

HYDRAFLOW-PUMPTECH FLUID POWER INC. TERMS AND CONDITIONS OF SALE



1. ACCEPTANCE

This proposed contract of sales (the Proposal) is expressly subject to the terms and conditions herein as amended from time to time. The Seller (Hydraflow-Pumptech.) shall only be obligated to proceed with the sale if the Buyer submits an Order for (the Product) within 30 days of the date of this Proposal, (unless otherwise stated elsewhere in the Proposal) and such written order is accepted by written notification from the Seller. No term or condition contained in buyers written order; or subsequently submitted by the buyer which is at variance, or in addition to any of the terms and conditions herein shall have any force or effect unless specifically approved by Seller in writing.

2. PRICES AND TAXES

In addition to the price specified herein, Buyer shall pay presenter future tax imposed by any governmental body on the sale, delivery, use or other handling of the Product sold hereunder or in connection with this Proposal. All prices are F.C.A. point of shipment, as designated by the Seller, unless otherwise stated and shall apply as of the time of shipment.

3. PAYMENT TERMS

Unless otherwise stated, terms of payment are net thirty (30) days from date of shipment, with no discount allowed for earlier payment. Seller reserves the right to alter or suspend credit terms, require C.O.D. or advance payment, at the Seller's sole discretion. If Buyer becomes delinquent in payment or refuses to accept C.O.D. shipments, Seller shall have the right, in addition to any other right it may have, to cancel any order of Buyer's, withhold further deliveries, and declare all unpaid amounts for products or goods previously delivered immediately due and payable. Each shipment shall be considered a separate and independent transaction and payment therefore shall be made accordingly. Amounts past due shall be subject to an interest charge of 1.5% per month. All costs and expenses incurred by Seller as a result for nonpayment or delinquent payment by Buyer, including collection costs, interest, and legal fees, shall be paid by Buyer.

4. LAWS AND REGULATIONS

Except as expressly set forth herein, Seller shall not be responsible for compliance with any laws, regulations and codes, other than those of the province of Ontario and the laws of Canada in force therein at the date of the proposal.

5. TITLE

Title and ownership of the Product shall be and shall remain with Seller until such time as the purchase price for such Product is paid in full to the Seller. Until full payment, Buyer will only be entitled to the possession of the Goods however; all risks of loss and damage to the Product will be assumed by Buyer upon shipment.

6. SHIPMENT AND DELIVERY

All delivery dates are estimates only. Seller's only obligation with respect to delivery dates shall be to use reasonable efforts to meet same. Title and risk of loss shall pass to Buyer at the F.C.A. point. Buyer shall be responsible for costs of shipment from the F.C.A. point. Unless otherwise instructed, Seller will ship via appropriate means, taking into account the nature of the Product being shipped. Seller will not be liable for any delays, breakage, loss or damage after

having made delivery in good order to the first transportation carrier. Shipments will only be insured at Buyer's request and expense. All claims for loss or damage in transit are to be made by Buyer directly to the transportation carrier and the appropriate insurance carrier. No deductions of any kind from the invoice amount shall be made.

7. CANCELLATION AND CHANGES

No cancellations or changes of the purchase order shall be effective without Seller's express written consent. Without such consent, a cancellation or change of the purchase order shall constitute a material breach of this agreement entitling Seller to all remedies available by law or equity. With Seller's written consent, buyer may cancel any contract resulting from this Proposal only upon such terms as will indemnify and reimburse Seller for all loss or damage resulting there from, plus Seller's direct costs incurred, overhead, reasonable profits, costs, and expenses to which Seller has become committed for fulfillment of the contract prior to cancellation.

8. FORCE MAJEURE

Seller shall not be responsible for losses or damages to Buyer (or any third person) occasioned by delays in the performance or the nonperformance of any of Seller's obligations or by loss of or damage to the Product as specified in the Proposal when caused directly or indirectly by acts of God, substantial changes in general economic conditions, acts of government or military authority, casualty, riot, acts of Buyer, strikes or other labour difficulties, shortages of labour, supplies, and transportation facilities or any other causes beyond Seller's control or the control of its suppliers or subcontractors. Seller's schedule shall be adjusted in accordance with the impact of any such delay or postponement and its price shall be equitably adjusted to include all additional costs, including overheads and reasonable profit.

9. CONFIDENTIAL INFORMATION

Any and all information concerning the products or goods or the transaction covered hereunder which Seller discloses to Buyer, or which Buyer otherwise obtains knowledge of hereunder, remains the exclusive property of Seller and shall not be made available to third parties without Seller's express written consent. Buyer shall have no right whatsoever to such information other than to use it for evaluation for the purpose of the transaction covered hereunder. Seller will not disclose information submitted to it by Buyer which is confidential and proprietary to Buyer and clearly designated as such without Buyer's consent.

