

**1. Offer to Purchase.** This Purchase Order constitutes an offer to purchase goods and services and any acceptance of this offer is expressly limited to the written terms set out in this offer only. Any additional or contrary term in any form of acceptance of this offer constitutes a material alteration, which Buyer objects to and rejects. Trade custom and/or usage are superceded by the terms of this offer to purchase and shall not be applicable to broaden or narrow the express terms of this offer or used otherwise in its interpretation.

**2. Time and Delivery Schedule.** Time is of the essence in the performance of this Purchase Order and any contract based upon this Purchase Order. Unless otherwise agreed in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet the delivery schedule specified herein. It is Seller's responsibility to comply with that schedule, and Seller is not authorized to anticipate any future requirement of Buyer. Any delay which is alleged to be the result of an event of force majeure shall not excuse Seller's full and timely performance where alternate sources of supply of materials, goods or services are available. Such events of force majeure will give the Buyer, at its exclusive discretion, the right to: (i) give written termination of all or part of this Purchase Order with no liability of Buyer to Seller for the terminated order; or (ii) extend the Seller's performance period for such time period as the Buyer may elect in its sole discretion.

**3. Specifications, Quality Assurance and Instructions.** Buyer has bargained for the specific goods and services described on the face of this Purchase Order and this offer to purchase is contingent on its receipt of the specified goods and services and commercially equivalent goods or services are not acceptable without Buyer's prior written approval. All goods and services shipped or delivered to Buyer or performed by Seller hereunder shall strictly conform to all Buyer's specifications, labels, models, drawings, plans, patterns, designs, samples, and other descriptions and the instructions of Buyer described on the face of the Purchase Order or incorporated by reference herein and shall be subject to final testing, inspection, approval, rejection and/or revocation of acceptance by Buyer or its agents prior to or after delivery. Seller shall give Buyer at least five (5) calendar days written notice of the date and place when all final testing and inspections shall occur. Buyer and/or its agents or customers shall also have the right, on reasonable written notice to Seller, to audit and review Seller's quality assurance and control records, to inspect all parts of Seller's and its suppliers' plant(s) engaged in manufacturing or processing the goods and services covered by the Purchase Order, and/or to review Seller's accounting records and other documents maintained by Seller relating to any goods and/or services covered by this Purchase Order. Buyer's testing, inspecting, auditing and/or review will not relieve Seller of any of its performance obligations under this Agreement. In addition to and without waiving or constituting an election or limitation of all other rights and remedies of Buyer provided by law or specified in this Purchase Order, goods or services which do not so conform may be rejected in whole or in part, at the option of Buyer and, if rejected, may be returned by Buyer to Seller at Seller's risk, or may be held for disposition by Buyer at Seller's risk, after written notice of such rejection by Buyer to Seller, or shall be re-performed by Seller at Buyer's request. All charges of every kind and nature incurred by Buyer in holding such goods for disposition or returning the same to Seller or relating to the re-performance of services by Seller shall be paid by Seller, or shall be reimbursed by Seller to Buyer, upon Buyer's request. Any delay in inspecting the goods, in giving notice of rejection to Seller, or in returning any rejected goods to Seller shall not be deemed to be an acceptance of such goods by Buyer or a waiver of Buyer's right to inspect, or to make any claim or to elect to return such merchandise or to exercise any other rights or remedies of Buyer provided by law or specified in this Purchase Order. The payment by Buyer of any of Seller's invoices shall not constitute acceptance of the goods covered by such invoice and shall not be deemed to be a waiver of any rights or remedies of Buyer.

**4. INDEMNIFICATION.** Notwithstanding anything to the contrary contained herein, Buyer and Seller further agree as follows, Seller shall indemnify, defend, and hold Buyer its employees, agents, subcontractors, officers, directors and shareholders (the "Buyer's Parties") harmless from and against any and all liabilities, losses and damages, claims, demands, causes of actions, suits, and associated expenses (including all legal fees on a solicitor and his own client basis) arising directly or indirectly in

connection with Seller's supply of Goods and/ or performance of Services under the Purchase Order and in any way occurring, incident to, arising out of, or in connection with;

(a) Personal injury, including illness, bodily injury or death;

(b) Services provided by Seller; or

(c) Any and all claims, liabilities, cost and expenses arising out of or based upon any misstatement or omission in any material, information or representation supplied or approved by Seller; (items referred to in this paragraph being hereinafter called the "Events"). Seller hereby releases Buyer and Buyer's Parties from all liability in any way occurring, incident to, arising out of (directly or indirectly), or in connection with the Events.

