

Craig Manufacturing Ltd.

Terms and Conditions for Supply of Goods and/or Services

1. Terms and Conditions. Upon the earlier of the receipt of electronic notification of the purchase order or, the commencement of performance in relation to the supply of the goods, equipment, materials, or services (such goods, equipment or materials hereinafter collectively referred to as the "Goods", or of the services "Services"), a contract shall have been constituted for the provision of the Goods and/or Services described in the purchase order hereof between the supplier named in the purchase order (the "Supplier") and Craig Manufacturing Ltd. ("Craig"). Such contract shall consist of these General Terms and Conditions, the Purchase Order, and such documents referred to on the Purchase Order but specifically excludes any terms and conditions of the Supplier which may be communicated by the Supplier to Craig at any time unless specifically accepted by Craig in writing in accordance with section 3.

2. Governing Law. The contract is to be governed, both with respect to its construction and performance, by the laws of the Province of New Brunswick, Canada and the parties agree to submit to the exclusive jurisdiction of the courts of such Province.

3. No Modification. No modification of, nor additions to the provisions, terms and conditions of the contract shall be effective until expressly accepted in writing by any two of the President, CEO, CFO and VP Manufacturing of Craig.

4. Time of the Essence. The Supplier acknowledges that it understands that time is of the essence in the performance of its obligations under this contract.

5. Warranty. In addition to any other express or implied warranties, Supplier warrants that:

- (a) all Goods and/or Services supplied will be in accordance with all applicable specifications, drawings, descriptions and other requirements of the Purchase Order;
- (b) all Goods supplied will be new;
- (c) all Goods will be of good industry standard material and workmanship, will be fit and suited for the purpose or use contemplated by the Purchase Order, and will be of merchantable quality;
- (d) all Services (including inputs and workmanship) will be in accordance with good contemporary standards for such Services in Craig's industry; and
- (e) unless a longer period is specified elsewhere in the Purchase Order, all Goods supplied will be free from defects in material, design and workmanship for a period of 18 months, from the date of Craig's receipt of such Goods.

6. Risk of Loss. The Goods shall be at the risk of the Supplier who shall bear all losses or damages, from whatsoever cause arising, which may occur to the Goods or any part thereof until delivered to Craig in accordance with the Purchase Order. Title in the Goods shall vest in Craig upon delivery or at such earlier time as payment in respect of the Goods or any portion thereof is made by Craig. In the event Craig arranges for delivery with its own carrier, the Goods shall be considered delivered to Craig when the carrier takes possession of the Goods from the Supplier.

7. Title. The Supplier warrants the title to all the Goods supplied under the contract to be free and clear from all liens, claims, encumbrances and any other charges whatsoever, and the Supplier shall indemnify and hold harmless Craig from any and all claims, demands or actions relating to such liens, claims, encumbrances or other charges.

8. Price Inclusive. Unless stated otherwise in the purchase order, all applicable taxes, duties and packaging charges, are included in the purchase price and are for the account of the Supplier, save and except the Goods and Services Tax and the Province of New Brunswick Sales tax, or such other consumption taxes as may be applicable during the term of the contract.

9. Compliance with Laws. Supplier warrants and agrees that all Goods and Services supplied under this Purchase Order will comply with all applicable federal, provincial and local laws, regulations ordinances, rules, codes and permits ("Law") in force at the time of supply and/or performance including, without limitation, all Laws affecting the price, production, use, classification,

handling, transportation, storage, sale or delivery of any Goods supplied under the Purchase Order and all applicable occupational health and safety and environmental Laws.

10. Intellectual Property. Supplier warrants that neither the Goods nor Services, nor Craig's use, maintenance or repair of such Goods or Services, will infringe on any existing or pending patent, copyright, industrial design or other intellectual property right. The Supplier shall indemnify, hold harmless and defend Craig in respect to any and all claims that the Goods and/or Services infringe any intellectual property right including patents, copyright, trademark, trade secrets or industrial designs. The Supplier will modify or replace the infringing Goods and Services with non-infringing Goods of equivalent quality at no cost to Craig.

