

GENERAL TERMS AND CONDITIONS

Definitions:

The following terms wherever used in the Contract Documents shall, unless the context otherwise requires, have the following definitions assigned to them. Words importing the singular only also include the plural and words importing persons include corporations and vice versa, where the context requires.

"PN" - means PROMATION NUCLEAR Limited.

"Contract Change" - means an amendment or change order request issued by one Party and accepted by the other, which modifies the Contract.

"Contract" - means the legally binding agreement between PN and the Contractor affected by PN's acceptance of the Contractor's quotation or any part thereof, as amended, and evidenced by the Contract Documents.

"Contract Documents" - means the Contract (Including the Contractor's quotation), these General Terms and Conditions, drawings, technical specifications including all modifications thereof. These documents shall have precedence in the order named in the Contract.

"Contract Information" - shall for this purpose include, but necessarily' be limited to all Information of whatever nature, including technical Information, drawings, documents, models and Inventions produced, developed or acquired by the Contractor (or any officer or employee of the Contractor) or a Subcontractor of the Contractor while performing the Work.

"Contract Price" - means the total price of all Goods identified on the Contract and/or Contract Change Inclusive of freight, but exclusive of applicable provincial sales tax and goods and services or harmonized sales tax, adjustments for escalation on material and escalation on labour, adjustments based on any, Contract Changes and/or foreign exchange rate variation.

"CFSI" – means Counterfeit, Fraudulent, Substandard and Suspect Items.

"Contractor" - means any party to this Contract, other than the Purchaser. The terms "Supplier" and "Contractor" are synonymous.

"Final Acceptance" - means that the finished Goods constituting equipment and software supplied by the Contractor to PN have passed the FAT and SAT referred to herein.

"Free Issue Material" - means material supplied by PN without charge to the Contractor, up to the Contractor's plant, in order that it be incorporated into the Work.

"Goods" - means all materials, commodities, articles, designs, documentation, services, equipment, software and things required for incorporation into the Work.

"Manufacturing Schedule" - means the schedule submitted by the Contractor and accepted by PN.

"Party" or "Parties" - means one or both Parties to the Contract, namely, PN and the Contractor.

"Purchaser" - means PN.

"Purchase Order" - means Contract.

"Request for Quotation" - means the letter to prospective Tenderers, together with these General Terms and Conditions, drawings, technical specifications and all associated documents' forwarded therewith necessary for the Tenderers to prepare their offer for the Work described therein.

"Site" - means PN's Mississauga, Ontario facilities.

"Subcontractor" - means a person, firm or corporation, sometimes referred to as supplier, distributor, or vendor, having a contract with the Contractor for part of the Work, Including the furnishing of labour, materials, Goods, apparatus or services therefore.

"Technical Data" - means, without limitation, any technical writing, pictorial reproduction, drawings, sketches, design data. Specifications, notebooks, technical and scientific data, photographs, negatives, reports, analyses, calculations, findings, recommendations, technical computer programs including input or output data and related documentation including flow diagrams, operating procedures, program descriptions, and results of program testing, memoranda and data of every description relating thereto, as well as all copies of the foregoing relating to and prepared for the Work or any part thereof, by the Contractor and it's Subcontractors, or others on behalf of the Contractor and Its Subcontractors, or by PN, in connection with the Work.

"Tenderer" - means the Party submitting a Tender.

"Work" - means that which Is intended to be done or supplied as shown and described in the Contract Documents, and Includes the Work, Goods, material, labour, documents, acts, services and matters

required under the Contract.

1.0 General

This Purchase Order, Including these General Terms and Conditions and the General Conditions, if any, referred to on the face hereof, forms the entire Contract between the Parties and takes precedence over all other documents. No variation thereof, irrespective of the wording or terms of the Contractor's acceptance, will be effective unless expressly agreed to in writing by PN and Contractor in the Contract. Where the context requires, the word "Goods" is to be read as including "services." The Contractor shall not proceed with any work unless authorized in writing (email is acceptable) by the Purchaser, and is liable for all costs until such authorization is provided.

