

General Terms and Conditions of Sale

The following terms and conditions of sale shall apply to any sale of goods and services by TDL SYSTEMS INC (hereinafter called "TDL"). Purchaser shall be deemed to have full knowledge of the terms and conditions herein and such terms and conditions shall be binding if either the goods and services referred to herein are delivered to and accepted by Purchaser, or if Purchaser does not within five days from the date hereof deliver to TDL written objection to said terms and conditions or any part thereof.

1. GENERAL

In the event of any conflict or inconsistency between the terms and conditions of sale herein and the terms and conditions contained in Purchaser's order or in any other form issued by Purchaser, whether or not any such form has been acknowledged or accepted by TDL, TDL's terms and conditions herein shall prevail. No waiver, alteration or modification of these terms and conditions shall be binding upon TDL unless made in writing and signed by a duly authorized representative of TDL.

2. QUOTATIONS

Unless otherwise stated, TDL's quotation shall be null and void unless accepted 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, tariffs and costs of manufacture. Unless otherwise stated in the quotation, quoted prices are subject to change by TDL with or without notice until Purchaser's acceptance. Prices are subject to correction for error. Unless otherwise stated, all prices are F.O.B. factory and include domestic packing. Customary methods of transportation shall be selected by TDL and such transportation will be at 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 TDL prior to shipment.

4. TAXES

Prices do not include Goods & Services Tax, Provincial or Municipal sales, use, value-added or similar tax and import duty. Accordingly, in addition to the price specified herein, the amount of any present or future sales, use, value-added or similar tax and import duty applicable to the sale of the goods hereunder to or the use of such goods by Purchaser shall be paid by Purchaser to the entire exoneration of TDL.

5. DELIVERY

Delivery schedules are approximate and are based on prevailing market conditions applicable respectively at the time of TDL's quotation and TDL's acceptance of Purchaser's order. Delivery shall also depend on the prompt receipt by TDL of the necessary information to allow maintenance of the manufacturer's engineering and manufacturing schedules. TDL 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 or prepayment which is unearned by reason of the cancellation.

6. FORCE MAJEURE

TDL shall not be responsible or liable for any loss or damage incurred by Purchaser herein resulting from causes beyond the reasonable control of TDL including, but without limitation, acts of God, war, invasion, insurrection, riot, the order of any civil or military authority, fire, flood, weather, acts of the elements, delays in transportation, unavailability of equipment or materials, breakdown, sabotage, lock-outs, strikes or labor disputes, faulty castings or forgings, or the failure of TDL's suppliers to meet their delivery promises. The acceptance of delivery of the

equipment by Purchaser shall constitute a waiver of all claims for loss or damage due to any delay whatsoever.

7. SHIPMENT / DAMAGES OR SHORTAGES IN TRANSPORT / RISK

TDL is responsible for goods being delivered to Purchaser in the correct quantity and in the normal functioning conditions. In the event of loss or damage during shipment, Purchaser's claim shall be against TDL. Claims for Shortages must be made in writing within ten (10) days after receipt of goods by Purchaser. If TDL does not receive written notification of such shortages within such ten (10) days, it shall be conclusively presumed that the goods were delivered in their entirety. Unless agreed upon otherwise in writing, TDL reserves the right to make partial shipments and to submit invoices for partial shipments.

8. TITLE

Title to the goods or any part thereof shall not pass from TDL to Purchaser until all payments due hereunder have been duly made in cash, 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, Purchaser agrees that TDL may retain all payments which have been made on account of the purchase price as liquidated damages, and TDL shall be free to enter the premises where the goods may be located and remove them as TDL's property, without prejudice to TDL's right to recover any further expenses or damages TDL may suffer by reason of such nonpayment.

9. LIABILITY

TDL shall not be liable for and shall be held harmless by Purchaser from any damage, losses or claims of whatever kind, contractual or delictual, 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.

