

TERMS & CONDITIONS OF SALE

These Standard Terms and Conditions govern the sale of all standard products, non-standard products, systems and services ("Products") by Canarm Ltd., and its divisions and subsidiaries ("Canarm") and apply notwithstanding any conflicting, contrary or additional terms and conditions in any purchase order or other document or communication ("Purchase Order") from Buyer. Submission by Buyer to Canarm of an order shall constitute Buyer's acceptance of these terms and conditions. These terms and conditions may only be waived or modified in a written agreement signed by an authorized representative of Canarm. Neither Canarm's acknowledgment of a purchase order nor Canarm's failure to object to conflicting, contrary or additional terms and conditions in a purchase order shall be deemed an acceptance of such terms and conditions or a waiver of the provisions hereof.

1. ORDERS, DELIVERY AND TITLE.

All orders are subject to acceptance by Canarm. All shipments by Canarm are EX WORKS (point of origin) and all transportation charges shall be paid by the Buyer, in addition to the price of the Products. Subject to Canarm's right of stoppage in transit, delivery of the Products to the carrier shall constitute delivery to Buyer and risk of loss shall thereupon pass to Buyer; however, title shall remain with Canarm until Buyer makes absolute payment in full for the Products. Selection of the carrier and the delivery route shall be made by Canarm unless specified by Buyer. Canarm shall use reasonable efforts to initiate shipment and schedule delivery as close as possible to Buyer's requested delivery dates. Buyer acknowledges that delivery dates provided by Canarm are estimates only and that Canarm is not liable for failure to deliver on such dates. Canarm reserves the right to make deliveries in installments. Delivery of a quantity less than the quantity specified shall not relieve Buyer of the obligation to accept delivery and pay for the Products delivered. Delay in delivery of one installment shall not entitle Buyer to cancel other installments.

2. PRICES.

Prices shall be as specified by Canarm and shall be applicable for the period specified in Canarm's quote. If no period is specified, prices shall be applicable for thirty (30) days. Notwithstanding the foregoing, prices shall be subject to increase in the event of an increase in Canarm's costs or other circumstances beyond Canarm's reasonable control. Prices are exclusive of federal, provincial, state, local or any other taxes, charges, levies and duties, shipping charges, forwarding agent's and broker's fees, consular fees and document fees. If Canarm shall be liable for or shall pay any of the foregoing, Canarm shall charge such amount to Buyer in addition to the price of the Products.

3. TERMS OF PAYMENT.

Payment shall be net thirty (30) days from date of invoice or as otherwise specified by Canarm in writing. Buyer agrees to pay the entire net amount of each invoice from Canarm pursuant to the terms of each such invoice without offset or deduction. Orders are subject to credit approval by Canarm, which may in its sole discretion at any time change the terms of Buyer's credit, require payment in cash, bank wire transfer or by check and/or require full payment of any or all amounts due or to become due for Buyer's order before shipment of any or all of the Products. If Canarm believes in good faith that Buyer's ability to make payments may be impaired or if Buyer shall fail to pay any overdue invoice, Canarm may suspend delivery of any order or any remaining balance thereof until such payment is made or cancel any order or any remaining balance thereof and Buyer shall remain liable to pay for any Products already shipped and Non-Standard Products ordered by Buyer. Buyer agrees to submit such financial information from time to time as may be reasonably requested by Canarm for the establishment and/or continuation of credit terms. The date of collection/receipt of a check by the Canarm shall be deemed the date of payment by the Buyer. Any check received from Buyer may be applied by Canarm against any obligation owing from Buyer to Canarm, regardless of any statement appearing on the face of such check, without discharging Buyer's liability for any additional amounts owing from Buyer to Canarm, and acceptance of such check shall not constitute a waiver of Canarm's right to pursue the collection of any remaining balances. Buyer shall pay interest on any invoice not paid when due from the due date to the date of payment at the rate of the lesser of (i) one and one-half (1-1/2%) percent per month and (ii) the highest rate permitted by applicable law. If Buyer does not make payment when due, Canarm may pursue any legal or equitable remedies, in which event Canarm shall be entitled to reimbursement for costs of collection and reasonable legal fees.