2.0 Changes

There shall be no Contract Changes, including the conditions or sub vendor substitution, without written approval by means of an amendment or change order request signed by an authorized representative of each Party. Any such amendment or change order request shall be executed immediately by the Contractor, and such request shall address the impact on the Contract Price and Manufacturing Schedule. If the Contractor does not provide the change request within 10 business days from the date the issue was realized, then the Contractor has no right to claim costs associated with the change. For all change requests received in a timely manner, the Parties agree to make an equitable adjustment to the Contract Price and the time or schedule for performing or completing the Work in connection with each Contract Change.

3.0 Successors and Assigns

The Contractor shall inure to the benefit of and be binding upon the Parties hereto and their executors, administrators, successors and permitted assigns.

4.0 Patent Claims and Royalties

The Contractor agrees to indemnify and hold harmless PN from and against any claim of a third party that the supply by Contractor of the tangible Goods (other than Goods that are prototypes or proof of principle equipment) in accordance with the terms of this Purchase Order and anything that would constitute an infringement of any valid worldwide patent. Upon prompt notification from PN in writing and given all the reasonably necessary authority,

information and assistance for the defense of same, Contractor shall defend or settle following consultation with PN, at Contractor's sole expense, any suit or proceeding brought against PN based upon such a claim. In case such Goods are held in such suit to constitute an infringement and its use it enjoined, Contractor shall, at its expense and option, either procure for PN the right to continue to use such Goods or replace same with a non-infringing product or part, or modify same so it becomes non-infringing. The Indemnity obligations herein shall not apply to the extent a claim for infringement of third party Intellectual property rights relates to (i) any Goods or part which is modified or manufactured to PN's design; (ii) any product of a third party as specified by PN incorporated in the Goods; or (iii) the use of any Goods furnished to PN in combination with other products not furnished by Contractor, unless the Goods furnished by Contractor, alone and without combination, infringes the asserted rights; or (iv) any infringement relating to PN's prescribed manufacturing processes. As to any such excluded product or part thereof, Contractor assumes no liability whatsoever for intellectual property right Infringement and PN shall hold Contractor harmless against any infringement claim arising therefrom. This express indemnity obligation shall be Contractor's sole obligation and PN's sole remedy in the circumstances in which such indemnity may apply.

PN warrants that It has the right to use any of the Technical Data provided to Contractor and agrees to Indemnify the Contractor against any claims for royalties, license fees or other claims or demands by reason of the use of Technical Data that was provided by PN to Contractor.

5.0 Assignment of Contract

The Contract shall not be assigned without the express written consent of PN.

6.0 Subcontracts

The Contractor may subcontract a portion of the Work where it is customary in performing similar contracts after notifying PN of who those subcontractors are, and ensuring they have the proper QA qualifications as specified in the Contract. Furthermore, the Contractor shall be solely responsible for ensuring the PN has full access to the work executed by Subcontractors during normal business hours.

Each subcontract issued by the Contractor shall provide that the Subcontractor shall comply with all the terms and conditions of this Contract, including all Quality Requirements dictated by PN. The Contractor shall ensure that all subcontractors have a proper CFSI program in place, which will be audited at PN's discretion. The Contractor shall notify PN immediately if any component is deemed to fall under the CFSI

categorization, and shall make all reasonable efforts to correct/replace the items immediately at no cost to PN.

7.0 Title and Delivery of Goods

The Goods shall be at the risk of the Contractor who shall bear all loss or damage, from whatsoever cause arising, which may occur to the Goods, or any part thereof until delivered to PN's Mississauga, Ontario facilities or other location as specified in the Contract.

PN reserves the right to change the place of delivery at any time prior to actual shipment provided that the Contractor shall be entitled to be reimbursed for any actual increased cost, or shall reduce the prices to the extent of any reduction in cost, arising out of such change.