10. WARRANTY

Goods sold hereunder are covered by a warranty against defects in material and workmanship provided the goods and services are subjected to normal use and service. The applicable warranty period is twelve (12) months from the date of installation or eighteen (18) months from shipping date to Purchaser of any item of the goods, whichever occurs first, or any other warranty period otherwise stipulated in writing by TDL under this sale. For components not supplied by TDL, the original manufacturer's warranty shall apply to the extent assignable by TDL. The obligation under this warranty is limited to the repair or replacement, at TDL's option, of defective parts f.o.b. point of shipment provided that prompt notice of any defect is given by Purchaser to TDL in writing within the applicable warranty period and that upon the Purchaser's return of the defective parts to TDL or, if designated by TDL, to the location where the works are made, properly packed and with transportation charges prepaid by Purchaser, an inspection thereof shall reveal to TDL's satisfaction that Purchaser's claim is valid under the terms of this warranty. Purchaser shall assume all responsibility and expense for dismantling, removal, re-installation and freight in connection with the foregoing. The same obligations and conditions extend to replacement parts furnished by TDL hereunder. TDL does not assume liability for installation, labor or consequential damages. TDL makes no warranty other than the one set forth herein. All other warranties, legal, expressed or implied, including but not limited to any expressed or implied warranty of merchantability, of fitness for the intended use thereof or against infringement are hereby expressly excluded.

The applicable warranty ceases to be effective if the goods are altered or repaired other than by persons authorized or approved by TDL to perform such work. Repairs or replacement deliveries do not interrupt or prolong the term of the warranty. The warranty ceases to be effective if Purchaser fails to operate and use the goods sold hereunder in a safe and reasonable manner and in accordance with any written instructions from the manufacturers

11. INSTALLATION

Unless otherwise expressly stipulated, the goods shall be installed by and at the risk and expense of Purchaser. In the event that TDL is requested to supervise such installation, TDL's responsibility shall be limited to exercising that degree of skill customary in the trade in supervising installations of the same type. Purchaser shall remain responsible for all other aspects of the work including compliance with the local regulations.

12. RETURNED GOODS

No goods may be returned to TDL without TDL's prior written permission. TDL reserves the right to decline all returns or to accept them subject to a handling/restocking charge. Even after TDL has authorized the return of goods for credit, TDL reserves the right to adjust the amount of any credit given to Purchaser on return of the goods based on the conditions of the goods on arrival in TDL's warehouse. Credit for returned goods will be issued to Purchaser only where such goods are returned by Purchaser and not by any subsequent owner of the goods. Goods will be considered for return only if they are in their original condition and packaging. Allowance of 60 days should be considered to issue credits pertaining to valid claims concerning Return Material Authorizations, short shipments, or price differences.

13. TERMS OF PAYMENT

Unless otherwise stated, invoices on shipment are payable within thirty (30) days of invoice date. Unless specifically provided, no cash discount shall be available to Purchaser. TDL does not offer cash discount on C.O.D. shipments. Should payment not be made to TDL when due, TDL reserves the right, until the price has been fully paid in cash, to charge Purchaser with interest on such overdue payments at the rate of eighteen percent (18%) per annum. The charging of such interest shall not be construed as obligating TDL to grant any extension of time in the terms of payment.

14. CHANGES AND CANCELLATION

Orders accepted by TDL are not subject to changes or cancellation by Purchaser, except with TDL's written consent. In such cases where TDL authorizes changes or cancellation, TDL reserves the right to charge Purchaser with reasonable costs based upon expenses already incurred and commitments made by TDL, including, without limitation, any labor done, material purchased and also including Supplier's usual overhead and reasonable profit and cancellation charges from TDL's suppliers.

15. THE AGREEMENT

An acceptance and official confirmation of Purchaser's order by TDL shall constitute the complete agreement, subject to the terms and conditions of sale herein set forth, and shall supersede all previous quotations, orders or agreements. The law of the Province of Ontario shall govern the validity, interpretation and enforcement of these terms and conditions of sale and of any contract of which these terms and conditions are a part.

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