4. ACCEPTANCE OF PRODUCTS, PRODUCT RETURNS AND CANCELLATION.

Inspection and acceptance of the Products shall be Buyer's responsibility. The Buyer must inspect the merchandise upon delivery and report any apparent error or defect to Canarm within ten (10) days of said delivery. Should the Buyer fail to do so, it shall be conclusively presumed that the products were delivered in accordance with the contract, and the Buyer waives any right to revoke acceptance thereafter.

Damage to, or loss of any goods in transit must be noted on the carrier's delivery freight bill. Canarm will provide the Buyer with whatever assistance is needed in order for the Buyer to file a claim with the carrier. However, the Buyer may not withhold payment pending carrier settlement. Buyer must reorder any replacements needed and such reorder

shall be subject to all Standard Terms contained herein.

No return of Products shall be accepted by Canarm without Canarm's written approval, and the issuance of a RETURN AUTHORIZATION NUMBER by Canarm which fully outlines the terms and conditions of the return, including shipping responsibility, restocking charges (if applicable) and carrier.

Orders accepted by Canarm for customized, modified or specifically produced items are **non-cancelable** and said items are **non-returnable**.

Returned Products must be in original manufacturer's shipping cartons complete with all packing materials. Products not eligible for return shall be returned to the Buyer, freight collect. In the event of cancellation by Buyer: (a) Any item(s) completed at time of receipt of written cancellation notice will be shipped and invoiced at full price. (b) Work on balance of order will be stopped as promptly as reasonably possible, and Canarm will be reimbursed for all actual expenditures, commitments, liabilities, and costs, determined in accordance with good accounting practice, made or incurred in respect to such incomplete items, plus a reasonable profit on such costs. Any items, which can be used economically to fill other orders, may be canceled without charge.

5. FORCE MAJEURE.

Canarm shall not be liable for failure to fulfill its obligations herein or for delays in delivery due to causes beyond its reasonable control, including but not limited to, acts of God, revolution, natural disasters, acts or omission of other parties, acts or omissions of civil or military authority, Government priorities, changes in law, material shortages, fire, strikes, floods, epidemics, riots, wars, acts of terrorism, delays in transportation or inability to obtain supplies or materials through its regular sources. Canarm's time for performance of any such obligation shall be extended for the time period of such delay or Canarm may, at its option, cancel any order or remaining part thereof, without liability, by providing written notice of such cancellation to Buyer.

6. CANARM'S LIMITED WARRANTY.

Canarm warrants to Buyer that upon delivery to Buyer the Products purchased hereunder shall conform to the applicable Canarm's specifications as provided in the quotation. Except as are contained in this paragraph 6, Canarm makes no warranties, conditions, guarantees or representations relating to the Products, express or implied, statutory or otherwise. Canarm warrants all Products it manufactures to be free from defects in workmanship and material when used under conditions recommended by us. The Canarm's obligation under the warranty is limited to repair or replace or otherwise make good, at our factory, any parts which, within one year after date of shipment of equipment of our manufacture to the original purchaser, after being returned to us with transportation prepaid, and upon our examination, shall disclose to our satisfaction to have been defective. The Canarm neither assures, nor authorizes any other persons to assume for us, any liability in connection with the sales of our equipment except under the conditions of this warranty. The warranty does not cover any Field (on site) labour charges for replacement of parts, adjustment, repairs, removal or re-installation costs or any other work done. This warranty shall not apply to any apparatus which in our opinion has been subject to misuse, negligence, or pressures in excess of limits recommended by Canarm, or which have been repaired or altered outside the company's factory without our prior authorization. Replacement or repair of defective material will be EX WORKS our factory, and will assume any used portion of this warranty. All defective parts become the property of Canarm and must be returned within fifteen (15) days of the replacement, transportation prepaid, as advised by Canarm, to become eligible for replacement under this warranty. Warranty Claim Forms, found in the Product Owner's Manual, must accompany all warranty claims and parts returns or this warranty shall not apply. Canarm is not responsible for any sales, use, excise, duty or any other applicable taxes associated with the replacement of parts under this warranty. This warranty is only effective with all the terms and conditions of this quote being met, and it is understood that time is of the essence in this agreement. **REPAIR OR REPLACEMENT OF PRODUCTS NOT OF OUR MANUFACTURE WILL BE LIMITED TO THE WARRANTY OF THE MANUFACTURERS OF SUCH PRODUCTS.** Canarm shall transfer to Buyer whatever transferable warranties and indemnities Canarm receives from the manufacturers of any subcomponents of the Products, if any, including any transferable warranties and indemnities in respect of patent infringement. Please refer to the Product Service Labour Policies in your Product Owner's Manual for possible extensions to this Warranty.