Goods must be delivered strictly In accordance with the quantities, specifications, terms and conditions contained and forming part of the Contract Documents. PN will not pay any charges for packing or cartage unless agreed upon in writing.

All material bought in bulk or in lot order quantities, as part of the Contract, is the property of the Purchaser and shall be supplied to the Purchaser. The Contractor shall disclose all sub vendor order quantities and supply such information to the Purchaser to determine best course of action. This includes hardware that is purchased in lots and mill runs of material.

8.0 Time of the essence

Time shall be of the essence on this Contract. Failure to deliver any of the Work, including drawings, procedures, plans, services or equipment constitutes a breach of contract and shall be subject to remedies outlined in Article 25. Should the Contractor fall behind in meeting its delivery obligations, whether or not in whole or in part, they shall immediately prioritize the Work and provide the Purchaser with a recovery schedule within 5 business days from the date of the delay. This schedule shall indicate how the Contractor, at its expense will bring the Work deliveries back in line with the original schedule. Failure to do so constitutes a breach of Contract and is subject to remedies outlined in Article 25. Should the Contractor fail to execute a recovery schedule, the Purchaser reserves the right to take over all, or some of the Work and deduct from the Contract Value the cost for doing so. Such value will be negotiated between the parties. Furthermore, no dispute shall halt the Work unless both parties agree.

9.0 Applicable laws

The Contract created by the acceptance of this Purchase Order and the performance of all Work performed or Goods supplied according to its terms are to be interpreted and governed solely by the laws of the Province of Ontario and the laws of Canada, excluding all other jurisdictions.

10.0 Drawings. Specifications and Procedures

PN shall furnish to the Contractor, free of charge, copies of all drawings, specifications, procedures and Technical Data referenced in the Contract Documents which are necessary to carry out the Work, except those documents, which are specifications of nationally recognized standards associations. The Contractor and its Subcontractors shall comply with any proprietary notices on the documents furnished by PN. Drawings and related specifications and procedures are intended to compliment each other, so that if anything is shown on the drawing but not mentioned in the specifications or procedures, or vice versa, it shall be of like effect as if shown or mentioned in all. If any errors, omissions, contradictions or discrepancies are discovered in the figures, drawings, specifications, or procedures or if any feature of the drawings or specifications shall appear to the Contractor to be indefinite or unclear, the same shall be referred to PN whose written confirmation or corrections shall be obtained before proceeding with the Work. Scaled dimensions shall not be used.

All references in the Contract to national standards and manufacturers specification shall imply the latest edition or revision published and in effect, unless otherwise specified. All references in the Contract to PN supplied documents and Technical Data shall be the revision as identified therein unless otherwise specified.

The Contractor shall allow at least five (5) business days for PN's acceptance of documents in establishing the Manufacturing Schedule. The Contractor shall be responsible for any delay in the acceptance of documents, which is caused by its error or omission.

The Contractor, within the times specified in the Contract, shall submit to PN for acceptance purposes the documents listed in the Contract.

PN will return to the Contractor a copy of the documentation stamped and signed under one of the following categories:

- i) Accepted
- ii) Accepted as noted

Conditionally accepted, subject to changes noted on the document, or on an identified attached sheet. Work may proceed. The Contractor shall address all outstanding issues and revise and resubmit these documents for acceptance by PN.

iii) Rejected

Not accepted for the reasons noted on the document, or on an identified attached sheet. These documents shall be revised by the Contractor and resubmitted for acceptance by PN.

Acceptance by PN of any documentation shall not relieve the Contractor from the responsibility performing the Work in accordance with the Contract and specifications.

