

**LAYDON COMPOSITES LTD.
TERMS AND CONDITIONS OF SALE**

1. ACCEPTANCE Any order for the purchase of products from Laydon Composites Ltd. (the Seller) shall be subject to the terms and conditions set forth herein. There are no understandings or agreements other than as set forth herein and no additions, deletions or modifications of these terms proposed by the Buyer in its printed form or otherwise shall bind the Seller unless accepted in writing by an officer of the Seller. The Buyer understands and agrees that these terms and conditions shall apply to all orders placed at any time by the Buyer including any after the order with respect to which these terms and conditions were first delivered to the Buyer.

2. TITLE, RISK OF LOSS, PRICES Terms of delivery are F.O.B. point of shipment as designated by the Seller. Risk of loss and title shall pass to the Buyer upon delivery of the products to the Buyer or carrier, as the case may be. Unless specifically otherwise set forth, prices do not include the cost of freight, which is for the Buyer's account, or costs or charges for insurance or any production, sales, use transfer, transportation, excise or other tax, tariffs, or custom duties, and the Buyer will pay directly or be charged by the Seller for all such costs and/or charges in addition to the price(s) of the products supplied hereunder and the Buyer shall be obligated to pay such charges and costs on the same terms as apply to payment of the price(s) hereunder.

3. TERMS OF PAYMENT Unless otherwise agreed to in writing, payment terms are net 30 days from the invoice date. Overdue accounts will be assessed a finance charge of 1.5% per month (19.56 per annum) on all accounts over thirty (30) days. Any fees or costs required to collect outstanding accounts shall be added to the finance charge.

4. REMEDIES The Seller reserves the right, at Seller's option, to cancel the order without liability to the Buyer, suspend work on the order and/or future orders and/or withhold delivery of all or part of the products subject hereto, in all sales without prejudice to any other legal or equitable remedy, until past due amounts are paid to the Seller. The Seller retains a security interest in all goods delivered under this order to secure payment of amounts due in respect thereof.

5. CANCELLATION Orders are not subject to cancellation or modification, in whole or in part, after the Seller's acceptance, except with the Seller's written consent. If the Buyer cancels or modifies an order after acceptance by the Seller without the Seller's written consent, the Buyer agrees to compensate the Seller for costs and any loss of profits that the Seller may suffer as a result.

6. INSPECTIONS, RETURNS AND SHORTAGES The Buyer agrees to inspect, test and accept or reject product(s) delivered by, or for the Seller, within fifteen (15) days after delivery thereof to the Buyer's facility, and all product(s) delivered shall be conclusively deemed accepted and to conform to contract requirements unless rejection is made or specific objection or notice of non-conformity is given in writing within such fifteen (15) day period. All merchandise returned must be accompanied by the Seller's preauthorized return number and adhere to the Seller's shipping instructions, otherwise any excessive shipping charges will be charged to the Buyer's account. Any material that is authorized by the Seller to be returned, that is not due to material warranty or defect issues, shall incur a 25% restocking charge and the Buyer shall be responsible for all delivery costs. Any shortages must be reported within two (2) days of receipt of the product.

7. WARRANTY The Seller will warranty its products against defects in workmanship and materials for a period of one (1) year from date of shipment. The Seller agrees, at its option, to repair or replace any parts that are defective in material or workmanship, providing the Seller receives notification in writing of such defects accompanied by digital images. The Buyer must also make available all non-conforming parts for inspection by the Seller. Coverage will not apply to any parts that have, in the opinion of the Seller, been abused, altered or improperly installed, or any items which have been damaged through negligence or accident. The Seller is not responsible for any defect in workmanship and material beyond the warranty period.

The Seller assumes responsibility for defective parts only to the extent of the actual invoice value of parts supplied by the Seller or part thereof, and assumes no responsibility for additional labor, shipping costs, damage or delays as a result of such defective parts. In no event will the Seller be liable for any loss of income, loss of profits, or consequential, incidental or indirect damages resulting from any breach, default or delay of performance by the Seller under this warranty. The Seller will not support any warranty claims made by third parties unless agreed to in writing.

8. ENVIRONMENTAL CREDITS The Buyer acknowledges that the purchase of any product, process and/or method from the Seller does not entitle the Buyer to ownership, control or possession of any applicable environmental credits attributable to the product or use of the product in conjunction with other products due to the direct or indirect reduction of harmful emissions into the environment.

9. INTELLECTUAL PROPERTY The Buyer acknowledges that the Seller has patent(s) and/or patent(s) pending covering certain parts, components and/or methods of processing purchased hereunder.

10. GOVERNING LAW The rights and obligations of the parties hereto and the construction and effect of any contract formed pursuant hereto shall be governed by the laws of the Province of Ontario, Canada.

11. INSURANCE Coverage held by the Seller for potential liabilities is available to the Buyer upon request.

12. ENTIRE AGREEMENT These terms and conditions of sale comprise the entire agreement between the Buyer and the Seller as to the subject matter hereof.