

# NORD GEAR LIMITED

## Terms and Conditions of Sale

### 1. CONTRACT

Any contract between Nord Gear Limited, hereinafter designated as Seller, and the Buyer is subject to the terms and conditions of sale hereinafter set forth. Any deviation from such terms and conditions must be specifically set forth in writing and consented to by Seller.

### 2. CONFIRMATION

An order shall be deemed accepted only when duly confirmed by Seller, at Nord Gear Limited's home office in Brampton, Ontario, and upon such confirmation the order shall become a contract binding upon the parties hereto, their successors and assigns.

### 3. PRICES

Prices shown are list prices and may be subject to applicable discounts. Unless otherwise agreed upon in writing, prices are FOB factory Brampton, Ontario. Prices and discounts are subject to change without notice until order is accepted. Seller's prices do not include cost of any inspection permits required.

### 4. LIMITED WARRANTY

Seller warrants the goods sold hereunder to be free from defects in material and workmanship under normal use and service not arising from misuse, negligence, or accident, including but not limited to the use, installation, and transportation of the goods by the Buyer, its agents, servants, employees, or by carriers. Such obligations under this warranty are limited to remedying any deficiencies in the goods at Brampton, Ontario, or at such place or places in Canada as may be designated by Seller. This warranty shall pertain to any part or parts of any goods to which Buyer or its assigns has, within one year from date of original factory invoice, given written notice of claimed defects to Seller. Buyer shall be required to furnish Seller with details of such defects and this warranty shall be effective as to such goods which Seller's examination shall disclose to its satisfaction to have been defective and which at Seller's option shall promptly thereafter be returned to Seller or its nominees. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH ABOVE, SELLER HAS MADE NO WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO THE GOODS SOLD HEREUNDER, INCLUDING, BUT NOT LIMITED TO THEIR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. ANY DESCRIPTION OR MODEL OF THE GOODS IS FOR IDENTIFICATION OR ILLUSTRATIVE PURPOSES ONLY AND SHALL NOT BE DEEMED TO CREATE AN EXPRESS WARRANTY. THE REMEDIES OF THE BUYER SET FORTH IN THIS SECTION ARE EXCLUSIVE. In no event shall the Seller be liable to the Buyer or to any other person for any loss or damage, direct or indirect, arising out of or caused by the use or operation of the goods, or for the loss of profits, business, or good will, or for any incidental, special or consequential damages. Seller shall in no event be liable to any person or firm (including any assignee or Buyer) except Buyer and its successors. Unless specifically authorized by Seller in writing, Seller shall not become responsible for any repair work done by Buyer or any other party on any goods sold. Any costs of the return of such goods to Seller shall be borne by Buyer. Goods sold but not manufactured by the Seller are being warranted as to defects in material and workmanship consistent with the limited warranty policy of the original manufacturer of the goods and if there is not such a limited warranty policy, the warranty shall be limited to the provisions of the preceding paragraph of Article 4 herein. Standards for the operating characteristics of the gearboxes and the gearmotors are in conformity with Seller's test. THIS WARRANTY IS IN LIEU OF ALL OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE THE SELLER DOES NOT ASSUME, NOR DOES IT AUTHORIZE ANY PERSON TO ASSUME, ON ITS BEHALF, ANY OTHER OBLIGATION OR LIABILITY.

### 5. SHORTAGE AND NONCONFORMITY

Any claim of shortage or that the goods do not conform with the specifications of the order or model must be made in writing within ten (10) days after delivery of the goods (as to which such claim is made) to Buyer or its nominees, but in no event shall the claim be later than within the time limit provided by the carrier or insurance company, otherwise such claim shall be deemed waived. The samples, measurements, dimensions and weights contained in the Seller's catalogs, sales manuals, photographs and drawings constitute only an approximate guide. The Seller reserves the right to make any changes which the Seller, in its absolute discretion, considers necessary. While the goods will be delivered principally according to specifications or standards or quantities agreed upon, insignificant deviations or insignificant changes in construction are permissible. The same applies to partial deliveries. In the event that Buyer has a verified claim of shortage or nonconformity of the goods to the specifications of the order or the model, and if such claim has been submitted within the required time limit as set forth above, the Seller shall, at its own expense, make up for the shortage of the goods, or replace or repair the goods, as the case may be, but in no event shall Seller be or become liable to Buyer or to any other person or persons for any loss in damage, direct or indirect, arising out of or caused by such incidents or for the loss of profits, business or good will. Shipping dates are estimates unless parties expressly agree on time of the essence.