11.0 Termination of Contract for Default

The contractor shall perform the Work with all skill and diligence so as to complete the Work in accordance with the Contract. If the Contractor becomes bankrupt or insolvent or breaches a material provision hereof PN may terminate the Contract, in whole or in part and PN will be entitled to recover from the Contractor all damages resulting from such breach. Notice of PN's intent to terminate the Contract shall be given in writing to Contractor ten (10) business days prior to the intended date of termination and the Contractor shall in turn receive those same ten (10) business days to cure the breach and restore Contractor's compliance to the Contract.

Upon the effective date of any termination, the Contractor shall immediately stop all Work in progress and, shall in accordance with PN's instructions, terminate any orders or subcontracts related to the Work. The Contractor shall make its best efforts to minimize all costs resulting from the termination. The Contractor shall deliver to PN all Work, materials, documents, Technical Data and other work in progress obtained or performed by the Contractor up to the effective date of the termination. PN shall pay the Contractor pursuant to this Contract for all Work performed, provided the Contractor has otherwise acted in accordance with this Article at which time PN will be absolved of all claims made by the Contractor.

The Contractor's insolvency or creation of by the Contractor any liens, privileges or claims on Work in process or any property of PN shall constitute a breach by the Contractor.

12.0 Quality Control, Inspection and Testing

The Work covered by the contract and the Inspection and testing thereof by the Contractor, shall be subject

to surveillance and/or inspection by PN or its authorized representative for which purpose the Contractor (or Subcontractor) shall:

i) allow access at all reasonable times and upon reasonable notice during the Manufacturing Schedule at the premises where the Work is being carried out, including work being executed at contractors facilities

ii) demonstrate to the satisfaction of PN representatives that the Work meets the requirements of the Contract.

iii) print on the face of all orders to Subcontractors the following notation: "This order is subject to surveillance and/or further inspection at its option by PN or its duly authorized representative."

iv) not deliver the Work until the authorized PN representative has been notified and a Quality Assurance release for the Work has been obtained from PN.

V) demonstrate that no substitutions have been made without PN prior consent and that all components have been clearly identified on the Bills of Materials, Drawings and technical documents.

Waiving of surveillance or acceptance by PN or its authorized representative shall not relieve the Contractor from the responsibility of furnishing the Work in accordance with the Contract.

Should any of the inspections reveal deficiencies in product or design, the Purchaser, at its sole discretion can take over the Work (regardless if executed by Contractor or Subcontractor) at any time and adjust the Contract value accordingly.

13.0 Schedules

For all orders where manufacturing or delivery will be more than 4 weeks, the Contractor shall submit a proposed Manufacturing Schedule to PN within five (5) business days of the award of the Contract, including the date of Final Acceptance of the Work. This document schedule shall include a list of drawings, specifications, procedures, inspection test plans and other documents to be submitted by the Contractor. This document schedule shall include tentative document numbers and titles as well as the dates on which each document will be submitted to PN for review.

a) PN shall endeavor to provide Contractor in a reasonably timely manner with:

- (i) all necessary information
- (ii) reasonable access to PN personnel and

appropriate subject matter experts.

(iii) all reasonably required sample parts or other specified items required by Contractor to design, manufacture, test and install the Work; and

(iv) clear and unobstructed access to those portions of PN's plant required by Contractor for installation of the Work.

IF for what ever reason, PN does not fulfill its obligations in this regard, the Contractor shall notify their PN Contact immediately to rectify this issue. If it is still not resolved, the Contractor shall escalate to PN Management.

(b) Any documents submitted to PN for comment or approval by Contractor as provided for herein must be reviewed in a reasonably timely manner by PN for accuracy, completeness and conformance to the Contract. Failure of PN to advise Contractor in writing of material issues associated with such documents within ten (10) business days of submission or resubmission will be considered deemed approval of such documents.

In the event of any delay resulting from PN's failure to meet these dependencies, the date of delivery or of performance shall be extended for a period equal to the time lost by reason of the delay.