10. WARRANTY

Seller warrants that the Product described herein, will be free from defects in material and workmanship as specified in Seller's Product Warranty as amended from time to time.

11. RETURN OF MERCHANDISE

Any merchandise returns shall be in accordance with the Seller's Merchandise Return Policy attached or inserted, which forms an integral part of this Proposal.

12. SECURITY INTEREST

Buyer grants to Seller a purchase money security interest in the goods, products and/or equipment supplied hereunder. Failure of Buyer to make any payment when due shall entitle

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Seller, in its sole discretion, to declare all obligations of Buyer immediately due and payable; in such event Seller shall have all the rights and remedies of a secured party under applicable law. Buyer agrees to execute upon request such documents which may be deemed necessary or appropriate by Seller to create, perfect and maintain the perfection of its security interest under applicable law.

13. SET-OFF

Buyer is not entitled to set-off any amounts due or allegedly due from Seller to Buyer from its debts towards Seller.

14. ASSIGNMENT

Neither party shall be entitled to assign its rights or obligations hereunder without the other party's prior written consent. A corporate reorganization, which does not result in a change of control or beneficial owner, shall not be deemed an assignment.

15. RELATIONSHIP OF THE PARTIES

Buyer and Seller are independent contracting parties. Nothing hereunder or in the course of performance of this agreement shall grant either party the authority to create or assume an obligation on behalf or in the name of the other party, or shall be deemed to create the relationship of joint venture, partnership, association or employment between the parties.

16. SEVERABILITY

If any provision hereof is invalid or unenforceable, it shall be reformed or deleted, but only to the extent necessary to make it valid or enforceable, and the remaining provisions hereof shall remain in full force and effect.

17. APPLICABLE LAW AND ARBITRATION

All disputes between the parties arising out of or related to this agreement or the breach, alleged breach or interpretation thereof shall be governed by the laws of the Province of Ontario. The parties agree to submit all such disputes to binding arbitration which shall be held in London, Ontario, in accordance with the Arbitration Act of Ontario by a single Arbitrator pertaining to commercial arbitration. If within 30 days after either party has notified the other in writing that it is submitting a dispute to arbitration, the parties are unable to agree upon an Arbitrator, the same shall be appointed by a Superior Court Judge for Ontario upon application by either party. The Arbitrator shall have no authority to award punitive damages or any other damages excluded herein. The arbitration award shall be by a written decision containing findings of fact and conclusions of law and shall be final and binding. It may be entered in and enforced by any court of competent jurisdiction. The party prevailing in the arbitration or any other legal proceedings shall be entitled to recover its costs including legal incurred due to the arbitration or other legal proceedings.

18. VALIDITY OF QUOTATION

Any quotations issued subject to the terms contained herein shall be valid for 30 days from the date of the Proposal unless otherwise stated.

19. NON-WAIVER

Any failure by Seller at any time, or from time to time, to enforce or require the strict keeping and performance of any of these terms and conditions, shall not constitute a waiver of any such term and condition and shall not affect or impair in any way such term of condition or the right of Seller to avail itself at any time of such remedies as it may have for any breach or breaches of such provision. No waiver shall be binding on Seller unless given in writing signed by a duly authorized representative of Seller. Seller's election to adopt a particular remedy shall not affect its right to subsequently avail itself of any further or other remedies that may be available to it. The communication to the Buyer at any time of any reasons or justification for any decision by Seller shall be deemed to have communicated without prejudice to Seller's rights subsequently to rely on any other additional reasons or justification thereof. Seller shall not be liable for any incidental, consequential, special or punitive damages arising from the sale or use of any products or goods or Seller's performance or failure to perform any of its obligations hereunder, whether the claims are in contract or tort, including negligence or strict liability. Buyer's sole and exclusive remedy after acceptance of the products or goods shall be the remedy available under the warranty provision.

20. PRODUCT DISCLAIMER

Seller believes that the parts described in this quotation will meet the Buyer's needs; however, the Seller has not designed the system into which the Buyer is incorporating Seller's components. That means the Seller cannot control the variables that affect both the performance of the Buyer's system as a whole, and the performance of Seller's components within the Buyer's system. Seller warrants its components to be free of defect, but unless the Seller designs the entire system Seller is unable to warrant that Buyer's system, or Seller's components or parts, will perform to Buyer's expectations.

21. ACKNOWLEDGMENT

The terms and conditions of this Proposal and the Seller's Product Warranty in effect from time to time is available from the Seller and form an integral part of this Proposal. The Buyer acknowledges having obtained a copy of the Terms and Conditions and the Seller's Product Warranty and to be familiar with the same.

Hydraflow-Pumptech Fluid Power Inc.

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