

Midwest Engineering Ltd.

GENERAL TERMS AND CONDITIONS OF SALE

1. General

The Purchaser agrees to purchase and Midwest Engineering Ltd. (the "Seller") agrees to sell certain products on and subject to the terms and conditions contained herein (the "Terms and Conditions").

In the event of any conflict between these Terms and Conditions and the provisions contained in Purchaser's Order, these Terms and Conditions shall prevail. No waiver, alteration or modification of these terms and conditions shall be binding upon the Seller unless made in writing and signed by a duly authorized representative.

2. Quotations

Unless otherwise stated, the Seller's quotation shall be null and void unless accepted in writing by Purchaser within thirty (30) days from the date of quotation.

3. Prices/Cost of Transportation

All quoted prices are based on the current exchange rates, tax rates, tariffs and costs of manufacture. Unless otherwise stated in quotation, prices are subject to change by the Seller with or without notice to Purchaser. Such price changes may result from an increase in cost in raw materials to the Seller, upon which any such price change shall be equal to the raw material cost increase to the Seller. Unless otherwise stated all prices are f.o.b. from the Seller's factory and include domestic packing. Customary methods of transportation shall be selected by the Seller and such transportation, unless otherwise stated, shall be at the Purchaser's expense. Special methods of transportation will be used upon Purchaser's request and at Purchaser's additional expense, provided reasonable notice of Purchaser's transportation requirements are given by Purchaser to the Seller prior to shipment.

4. Taxes

Prices do not include any sales tax, Federal, Provincial or City, payable on the transaction under any effecting statute. All such taxes must be paid by the Purchaser.

5. Shipping, Billing and Payment

The Seller agrees:

- (a) to properly pack, mark and ship the product in accordance with the requirements of the Purchaser;
- (b) to provide, with each shipment, packing slips with the Purchaser's order number marked on it;

(c) to properly mark each package with the Purchaser's order number, the factory, plant and dock number and, where multiple packages comprise a single shipment, to consecutively number each package, and

(d) to properly forward the original bill of lading or other shipping receipt for each shipment in accordance with the Purchaser's instructions.

The Seller will include on bills of lading or other shipping receipts correct classification identification of the product shipped in accordance with the Purchaser's instructions and carrier's requirements. The marks on each package and identification of the product on packing slips, bills of lading and invoices shall be sufficient to enable the Purchaser to easily identify the product purchased. The Seller further agrees to promptly render, after delivery of the product or performance of services, correct and complete invoices to the Purchaser, and to accept payment by cheque or, at the Seller's discretion, by other cash equivalent (including electronic transfer of funds). All invoices shall be paid not later than 30 days following receipt of the invoice. In the event the Purchaser fails to pay the invoice within the thirty-day period, all overdue amounts may, in the sole discretion of the Seller, collect interest at a rate of 2.5% per month.

6. Adjustment in Purchase Price – Fluctuation in Dollar

The Seller may adjust the purchase price if there is a fluctuation in the exchange rate of the Canadian dollar relative to the American dollar, if the value of the Canadian dollar falls above or below 5% of its current market value on the date any invoice where the fluctuation continues on average for a period of thirty days or more. Any adjustment shall be made by the Seller using the value of the Canadian dollar relative to the American dollar on the date of the particular invoice as the base figure from which to calculate the adjustment to the purchase price.

7. Delivery

Delivery schedules are approximate and are based on conditions applicable at the time of the Seller's quotation and acceptance of Purchaser's order. Delivery shall also depend on the prompt receipt by the Seller of the necessary information to facilitate the manufacturer's engineering and manufacturing schedules. The Seller may extend delivery schedules or may at its option cancel Purchaser's order in full or in part without liability other than to return any deposit of prepayment which is unearned by reason of the cancellation.

8. Cancellation for Breach

In the event the Seller fails to deliver the product to the Purchaser, or the Purchaser fails to pay for the product on the due date for payment (either such event being referred to as a "Breach" and the party which has failed being referred to as the "Defaulting Party"), then at the option of the non-Defaulting Party, the non-Defaulting Party may give written notice to the Defaulting Party to remedy the Breach within thirty days of the Defaulting Party receiving such notice. If the Defaulting Party does not remedy such Breach within the required time period, then the non-Defaulting Party may, by written notice to

the Defaulting Party, elect to treat the Breach as a repudiation by the Defaulting Party of the Order and cancel the Order without prejudice to any of the rights of the non-Defaulting Party under the Order, these Terms and Conditions or at law.