14.0 Factory Acceptance and Site Acceptance

PN and Contractor shall agree in writing upon a test plan ("Test Plan") within ten (10) business days of completion of the final designs for the Goods constituting equipment and software, or within such timeframe as shall otherwise be mutually.

Once agreed upon, This Test Plan shall set out the criteria to be met, and the testing process to be employed, during the FAT (as defined below) and the SAT (as defined below) if required by contract.

A factory acceptance test ("FAT") shall be performed at Contractor's facility or such facilities of Contractor's subcontractors as may be agreed upon in writing by the parties and shall commence within five (5) business days of notice from Contractor confirming completion of the Goods. Such testing shall be carried out in accordance with the Test Plan. The FAT shall be deemed successful when the results of the testing are in compliance with the Test Plan's criteria.

PN Site acceptance test ("SAT") shall be performed at PN's facility within thirty (30) business days of the completion of installation of the Goods constituting equipment and software at PN's site. Such testing shall be carried out in accordance with the Test Plan. The SAT shall be deemed successful when the results of the testing are in compliance with the Test Plan's criteria.

Contractor shall carry out such remedial work as is necessary to achieve a successful FAT and SAT at no additional charge to PN, provided that any changes requested by PN beyond those set forth in the specifications of the Goods may require additional charges which shall be determined by mutual agreement by both parties and reflected in a change order executed by the parties. Once remedial work is complete, the Goods constituting equipment and software will be re-tested and this process shall continue, until a successful FAT and SAT is achieved.

In the event Contractor and PN are unable to agree upon a Test Plan within the time period provided for above, the parties shall immediately escalate the issue within their organizations.

15.0 Termination for Convenience

PN may, at its discretion, terminate this Contract, at any time, upon notice to the Contractor. In such event, PN's liability shall be limited to:

i) the payment of the Contract Price for all Work and services completed or delivered in accordance with the Contract on or before the termination date; and

ii) the actual cost of raw materials and Work or services in process substantiated by actual invoices, incurred by the Contractor and orders or subcontracts relating to the Work under the Contract made by Contractor on or before the termination date, plus reasonable profit on such Work or services in process. Following termination, the Contractor shall use its commercially reasonable efforts to minimize these costs.

Except as provided herein, PN will not be liable for any claims or expenses arising from such termination including, without limitation, loss of anticipated profit.

16.0 Warranty

Contractor warrants that the Work constituting services will be prosecuted in a workmanlike manner respecting Industry standards and practices for similar services.

The Contractor warrants that the design of the Goods to be designed under the Contract ultimately arrived at by the Contractor shall be free from defects for a period of one (1) year following the date the design is delivered to PN. PN acknowledges that such design is based on the Technical Data provided by PN to Contractor, including the technical specifications for

the Goods to be designed under the Contract provided by PN to Contractor at the outset of the Contract and other Information provided by PN to Contractor from time to time in accordance with the Contract and Contractor has assumed the accuracy and completeness of the Technical Data and other Information and expressly disclaims any responsibility whatsoever for any incompleteness thereof or flaws contained therein.

The Contractor warrants that the Goods constituting equipment and software (other than equipment that is a prototype or proof of principle equipment) supplied by Contractor under this Contract will be free from defects in workmanship and materials and shall conform to the specifications for such Goods set out herein for a period of twelve (12) months from the date of successful completion of the SAT test at PN's facilities in Mississauga or fifteen (15) months from the date of delivery at PN's test facility in Mississauga, whichever occurs first. The Contractor's obligations under this warranty shall be limited to supplying within a reasonable period of time during normal business hours replacement parts for installation by PN and telephone support. For certainty, Contractor shall not be required to provide labour or reimbursement for the cost of labor for the installation of any replacement part or repair. Any warranty provided by Contractor in respect of the such Goods shall only apply if such Goods has been properly installed, maintained and operated in accordance with Contractor's recommended procedures and shall be void if such Goods has been altered by any party other than Contractor or those authorized by Contractor to do so. PN shall maintain accurate and complete records regarding equipment operation and maintenance and service procedures performed on such equipment. The warranty excludes consumable items and wear parts, such as but not limited to belts, bulbs, lamps, fuses, a-rings, filters, fiber guides, printer ribbons or cartridges, lubricants, solvents or chemicals, which by their nature require periodic replacement. With respect to third party equipment or components integrated into such Goods, warranties for such items are limited to the warranty extended to Contractor by the original supplier of the equipment or components. Contractor hereby assigns to PN all warranties received from its suppliers in respect of such third party equipment and components and agrees to assist PN in making any claim pursuant to the said warranties, provided that such warranties of third party equipment shall be no shorter than the warranty provided above by the Contractor in respect of Goods constituting equipment or software.

