless it is shipped in accordance with the specifications contained in Section 5 below and with prior Seller written authorization. Shipping charges may be adjusted, at the Seller's sole and unfettered discretion, if Buyer changes the location for delivery.

5. RETURN POLICY AND LIMITED REMEDIES

All shipments falling within the acceptance level as set forth by Seller's specifications as documented on the AirBoss Certificate of Conformity ("CofC"), shall be accepted and shall not be returnable for replacement or credit. A CofC is included with each shipment. In certain cases, where the acceptance level falls short of the Seller's specifications, the customer will have been notified and a signed waiver from the customer shall show evidence of acceptance of the material and as a result shall not be returnable for replacement or credit. Except as otherwise provided in this Agreement, in the event a shipment does not conform to the required acceptance level (and a waiver was not obtained from the customer) or the loads delivered are not those outlined on the Finishing Specifications sheet attached to each pallet, the shipment may be returned to Seller upon obtaining Seller's prior written verification and approval prior to the expiration date noted on the Finishing Specifications sheet attached to each pallet. Nonconforming Products returned to Seller shall be separately packaged and marked to clearly identify the shipment. Shipping charges shall be prepaid and reimbursed by Seller to Buyer in the event Seller determines the Products to be defective. In the event Seller determines that returned Products are not defective, shipping charges shall be Buyer's responsibility. In no event shall Seller be responsible for packing, inspection, labour or other charges in connection with products returned for inspection. Buyer is solely responsible for all risk of loss and damage to products being shipped for return. Buyer should fully insure any return shipment in case of loss or damage. Buyer is further advised to use a carrier that is able to provide proof of delivery and tracking capabilities.

Buyer's failure to return products as provided in this Agreement within thirty (30) days of Buyer's receipt of Seller's approval for such return shall terminate Seller's obligation with respect to any such nonconforming Products. The date of acceptance shall be referred to as the "Acceptance Date".

Buyer's sole remedy, for any claim in respect of any products at any time sold or agreed to be sold by Seller, is limited to, at Seller's option: (i) replacing the particular quantity of nonconforming product; or (ii) refunding the purchase price of the particular quantity of nonconforming product less the value, if any, to the Buyer of the nonconforming product. **IN NO EVENT SHALL SELLER BE RESPONSIBLE OR LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS IN CONNECTION WITH ANY NON CONFORMING PRODUCTS, EVEN IF ADVISED OF THE POSSIBILITY THEREOF.**

6. PAYMENT AND CREDIT TERMS

Payment terms are within Seller's sole discretion. Buyer agrees to remit payment in full in either US Dollar or Canadian Dollar currency, reflecting the currency negotiated for invoicing, via wire transfer or cheque in accordance with the information provided on the Purchase Order within thirty (30) days of date of the invoice. No cash discounts will be granted. Where payment in full is not so remitted, Buyer shall be delinquent and agrees to pay interest at the rate of one and one-half percent (1.5%) per month (or the maximum rate

allowed by applicable law) on the unpaid invoiced amount, with interest on overdue interest accruing at the same rate. In the event Seller finds it necessary to refer this matter to legal representation or agent for collection, Buyer shall pay all costs of collection, including legal fees on a solicitor-client basis, court costs and filing fees. Should Buyer become delinquent in the payment of any sum due hereunder Seller shall have the right, at its sole discretion, to take one of the following actions: (i) declare all or part of Buyer's obligation to Seller under any and all sale documents immediately due and payable; (ii) suspend its performance under or terminate one or more of its contracts with Buyer; and (iii) foreclose its security interest in the Products (as set forth in Section 8) and exercise all rights available to it as a secured party.

7. TITLE/RISK OF LOSS

Title and risk of loss for Products shall pass to Buyer upon delivery of the Products to the common carrier for shipment.

8. SECURITY INTEREST

Seller or its assignee shall have a purchase money security interest in the Products to secure payment of the purchase price until it is paid in full. Buyer agrees to execute and deliver all documents requested by Seller to protect and maintain Seller's security interests. Buyer appoints Seller as its agent to sign and file a financing statement to perfect Seller's security interest.

9. LIMITATION OF LIABILITY

For any breach of these Terms and Conditions, Seller's sole and exclusive maximum liability shall not in any event exceed the total price of the products ordered by Buyer pursuant to this Agreement.

10. FORCE MAJEURE

Seller shall not be liable for any failure to perform or delay in performance due to fire, explosion, flood, accident, Acts of God, labour dispute, shortage or unavailability on reasonable commercial terms of utility, facility, raw materials or labour, delay in or unavailability on reasonable commercial terms of transportation, breakdown of equipment or machinery, compliance with or other action taken to comply with any law or regulation, acts of war or terrorism, restraints or requirements of any government or governmental authority or their agents, or any other cause or contingencies, whether similar or dissimilar, beyond Seller's reasonable control (a "**Force Majeure Event**"). In the case of a Force Majeure Event, Seller may, in its sole and unfettered discretion, cancel, reduce or modify its deliveries to Buyer without liability for any damages whatsoever.

