

The following terms and conditions and the attached invoice ("Sales Invoice") constitute the entire agreement (the "Agreement") between the party defined in the Sales Invoice as the "Buyer" and Norcan Fluid Power Ltd. (the "Seller") for the sale of certain goods as described in the Sales Invoice, (the "Goods") and replace all previous terms and conditions, proposals and quotations issued by either party. In the absence of a written acceptance by the Buyer, an acceptance by the Buyer of any of the Goods constitutes an acceptance of these terms and conditions. No waiver, alteration or modification of these provisions will be valid unless made in writing and signed by an officer or properly authorized employee of the Seller.

Price, Delivery and Possession

1.01 Price of Goods

The purchase price for the Goods as described in the Sales Invoice is based on the receipt of complete and accurate information from the Buyer and is subject to change upon notice to the Buyer as a result of increases in taxes, duties, imposts, fees or charges as described in section 5.0 and for any inaccurate or incomplete information from the Buyer. The Buyer will pay all additional costs incurred by either or both the Seller and the Buyer as a result of the provision by the Buyer of any inaccurate or incomplete information.

1.02 Delivery Date

Any changes to the order requested by the Buyer will delay the approximate delivery date set out in the Sales Invoice (the "Delivery Date"). The Seller's obligation to deliver will be, in the absence of a prior written agreement to the contrary, limited to delivery within a reasonable time based on all the circumstances and subject to these terms and conditions and the Delivery Date is subject to delay caused by Force Majeure Events (as that term is defined in Section 2.01, below).

1.03 Transfer of Possession

UNLESS OTHERWISE AGREED TO IN WRITING, THE BUYER AND THE SELLER HEREBY EVIDENCE THEIR COMMON INTENTION THAT PROPERTY IN THE GOODS AND ALL RISK OF LOSS OR DAMAGE TO THE GOODS SHALL PASS TO THE BUYER UPON DELIVERY OF THE GOODS TO THE CARRIER (the "Carrier") BY THE SELLER.

1.04 Transfer of Possession

The Buyer and the Seller agree that possession of the Goods by the Carrier is not at the request of the Buyer.

Force Majeure

2.01 Performance of Obligations

The Seller will make commercially reasonable efforts to deliver the shipment of the Goods to the Carrier by the Delivery Date in accordance with shipping dates described in the Sales Invoice (the "Shipping Dates"), if any. However, ALL SHIPPING DATES ARE APPROXIMATE ONLY and are based upon prompt receipt by the Seller of all relevant information from the Buyer and are subject to delay caused by Force Majeure Events. The Seller will not assume any responsibility or liability to the Buyer for loss or damage to the Buyer due to: delay or inability to ship the Goods caused by or arising out of acts, omissions or events not within the Seller's control including, without limitation, fire, flood, war, labour difficulties, accidents and acts of God; delays of carriers, subcontractors or suppliers; delay, failure to supply, reduction in quantity or cancellation of orders by suppliers due to industry wide material shortages, price increases or allocation constraints in steel supply or production; or, inability of suppliers or subcontractors to obtain materials ("Force Majeure Events").

2.02 Election to Terminate

If the Seller is unable to perform its obligations hereunder by reason of a Force Majeure Event, the Seller will notify the Buyer and may elect to terminate this Agreement without liability for any cost, loss, damage or expense suffered or incurred by the Buyer by reason thereof.

Terms of Payment

3.01 The Seller reserves the right to set out on the Sales Invoice only a part of the total quantity of Goods ordered by the Buyer. Neither failure on the Seller's part to deliver all the Goods or a part thereof nor any claim by the Buyer in respect of the order for all the Goods or part order will entitle the Buyer to reject the balance of the Goods.

3.02 The Seller reserves the right to require payment in full before commencing its performance hereunder.

3.03 Interest will be charged to the Buyer on overdue accounts at the rate of 2% per month (26.8% per annum). In addition to interest, the Buyer will also reimburse the Seller for all costs and expenses incurred by the Seller including actual legal fees in collecting any overdue accounts.