17.0 Terms of Payment

PN will pay the Contract Price plus provincial sales tax and Goods and Services Tax or harmonized sales tax, to the Contractor in Canadian Funds for all Goods

and Work, net 60 calendar days after receipt of an invoice for same. Such Contract Price shall be paid in accordance with the payment terms set out in the Contractor's quotation. Other than the taxes set out herein, the Parties acknowledge that they are not aware of any other duties and taxes that may be applicable to the production or sale of the Goods provided under this Contract and PN agrees to pay any new Canadian commodity federal or provincial taxes arising in Canada only that may become eligible on the production or sale of the Goods, PN agrees to pay any taxes or duties that might be applicable if any Goods are shipped outside of Ontario, should PN request that any Goods be so shipped.

All other duties and taxes are to the sale account of the Contractor.

18.0 Insurance

Where PN has made payment to the Contractor, or has provided Free Issue Material, then the Contractor shall effect and maintain insurance on an all risk replacement cost basis. Such insurance shall provide indemnification for direct physical loss or damage to the Work and Free Issue Materials and occurring before custody and risk of loss to the materials has transferred from the Contractor to PN. Without restricting the intent of this Article, materials shall include but not be limited to raw materials, stock and supplies, work in process and finished goods.

With respect to insured materials upon request by PN, PN shall be added as an additional Insured on the Contractor's policy. Upon request by PN, the Contractor shall provide certificates of insurance evidencing that coverage is in force to PN within ten (10) business days of such request. Additionally, the policy shall contain a condition whereby underwriters cannot cancel or substantially amend coverage without thirty (30) calendar days prior written notice to PN.

Should a loss be sustained, the Contractor shall repair or replace the damaged or destroyed Work in accordance with the Contract in the event that the Contractor fails to complete the Work. PN shall be entitled to collect the proceeds of the insurance in accordance with the interests of PN in the Work. Insurance payments to PN shall not limit the liability of the Contractor under the terms of the Contract.

In advance of the transfer of risk of loss to PN from the Contractor, the Contractor shall maintain general liability Insurance including completed product liability in an amount of three (3) million Canadian dollars per occurrence.

19.0 Monthly Progress Reports

Monthly progress reports shall be submitted as specified in the Contract Documents or for any order whereby manufacturing durations are greater than four (4) weeks. Such progress reports shall be submitted within the first ten (10) business days of each calendar month and shall cover the preceding month or as otherwise requested by PN.

The reports shall be distributed as instructed by PN.

The provision of reports does not relieve the Contractor from giving any notice required under the Contract.

20.0 Ownership of Contract Information, Inventions and Technical Information

All Contract Information and Inventions conceived or developed as part of the Work, or first actually reduced to practice and which are based upon Technical Data supplied by PN in the performance of the Work and all right in and to such Contract information and Inventions shall vest in and remain the property of PN. The Contractor shall promptly disclose in writing all Contract Information and Inventions to PN; shall promptly furnish PN with complete Information thereon including software used to execute the work and a written description thereof giving the date of Invention and naming the inventor and others involved in the development thereof and shall execute all such documentation applications, assignments and other instruments as may reasonably be required by PN to transfer or assign such Contract Information and Inventions to PN together with all rights including patent rights and to ensure that the exclusive right title and interest in and to all such Contract Information and Inventions remains with PN.