11. Services at Craig Facility. If the contract calls for the provision of Services and where the Supplier is required to be on the premises of Craig to supply such Services, the following shall apply:

- (a) Supplier and its officers, employees, agents and subcontractors will comply with all reasonable site rules and safety and security regulations established by Craig.
- (b) Supplier will have complete control and responsibility for the safety and health of its officers, employees, agents and subcontractors while engaged in the Services at Craig's facility, and will take all necessary precautions to prevent the occurrence of any injury to person or damage to property during the performance of the Services.
- (c) Supplier will obtain all necessary permits and/or licenses and give all necessary notifications for the performance of the Services.
- (d) The Supplier shall procure and maintain in full force throughout the contract term Worker's Compensation covering all employees of the Supplier engaged in the any services to be performed on site in accordance with the statutory requirements of the province having jurisdiction over such employees.
- (e) Supplier will notify Craig in advance of any hazardous materials that it intends to bring onto Craig's facility and provide Craig with the appropriate Material Safety Data Sheets for such materials.
- (f) Where applicable, payment of Supplier's invoices will be subject to compliance with the holdback provisions of any applicable lien legislation and Supplier providing appropriate clearance certificates regarding the payment of Workers' Compensation assessments and provincial sales tax.
- (g) the Supplier shall indemnify, hold harmless, and defend Craig, its agents and employees from and against any and all suits, legal proceedings, claims, demands, damages, liabilities, losses, costs and expenses including reasonable legal fees, arising out of or attributable to the performance of the contract with Craig, or any negligent act or omission of the Supplier, its agents, employees or subcontractors in the performance of the Services pursuant to the contract.
- (h) Without limiting the Supplier's liability under this agreement, the Supplier shall provide, maintain and pay for the insurance coverage specified below. Unless otherwise stipulated, such insurance shall be in force for the duration of this agreement.

Comprehensive General Liability insurance and automobile liability insurance covering Supplier's liability for bodily injury and property damage with limits of not less than \$3,000,000 per occurrence. The terms of such insurance must be satisfactory to Craig, acting reasonably and Supplier will provide Craig with satisfactory proof of such insurance coverage upon request.

12. Consequential Damages. Except to the extent included with any insurance coverage required to be maintained hereunder, in no event will Supplier be liable for consequential damages for loss of profits, loss of revenue or loss of anticipated business suffered or incurred by Craig as a result of Supplier's failure to supply the Goods and/or perform the Services in accordance with the Purchase Order; provided that this limitation shall not apply in respect of any willful or intentional misconduct of Supplier.

13. Condoning. Any failure by Craig at any time, or from time to time, to enforce or require the strict keeping and performance by Supplier of any of the terms or conditions of this contract, shall not constitute a waiver by Craig or a breach of any such terms or conditions, and shall not affect or impair such terms or conditions in any way, or the right of Craig at any time to avail itself of such remedies as it may have for any such breach or breaches of such terms or conditions.

Hartland Office
96 McLean Avenue
Hartland, NB
E7P 2K5

Cambridge Office
315 Thompson Drive
Cambridge, ON
N1T 2B3

Red Deer Office
#100-310 Burnt Park Way
Red Deer County, AB
T4S 2L4

Ph: (506) 375-4493
Fx: (506) 375-4848

Ph: (519) 623-9500
Fx: (519) 623-9511

Ph: (403) 356-0048
Fx: (403) 356-0049



14. Force Majeure. Any delay caused to either Supplier or Craig by reason of Acts of God, or other causes beyond their control, including but not limited to strikes, shall not be regarded as a default in performance by Supplier or by Craig. Notice of any anticipated delay will be given by the delayed party to the other as soon as possible under the circumstances. Performance under the contract shall resume as soon as practicable. In such circumstance, Craig shall have the right to adjust the contracted quantity of the Goods and/or Services, or adjust delivery schedules.

15. Assignment. The Supplier shall not assign the contract or any portion thereof without the written consent of Craig.

16. Cancellation for Cause. Craig may terminate the contract immediately and/or suspend the contract without prejudice to any other right Craig may have upon either of the following occurrences:

- (a) the Supplier makes assignment or is petitioned into bankruptcy, or if a receiver is appointed to administer the affairs of the Supplier; or
- (b) if the Supplier breaches any of the terms or conditions of the contract and refuses or is unable to rectify any such breach to Craig's satisfaction within ten (10) days following receipt of notice of such breach.

17. Cancellation Without Cause. Craig may without penalty terminate the contract or suspend the contract for a reasonable period of time without cause subject to the payment to the Supplier of reasonable direct cost incurred by the Supplier as a result thereof, but in no event will Craig be responsible for payment of any indirect, incidental or consequential damages, or the loss of profits as a result thereof.

18. Order of Documents. Should there be any conflict of terms between the written documents of the contract, the following shall be the order of priority: the Purchase Order; Special Terms and Conditions (if any), and these General Terms and Conditions.