

TERMS AND CONDITIONS OF SALES

1. ACCEPTANCE

These Terms and Conditions of Equipment sales form part of each quotation submitted by CEM Specialties Inc. (CEMSI) for the sale of equipment described herein (Equipment) to Buyer. **Any contract made by and between the parties is expressly conditioned on Buyer's assent to these Terms and Conditions and to CEMSI's review and approval of Buyer's credit.** Upon notification by CEMSI from its office in London, Ontario, Canada that it has accepted offer by Buyer, this proposal shall become a contract between Buyer and CEMSI.

2. WARRANTY

CEMSI warrants that the Equipment described herein will be free from defects in material and workmanship for a period of 12 months from date of delivery ("warranty period"). If, within the warranty period CEMSI receives written notice promptly after discovery of any defect in the material or workmanship in the Equipment, CEMSI shall correct each such defect, at CEMSI's option, either by (1) making available F.O.B. CEMSI's plant, repair or replacement part(s); or, (2) repairing any defective part(s). The liability of CEMSI to Buyer (except as to title) arising out of, or the supplying of, the said Equipment whether under warranty, contract, strict liability, negligence or otherwise, shall not in any case exceed the cost of correcting defects in Equipment and upon the expiration of said Warranty, all such liability shall terminate. Except as otherwise expressly set forth herein, **there are no other warranties, express or implied, including the warranties of merchantability or fitness for a particular purpose.** Liability of CEMSI under this warranty is conditioned upon the Equipment being handled, installed, operated and maintained in accordance with written instructions provided or approved in writing by CEMSI. CEMSI makes no warranties which extend to damage to the Equipment resulting from improper installation, operation, or maintenance. CEMSI's sole responsibility for defects in material and workmanship in Equipment, and Buyer's exclusive remedy hereunder, shall be limited as above provided.

3. TAXES & TERMS OF PAYMENT

In addition to the price specified herein, Buyer shall pay any present or future tax imposed by any governmental body on the sale, delivery, use or other handling of Equipment sold hereunder. Full payment shall be due Net 30 Days from date of invoice. Administrative charges may be applied to overdue accounts.

4. FORCE MAJEURE

CEMSI shall not be responsible for losses or damages to Buyer occasioned by delays in the performance of any of CEMSI's obligations when caused directly or indirectly by circumstances beyond CEMSI's or its supplier's reasonable control. In the event the aggregate of such delays exceeds 90 days, either party may cancel this contract subject to Article 8. herein.

5. ASSIGNMENT/SUBCONTRACT

CEMSI may subcontract any portion of the work.

6. LIMITATION ON LIABILITY

Whether attributable to contract, warranty, negligence, strict liability or otherwise, CEMSI's responsibility for any claims, damages, losses or liabilities arising out of or related to its performance or the Equipment covered hereunder, including but not limited to any correction of Equipment defects under the Warranty, shall not exceed the contract price. In no event shall CEMSI be liable for any special, indirect, incidental, consequential, or punitive damages of any character, including but not limited to, loss of use of productive facilities or equipment, lost profits, governmental fines or penalties, property damages, personal injuries or lost production, whether suffered by Buyer or any third party, irrespective of whether claims or actions for such damages are based upon contract, warranty, negligence, strict liability or otherwise.

7. ENTIRE AGREEMENT; MODIFICATION

This agreement supersedes all prior written or oral agreements and understandings between CEMSI and Buyer with respect to the Equipment specified herein. No representation or statement not contained herein shall be binding upon CEMSI as a warranty or otherwise. No addition to or waiver, modification, or cancellation of any provision hereof shall be binding upon CEMSI unless in writing and signed by a duly authorized representative of CEMSI. Without limiting the generality of the foregoing, no addition hereto or modification hereof shall be effected by CEMSI's receipt of Buyer's purchase orders, or other order documents or by manufacture or shipment of the Equipment.

8. CANCELLATION

This contract may be canceled only upon such terms which will reimburse CEMSI for all direct cost incurred prior to such cancellation including a reasonable percentage thereon for overhead and profit.

9. BUYER-SUPPLIED DATA

Buyer acknowledges that CEMSI has relied upon all specifications and data supplied by Buyer (Conditions) in developing this Proposal and any resulting contract. In the event Conditions differ from those represented, Buyer assumes full responsibility for the impact of such changed Conditions.

10. LAWS AND REGULATIONS

CEMSI shall comply with laws and regulations to the extent expressly set forth in CEMSI's Proposal. Revisions to such laws and regulations subsequent to the date of CEMSI's Proposal may result in adjustment to the contract price and/or schedule.

This contract shall be governed and construed in accordance with the laws of the Province of Ontario, Canada.