

UNIT ELECTRICAL ENGINEERING LTD.
STANDARD TERMS & CONDITION OF SALE

1) DEFINITIONS

“UEE” means Unit Electrical Engineering Ltd., also referred to as the “Supplier”. “Purchaser” means the legal entity purchasing Equipment or Services from UEE. “Equipment” means the products offered by UEE or purchased by the Purchaser. “Services” mean non-tangible work e.g. engineering, offered by UEE or purchased by the Purchaser. “Offer” means any quotation or offer to sell Equipment or Services provided by UEE to the Purchaser. “Order” means any purchase order or similar instrument issued by the Purchaser to the Supplier to purchase Equipment or Services.

2) OFFERS AND PRICES

Unless otherwise stated in writing by UEE, all prices are in Canadian dollars and are subject to applicable taxes, export fees and duties. Offers are valid for 30 days from the date they are issued, unless otherwise stated. Prices in an Offer apply only to the specific quantities, specifications, and delivery schedules set out in UEE’s Offer. Standard list prices are subject to change without notice. All clerical errors in an Offer are subject to correction by UEE. All prices are FCA (INCO terms 2010) Okanagan Falls, British Columbia, Canada, unless otherwise stated.

3) ACCEPTANCE OF ORDER

Orders are subject to acceptance by an authorized employee of UEE. To the extent that any terms and conditions of an Order conflict with these terms and conditions, these terms and conditions will govern, irrespective of whether the Purchaser accepts these terms and conditions by a written acknowledgment, by implication, or acceptance and payment of goods ordered under an Order, and any terms and conditions proposed by the Purchaser that are inconsistent with any of these terms are waived by the Purchaser.

No additional or different terms or conditions, whether contained in the Order or in any other document or communication pertaining to Purchaser’s order, will be binding on UEE unless expressly accepted in writing by an authorized representative of UEE.

4) MODIFICATION

UEE may modify the specifications of Equipment and substitute Equipment manufactured to such modified specifications at any time without prior notice to the Purchaser, provided such Equipment substantially conforms to the form, fit and function of the original Equipment.

5) TERMS OF PAYMENT

UEE will invoice all Equipment at the time of shipment, or other mutually agreed payment schedule e.g. milestones. UEE may make partial shipments of Equipment and may invoice for each such partial shipment separately. Each partial shipment is a separate sale. The Purchaser will pay each invoice within 30 days after the date of the invoice, unless otherwise stated, subject to credit approval of the Purchaser by UEE. UEE may, in its sole discretion and without notice, suspend credit privileges or alter payment terms notwithstanding any terms set out in an Offer or an Order. UEE may charge overdue accounts an administration fee of 1.5% per month (20.4% annually) on any outstanding balance.

6) DELIVERY & SHIPMENT POLICY

Delivery of the Equipment to a common carrier at Okanagan Falls B.C. Canada will constitute delivery to the Purchaser. Title to and risk for the Equipment will pass to the Purchaser at that time. Delivery dates are estimates. UEE will use commercially reasonable efforts to meet desired delivery dates but will not be liable to the Purchaser in any way for, nor responsible for any losses caused as a result of, any late shipment.

Any non-standard or special packing or packaging requirements requested by the Purchaser are subject to approval by UEE and provided at additional cost to the Purchaser. UEE is not responsible for damaged goods which were delivered in good condition to the carrier. All claims for loss and damage must be made by the Purchaser to the common carrier. UEE will assist the Purchaser in making a claim and will expedite replacement materials to satisfy the claim. The Purchaser will submit claims for shortages or other errors within thirty (30) days from the date of delivery.

7) CANCELLATION

The Purchaser may not cancel an Order that has been accepted by UEE without the written approval of UEE. Orders for Custom Equipment or Equipment identified by UEE as non-standard are non-cancelable and non-refundable.

Upon termination of the Order at any time, the Purchaser will be liable to the Supplier (UEE) for an amount comprising the aggregate of items (1) to (4) hereinafter set forth less all payments previously made to and all proper charges for the account of the Supplier relating thereto.

