

TRUE NORTH PRINTED PLASTICS INC.
TERMS AND CONDITIONS

Legal Agreement: These Terms and Conditions shall govern all Purchase Orders for products or services by the Buyer unless specifically revised in writing by True North Printed Plastics Inc. ("TNPP") and the Buyer. The Buyer acknowledges that this document is a legal agreement between the Buyer and TNPP, and that it confers specific rights and obligations under each of the parties, and may modify rights to which either or both of the parties would otherwise be entitled. Any reference to the Purchase Order in these Terms and Conditions includes a reference to these Terms and Conditions. The Buyer acknowledges its final acceptance of these Terms and Conditions by its signature hereunder.

1. ACKNOWLEDGEMENT OF PURCHASE ORDER: The Buyer understands and acknowledges that the work between the parties is of a custom manufactured nature and therefore only has value to the Buyer and is of no value to any other party. If the Buyer's copy of the Purchase Order, irrespective of its date, contains written, printed, or stamped provisions that differ from these Terms and Conditions, these Terms and Conditions shall prevail. No other stipulations, representations, agreements or understandings shall be valid unless agreed to in writing. Any Non-disclosure, Confidentiality or other similar agreement in place between the parties shall continue in full force and effect.

2. ACCEPTANCE OF PURCHASE ORDER BY TNPP: All Purchase Orders are subject to acceptance by TNPP at any time prior to the delivery of the first production run. Any adjustments to the Purchase Order must be negotiated between TNPP and the Buyer. A Purchase Order shall be deemed to have not been accepted by TNPP unless written notice is provided to the Buyer within ten (10) calendar days of receipt by TNPP of the Purchase Order. Acceptance of any Purchase Order by TNPP is subject to approval of credit, which shall be reviewed periodically and is subject to change upon written notice.

3. PRICES: Prices are based on wages and costs of raw materials prevailing at date of the Purchase Order and therefore are subject to changes reflecting increased costs on written notice by TNPP to the Buyer. Prices are based on samples, blue prints, EDI files, or drawings at hand, and any modification thereof subjects the Purchase Order to adjustments. Pricing is based on continued production of the quantity therein specified. Smaller run or quantity changes are subject to price increases.

4. PAYMENT TERMS: TOOLING: A fifty per cent (50%) deposit is due at the time a verbal or written Purchase Order is placed. A forty per cent (40%) payment is due ten (10) days after receipt of invoice for completion of the tool. The ten per cent (10%) balance is due net ten (10) days after approval of samples or thirty (30) days after receipt of samples, whichever is first. PRODUCTION PARTS: Payment for all parts shall be made on a net thirty (30) day basis, under which the net amount payable by the Buyer inclusive of all taxes and applicable costs and less all applicable discounts is due and payable thirty (30) days after the date of the invoice. Tooling invoices must be paid in full before production parts will be run. TNPP will levy a one and one half percent (1 1/2%) per month (18% per annum compounded monthly) late charge on the unpaid principal balances of any account delinquent beyond the terms quoted. The charges will be calculated and invoiced on a statement at the end of each month with the time prorated on the balance due beginning at the date of delinquency. The Buyer agrees to pay all the expenses incurred by TNPP in the collection from the Buyer of any delinquent account, including but not limited to all legal fees and costs. TAXES: All sales are subject to such Local, Provincial, State and Federal taxes as may apply and no such taxes are included in any price quoted. PAYMENT CURRENCY: Amounts to be advanced, paid or calculated under the Purchase Order are to be advanced, paid or calculated in Canadian Dollars, unless otherwise specified.

5. PASSING OF TITLE: Title to and ownership of the parts shall remain vested in TNPP and shall not pass to the Buyer until:(a) TNPP has been paid the full amount of the price in accordance with these Terms and Conditions; and (b) the Buyer has performed all other obligations hereof. RISK OF LOSS: Risk in the parts shall be deemed to pass from TNPP to the Buyer at the time of shipment.

6. APPROVED SAMPLES: Submitted samples shall be deemed approved and accepted if written notice of rejection or deviation is not received within thirty (30) days of submittal. Molded plastics parts are not considered to be rejected because of variation from print dimensions if they are made to, and are unchanged from, approved samples with respect to dimensions, finish and analysis nor from failure with regard to fitness for use when the Buyer has specified or approved the part design and assembly provision.

7. TOOLING: MAINTENANCE OF TOOLS: TNPP agrees to absorb normal maintenance costs during the normal tool life while in TNPP's possession. Normal tool life will be considered terminated when the Buyer no longer accepts parts produced from that tool because of defects caused by tool wear. At that time, an Invoice will be submitted by TNPP to the Buyer covering the cost of reworking the tooling, or of replacing part or all of the mold as needed, or additional cost of whatever secondary operations may be involved. EXCLUSIVE USE OF TOOL: Tooling produced by TNPP for the production of the parts will not be used to produce parts for any other Buyer without written consent of the Buyer. All tools produced by TNPP shall be for the exclusive use of TNPP and its sub-contractors. CHANGES IN TOOLING: The Buyer agrees to pay for changes in tooling made necessary by changes in specifications accepted by TNPP, such changes to be made at the Buyer's risk. DISPOSAL OF TOOLS: TNPP shall have the right to dispose of, without liability therefore, material or designs used in the manufacture of such tooling. When for a period of three (3) years, no Purchase Orders are received for parts to be produced from tooling, TNPP may notify the Buyer in writing at the last known address in TNPP's files, that disposition may be made of tooling. In return, if notice is not received within (30) thirty days tooling may be disposed of by TNPP. If the Buyer wishes TNPP to retain possession of the inactive tool, a storage charge may be applied.

