

18 Neville St., Unit C, New Hamburg, ON N3A 4G7
(519) 662-6489 info@safdrives.com

Conditions of Sale set forth on the next pages shall be part of this written contract.

1. **General** - This Standard Terms and Conditions of Sale shall be deemed to be an integral part of all Purchase Orders and other contracts of sale accepted by SAF Drives Inc. ("SAF") and shall supersede any conflicting provisions of any purchase order or other communication of the Buyer. All Purchase Orders are subject to approval and acceptance by SAF. No understanding, promise or representation, waiver, amendment, alteration or modification of any of the provisions hereof, shall be binding upon SAF unless expressly authorized in writing by an officer of SAF. Handbooks and catalogs supply general information and are not considered offers to sell by SAF. All Purchase Orders accepted or other contracts of sale executed by SAF are subject to SAF's terms, conditions, and price provisions in effect at the time the order is accepted.
2. **Prices** - All prices are F.O.B. SAF's facility in New Hamburg, Ontario, Canada. All prices include standard commercial packing for domestic shipment. All transportation, insurance, custom packing costs and expenses, and all Federal, Provincial and local excise, duties, sales, and other similar taxes are the responsibility of the Purchaser.
3. **Performance Figures** - Any performance figures delivered by SAF to a Buyer are estimates only and SAF shall have no liability whatsoever, whether for damages or otherwise, for the Buyer's failure to attain such performance figures unless SAF has warranted, in writing, subject at all times to customary tolerances as determined by SAF, such delivered performance figures.
4. **Delivery** - Shipping dates appearing on acknowledgments of orders, or given to the Buyer in any other manner, are approximate. Any dates quoted for delivery are to be treated as estimates only and SAF shall have no liability for failure to deliver within such time, unless otherwise specifically agreed to in writing by an officer of SAF.
5. **Limited Warranty** -
 - a) Subject to Article 9 below, SAF warrants to Buyer that products and any services furnished under any accepted purchase order or contract will be free from defects in material and workmanship. This limited warranty shall automatically expire on the first (1st) anniversary of the date of shipment, provided, however, that if Buyer, in the course of its regular and usual business, transfers title to or leases such products (including equipment incorporating such products) to a third party, subject to the Buyer's compliance with paragraph 10(a) below, such limited warranty period shall run until the date which is one (1) year after such transfer or lease or the date which is eighteen (18) months after shipment by SAF, whichever occurs first. The foregoing limited warranty does not extend to (i) non-conformities, defects or errors due to accident, abuse, misuse or negligent use of a product or use or storage in other than a normal and customary manner, environmental conditions not conforming to SAF's specifications, including, without limitation, deteriorations or degradation of products due to physical environment or due to electrical or electromagnetic noise environment, or failure to follow prescribed installation, operating and maintenance procedures, (ii) defects, errors or nonconformities in a product due to modifications, alterations, additions or changes not made in accordance with SAF's specifications or authorized by SAF, (iii) normal wear and tear, (iv) damage caused by force of nature or act of any third person, (v) shipping damage, (vi) service or repair of a product by the Buyer without prior written consent from SAF, or (viii) returned Product if the original identification marks have been removed or altered.
TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW, THESE WARRANTIES ARE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
 - b) Authority for return of equipment must first be obtained from SAF. Unless such authority has been granted, shipment will be refused. All equipment returned should include reference to all pertinent order information for that equipment and shall include order, part, model and serial numbers as well as details of the system from which the equipment was removed, if applicable.
 - c) Satisfaction of this limited warranty, consistent with other provisions herein, will be limited to the replacement or repair or modification of, or at SAF's sole option issuance of a credit for the equipment involved, with SAF to determine the availability of service personnel and Buyer to pay associated service expenses.
6. **Damages in Transit** - SAF will not be liable for goods damaged in transit.
7. **Terms** -
 - a) Except as may otherwise be stated in a written quotation issued on an accepted Purchase Order or other contract of sale accepted by SAF, terms of payment are thirty (30) days net from date of invoice. If Buyer defaults when any payment is due, then the entire contract price shall become due and payable upon demand and SAF, at its option, reserves the right to defer delivery or cancel the contract for sale. Invoices shall be delivered by SAF periodically as it may determine as work is completed and/or product is available for delivery to Buyer.
 - b) Equipment held for Buyer on its written request after completion of manufacturing shall be stored at the risk and expense of Buyer at storage rates determined by SAF.
 - c) If the financial condition of Buyer at any time does not, in the judgment of SAF, justify continuance of the work to be performed by SAF under any accepted Purchase Order or other contract of sale accepted by SAF on the agreed terms of payment, SAF may require full or partial payment in advance or the contract price or may in its discretion cancel any order then outstanding and shall receive reimbursement for its reasonable and proper cancellation charges.
 - d) In the event of bankruptcy or insolvency of Buyer or in the event any proceeding is brought against Buyer, voluntarily or involuntarily, under bankruptcy or any insolvency laws, SAF shall be entitled to cancel any order then outstanding at any time during the period allowed for filing

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claims against the estate and shall receive reimbursement for its reasonable and proper cancellation charges.
The rights of SAF under this paragraph are cumulative and in addition to all rights available to SAF at law or in equity.