**5. Exportation.** If the goods described in this Purchase Order are purchased by Buyer for export from the United States, unless otherwise specified on the face hereof, Seller shall, at its expense: (i) pack such goods for export shipment, (ii) comply with all federal, state, and local laws, rules, and regulations relating to and/or governing such exportation, (iii) procure and deliver to Buyer all licenses, export declarations, and other permits, authorization, and documents required by law in connection with such exportation. For shipments originated outside of Canada, Seller is responsible for preparing Canada Customs invoices and other documents required by Canadian customs and other government agencies. Any costs incurred due to Seller's delay or Seller's failure to comply with Canadian Customs or other government regulations shall be paid by the Seller.

**6. Extra Charges.** No extra charges of any kind not specified herein shall be allowed or paid by Buyer, unless specifically accepted by Buyer in writing, in advance.

**7. Transportation Charges.** Seller must prepay transportation charges relating to goods sold for delivery to destinations other than Seller's address. No parcel post insurance charges or airfreight charges will be allowed or paid by Buyer unless accepted in writing by Buyer, in advance.

**8. Buyer's Property.** Unless otherwise agreed in writing all tools, molds, equipment or materials of every description furnished to Seller by Buyer or specifically paid for by Buyer and any all replacements thereof, including, without limitation, all materials affixed or attached thereto, such as stands for molds, shall, at all times be and remain the sole property of Buyer. Such property, and whenever practical, each individual item thereof, shall be plainly marked with a tag or label or otherwise adequately identified by Seller as the "Property of Coreprint Patterns Inc." and shall be safely and securely stored separate and apart from Seller's property and Seller shall take such additional actions as may be necessary or requested by Buyer to preserve and protect Buyer's ownership interest in such tools, equipment and materials from the claims of third parties, including, without limitations, the claims of creditors of Seller. Seller agrees to maintain an accurate updated inventory of such tools, equipment and materials, and shall provide Buyer with a list of such inventory upon Buyer's request. Seller shall not substitute any property for Buyer's property described above and shall not use such property of Buyer except in the performance of purchase orders issued by Buyer. Such property of Buyer, while in Seller's possession, custody, or control, and unless otherwise agreed to in a writing signed by both parties, shall be held at Seller's risk and shall be kept insured by Seller, at Seller's expense, in an amount at least equal to the replacement cost thereof, such insurance, to include provisions requiring that the proceeds of such insurance payable by reason of the loss of any such property of Buyer shall be payable directly to Buyer. Seller shall provide that Buyer, as loss payee, shall receive timely certificates of insurance from Seller's insurance company identifying the coverage and loss payee on such property. All such property of Buyer shall be subject to removal and shipment pursuant to Buyer's written request and instructions. Upon receipt of any such request, Seller shall immediately prepare such property for shipment and shall ship such property pursuant to Buyer's written instructions and such property shall be delivered to Buyer pursuant to such instructions in the same condition as originally received by Seller, reasonable wear and tear expected. Seller expressly waives and disclaims all rights of offset, set-off, security interests and any and all other claims and rights to hold such property of Buyer as a result of any claim or debt between Buyer and Seller. Seller agrees and consents that Buyer would be irreparably harmed in the event the property is not returned on Buyer's request and that Buyer is entitled to injunctive relief to enforce its rights to immediate recovery and possession of such property.

**9. Assignment.** Seller shall not assign this Purchase Order, or any contract based upon this Purchase Order, in whole or in part, or subcontract the performance of any of its obligations hereunder without the prior written consent of Buyer. Subject to the foregoing, this Purchase Order, when accepted by Seller, shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the parties.

