

AINSWORTH INC. TERMS AND CONDITIONS FOR SUPPLIERS

1. **ACCEPTANCE** - The person to whom Purchase Orders are addressed (the "Seller") shall be deemed to have accepted such Purchase Orders and all terms and conditions thereof when the Seller delivers to the Buyer being Ainsworth Inc. (the "Buyer") written acknowledgment accepting such Purchase Orders (the "PO" or "PO's") or all or part of the goods or services ordered. Every written Order submitted by the Buyer and accepted by the Vendor shall be binding on the parties hereto and shall form part of, and is subject to, the terms of this Agreement. Terms and conditions different from or in addition to those set forth herein, including any contained in any Seller's quotations or the Seller's acknowledgements or invoices shall not be binding on the Buyer unless accepted by its authorized representative in writing. The Buyer objects to and rejects all terms and conditions not so accepted. All specifications, drawings instructions, designs and data (collectively, the "Specifications") and all schedules furnished to the Seller in connection with such Purchase Orders are incorporated therein and made part thereof (collectively the "Purchase Orders"). Purchase Orders with respect to their subject matter supersede all prior agreements, negotiations, representations and quotations, written or oral. No oral requests or conversations with any officer, agent, or employee of the Buyer or its representatives, shall constitute a valid Purchase Order and create any financial liability for the Buyer. No extra compensation will be due from the Buyer as a result of the Seller not being aware of any matter which it should have known of. The silence, action, or failure to act by the Seller shall not affect or modify any of the terms or obligations contained in this Agreement or any applicable Contract Documents.

Purchase Orders shall be deemed to be cancelled if the Seller has not accepted them (as herein provided for) within thirty (30) days of the date when the Purchase Orders were created.

2. **SHIPPING** - Goods purchased hereunder shall be delivered to the Buyer at the delivery point specified in the Purchase Orders. All transportation and handling charges shall be prepaid by the Seller unless otherwise specified by the Buyer. All goods shall be marked and labeled as required by the Buyer and in accordance with all applicable laws and standards. All goods shall be properly packed for shipment so as to prevent any damages during shipment. The Seller shall ensure that the packing slips for the goods purchased correspond with the part numbers and descriptions indicated on the PO's. All goods originating outside of Canada shall be accompanied by all necessary documentation including Certificate of Origin or blanket Certificate of Origin, where applicable. The Seller shall at its expense insure the goods being shipped at not less than the full replacement cost thereof.
3. **PRICE** - If the price is omitted on any Purchase Order, the Seller's price shall be the lowest current competitive market price at date of shipment or performance. In no event are Purchase Order to be filled at a higher price or prices than last previously quoted or invoiced to the Buyer for similar goods or services without the Buyer's written consent.

The Seller represents that the prices charged for the goods or services are the lowest prices charged by the Seller to buyers of a class similar to the Buyer under conditions similar to those specified in Purchase Orders and that prices comply with applicable government laws and regulations in effect at time of quotation, sale and delivery. The Seller agrees that any price reductions made in goods or services covered by Buyer's Purchase Orders subsequent to the date of its issue but prior to the shipment of goods or rendering of services shall be applicable to the Purchase Orders. No charge of any kind, including charges for boxing, packing, crating or cartage will be made unless specifically agreed to by the Buyer in writing. Any discounts allowed by the Seller shall apply when invoices are so paid. All invoices shall carry current mailing dates and shall be emailed to ap@ainsworth.com. Invoices shall only be sent to the Buyer after delivery of the goods or performance of the services but no later than 90 days after delivery of goods or performance of the services. If Invoice amounts are being disputed, payment deadlines and discount periods shall be calculated starting from the date of receipt of the correct invoice by the Buyer at ap@ainsworth.com.

The prices for the purchased goods or services include all customs and import duties unless otherwise noted on the face of PO's. Subject to acceptance of the purchased goods or services, the Buyer shall pay the price within sixty (60) days of receipt of the Seller's invoice. The Buyer shall pay or reimburse Seller for any sales or use of goods and services taxes unless the Buyer furnishes appropriate evidence of exemption. All prices and related charges shall be in local currency unless otherwise noted on the face of each PO.