OWNERSHIP OF TOOLS: The Buyer acknowledges that all tooling is proprietary to TNPP and that TNPP is the sole owner of all tool and dying jigs, molds, drawings, specifications to be manufactured under the Purchase Order (together called "manufacturing tools"). INSURANCE: Tooling is not insured and TNPP shall not be responsible or liable for any loss or damage thereto or for any materials or equipment owned or furnished by the Buyer. It will be the Buyer's responsibility to maintain coverage and furnish proof of insurance for the tooling. The Buyer will be responsible for business interruption insurance related to the tooling. The Buyer will supply a certificate of insurance for the manufacturing tools and products tooling and be responsible for maintaining all necessary insurance for the life of the Purchase Order.

8. COLOUR MATCH: Unless special provisions are negotiated in advance for colour matching, TNPP will obtain "commercial match" batch lots of material only. VARIATION: Except

where the Purchase Order provides otherwise, all parts shall be furnished subject to standard commercial variation in material and production operations that are normal to the production process employed in the manufacture of those parts.

9. PRODUCTION/DELIVERIES: FIRST PRODUCTION RUN: Normal delivery for the first production is within (6) six weeks after sample approval and receipt of final payment of tooling, including texturing costs. **REORDERS:** if accepted by TNPP, are considered as placed under the same Terms and Conditions as the Buyer's previous Purchase Order unless otherwise agreed in writing. **PACKING AND SHIPMENT:** Unless otherwise specified, prices quoted cover bulk packing only, F.O.B. TNPP's plant. Specialty packaging to meet the Buyer's line requirements will be a) supplied by the Buyer; b) and/or designed by the Buyer; and c) contracted for, and approved by the Buyer. Additional transportation costs incurred due to the volume or handling requirements above and beyond those required to transport contracted goods as a bulk commodity will be the responsibility of the Buyer. Unless otherwise stated on the Purchase Order, TNPP's best judgment will be used in routing shipments. Shipments expedited on the Buyer's request may be subject to additional surcharges. Shipments will be subject to a quantity variation of plus or minus ten per cent (10%), same to be accepted by the Buyer as in compliance with the Purchase Order. If a lower shipping tolerance level is desired by the Buyer, TNPP will render a quotation based upon the revised requirements set forth by the Buyer.

DELAY: TNPP does not assume responsibility for any damages directly or indirectly resulting from delays in delivery. **DAMAGE:** When parts are broken or damaged in transit from TNPP to the Buyer, it is considered the responsibility of the Buyer to file a claim with the carrier for said breakage or damage. **MODIFICATIONS:** The Buyer acknowledges that any physical property of the manufactured parts which requires engineering changes as required by the Buyer will result in manufacturing schedule changes. Engineering changes and revisions may require a new or amended purchase order. The Buyer will be responsible for planning and accommodating any scheduling requirements and costs resulting from Buyer's engineering changes.

RIGHT TO DELIVER BY INSTALMENT: Despite the specification of a precise quantity of parts in the Purchase Order, TNPP may deliver the parts in one or more instalments, and where less than all of the goods are included in an instalment, the Buyer shall be liable to pay the price of those parts that have been so delivered without regard to the undischarged obligation of TNPP to deliver the remaining parts. Each delivery by instalment shall constitute a separate contract, and any instalment of parts shall be paid for in accordance with the terms hereof, without any holdback or other allowance with respect to the parts remaining to be delivered under the Purchase Order.

10. DEFECTIVE PARTS: Claims for shortages or rejections must be made in writing within three (3) business days after receipt of parts. TNPP agrees to repair, replace or at TNPP's option, issue credit for all defective parts which have not been altered, machined or finished by the Buyer, provided that such goods are returned to TNPP's factory properly packed, and provided that TNPP has had an opportunity to inspect such returned parts. The Buyer agrees not to issue any debit memo or deduct any portion of an invoiced amount without the express written consent of TNPP, provided TNPP responds within thirty (30) days of an authorized return. Any non-conforming material must be identified with a proper Non Conformance Report ("NCR") by the Buyer. No materials may be returned without a return authorization issued by TNPP. No debit memo will be issued without a documented NCR. Any final returns for credit must be completed within ninety (90) days of the termination of the purchase order.