- 1) The substantiated cost to the Supplier of all materials for which orders have been placed by the Supplier in accordance with the Order.
- 2) The substantiated cost of labour performed and materials installed on the work where it is in accordance with the terms of the Order.
- 3) A sum, of 10% of the net total due under (1) and (2) above, to the Supplier to cover indirect expenses incurred in connection with the work.
- 4) The sum in lieu of all profits equal to five percent (5%) of the costs enumerated in (1), (2) and (3) above.

8) WARRANTY

a) Until eighteen (18) months from the date UEE delivers to the Purchaser a notification of readiness to ship or twelve (12) months from the date of delivery, whichever occurs first (the "Warranty Period"), UEE warrants that the Equipment will be free from defects in material and workmanship and will be of the kind and quality described in the applicable Order. In all cases, UEE has sole responsibility and discretion for determining the cause and nature of an Equipment defect, and UEE's determination will be final. The Purchaser's exclusive remedy and UEE's sole liability for a breach of warranty during the Warranty Period is, at UEE's option, to replace or repair the defective Equipment or to refund to the Purchaser the purchase price of such Equipment.

b) The Purchaser is responsible for the cost of removal of defective Equipment from its related system, site or ancillary equipment, and the cost of reinstallation in such system, site or ancillary equipment, including all transportation costs to and from UEE. The Purchaser will not return or dispose of any Equipment or part thereof with respect to which it intends to make a claim under this warranty without the written approval of UEE.

c) Any repair or replacement of Equipment pursuant to this warranty will not renew or extend the Warranty Period. This warranty does not apply to:

- i) any damage to or defect of the Equipment as a result of any of the following: improper handling during or after shipment, improper installation, operating the Equipment in an application or environment or under conditions contrary to UEE specifications or instructions, neglect, modifications or alterations made by the Purchaser, accident, inundation, fire or normal wear and tear; or
- ii) prototypes, demonstration, or engineering samples of Equipment (which are provided on an "as is" basis without any warranties of any kind from UEE), or Equipment that has been subject to abuse, misuse, mishandling, accident, alteration, neglect, unauthorized repair or installation, or procured through an unauthorized third party.

d) The warranty set out in this Section 8 is exclusive and UEE disclaims all other warranties of any kind, whether statutory, oral, written, express or implied, including any warranty of merchantability or fitness for a particular purpose. The Purchaser hereby acknowledges that it has not entered into this transaction in reliance upon any warranty or representation by any person or entity except the warranties or representations set out herein. UEE does not warrant that Equipment will be free from design defects or errors.

9) PRODUCT REMARKING

The Purchaser will not remark or modify Equipment markings including, but not limited to, the equipment logo, part number, patent marking or other printed or attached labeling in any way. The warranty set out in Section 8 is void as to any Equipment on which the Purchaser has altered, removed, or remarked any portion of, the Equipment part number, date code, logo, or factory code.

10) CUSTOM EQUIPMENT

If this purchase is a special Order for custom designed Equipment, the provisions of this paragraph supersede any conflicting general terms of these terms and conditions. UEE will have exclusive rights to Equipment designed and manufactured for the unique needs of the Purchaser to the Purchaser's specifications or requirements ("Custom Equipment"). UEE will retain all rights, title, and interest to and possession of designs and manufacturing processes. UEE may use individual parts of Custom Equipment designs in other designs. The Purchaser will not use any individual parts of Custom Equipment designs except as a part of Custom Equipment designed and manufactured by UEE. Prices and schedules for Custom Equipment are subject to change by UEE if the Purchaser revises or supplements any specifications or there are unforeseen difficulties with the design. Custom Equipment will be described in the applicable Order at or before the time that UEE begins its manufacture or assembly.