7. LIMITATION OF LIABILITIES.

Canarm's total liability for any and all claims which may arise under this agreement or with respect to the Products sold hereunder, including but not limited to those caused by defective material and/or unsatisfactory performance, shall be limited to the purchase price of the Products to which any such claim relates. Canarm shall not be liable in any circumstances, howsoever caused, whether in contract, tort or otherwise, for any loss of profits or for any direct, indirect, special, incidental, exemplary, punitive or consequential damages, losses, injury, costs or expenses of any nature relating to the Products, including without restriction, loss, damage or injury arising out of the negligence of Canarm or that of its employees, agents, representatives or other persons for whom in law Canarm is responsible. Canarm shall not be liable for and Buyer shall indemnify, defend and hold Canarm harmless from any claims based on Canarm's compliance with Buyer's specifications, designs or instructions, or modification of any Products by parties other than Canarm, or use in combination with other Products.

8. USE OF PRODUCTS BY BUYER.

Buyer assumes all risk and liability for loss or injury in connection with the use of the Products whether used singly or in combination with other substances or Products in any process whatsoever. Any information provided by Canarm including without restriction technical information sheets and product brochures is based on tests believed to be reliable. However, as actual conditions of use may vary and are beyond the control of Canarm, a Product's specified characteristics and any recommendations for use, however communicated, are offered solely for Buyer's evaluation and must be verified by it.

9. INTELLECTUAL PROPERTY.

If a Product includes software or other intellectual property, such software or other intellectual property is provided by Canarm to Buyer subject to the copyright and user license, the terms and conditions of which are set forth in the license agreement accompanying such software or other intellectual property. Nothing herein shall be construed to grant any rights or license to use any software or other intellectual property in any manner or for any purpose not expressly permitted by such license agreement.

10. CONFIDENTIALITY.

All specifications (other than the Buyer's Specifications), technical data, price lists, documents, materials and proprietary information relating to the Products are the confidential and proprietary information of Canarm and shall be treated in confidence by Buyer and shall not be disclosed, reproduced or communicated to any third party in any way whatever except as is required in connection with the purchase and use of the Product by Buyer, and on terms and conditions agreed with Canarm in writing. The foregoing provisions do not apply to information that was publicly available prior to the date of disclosure by Canarm or that becomes publicly available after such disclosure other than pursuant to a breach of any obligation of confidentiality to Canarm.

11. GENERAL.

As used herein, terms appearing in the singular shall include the plural and terms appearing in the plural shall include the singular. No rights, duties, agreements or obligations hereunder may be assigned or transferred by either party, by operation of law, merger or otherwise, without the prior written consent of the other.

Any attempted or purported assignment shall be void. Notwithstanding the foregoing, Canarm's obligations under these Terms and Conditions may be performed by divisions, subsidiaries or affiliates of Canarm. The obligations, rights, terms and conditions hereof shall be binding on the parties hereto and their respective successors and assigns. The waiver of any provision hereof or of any breach or default hereunder shall not be deemed a waiver of any other provision hereof or breach or default hereunder. No provision of these Terms and Conditions shall be deemed waived by a course of conduct unless such waiver is in writing signed by both parties and stating specifically that it was intended to modify these Terms and Conditions. These Terms and Conditions shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. The Buyer and the Canarm irrevocably and unconditionally attorn to the jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals there from. The United Nations Convention for the International Sale of Goods shall not apply. It is the express wish of the parties that this contract and all documents in connection with this contract be drawn up in English. Il est la volonté expresse des parties que le présent contrat et tous les documents qui s'y rattachent soient rédigés en langue anglaise.