The Contractor shall not assert any right or establish any and/or Inventions under any patent, copyright or other law the world over associated with the Work.

In the event of a dispute between PN and the Contractor, the onus shall be upon the Contractor to establish that the Contract Information or Invention was not obtained or conceived or developed or first actually reduced to practice in the performance of the Work.

Contractor shall retain all proprietary rights to any Contractor Proprietary Technology forming part of the Goods under the Contract. "Contractor Proprietary Technology" means any and all technology, know-how, trade secrets, Inventions, and software and other intellectual property that: (i) was developed or conceived by Contractor prior to or outside the scope of this Contract, or (ii) is owned by a third party and that Contractor has obtained rights to independently of this Contract., PN shall have and Contractor hereby

grants to PN and its end user (Client), an irrevocable, non-exclusive, worldwide, royalty-free, perpetual right and license to use such Contractor Proprietary Technology as has been incorporated into the Goods solely to operate, modify, and maintain the Goods provided under the Contract.

The Work may use computer software. Computer software that is custom developed by Contractor specifically for PN under the terms of the Contract, ("Custom Software") shall be delivered to PN with the Work **including source code**. All title, right and interest in the copyright to such Custom Software shall vest in PN upon delivery and form part of the Work. Computer software of third party suppliers ("Third Party Software") may also be integrated into the Work. To the extent possible Contractor shall assign all rights afforded under the licenses for such Third Party Software to PN and PN shall assume all obligations under any such software licenses. The Work may also include software that has been developed by Contractor, at Contractor's expense, for general use in the products Contractor manufactures ("Contractor Software"). Contractor Software is proprietary to Contractor. Upon completion of the Work, such Contractor Software shall be licensed to PN on a non-exclusive basis for use solely to operate and maintain the Work by PN on a worldwide and royalty-free basis.

Both Parties agree that except in the performance of the Work, that neither party shall use, publish or disclose any software information and shall keep confidential all Contract Information and Inventions.

The Contractor agrees that it shall establish and maintain active and effective procedures, including the maintenance of records reasonably necessary to document the conception and the development of Contract Information and Inventions to ensure that any and all Contract Information and Inventions arising during the course of the Work are properly Identified and timely disclosed to PN and that the provisions of this article are included In any sub-contract Issued for Work.

21.0 Free Issue Material

Where Free Issue Material Is to be supplied by PN without charge to the Contractor, up to the Contractor's plant, the following shall apply:

a) Prior to unloading and/or accepting material the Contractor shall examine the shipment for any readily apparent damage or shortage. Wherever such damage or shortage is apparent the Contractor must forthwith notify PN prior to unloading, and must not sign carrier pro bills on PN's behalf without specific

instructions. Where it is impractical to contact PN, the acceptance must be provisional with notation of any damage or shortage and PN shall be advised at the earliest opportunity.

b) The Contractor shall be responsible for inspection for damage or shortage in transit, off-loading, and for storage of the material. The Contractor shall establish and maintain a control system acceptable to PN designed to prevent damage to, loss of and deterioration of the Free Issue Material as well as unreasonable wastage of Free Issue Material while in its possession.

c) The Contractor shall be responsible for providing full insurance coverage acceptable to PN for all Free Issue Material while it is in its possession or under its control.

d) The Contractor shall notify PN, in writing, as soon as possible but not later than five (5) business days after receipt of any Free Issue materials. The notification shall be in the form of material received report including information such as quantity, concise material description and/or PN's material code number, date received, recipient's signature and all available attachments, i.e. copies of packing slips, carriers pro bill, bill of lading and package or crate inspection report.

e) Material lost, damaged, allowed to deteriorate (excluding normal wear and tear) or used for a purpose outside of the terms of the Contract, shall be replaced at the Contractor's expense.