**10. Set-Off.** Buyer shall be entitled, in its sole discretion, to withhold from any payments due to Seller hereunder any or all amounts, whether matured or unmatured, owing at any time from Seller to Buyer whether pursuant to this Purchase Order or any other contract between Buyer and Seller.

**11. Compliance with Laws.** Seller shall comply with all federal, state, and local laws, rules and regulations applicable to the performance of its obligations hereunder and the goods sold to Buyer hereunder shall, at the time of delivery, satisfy the requirements of all such laws, rules, and regulations. The prices to be paid for the goods and services described in this Purchase Order shall not exceed the ceiling prices, if any, established pursuant to any applicable federal, state, or local laws, rules, regulations or the order of any governmental authority.

**12. Information.** Seller agrees that all plans, specifications, drawings, samples, materials and other written documents marked "Confidential" which are given to Seller by Buyer at any time, whether pursuant to this Purchase Order or otherwise, shall at all times and for all purposes be held by Seller in a confidential and fiduciary capacity solely for the benefit of Buyer. All such materials shall at all times be and remain the sole property of Buyer and shall not be divulged to any third party or used, at any time, by Seller except in the course of its performance of this Purchase Order, without the prior written consent of Buyer. Seller shall return all such confidential materials to Buyer at Buyer's request and at Seller's expense. Any knowledge or information, which the Seller shall have disclosed or may hereafter disclose to Buyer in connection with the goods or services included in this Purchase Order shall not, unless otherwise specifically agreed upon in writing by the Buyer, be confidential or proprietary information of Seller and shall be acquired by Buyer pursuant to this Purchase Order, free from any restrictions of any kind.

**13. Communication and Monitoring.** The Seller agrees to the need to:

- Implement a QMS
- Use customer-designated or approved external providers, including process sources (e.g., special processes)
- Notify the Buyer of nonconforming processes, products, or services and obtain approval for their disposition
- Prevent the use of counterfeit parts
- Notify the Buyer of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain the organizations approval
- Flow down to external providers applicable requirements including customer requirements, competence and qualification
- Provide test specimens for design approval, inspection/verification, investigation or auditing
- Retain documented information, including retention periods and disposition requirements

The right of access by the Buyer, their customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information at any level of the supply chain;

Ensuring that persons are aware of:

- Their contribution to product or service conformity
- Their contribution to product safety
- The importance of ethical behavior.

**14. Insurance.** If Seller's work pursuant to this Purchase Order involves operations by Seller on the premises of Buyer or its customers, Seller shall take all necessary precautions to prevent the occurrence of any injury or damage to persons or property during the progress of such work, and Seller shall comply with all conduct policies of Buyer and/or its customers while on such premises. Seller shall, at all times, maintain such public liability, completed operations and product liability, auto liability insurance, property damage, employer liability and worker's compensation and other insurance as is required pursuant to applicable law and as may be required, from time to time, by Buyer. Upon Buyer's

request, Seller shall add Buyer and/or its customers as additional insureds to Seller's insurance policies.

**15. Termination and Remedies.** This offer to purchase, any Purchase Order and all obligations of Buyer hereunder may be terminated by Buyer by mailing written notice of such termination to Seller prior to the actual receipt by Buyer of Seller's written acceptance. In addition to all other rights and remedies of Buyer provided by law or specified in this Purchase Order, Buyer shall be entitled to terminate any contract based upon this Purchase Order at any time (such termination to be effective upon mailing written notice of such termination to the Seller) upon the occurrence of any of the following events:

- (a) The breach or failure by Seller to perform any of the terms or conditions of this Purchase Order;
- (b) Seller's failure to provide timely, adequate assurance of due performance on Buyer's written request;
- (c) If control of Seller is acquired, directly or indirectly, by any competitor of Buyer;
- (d) Upon the death, incapacity, removal, resignation or withdrawal from the management of Seller, for any reason whatever, of any director or officer or any of the other principal employees of Seller;
- (e) Upon any sale, transfer or relinquishment (voluntary or involuntary, by operation of law or otherwise) of any interest, whether or not controlling, in the direct or indirect ownership of Seller or upon any other change in the ownership or control of Seller;
- (f) Upon the insolvency of Seller;
- (g) Upon the filing of a voluntary or involuntary petition in bankruptcy by, against or on behalf of Seller;
- (h) Upon the appointment of a receiver or trustee for all or substantially all of the property or assets of Seller;
- (i) In the event Seller makes an general assignment for the benefit of its creditors; or
- (j) In the event the Seller otherwise commits an act of bankruptcy, or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution proceeding is instituted by, against or on behalf of Seller.