4. **TITLE** - Title to goods purchased shall pass to the Buyer upon delivery of goods to the Buyer and the Buyer's Acceptance hereof, in accordance with paragraph 9.
5. **SPECIFICATIONS** - The Seller shall manufacture, supply goods or services purchased in accordance with the Buyer's Specifications, if any and only upon written approval by the Buyer of such Specification. The Seller shall not make any substitution or changes in the goods or services without the Buyer's prior written consent.
6. **WARRANTY – GENERAL** - Notwithstanding any oral or written agreement to the contrary, the Buyer reserves the right to rely on any warranties or conditions implied under the Sale of Goods Act (Ontario), or any other comparable legislation in other jurisdictions which may be found applicable hereto. Without limiting the foregoing, the Seller hereby represents and warrants to the Buyer that:
- (a) the Seller has the right to sell the goods with good and marketable title thereto and that such goods are free from all liens, charges or encumbrances of any nature or kind whatsoever.
 - (b) the Buyer will have and enjoy quiet possession of the goods.
 - (c) goods sold by description will correspond with the description, it is not sufficient that the bulk of the goods correspond with the sample if the goods do not also correspond with the description.
 - (d) goods sold are of merchantable quality, notwithstanding any examination or inspection or acceptance of the goods carried out by the Buyer.