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Montreal Distribution Center
2555 Rue Bernard Lefebvre
Laval, QC H7C 0A5 Canada
Tel: 450.665.2535
Fax: 450.665.0910

Non-stock & Build to order items are non-cancelable and non-returnable without prior authorization.
Note: Freight on products from our Brockville manufacturing facility will ship Collect or Prepay & Charge ONLY.

CANARM RETURN AUTHORIZATION PROCEDURE

All Canarm product being returned to Canarm for any reason (shipping discrepancies, order entry errors, damaged, customer choice, defective product, freight claims, etc.) requires a Return Authorization Number (RA #).

PROCESS DESCRIPTION

For your Return Authorization Request to be processed promptly, the following information must accompany your request:

- Total quantity
- Canarm part numbers and description
- Reason for the return
- Your complete address, a contact name, your return fax and telephone number
- **Either** your PO#, our invoice #, or our BOL #, indicating date of purchase

Once a RA# Request (with the above required information) is received at Canarm, a **Return Authorization Confirmation** will be faxed to you outlining: the RA# to be used, the Customer Account Number being referenced, shipping instructions and the carrier information to be used for freight.

With complete information, our goal is to process all Return Requests within 24 hours.

Your RA# Request can be made by fax or email to: **Steve Marsh** Fax: 1-800-263-4598 or E-mail: smarsh@canarm.ca

CANARM WARRANTY (RETURN) POLICY - DEFECTIVE ITEMS

Canarm warrants all new products sold to our dealers to be free of defects in material and workmanship, to the extent that for a period of one year from the date of purchase, Canarm Ltd. shall either repair or replace at Canarm's option, any product or part of the product that is found to be defective.

One year is the standard warranty and applies to all products not marked otherwise.

Please refer to the Return Authorization procedure to make a warranty claim.

Our standard warranty does not include any labour or transportation costs incidental to the removal or reinstallation of the item at the user's premises.

Items repaired or replaced are warranted through the remainder of the original warranty period only.

This warranty applies only to the original purchaser-user and is null and void in cases of alteration, accident, abuse, neglect, and operation not in accordance with instructions.

Canarm distributes products manufactured by other companies. The warranty that is provided to us will be passed on to our customers, or in some cases we will direct you to the original manufacturer. Canarm is not responsible for any costs as a result of these products being defective or from these products not meeting the customers' needs or expectations. We will however try to help you resolve any issues with the original manufacturer.

CANARM WARRANTY (RETURN) POLICY - NON-DEFECTIVE ITEMS

All returns require a Return Authorization number. Please refer to the RA procedure for requesting an RA number.

Non-standard or custom built items cannot be returned or cancelled.

Customer choice returns are subject to a restocking fee. This will be clearly indicated on the RA confirmation paperwork.

Items must be returned via Prepaid freight.

Items must be received in new/saleable condition in the original packaging.

Other factors such as date code and product revisions will also be considered when determining the ability to return/accept a product.

DELHI BLOWER WHEELS

Canarm/Delhi blower wheels are factory balanced prior to assembly and shipment. Customer and/or end user is responsible to test for vibration and balance after installation of motor and drives, and upon final delivery.

When motor and drives are installed by Canarm/Delhi – the wheel is factory balanced prior to assembly and the unit is run and vibration is checked prior to shipment. Units should be inspected for balance before final delivery to your customer, in case of damage during shipping and/or handling of the product.

In the case of issues with balance, as with all warranty situations, Canarm's responsibility will be limited to replacement of component parts only. We are not responsible for any labour, removal, reinstallation or other costs associated with the re-balancing of the unit in the field.