Change in Buyer's Financial Condition

4.01 The Seller reserves the right by written notice to cancel any order or require full or partial payment or adequate assurance of performance from the Buyer without liability to the Seller in the event of (i) the Buyer's insolvency, (ii) an assignment or other voluntary acceptance of a petition in bankruptcy by the Buyer, (iii) the appointment of a receiver or trustee for the Buyer, or (iv) the execution by the Buyer of an assignment for the benefit of creditors. The Seller reserves the right to suspend its performance until such payment or adequate assurance of performance has been received. The Seller also reserves the right to cancel the Buyer's credit at any time for any reason.

The Buyer, in order to provide security for the payment of the full price of Goods supplied hereunder, grants the Seller a security interest in the Goods. The Buyer agrees to execute any documents or supply information to the Seller necessary to perfect this security interest. The Buyer waives all rights to receive from the Seller a copy of any financing statement, financing change statement or verification statement issued at any time in respect of such security interest.

Taxes

5.01 All taxes, duties, imposts, fees or charges including, without limitation, fuel surcharges and anti-dumping duties of any governmental authority or body however denominated which, prior to the completion of delivery of Goods under this Agreement, are levied, imposed or increased by any governmental authority or body on or measured by any of the Goods then remaining unshipped or on or measured by any of the raw materials used in the manufacture of the Goods or the processing, purchase, sale, holding for sale, distribution, dealing in, transportation, use or handling of any of the Goods or such raw materials, if paid or borne by the Seller, will be added to the purchase price for the Goods and paid or reimbursed by the Buyer to the Seller.

Acceptance of Goods

6.01 Unless other arrangements have been previously agreed in writing between the parties, upon delivery any of the Goods to the Carrier at the Seller's premises in accordance with section 1.03 above, the Buyer will be deemed to have accepted such Goods in good condition and in compliance with the Buyer's specifications and such Goods will be deemed to be fit and suitable for their purpose.

6.02 THE BUYER ACKNOWLEDGES AND AGREES THAT THE GOODS DESCRIBED IN THE SALES INVOICE, ONCE ACCEPTED UPON DELIVERY, ARE DEEMED TO BE IN ACCORDANCE WITH THE BUYER'S SPECIFICATIONS AND THAT THE SELLER IS NOT RESPONSIBLE IN ANY WAY FOR THE FITNESS, MERCHANTABILITY OR SUITABILITY OF THE GOODS FOR THE BUYER'S PURPOSE.

6.03 The Goods do not, and will not, represent all or substantially all of the inventory of the property of the Buyer.

Warranty

7.01 Term of Warranty

Goods are sold only with such warranties as may be extended by the manufacturer of the Goods. The Buyer acknowledges that the Seller is not the manufacturer of the Goods. The Buyer is responsible for installation and use in accordance with manufacturer's instructions. The Seller's personnel are not authorized to alter this policy. The parties hereto agree that British Columbian and Canadian sale of goods laws shall apply to this order and not the United Nations Convention on Contracts for the International Sale of Goods, and any local enactment thereof (including but not limited to the international Sale of Goods Contracts Convention Act). The warranty period on repairs will be limited to 90 days after the goods leave the Seller's premises, or in the case of an on-site repair, the warranty will start when the Seller's technician leaves the site. The warranty on components used in the repair will be covered by the manufacturer's warranty only. The repair warranty covers specific repair work done on the equipment only and does not cover damage or failure to other assemblies or components incurred during the repair warranty period, or for causes not related to the repair work. Any associated damage or failure to the equipment and its coverage under the repair warranty will be evaluated and decided upon by the Seller. If the Seller's examination discloses, to its satisfaction, that the Goods are defective and an adjustment is required, the amount of such adjustment will be, at the sole option of the Seller, either the net sales price of the defective Goods or the replacement cost, excluding installation, of the defective Goods. The Buyer will pay for any inspections or repairs not covered by warranty. THIS IS THE SELLER'S SOLE WARRANTY. THE SELLER MAKES NO GUARANTEE OR OTHER WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AND ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS, WHETHER STATUTORY OR OTHERWISE, ARE HEREBY DISCLAIMED AND EXCLUDED. The Seller neither assumes, nor authorizes any person to assume for it, any other obligation in connection with the sale and delivery of the Goods. This warranty shall not apply to any Goods or parts of Goods which have been: repaired, damaged or altered in any manner; or, subjected to misuse, negligence or accident.