- (e) in the case of goods sold by sample, the bulk will correspond with the sample in quality.
 - (f) any service performed by the Seller whether, or not in conjunction with the supply of goods, shall be carried out in a good and workmanlike manner in accordance with the standards of the trade: AND
 - (g) goods sold shall be new and unused unless otherwise requested by the Buyer in writing.
7. **WARRANTY – QUALITY** - The Seller represents and warrants to the Buyer that the goods and services purchased shall be (i) free from defects in materials and workmanship, (ii) of merchantable quality and in full conformity with the Buyer's Specifications (if any) and all Specifications contained in Purchase Orders, and shall perform in accordance therewith or the Seller's samples (iii) fit for the use intended by the Buyer (provided that the Seller has reason to know, or should have known of such intended use), (iv) if goods, new and unused, unless otherwise specified by the Buyer in writing, and (v) comply with all applicable laws and regulations and any applicable standards. The Seller agrees that all of the representations and warranties provided for in Purchase Orders shall survive acceptance of and payment of any goods or services furnished by the Seller or on the Seller's behalf. The warranties in Purchase Orders shall be in addition to any warranty of additional scope given to the Buyer by the Seller. No implied warranties or conditions, statutory or otherwise can be waived or excluded by the Seller.
 8. **TIMELINESS** - Purchased goods or services shall be delivered or furnished at the time or times specified on the face of Buyer's PO's or in the event no delivery schedule is stated, within a period of time stated in the quotes or any other prior communication between the Seller and the Buyer. Failure to deliver goods or to perform services of the quality and within such specified time or times or within a reasonable period of time, shall at the option of the Buyer, relieve it of any obligation to accept and pay for such goods or services as well as any undelivered installments, if there be any. Upon failure to deliver or perform as specified, the Buyer may buy elsewhere and the Seller shall identify the Buyer as provided for herein (including reimbursement for any increased labour and material costs paid by the Buyer) unless deferred shipments or performance is consented to by the Buyer in writing. Any failure by the Buyer to exercise this option with respect to any installment shall not be deemed to constitute a waiver with respect to subsequent installments. Goods delivered prior to a specified delivery date may, at the Buyer's option, be returned to the Seller or retained but the Buyer shall be entitled to withhold payment until the otherwise applicable payment date and charge back to the Seller additional storage and other fees associated with early delivery.
 9. **INSPECTION** - Goods purchased are subject to the Buyer's inspection on arrival at the destination specified on the face hereof. Services are subject to the Buyer's inspection upon completion. Acceptance of all or any part of the purchased goods or services shall not be deemed to be a waiver of the Buyer's right either to cancel, reject or return all or any part thereof because of failure to conform to the Specification or by reason of defects, latent or patent, or breach of any representation or warranty (implied or statutory), or to make any claim for damages. Such rights shall be in addition to any other remedies provided by law. Goods rejected because of reasons set forth herein will be returned to the Seller at the Seller's expense and risk. The Seller shall forthwith refund to the Buyer any payments which the Seller may have received from the Buyer with respect to such goods or services not accepted and the Seller shall reimburse the Buyer forthwith for all original shipping expenses paid by the Buyer and for transportation and handling charges for delivery of rejected goods. All reasonable and substantiated expenses for unloading, inspection and reloading of returned goods may be charged to the Seller's account. At the option of the Buyer, the Seller shall replace any rejected goods or provide replacement services. Payment for goods or services shall not be deemed an acceptance thereof.
 10. **INDEMNIFICATION – GENERAL** - The Seller shall indemnify, save and hold harmless the Buyer and its officers, directors, employees and agents (past, present and future) from and against any and all liability, losses, costs, damages expenses and claims of any nature or kind whatsoever, and any incidental, indirect or consequential damages including loss of use profit or production, increased costs of operation or damage to other materials, injury to, or death of any person whatsoever or damage to property of any kind by whomsoever owned, caused in whole or in part by the acts or omissions of the Seller, its agent(s) or employee(s) in connection with the goods or services purchased by the Buyer or resulting from any breach of these Terms and Conditions. Such Indemnity shall be in addition to any other remedies provided by law and shall survive acceptance of and payment for any of the goods or services furnished by the Seller.
 11. **INDEMNIFICATION – PATENTS, ETC.** - The Seller shall defend, indemnify and hold the Buyer, its affiliates, dealers, customers and the users of the goods and services purchased hereunder harmless from and against all suits at law or in equity and all claims, demands, liability, losses, damage, judgments and expenses including reasonable legal fees, arising out of or due to any actual or claimed trademark, patent, or copyright infringement of any Canada or U.S or any foreign law on copyrights, patents, trademarks or any such similar law or any litigation based thereon, with respect to any part of the goods or services covered by the agreement and such obligation shall survive acceptance of and payment for any of the goods or services furnished by the Seller.
 12. **RISK OF LOSS** - Unless otherwise specifically stated on the face hereof, risk of loss or damage shall remain upon the Seller until the goods are delivered to the (a) delivery point indicated on the face hereof and accepted by the Buyer in accordance with paragraph 9 hereof, notwithstanding anything to the contrary in the case of rejected or returned goods, risk of loss or damage shall be upon the Seller from the time of the Buyer's delivery to a carrier.
 13. **PROPERTY FURNISHED TO SELLER BY BUYER** – Unless otherwise agreed to in writing, all items, material, fixtures and other property of any kind or nature, including but not limited to patterns, dies, tools, moulds, drawings, specifications, test reports, technical and advertising material furnished by the Buyer to the Seller or specifically paid for by the Buyer shall be and remain the confidential and proprietary property of the Buyer, shall be subject to disposition according to the Buyer's direction, shall be used in filling orders from the Buyer and shall not be copied, disposed of, used by any other person or disclosed to others without the Buyer's prior written consent. At the Buyer's request, all such confidential and proprietary information and all copies thereof shall be returned to the Buyer forthwith.
 14. **CANCELLATION** – The Buyer may cancel its orders for all or any part of undelivered goods or services specified on Purchase Orders, or any revisions thereof or any delivery schedule issued pursuant thereto upon notice in writing to the Seller.