8. **Sales and Similar Taxes** - Prices do not include sales, use, excise or similar taxes and the amount of any present or future sales, use, excise or other similar tax applicable to the sale or use of the equipment shall be paid by Buyer, or in lieu thereof Buyer shall provide SAF with a tax-exemption certificate acceptable to applicable taxing authorities.
9. **Cancellation** - Cancellation of accepted Purchase Orders may be made only upon written notice by Buyer. Cancellations shall be subject to the following conditions:
 - a) Cancellation of processed orders/items shall incur a charge of \$50.00 net per order provided no labour or material costs, other than processing, are accountable to it. Charges will be incurred as shown in Paragraph (e) below for an item having labour or material costs accountable to it.
 - b) There will be no charge for cancellation on orders or items when made for the convenience of SAF.
 - c) Cancellations will not be processed, under any circumstances, on orders/items of controls scheduled to ship from warehouse stock.
 - d) There will be no charge for cancellation of unprocessed orders/items provided no work has been done on them. If engineering or other work has been done, charges will be incurred as shown in Paragraph (e) below.
 - e) Cancellation charges on items having labour or material costs accountable to them will be calculated on the basis of labour, material and vendor restocking charges applied to the item plus ten percent (10%) of the net selling price of those items involved.
10. **Limitations of Liability and Indemnities** -
 - a) In no event, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise, shall SAF or its suppliers be liable for any special, consequential, incidental or penal damages including, but not limited to, loss of profit or revenues, loss of use of the products or any associated equipment, damage to associated equipment, cost of capital cost of substitute products, facilities, services or replacement power, down time costs, or claims of Buyer's customers for such damages. If Buyer transfers title to or leases the products manufactured by SAF to any third party, Buyer shall obtain from such third party a provision affording SAF and its suppliers the protection of this article and indemnify and save SAF harmless from any claims by such third party in excess of the Limited warranty in Article 1.
 - b) In no event, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise, shall SAF's liability to Buyer for any loss or damage arising out of, or resulting from this agreement, or from its performance or breach, or from the products or services furnished hereunder, exceed the price of the specific product or service which gives rise to the claim. Except as to title, any such liability shall terminate upon the expiration of the warranty period specified in Article 4.
 - c) If SAF furnished Buyer with advice or other assistance which concerns any product supplied hereunder or any system or equipment in which any such product may be installed and which is not expressly detailed in an accepted Purchase Order or other contract of sale accepted by SAF, the furnishing of such advice or assistance will not subject SAF to any liability, whether in contract, warranty, tort (including negligence) or otherwise.
 - d) The invalidity, in whole or in part, of any of the foregoing paragraphs will not affect the remainder of such paragraph or any other paragraph in this article.
11. **Property of the Goods Delivered** -
 - a) The risk in all products shall, pass to the Buyer immediately upon delivery F.O.B. 18 Neville Street, New Hamburg, Ontario.
 - b) The Buyer shall keep all products purchased from SAF at the shipping address provided by the Buyer until payment in full of all related invoices and until payment in full is received by SAF the Buyer shall not permit such products to be removed from that location nor deliver possession thereof to any third party, without SAF's prior written consent and then only to such address as is specified in such consent.
12. **Modifications** - SAF reserves the right to modify the design of any drawings referred to in any quotation, Purchase Order or other contract of sale provided such modification will in SAF's sole judgment will result in equal in product performance to that as originally stipulated.
13. **Shipping Weights and Dimensions** - Published weights, are careful estimates but are not guaranteed. Dimensions shown in SAF publications are approximate. Certified dimension drawings can be obtained upon request.
14. **Substitutes** - SAF may furnish suitable substitutes for materials unobtainable because of priorities or regulations established by governmental authority or non-availability of materials from suppliers and assumes no liability for deviation from published dimensions and descriptive information not essential to proper performance of the product.
15. **Choice of Law** - This contract is governed by the laws of the Province of Ontario.
16. **Force Majeure** - SAF shall be excused for failure to perform all or any part of any Purchase Order or other contract of sale due to events beyond its control. These events shall include, but not be limited to, fire, storm, flood, earthquake, explosion, machinery breakdown, accidents, enemy action, sabotage, strikes, labour disputes, labour shortages, work stoppages, transportation embargoes or delays.