

**PURCHASE ORDER
TERMS AND CONDITIONS**

1. DELIVERY & DEFAULT

The delivery date specified on the current purchase order is an essential condition of the contract. Supplier shall confirm delivery date within 24 hours after receiving the order. Purchaser reserves the right to cancel any outstanding order which has not been upheld by the supplier. Supplier will be liable for all damages arising from failure to deliver or to respect delivery date.

2. SHIPPING METHODS AND DELIVERY INSTRUCTIONS

Each delivery of goods shall include a bill of lading, clearly stating the order number, GGI part number, product description and quantity, lot number and the standards pertaining to the product. Moreover, goods purchased must be marked in such a way as to be easily recognized as supplier's product, including lot number, purchase order and GGI part number (if available).

3. CANCELLATION & RESCHEDULING

A) Supplier shall, upon purchaser's request, suspend shipment and delivery of its goods, and all work and operations connected to this order, for such period as purchaser may request.
B) Supplier shall notify purchaser in writing, within five (5) days from the beginning of any circumstances or events in the nature of force major, or any other causes reasonably beyond the control of the supplier, which may delay delivery or execution of the order.
C) Purchaser reserves the right to cancel this order in its entirety or in part, on account of defects or insufficiency in materials or equipment, workmanship or quality, or if goods, services or equipment ordered are not shipped or executed as specific herein, or are not in accordance with drawings, samples or specifications issued in connections herewith, or if performance on vendor's part is prevented by causes beyond vendor's control, or by government or legal authority, or if the sale or use of goods or equipments purchased in this order are claimed to infringe on any Canadian or foreign patents, copy rights or trademarks, in which event purchaser reserves the right to return for credit at contract sale price, plus expenses, any such goods or equipments which purchaser may have on hand, or if supplier fails to comply with other terms and condition of this order.
D) Purchaser shall not be held liable for any damages nor for the value of goods manufactured, in part or in whole, in excess of the quantities being scheduled for delivery within the thirty day period immediately following purchaser's notice of reduction or cancellation.

4. PRODUCT OR PROCESS MODIFICATIONS BY SUPPLIER

Supplier shall notify GGI in writing, at least 60 days in advance, regarding its intention to bring any changes whatsoever to the manufacturing site, the manufacturing processes, or to the components of a product which might affect a product requested by GGI. Said change will only become effective after having been duly authorized by the proper GGI authority. Supplier shall provide, upon GGI's request, the compliance certificate for a specific lot produced.

5. OVERS

Supplier must provide the exact quantities ordered by GGI. If the shipment contains a higher quantity than the one ordered, without GGI's approval or having notified GGI, the latter reserves the right to demand the missing items at the supplier's expense. If the supplier has a quantity policy, it will have to be an essential part of the order, otherwise GGI will not uphold said policy.

6. COMPLIANCE WITH DRAWINGS AND SPECIFICATIONS

Supplier expressly warrants that all goods delivered in this order will comply with any sample and any specification, drawing or other description provided by the purchaser, and will be fit and sufficient for their intended purpose, and free from defect. Supplier will compensate purchaser, will not hold it responsible at all, and will defend it from all liability for losses, damages to property or injury to persons, in any manner arising out of incident to the performance of the goods ordered. This supplier's responsibility will remain in force even after delivery and acceptance of the goods ordered.

7. CHANGES TO DRAWINGS OR SPECIFICATIONS BY PURCHASER

Purchaser reserves the right at any time to make changes in drawings and specifications to goods or services ordered. Any appreciable difference in contract price, resulting from such changes, shall be equitably adjusted in the purchase order modified in writing accordingly.

8. INSPECTION

All goods and equipment ordered are subject to purchaser's inspection and approval at destination, and payment shall not constitute acceptance as to quality and quantity. Purchaser shall be the final judge of the products. Purchaser reserves the right to reject any non-compliant products. Purchaser shall write anon-compliance report and notify the supplier. Supplier shall provide corrective action to the supplier within 10 days. Purchaser will return any non-compliant products for exchange or credit. However, of non-compliance threatens production, purchaser will be able to, if possible, repair said products by himself and bill the repairs to the supplier, as per a prerequisite agreement with the latter.

9. SPECIAL TOOLING, DRAWING OR SPECIFICATIONS

A) Seller is responsible for the protection, calibration, maintenance and care (other than normal wear and tear) of all tooling and equipment owned by the Purchaser and used in connection with the Materials. Such tooling or equipment shall be subject to inspection by Purchaser upon notice and shall be returned in an acceptable condition (normal wear and tear excepted) upon demand or notice.
B) Except as otherwise specified in this Purchase Order, any special tooling, including jigs, dies, fixtures, molds, patterns, special gauges, special test equipment and other items, shall be furnished by and at the expense of Seller for Purchaser; shall be stamped, painted or legibly marked "Property of GGI International"; and shall be stored separately when not in use. Special tooling shall be kept in good condition by Seller without expense to Purchaser. Title to special tooling shall be in Purchaser's name and all part made from Purchaser's special tooling are to be supplied to Purchaser exclusively.
C). Supplier agrees to provide and maintain proper insurance coverage protecting purchaser against any loss of, or damage to material, equipment, etc. belonging to purchaser while in supplier's possession.

10. INSURANCE COVERAGE

Supplier agrees to provide and maintain proper insurance coverage, GENERAL and PRODUCT LIABILITY insurance coverage with limits of not less than \$500,000 per occurrence and \$1000000 annual aggregate. Such product liability insurance shall name the BUYER as an additional insuree and shall provide that such insurance shall not be cancelled or the coverage reduced without at least 30 days prior notice to BUYER.. Supplier shall , from time to time , at the request of the BUYER, provide BUYER with a certificate of insurance evidencing the foregoing.

11. INTELLECTUAL PROPERTY INDEMNITY

In the event that any suit or proceeding alleging infringement of any patent, or alleging unfair competition resulting from similarity in the design or appearance of the goods bought under this order, is brought against the purchaser, its agents, representatives, clients or other buyer, the supplier agrees that it will promptly, on notification of the commencement of any such suits or proceedings, assume defense thereof, and that it will pay all costs and expenses in defense thereof, and it will also pay for all costs, damages, royalties or profits which may be decreed or awarded against purchaser, its agents or clients for or on account of the goods ordered, and vendor will hold purchaser harmless for any losses or costs in any or all suits or proceedings. If it so desires, purchaser may be represented by its own lawyer in any such suits or proceedings.

12. ASSIGNMENT

This order may not be transferred, shared or handed over without the written consent of purchaser.

13. ACCEPTANCE OF TERMS AND CONDITIONS

No agreement or other understanding in any way changing or adding to the terms or conditions expressed herein shall be binding upon purchaser, or confer any rights on vendor, unless said conditions are specifically agreed upon in writing by purchaser.

14. INTERPRETATION AND ARBITRATION

A) If it is found that a term of this agreement is null and unenforceable, this agreement shall be considered to be divisible as to this term, the other terms and conditions remaining valid and continuing to be binding on the parties hereafter as if the said term had not been included herein.
B) Parties agree that this contract will be managed and interpreted in compliance with the laws in effect in the Province of Quebec, and that any dispute arising from the present agreement, or in pertaining to it, can only be brought to justice before a Quebec court of law.