11) INTELLECTUAL PROPERTY

UEE offers and sells the Equipment to the Purchaser subject to the condition that such sale does not convey any license, expressly or by implication, estoppel or otherwise, under any patent, copyright or other intellectual property right of UEE or with respect to which UEE may grant licenses. UEE expressly reserves all its rights under such patents, copyrights or other intellectual property rights.

The Purchaser will not reverse engineer, copy, disassemble, tamper with, or otherwise attempt to reconstruct any physical embodiments, prototypes, samples, methods, software or products provided to the Purchaser. If the Purchaser performs any such actions, all data, results and any inventions, discoveries or works arising from such actions will be owned by UEE and the Purchaser will, at its expense, assign any such inventions or discoveries to UEE.

UEE will have no obligation or liability to the Purchaser for any claim of infringement of any patent, copyright, mask work, trademark, or design or for any claim that UEE has misappropriated or unlawfully disclosed or copied or used any data or trade secrets. With regard to Equipment sold to the Purchaser under these terms and conditions, the Purchaser will indemnify UEE and hold UEE harmless for, and the Purchaser will be responsible for and pay, any and all awards or damages assessed against UEE and any expenses incurred by UEE to defend against any claim arising out of (a) modifications to or improper use of Equipment by any person or entity other than UEE, (b) conformance by UEE with specifications, designs or instructions provided by the Purchaser, or (c) the combination or incorporation of any Equipment, or of the elements of any Equipment, with any other circuitry, subassembly, products, equipment or materials not supplied by UEE. This Section 11 sets out UEE's entire liability and obligation (express, statutory or implied or otherwise) and the Purchaser's liability and obligation, with respect to intellectual property infringement or intellectual property infringement claims relating to the Equipment.

12) INDEMNITY

The Purchaser will defend, indemnify and hold harmless UEE for any and all damages, liabilities, costs and expenses (including all actual legal costs), fines, or losses in connection with any threatened or actual claims, actions, demands, investigations, or suits, including, claims or suits by third parties, arising out of any of the following: (a) negligent or willful acts of the Purchaser or its directors, officers, employees, agents or sub-consultants; (b) repair or alteration of Equipment by persons other than UEE (unless expressly authorized in writing by UEE); (c) modification of Equipment by the Purchaser that results in the actual or alleged infringement of any intellectual property rights of any third party; (d) Equipment produced by UEE according to the Purchaser's specifications; (e) any violations of export control laws by the Purchaser; or (f) breach by the Purchaser of any provision in these terms and conditions.

13) LIMITATION OF LIABILITY

UEE's liability will be limited to direct losses only, save for costs of procuring substitute equipment by the purchaser, and in no event will UEE be liable for any consequential or indirect loss or damage, including but not limited to loss of profit, loss of revenue, loss of production, business interruption, loss of contracts or opportunity, and increased cost of capital, financing or overhead, incurred by the Purchaser.

The total liability of UEE arising out of or relating to an order, whether for breach of contract, warranty, negligence, or otherwise, will in no case exceed the purchase price of the equipment and/or services from which the claim arises.

14) FORCE MAJEURE

UEE will not be liable for any loss, damage or penalty resulting from a failure to fulfill an obligation under these terms and conditions if such failure is due to supplier delay, war, strikes, civil or labor unrest, shortage of labor, shortage of materials, fire, floods, explosion, natural disaster or other act of God or any other cause beyond the reasonable control of UEE.

15) CONFIDENTIALITY

Unless otherwise agreed in writing by UEE, the Purchaser will not disclose the pricing or other terms of the Offer and/or Order to any third party.

16) GENERAL

No waiver of any provision of these terms and conditions by a party is binding or effective unless it is in writing and signed by such party. If any provision of these terms and conditions is invalid or unenforceable, it will be severed from these terms and conditions and will not affect the enforceability or validity of the remaining provisions of these terms and conditions. These terms and conditions will survive the fulfillment of the Order.

17) GOVERNING LAW

The interpretation of these terms and conditions will be governed by the laws of British Columbia and the laws of Canada applicable therein.