11. CANCELLATION: Purchase Orders may be cancelled only upon the condition that the Buyer assumes immediate liability for and makes payment to TNPP for the cost of and profit on work in progress to date of cancellation, and further, that the Buyer assumes liability for commitments made by TNPP relating to the Purchase Order. The Buyer acknowledges that one of the components making up the price of parts ordered is the number of parts ordered. Accordingly, if cancellation of a Purchase Order results in the manufacture and delivery of a fewer number of parts than originally ordered, the price of the parts delivered and/or manufactured prior to cancellation is subject to increase at TNPP's sole discretion and the Buyer agrees to pay for any such increase in price.

12. DISCLAIMER OR WARRANTIES AND LIMITATION OF LIABILITY: Except as specifically set forth in these terms and conditions, TNPP disclaims all warranties, express or implied, including warranties of merchantability and fitness for use for any particular purpose, and all other liabilities or obligation relating in any way to the sale or use of the goods sold hereunder whether arising from personal injury, property damage or otherwise, and whether or not caused by TNPP's negligence. TNPP remains liable for damages caused to the items while in its possession. TNPP neither assumes nor authorizes any other person to assume for it any liability in connection with sale of the goods. TNPP shall have no liability for special, consequential, incidental or punitive damages of any kind arising out of the sale of/use of the goods and TNPP's liability shall in no event exceed the original purchase price of the goods. Unless otherwise expressly agreed in writing, TNPP is not responsible for the design of the goods sold hereunder, where item manufactured to buyer's design, prints and specifications, or if TNPP has faulty workmanship, or do not conform to buyer's specifications. TNPP shall notify buyer of any potential or perceived errors in buyer's design, provided any such errors are reasonably foreseeable by TNPP.

13. FORCE MAJEURE: TNPP shall not be liable for any damage, cost or loss of profit of the Buyer arising from a failure by TNPP to comply with its obligations hereunder, where that failure is attributable to fire, flood, storm, strike, riot, any terrorist act, any act of war (whether or not declared), or of any government or similar entity exercising *de facto* sovereignty for the time being in any relevant jurisdiction, including any embargo or restriction upon shipping or transport. TNPP shall not be liable to the Buyer in respect of a failure TNPP to comply with its obligations under these Terms and Conditions to the extent that the failure in question is attributable to any circumstance or cause beyond the reasonable control of TNPP.

14. COURSE OF CONDUCT NOT CONSTITUTING AMENDMENT: These Terms and Conditions shall not be deemed or construed to have been amended as a result of the acceptance or acquiescence of a party in a course of conduct by the other party, even though the accepting or acquiescing party knows of that conduct and refrains from objecting to it, but each party may at any time insist upon strict compliance by the other party with the terms hereof.

15. RIGHTS OF REMEDY IN CASE OF DEFAULT: If the Buyer: (a) fails to make the payments as described in paragraph 4 hereof; (b) becomes insolvent; (c) has a receiver appointed; (d) makes an assignment or is petitioned into bankruptcy; or (e) is otherwise in default under these Terms and Conditions and in the case of (a) and (e) above such default is not remedied within ten (10) business days after written notice specifying such default has been delivered to the Buyer, TNPP may, at its option, suspend production and/or delivery of parts and/or terminate the Purchase Order. The Buyer acknowledges that TNPP will not be obliged to continue production under the Purchase Order and that all products produced to the date of the event of default are the property of TNPP.

16. PROPRIETARY AND CONFIDENTIAL INFORMATION: If the Buyer receives any proprietary or confidential information of TNPP relating to its business, operations, equipment or the methods of manufacture of products and parts, the Buyer will retain all such information in confidence and will not disclose it to any other party during the term of the business relationship or at any time thereafter. However, nothing herein will prevent disclosure by the Buyer of any information after it is available to the general public in a printed publication. TNPP will provide notice in writing of all proprietary and confidential issues.

17. PATENTS AND COPYRIGHT: If patent or copyright infringement occurs directly or indirectly resulting from parts or goods ordered or produced by TNPP on the Buyer's behalf and with the Buyer's specification, the Buyer assumes full responsibility for all activities performed by TNPP in producing or ordering such parts or goods and agrees to indemnify and hold TNPP free and harmless against and from any and all losses, including but not limited to, expenditures made or incurred for judgments, settlements, damages, costs, attorney fees, investigation, negotiation, litigation and any and all other losses and disbursements directly or indirectly related thereto.

18. MEDIATION: The courts of the Province of Ontario shall have jurisdiction with respect to any issue arising from the Purchase Order and these Terms and Conditions that cannot be mutually agreed upon between the Buyer and TNPP. The parties agree to submit any dispute to mediation prior to commencing legal proceedings with respect thereto.

19. GOVERNING LAW: These terms and conditions shall be interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

20. ASSIGNMENT: No party may assign its rights or obligations under the Purchase Order without the prior written consent of the other party, which consent may not be unreasonably withheld or delayed.

21. TRANSMISSION BY FACSIMILE: These Terms and Conditions may be transmitted by facsimile or such similar device and the reproduction of signatures by facsimile or such similar device will be treated as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the these Terms and Conditions bearing original signatures forthwith upon demand.