In the event of a breach or failure by Seller to perform any of the terms or conditions of this Purchase Order, or in the event Buyer rejects any goods or services pursuant to paragraph 4, above, and in addition to all other rights and remedies of Buyer provided by law or specified in this Purchase Order, Seller shall pay all direct, indirect, incidental, special and consequential cost, losses and damages incurred or sustained by Buyer as a result of such breach, failure or rejection, including, without limitation, lost profits, the cost of replacement of the goods or services described in this Purchase Order in excess of the price specified herein, all debt, freight expenses and demurrage costs and attorneys' fees and other costs of litigation incurred by Buyer to secure the performance of any contract based upon this Purchase Order or to collect the costs, losses and damages due pursuant to this paragraph, and Buyer may, at its option, cancel any contract based upon this Purchase Order or any undelivered portion thereof and such other contracts as may exist between Buyer and Seller and Buyer may defer, delay and/or offset payment owed under any such contract, until such breach, failure or a rejection is cured or settled. No waiver by Buyer of any such failure or breach shall be deemed to be a waiver of any other prior or subsequent failure or breach. On Buyer's request after termination, Seller shall deliver to Buyer any work in progress, and any amount due for such delivered work in progress shall be subject to set-off against Buyer's damages associated with Seller's failure or breach.

**16. Amendment.** This Purchase Order and any contract based upon it may be amended only by a written agreement executed by authorized representatives of Buyer and Seller.

**17. Warranty.** Seller warrants its goods, materials, workmanship, merchantability, fitness and compliance with Seller's product literature, and Buyer's specifications, drawings, models, samples and any other technical information encompassed in this Purchase Order for a period of eighteen (18) months from the date of shipment or twelve (12) months after such goods, materials and workmanship are first placed in operation, whichever period shall last expire. This warranty expressly includes, without limitation, that any software delivered or developed pursuant to this Agreement shall be able to accurately process date data from, into, and between the twentieth and twenty-first centuries, including leap year calculations.

**18. Country of Origin and Commodity Code.** For each product supplied to Buyer covered by this Purchase Order, Seller shall provide the country of origin and the commodity or harmonize code on all documentation required by paragraph 2, above, of this Purchase Order.

**19. Certification of U.S. origin of goods.** Upon Buyer's request, Seller shall certify the percentage of U.S. content in products supplied to Buyer covered by this Purchase Order. If Seller is unable or unwilling to make such certification, Buyer will not purchase from Seller.

**20. Independent Contractor.** Seller shall act as an independent contractor, is not an agent or employee of Buyer and has no authority to bind Buyer to any agreement, contract or other undertaking.

**21. General.** This offer, any Purchase Order and all contracts based on it shall in all respects be governed, construed, and enforced in accordance with the laws of the Ontario, Canada. All disputes arising in connection with the Agreement shall be determined exclusively by courts in Ontario, Canada. The United Nations Convention for the International Sale of Goods is disclaimed and excluded from any contract of sale arising from this offer to purchase and any contracts the Seller may have with its suppliers. The terms and conditions of Purchase contained herein shall be the only terms and conditions applicable to the purchase of the goods and services described herein and shall supersede any prior agreements or writings. All proposals of the Buyer contained herein are subject to change by the Buyer at any time prior to the actual receipt by the Buyer of written acceptance of this Purchase Order by the Seller and shall expire thirty (30) days from the date hereof, if not accepted. On the front of the Purchase Order: "Seller must provide the country of origin and commodity or harmonize code for each product listed in this Purchase Order."