### 6. FORCE MAJEURE

The obligation of the Seller shall be modified or excused, as the case may be, for reasons of Acts of God, war, governmental law regulations, strikes or lock-outs, fire, breakdown of machinery, whether in its own business enterprise, or if for any other cause beyond Seller's control, the goods cannot be delivered or their delivery becomes delayed in whole or in part. In the above instances time for delivery shall be extended for the period of the delay caused, with the proviso, however, that either party may cancel in writing the undelivered portion of the order or contract if the delay exceeds six (6) months from the delivery date originally confirmed by Seller. In no event shall Seller become liable in the aforesaid instances to Buyer or any third party for consequential damages or business loss.

### 7. SHIPMENT AS UNIT

Each shipment by Seller shall be treated as a separate and distinct unit with respect, but only with respect to forwarding, terms of payment, and the making of claims by the Buyer; provided, however, that if the Buyer defaults in the payment of any obligation to Seller or any installments thereof, under any agreement between Buyer and Seller, or if Buyer refuses to accept any goods when tendered for delivery, the Seller may, on fifteen (15) days' written notice to the Buyer, without prejudice to Seller's other lawful remedies, either defer further performance until the defaulted payments are made in full, or make future deliveries for cash in advance only, or treat the entire contract or contracts with Buyer as breached by the Buyer and pursue its remedies for breach.

### 8. BUYER'S REFUSAL OF DELIVERY

If Buyer refuses to accept delivery of any goods tendered for delivery, then Seller, without prejudice to Seller's other lawful remedies, may either store or cause such goods to be stored in a warehouse, for Buyer's account and at Buyer's cost, risk and expense, or sell such goods (without notice) to any purchaser at public or private sale, and hold Buyer liable for any difference between (a) the contract price of the goods, and (b) the price at which goods are resold less the costs and expense of such resale including brokerage commissions, or restocking charges.

### 9. GOODS IN TRANSIT

If prior to delivery or while the goods are in transit, Buyer or Seller becomes bankrupt or insolvent, or any petition in bankruptcy or for the reorganization or for appointment of a receiver is filed against Buyer or Seller, as the case may be, then the other party hereto may forthwith terminate this contract by giving written notice of such termination. Such termination shall not affect any claim for damages available to the Buyer, provided that if Buyer is then indebted to Seller, the amount of any such damage claim shall be abated to the extent that the indebtedness of Buyer to Seller, as actually paid in money, is abated by any order or judgment entered or any plan adopted in any bankruptcy, reorganization, receivership, or similar proceeding. Such termination shall not prejudice the Seller's rights to any amounts then due under the contract. If Buyer becomes bankrupt or insolvent or any petition in bankruptcy or for reorganization or if a state court receivership is filed against Buyer, then, at its option, Seller may take possession of any goods theretofore sold to Buyer, in connection with which the full purchase price has not been paid, analogous to the terms and provisions set forth in Paragraphs 11 and 12 hereinafter.

### 10. DELIVERY

(a) Unless otherwise agreed, delivery of the goods to any carrier shall constitute delivery to the Buyer, and thereafter the risk of loss or damage to the goods shall be upon the Buyer. (b) If the Buyer does not give delivery instructions to the Seller at least (10) days prior to the delivery date *ex factory confirmed by the Seller*, the Seller may deliver the goods to a carrier of its own choosing, at Buyer's cost and risk, or, at Seller's option, may store the goods on the pier or on any warehouse, at Buyer's cost and risk. Any purchase price in such event becomes due and payable within ten (10) days of such storage.

### 11. PAYMENT OF PURCHASE PRICE

Time of payment is of the essence under the contract. Upon default in any of the terms of the contract, or failure to comply with any of the conditions thereof, or upon seizure of the property under execution or other legal process, or if the Buyer becomes bankrupt or insolvent, or any petition for reorganization or for appointment of a receiver is filed against Buyer, or if the Buyer makes any assignment for the benefit of its creditors or otherwise sells, encumbers or disposes of the goods, or if for any other reason the Seller should deem itself insecure, the full amount of the purchase price then remaining unpaid shall at once become due and payable at the option of the Seller.

### 12. BUYER'S DEFAULT

Upon the Buyer's default, the Seller may dispose of the merchandise in any manner that it deems fit and, if it desires to resell same, may do so at private or public sale, with or without notice, and with or without the property being at the place of sale, subject, however, to applicable laws. The Seller or its assigns shall have the right to bid at such sale and may become the purchaser of the property. The proceeds of the sale shall first be applied to the expenses incurred in retaking, repairing, storing and selling the goods, reasonable solicitor's fees included, and then shall be applied to the payment of the balance due under the contract. Any surplus amount shall be paid to the Buyer. If a deficiency results after the resale, the Buyer agrees to pay such forthwith, together with reasonable solicitor's fees, for the recovery of the goods incurred by the Seller. If upon the Buyer's default, the Seller elects not to resell any goods which it may repossess, then the cost of repossession, including reasonable solicitor's fees, shall forthwith be due and payable from Buyer to Seller.

