

GENERAL TERMS AND CONDITIONS FOR PURCHASES BY CEM SPECIALTIES INC.

All orders and purchases hereafter made between CEM Specialties Inc. (hereinafter referred to as "Buyer") and the Seller will be subject to the following General Terms and Conditions unless a written agreement for each instance or specific order has been entered into by the Buyer and Seller.

Where the General Terms and Conditions or terms included by either the Buyer or the Seller's offer or proposal are ambiguous or contradictory to each other, then these General Terms and Conditions of the Buyer shall take precedence. Where a specific Purchase Order of the Buyer supercedes or contradicts the Buyer's General Terms & Conditions, the terms and conditions on that specific Purchase Order of the Buyer shall take precedence over the Buyer's General Terms & Conditions. The purchase order including all documents, drawings and application specifications referred to in the purchase order or attached to the purchase order shall constitute the contract between the Seller and the Buyer and shall not be changed in any way without written approval of the Buyer.

1. **DELIVERY AND ACCEPTANCE OF GOODS:** Time is of the essence of this contract. This order is subject to partial or full cancellation and return of goods if all or any part of the goods are not shipped within the dates specified. Delivery shall not be deemed complete until all goods have been received and accepted by the Buyer. Unless otherwise specified, the F.O.B. point shall be at Buyer's facility as designated on the contract. Freight charges on backordered goods not previously approved for backorder shall not be the responsibility of the Buyer. Seller or manufacturer shipping and invoicing tolerances are not the responsibility of the Buyer and may not be deemed as payable by the Buyer. Further, quantities specified on the Contract must not be exceeded and the Buyer will not be liable for payment of any excess unless a written purchase order for such excess has been issued.
2. **PAYMENTS:** Payments are scheduled according to the date of receipt on all goods. Progress payments are conditional upon satisfactory progress in the delivery of goods or services, which shall be determined at the Buyer's sole discretion. Payment of invoices shall not constitute acceptance of goods or services. The Buyer may withhold any portion of payment as may be necessary in the Buyer's opinion to remedy any defect or deficiency in delivered works or goods pending correction of same.
3. **APPLICABLE LAWS AND SELLER'S INDEMNITY:** The Contract shall be governed and interpreted in accordance with the laws in force in the Province of Ontario, Canada. The Seller shall be responsible and shall save harmless and indemnify the Buyer from and against all losses, costs, damages, suits, claims and demands ("losses") of every nature whatsoever and whether in contract or in tort or otherwise and arising out of or by reason of the performance or purported performance of the Work specified in the Contract, including without limitation losses made or sustained in respect to property damage, personal injury including death, infringement of copyright, trademark or patent or invention.
4. **QUALITY CONTROL AND INSPECTION AND TESTING:** All work covered by the Contract shall be subject to further inspection, testing and approval by the Buyer. The seller at all reasonable times shall be prepared to demonstrate to the satisfaction of the Buyer that the equipment or work meets contractual requirements. The goods shall conform to all applicable standards including, but not be limited to, standards created by the Canadian Standards Association (CSA), from time to time. Goods may be refused or returned to Seller at Seller's expense if any or all of the above conditions are not conforming to standards. Unless agreed in writing to the contrary, the Seller will manufacture and distribute all products and services in accordance with ISO 9001:2000 and by sites which hold a current and valid 3rd party registration to this quality management standard, or better. Where the Buyer is depending upon the Seller's expertise in selecting the optimum product or service for the Seller's intended application, the minimum quality management standard shall be ISO 9001:2000, and the Seller will be responsible for due diligence, product liability claims and providing the Buyer adequate documents, data and expertise on the proper use and application of the products or services. Where these quality system registration minimums are not met, the Seller agrees to complete appropriate self-assessments or evaluations as requested by the Buyer in the Buyer's format, and reporting the complete results to the Buyer, or the Buyer performing a comprehensive quality audit on the Seller's entire quality management systems from time to time as reasonably required.

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5. **SHIPPING & PACKAGING:** All goods shall be shipped in accordance with the terms specified in the Contract. The Buyer may at any time prior to actual shipment by the Seller change or use an alternative carrier or shipper. The Seller must notify the Buyer in writing of deviations from the Buyer's requested ship date. The Contract is subject to the Buyer's approval of the changed ship date. Unless otherwise specified in the Contract, goods over \$500.00 CDN shall be insured under the Buyer's own insurance policy (do not insure with carrier for over \$500.00 CAD). All goods must be packaged in a manner to prevent physical damage of any sort including moisture, climate or breakage. A detailed packing slip with the purchase order number and detailed goods description must be provided.
6. **INTERNATIONAL SHIPMENTS TO CANADA:** Please follow shipping and customs instructions as noted on the Contract or in accordance with the rules of Canada Revenue Agency (CRA) Customs & Excise. CRA Customs documentation and export paperwork including a Commercial Invoice and a Canada Customs Invoice must be included with the shipment. The Buyer will not be responsible for additional brokerage / customs charges due to insufficient shipping documentation provided by the Seller at point of shipment. A current and valid NAFTA certificate (or certification on invoice / proforma) is required for all goods country of origin in USA. All containers must be clearly marked with Buyer's company name and address. Please advise Buyer, freight carrier or brokerage firm if assistance with export documentation is required.
7. **CONFIDENTIALITY:** Any know how, plans, drawings, technical documents or specifications or like furnished by the Buyer to the Seller shall be kept as strictly confidential by the Seller and shall not be published or disclosed by the Seller to any other person or made use by the Seller, except for the purpose of completing this Contract, without the Buyer's written consent, and shall be returned to the Buyer (along with all copies) upon request. Further, the Buyer's name or the names of any of the Buyer's customers may not be disclosed by the Seller to any third party, except as required by law, or used by the Seller for any advertising or promotional purposes.
8. **WARRANTY:** The Seller warrants with respect to all services, work and labour to be performed, that such services will be carried out in accordance with first class professional standards and any specifications contained in this contract, and be free from defects in design, material, drafting and professional workmanship. Further, with respect to any equipment to be delivered hereunder, and without limiting the foregoing, the Seller warrants that such equipment is free from defects in design, material, workmanship, manufacture, fabrication, shipment or delivery for a period of not less than one year from the date of delivery to the Buyer. Any defects or failures reported during this warranty period shall be remedied by the Seller within a reasonable time as determined by the Buyer.