15. **WORK ON THE BUYERS OR ITS CUSTOMERS PREMISES** – If the Seller's work under any Purchase Order involves operations by the Seller on the premises of the Buyer or any of its customers, the Seller shall comply with all applicable laws including those relating to worker safety and shall take all necessary precautions to prevent the occurrence of any injury or damage to person or property during the progress of such work and, except to the extent that any such injury or damage is due solely and directly to the Buyer's or its customer's negligence, as the case may be, shall indemnify the Buyer, its officers, directors, employees and agents (past, present and future) against all claims, damages, liability, costs and expenses of any kind or nature which the Buyer may suffer or incur as a result of or arising out of any act or omission of the Seller, its agents, employees, or subcontractors and the Seller shall prior to entry to the property of the Buyer or its customers, obtain and maintain Workmen's Compensation and Comprehensive General Liability Insurance (including Products, Completed Operations and Broad Form Contractual Liability, Bodily Injury and Property Damage) and Automobile Liability Insurance in such amounts of coverage as will protect the Buyer, its officers, directors, employees and agents (past, present and future) from said risks and any claims arising therefrom. Upon request, the Seller shall provide the Buyer with evidence of such coverage satisfactory to the Buyer.

16. **CONFIDENTIALITY** - The Seller shall not at any time, even after expiration or termination of this contract use or disclose to any person for any purpose other than to perform its obligations, any information which it receives from the Buyer in connection with any Purchase Order, except for information that is or becomes publicly available, without breach of this contract, or is rightfully received by the Seller from a third party. Upon request by the Buyer the Seller shall return to the Buyer all documentation and other material containing such information. Without the Buyer's prior consent, the Seller shall not disclose or re-export any information it receives from the Buyer in connection with this Agreement, or any product of such information to any person or location outside the country in which the Seller is located.

The Seller shall not disclose to the Buyer any information that it deems to be confidential and it is understood that no information received by the Buyer including manuals, drawings and documents, will be of a confidential nature or restricted in any manner, and the Seller shall not restrict the use or disclosure of such information by the Buyer. The Seller agrees that any legend or other notice pertaining to any information or material supplied by it that is inconsistent with the preceding sentence shall create no obligation fiduciary or otherwise on the part of the Buyer.

17. **ASSIGNMENT** - The Seller may not assign this Purchase Order or any of its rights or obligations hereunder without the prior written consent of the Buyer, which consent may be unreasonably withheld. The Seller shall not subcontract the work to be performed under this Purchase Order without the prior written consent of the Buyer, which consent may be unreasonably withheld, but the Seller may purchase goods as it normally purchases to perform the work.

18. **BANKRUPTCY** - If the Seller shall become bankrupt or insolvent or be subject to any winding-down or bankruptcy legislation or commences proceedings under any creditors relief legislation or makes or files any notice of intent to file a proposal or files a proposal or goes into liquidation, voluntary or involuntary or makes a general assignment for the benefit of its creditors or if a liquidator, receiver, and manager or trustee in bankruptcy be in appointment to or of the Seller's assets, with or without the Seller's consent, or if the Seller ceases to conduct operations in the normal course of business, then the Buyer shall be entitled to cancel any unfilled part of any Purchase Order without any liability whatsoever and the Buyer shall be indemnified by the Seller for any and all damages suffered by the Buyer as a consequence of the cancellation of such Purchase Order.

19. **CONFORMITY TO LAW** - The Seller represents and warrants to the Buyer that the goods to be produced or sold and the services to be rendered under Buyer's Purchase Orders have been or will have been manufactured, stored, packed, labeled, shipped, provided and performed in accordance with and in strict conformity to all applicable federal, state, provincial and municipal statutes, orders, ordinances, regulations and rules and any applicable standards including Canadian Standards Association/OSHA/ANSI standards.

20. **GOVERNING LAW** - This contract will be governed, construed, applied and interpreted in accordance with the local state, federal and provincial laws of the goods destination as stated on the PO.

21. **AMENDMENTS** - This contract shall not be changed, modified, terminated or otherwise amended unless made in accordance herewith or in writing by the Buyer and the Seller.

22. **TIME** - Time shall be of the essence for all Buyer's Purchase Orders.

23. **SUCCESSORS AND ASSIGNS** - This contract shall enure to the benefit of and be binding upon the Buyer and the Seller and their successors and permitted assigns.

24. **LANGUAGE** - The Buyer and the Seller confirm that it is their wish that this contract as well as all other related documents, including notices, have been and shall be drawn in English only.