### 13. SECURITY INTEREST AND TITLE

In provinces which are governed by a Personal Property Security Act, this contract shall serve as Security Agreement, reserving in Seller a security interest until full payment of purchase price. The provisions of the Personal Property Security Act regarding security interest shall have preference and apply if inconsistent with other terms of the conditions of sale herein. In provinces where a Personal Property Security Act does not apply, title to the goods shall remain in the Seller or its assigns until full payment of the purchase price. Buyer agrees to execute forthwith any and all documents in such a way and form as Seller may need for filing or recording the security interest under a Personal Property Security Act with the proper registers or offices, or for filing or recording the Conditional Sales Contract herein.

### 14. SALES AND USE TAX

The Seller's prices do not include sales, use, excise or other taxes payable to any governmental authority in respect of the sale of Seller's goods. The Buyer shall pay, in addition to the Seller's price the amount of any such taxes or shall reimburse the Seller for the amount thereof that the Seller may be required to pay. At the option of the Seller, Buyer shall give evidence of payment or of exemption certificate.

### 15. INSURANCE

The Buyer shall keep the goods insured against damage by fire, water or other casualty as required by Seller, with a company acceptable to Seller, with loss payable to Seller for the total purchase price until the Seller is fully paid. Seller, if it so elects, may place said insurance at Buyer's expense; Seller may cancel such insurance at any time and without notice and may receive the return premium, if any.

### 16. MODIFICATION BY SELLER

Any contract may be assigned or transferred by the Seller, or the time for the making of any payment due by Buyer may be extended by Seller without derogation of any of the rights of the Seller or its assigns. Waiver by any party of any default shall not be deemed a waiver of any subsequent default.

### 17. RETURNED GOODS

No goods will be accepted for return unless authorized in writing by Seller. In all cases, transportation and restocking charges will be borne by Buyer.

### 18. PACKING

The Seller does not charge for standard packaging for domestic shipment. The Buyer will be charged, however, for export packaging or other special packing desired. Cost for cartage to ship or transfer express will be added to the invoice. No credit will be allowed if no packing is required.

### 19. EXPORT ORDER

Export orders are to be accompanied by a confirmed irrevocable Letter of Credit in Seller's favor, in Canadian currency, with an accredited Canadian bank, subject to Seller's draft, with shipping documents attached.

### 20. CANCELLATION

Placing orders on hold or cancellation of orders require Seller's written approval, and are subject to cancellation and/or restocking charges.

### 21. BUYER'S RESPONSIBILITY AS TO MAINTENANCE

Buyer shall use and shall require its employees and agents to use all safety devices and guards and shall maintain the same in proper working order. Buyer shall use and require its employees and agents to use safe operating procedures in operating the equipment and shall further obey and have its employees and agents obey safety instructions given by Seller. If Buyer fails to meet the obligations herein, Buyer agrees to indemnify and save Seller harmless from any liability or obligation with regard to any personal injuries or property damages directly or indirectly connected with the operation of the equipment. Buyer further agrees to notify Seller promptly and in any event not later than ten (10) days after notice or knowledge of any accident or malfunction involving Seller's equipment which has caused personal injury or property damages and to cooperate fully with Seller in investigating and determining the causes of such accident and malfunction. In the event that Buyer fails to give such notice to Seller or to cooperate with Seller, Buyer shall be obligated to indemnify and save Seller harmless from any such claims arising from such accident.

### 22. MISCELLANEOUS PROVISIONS

(a) If for any reason a provision of a contract is legally invalid, then in such event the rest of the contract shall remain in full force and effect, except that the parties shall try to replace such invalid provision with a provision closest to their original mutual intentions. (b) Any amendments to any contract or contracts require the consent in writing by both parties.

### 23. NON ASSIGNMENT BY BUYER

Contract or contracts may not be assigned by the Buyer without prior written consent of the Seller.

### 24. APPLICABLE LAW

All contracts are governed by the applicable laws of Ontario.

25. This instrument sets forth the entire understanding and agreement of the parties hereto in respect of the subject matter hereof, and all prior undertakings between the parties hereto, together with all representations and obligations of such parties in respect of such subject matter, shall be superceded by and merged into this instrument.

26. The provisions of this agreement shall bind and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and (subject to any restrictions or assignment herein above set forth) assigns, as the case may be.

27. The parties acknowledge that they have requested this contract and all notices or other documents relating thereto be drafted in the English language.

Les parties reconnaissent qu'ils ont requis que ce contrat et tous les avis ou autres documents qui s'y rapportent soient rédigés en langue anglaise.

*"Terms and Conditions in French available upon request."*