11. GOVERNING LAW

These Terms and Conditions shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to principles of conflict of law. Any action or proceedings by Seller against Buyer may be brought by Seller in any court(s) having jurisdiction over Buyer's location or, at Seller's option, in the courts of the Province of Ontario, and in either event Buyer submits to such jurisdiction chosen by Seller and the service of process in accordance with applicable procedures, waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts and agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding. Any actions or proceedings by Buyer against Seller may be brought by Buyer only in the courts of the Province of Ontario.

12. EXPORT CONTROL

Products purchased or received under these Terms and Conditions shall be subject to export laws and regulations of Canada and the United States of America. Customer assures that it will comply with those regulations whenever it exports or re-exports Products obtained from Seller.

13. HEADINGS

The headings of each of these Terms and Conditions are for convenience of reference only and shall not form part of these Terms and Conditions. Such headings shall be ignored in the interpretation or construction of any of these Terms and Conditions.

14. INVALIDITY OF PROVISIONS

If any provision or provisions of these Terms and Conditions shall be held to be invalid, illegal or unenforceable, such provision shall be enforced to the fullest extent permitted by applicable law, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

15. NO ASSIGNMENT

Buyer may not assign its rights or obligations under this Agreement without the express written consent of Seller.

16. WARRANTY CLAIMS: LIMITATION OF LIABILITY AND MATERIAL SAFETY DATA SHEETS

Buyer agrees that the following terms and conditions have applied and shall apply to all Products sold or agreed to be sold to Buyer by Seller and shall not be supplemented, modified or amended unless agreed to in writing and signed by an officer of Seller.

(a) **Limited Warranty**

Seller warrants all grades of Products to be supplied by Seller to Buyer shall meet the product specifications for such grade set by Seller from time to time, or as modified, in writing by the mutual agreement of both parties. Claims in respect of any Products at any time sold or agreed to be sold by Seller, whether in contract, tort or otherwise (including negligence or misrepresentation), including claims on account of weight, quality, loss or damage to said goods, are waived by Buyer unless made in writing within thirty (30) days after arrival thereof at destination. In case of a timely claim concerning quality, Buyer shall promptly furnish to Seller appropriate samples of nonconforming Product for testing and analysis.

(b) THE LIMITED WARRANTY ABOVE SETS FORTH THE SOLE WARRANTY OF SELLER WITH RESPECT TO ANY PRODUCTS AT ANY TIME SOLD TO BUYER. ALL OTHER WARRANTIES AND

REPRESENTATIONS AND CONDITIONS OF ANY KIND, WHETHER EXPRESS OR IMPLIED, AND WHETHER ARISING UNDER STATUTE OR UNDER CONVENTION ARE, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE FOREGOING SHALL APPLY WHETHER THE PRODUCTS ARE USED ALONE OR IN COMBINATION WITH OTHER SUBSTANCES OR MATERIALS, EVEN IF THE PURPOSES OR USES OF SUCH PRODUCTS ARE KNOWN BY SELLER OR IF SELLER HAS BEEN INVOLVED IN THE ANALYSIS OF THE PURPOSES OR USES OF SUCH PRODUCTS OR HAS PROVIDED ANY RECOMMENDATIONS, ASSISTANCE OR INSTRUCTIONS IN CONNECTION THEREWITH. BUYER ACCEPTS AND ASSUMES ALL RESPONSIBILITY, RISK AND LIABILITY FOR, AND AGREES TO DEFEND, INDEMNIFY AND HOLD SELLER HARMLESS FROM AND AGAINST, ANY CLAIMS OR LIABILITIES RELATING TO ANY SUCH PRODUCTS OR ANY PRODUCTS MANUFACTURED BY BUYER CONTAINING ANY SUCH PRODUCTS PROVIDED BY SELLER.

(c) **Material Safety Data Sheets and Warnings**

Buyer acknowledges and represents that it has received, read and understands the Material Safety Data Sheet for the product and will read and undertake to understand any subsequent Material Safety Data Sheets or written warnings provided by Seller from time to time and undertakes to exercise the degree of care required to protect persons and properties from all hazards of the products disclosed in the Material Safety Data Sheets or warning, including but not limited to: (i) warning the employees of Buyer and its affiliates who may become exposed to the product of said hazards of the product, providing such employees with necessary and appropriate safety equipment and taking appropriate measures to assure that such safety equipment is adequately maintained and properly used; and (ii) warning third parties who may purchase or come into contact with the product or who handle or transport the product on behalf of the Buyer of the aforesaid hazards.

All documents referred to in these Terms and Conditions are incorporated into these Terms and Conditions and are available from Seller upon request.