f) Requirements for replacement material shall be reported to PN who shall have the option of supplying the material or Instructing the Contractor to obtain the material from sources approved by PN, the whole at the cost of PN.

g) The replacement material shall be subject to quality assurance quality surveillance and expediting by PN, the cost of which shall be borne by the Contractor.

h) Within thirty (30) calendar days following the completion of the Contract, a list of surplus Free Issue Materials shall be submitted to PN. The list shall give a brief description and/or PN's, material code number, sizes, quantity, and indicate whether the material is new or rejected or in the process of manufacture. PN will initiate action for the disposal of any surplus material.

22.0 Force Majeure

Neither PN nor the Contractor shall be liable to the other for any loss, damage, delay in the Work or non-performance of any contractual obligation if occasioned by war, riot, civil disturbance, the act or order of any competent civil or military authority, fire, flood, freight embargo, epidemic, quarantine, Act of God or any other cause beyond the defaulting Party's reasonable control and which by the exercise of due diligence, such Party could not avoid or reasonably circumvent through use of alternate sources work-around plan or other means.

a) The defaulting Party shall notify the other Party in writing within seven (7) business days after the beginning of the occurrence and immediately at the termination of such occurrence; and at the request of that Party, submit confirmation from competent authorities certifying to the reality of the circumstance, facts and dates contained in the first notification.

b) Both Parties shall exercise due diligence in time and effort in order to restore normal conditions and re-establish schedules as soon as the Interruptions have ceased.

23.0 Material and Documentation Tagging and Identification

All Work shall be clearly identified using the Purchasers reference number wherever applicable as outlined in the Contract. All technical documents, including drawings, ITPs etc., shall reference PN's reference numbers as outlined in the Contract.

24.0 Liquidated Damages / Late Deliveries

In the event of late delivery of any of the Work, including documentation, or the supplier does not achieve the documented performance requirements as set out in the Purchase Order, the supplier agrees to pay PN liquidated damages as follows: 1% of the total contract value per week that any deliverable is late. NOTE: Liquidated damages do not apply when both parties agree force majeure applies, or if the Contractors delay was caused solely by the actions of PN. The application of Liquidated damages will be at the discretion of PN and will be the sole remedy of PN should they apply.

25.0 Defective Work

In the event any of the Work is shipped in error or in excess of the quantities required, PN shall have the exclusive right to retain or return such Work at the Contractors expense and the Contractor shall hold the Buyer harmless from any claim for damages to, or for the loss of profit of such work. Upon notice of defective work, the Contractor will immediately send replacements, or repair the work in situ, or have the work returned to be repaired immediately as deemed appropriate by the PN. All warranties will start anew and be in effect once the defective work has been remedied.

26.0 Dispute Resolution

The Parties will work cooperatively to resolve any dispute, claim or disagreement between the primary contacts. If agreement is reached, a change order shall be issued to clarify the issue. If these primary contacts can not resolve the issue, then the issue should be escalated to the management of both Parties. Failing resolution within 30 business days, either party may refer the issue to Arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada. Unless otherwise agreed to in writing, the panel will consist of three (3) arbitrators, appointed in accordance with section 14 of the Rules. The place of arbitration will be Toronto, Ontario, Canada. The language of arbitration will be English. The law of arbitration will be the laws of Ontario. All such proceedings will be kept confidential and not disclosed to any third party. However, the Purchaser reserves the right to make note on their Approved Supplier List of such action. All final awards and recommendations shall be deemed binding on both parties. Each party shall bear its own costs during arbitration and divide the cost of the arbitrators and the arbitration process equally.

NOTE: At no time shall the Contractor stop or suspend work during a dispute or during arbitration unless so instructed by PN. Any such stop or suspension will be subject to legal remedies. PN reserves the right to suspend that part of the work that may be in dispute, but have the Contractor continue with all other work.