9. Technical Information Disclosed to the Purchaser

The Purchaser agrees not to assert any claim (other than a claim for a patent infringement) with respect to any technical information which the Seller shall have disclosed or may hereafter disclose to the Purchaser in connection with the product or services covered by these Terms and Conditions.

10. Changes

The Purchaser reserves the right at any time to direct changes, or cause the Seller to make changes, to drawings and specifications of the product or to otherwise change the scope of the work covered by the Order and these Terms and Conditions, including work with respect to such matters as inspection, testing or quality control, and the Seller agrees to promptly make those changes. Any difference in price or time for performance resulting from such changes shall be equitably adjusted by the Seller and the Purchaser as they may agree.

For greater certainty, should the requirements of the Purchaser change so that the Purchaser requires the product to be replaced by a similar product which is manufactured using different materials or processes, the Seller shall have the first right and option to manufacture a similar product for the Purchaser on an exclusive basis at prices and on schedules to be agreed upon by the parties, provided that the prices shall be at competitive rates and similar products shall be competitive in quality. In order to exercise the first right and option, the Seller shall give written notice of its intention to manufacture a similar product within fifteen days of the Seller's receipt of written notice from the Purchaser indicating, to the Seller, the Purchaser's change in requirements.

11. Exclusive Duty to Buy

The Purchaser shall not, during the term of the Order and while these Terms and Conditions remain in effect, buy from anyone other than the Seller any product which is produced or manufactured and is the same or similar to the product and is used for a substantially similar purpose as the product is used by the Purchaser.

12. Force Majeure

The Seller shall not be responsible or liable for any loss or damage incurred by the Purchaser herein resulting from causes beyond the reasonable control of the Seller including, without limitation, acts of God, war, invasion, insurrection, riot, the order of any civil or military authority, fire, flood, weather, acts or the elements, delays in transportation, unavailability of equipment or materials, breakdown, sabotage, lock-outs, strikes or labour disputes, or the failure of the Seller's suppliers to meet their delivery promises; provided that written notice of delay (including the anticipated duration of the delay) shall be given by the Seller to the Purchaser within ten days.

13. Shipment/Damages or Shortages in Transport

The Seller's responsibility for goods ceases upon delivery to the carrier. In the event of loss or damage during shipment, the Purchaser's claim shall be against the carrier only. The Seller will however, give the Purchaser any reasonable assistance to secure adjustment of the Purchaser's claim provided immediate notice of such claim is given by the Purchaser to the Seller. Claims for shortages must be made in writing two (2) days after receipt of goods by the Purchaser. If the Seller does not receive such written notification of shortages within two (2) days, it shall be conclusively presumed that the goods were delivered in their entirety. Unless otherwise agreed upon in writing, the Seller reserves the right to make partial shipments and to submit invoices for partial shipments.

14. Title

Title to the goods or any part thereof shall not pass from the Seller to the Purchaser until all payments due hereunder have been made in cash or cheque, or other cash equivalent, except as otherwise expressly stipulated herein. The goods shall be and remain personal or moveable property, notwithstanding their mode of attachment to realty or other property. If default is made in any of the payments herein, the Purchaser agrees that the Seller may retain all payments which have been made on account of the purchase price as liquidated damages and the Seller shall be free to enter the premises where the goods may be located and remove them as its own property, without prejudice to the Seller's right to recover any further expenses it may suffer by reason of such nonpayment.

15. Liability

The Seller shall not be liable for and shall be held harmless by Purchaser from any damage, contractual or, consequential or incidental, direct or indirect, arising out of, in connection with or resulting from the sale governed hereby or the goods, including but without limitation, the manufacture, repair, handling, installation, possession, use, operation or dismantling of the goods and any and all claims, actions, suits and proceedings which may be instituted in respect to the foregoing.

16. Relationship of Parties

The Seller and the Buyer are independent contracting parties and nothing in the Order or these Terms and Conditions shall make either party the agent or legal representative of the other for any purpose whatsoever, nor shall it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

17. Terms of Sale

These Terms and Conditions are net 30 days subject to credit approval. Factory. Orders which are placed with the Seller and then cancelled may be subject to cancellation charges. The Seller will not accept any hold backs.