7.02 Buyer Determines Suitability

In return for the warranty described in section 7.01, the Buyer agrees that it has determined the fitness and suitability of the Goods for their intended use and that it will assume all risks and liability whatsoever in connection with such use. The Buyer hereby releases the Seller from all other liability and acknowledges and agrees that there are no other warranties, representation or conditions, statutory or common law, as to quality or fitness or merchantability or suitability for purpose, or otherwise, and no liability for negligence, breach of contract or fundamental breach. The Seller's liability on any claim for loss or damage arising out of this Agreement or from the performance or breach thereof or connected with the supplying of any Goods hereunder, or the sale, resale, operation or use of such Goods, whether based on contract, warranty, tort (including negligence) or other grounds, shall not exceed the price allocable to such Goods or part thereof involved in the claim, REGARDLESS OF CAUSE OR FAULT. THIS LIMITATION OF LIABILITY REFLECTS A DELIBERATE AND BARGAINED FOR ALLOCATION OF RISKS BETWEEN THE SELLER AND THE



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BUYER AND CONSTITUTES THE BASIS OF THE PARTIES' BARGAIN, WITHOUT WHICH THE SELLER WOULD NOT HAVE AGREED TO THE PRICE OR TERMS OF THIS CONTRACT. The Seller shall not, under any circumstances, be liable for any labour charges without its prior written consent. THE SELLER SHALL NOT IN ANY EVENT BE LIABLE whether as a result of breach of contract, warranty, tort (including negligence) or other grounds FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES including, but not limited to, loss of profits or revenue, loss of use of the goods or any associated product, cost of capital, cost of substitute products, facilities or services, downtime costs, or claims of customers of the Buyer for such damage. If the Seller has provided the Buyer with advice or other assistance concerning any Goods supplied hereunder, or any system or equipment in which any such Goods may be installed, and which is not required pursuant to this Agreement, the Seller will not be subject to any liability arising from the provision of such advice or assistance to the Buyer, whether based on contract, warranty, tort (including negligence) or other grounds. If the Buyer sells, transfers, or disposes of the Goods to any third party, the Seller will not be subject to any liability arising from the Buyer's sale, transfer, or disposition of the Goods, whether based on contract, warranty, tort (including negligence) or other grounds.

7.03 Indemnity for Third Party Claims

The Buyer agrees to indemnify and hold the Seller harmless from any liability, claims, or demands, and from all losses, costs, charges and expenses (including legal fees on a solicitor-client basis) arising from any such liability, claims, or demands, whether as a result of breach of contract, warranty, tort (including negligence) or other grounds arising from the Seller's sale, transfer, or disposition of the Goods to a third party.

Nuclear or Other Hazardous Activities

8.01 Unless specifically agreed to in writing by an authorized representative of the Seller, Goods sold hereunder are not intended for use in connection with any nuclear facility or any other hazardous activity such as military or commercial aircraft, space exploration, missile installations or other critical applications where failure of a single component could cause substantial harm to persons or property. The Buyer agrees to indemnify and hold the Seller harmless from any such liability whether as a result of breach of contract; warranty, tort (including negligence) or other grounds. The Seller and its suppliers shall not be liable to the Buyer or its insurers based on contract, warranty, tort (including negligence) or other grounds for onsite damage to any property located at a nuclear facility or for any use by the Buyer that is inconsistent with this paragraph.

Insurance

9.01 The Buyer, at its own cost and expense, shall obtain and maintain in force during the term of this Agreement and during the warranty period set out in Section 7 above, the following insurance coverage:

A policy of commercial general liability insurance with broad form property damage endorsement, personal injury and products completed operations coverage, affording protection in an amount not less than 2 million dollars (\$ 2,000,000) per incident and in the aggregate, with respect to personal injury, death, or damage to property.

Upon request, the Buyer shall supply to the Seller a copy of the policy. The policy shall state that it cannot lapse or be cancelled without at least ten (10) business days prior written notice to the Seller. Any deductible payable under such policy shall be borne by the Buyer.

Applicable Law and Jurisdiction

10.01 This Agreement including these terms and conditions and the Sales Invoice will be governed by the laws of British Columbia and the Buyer agrees to attorn to and accept the jurisdiction of the courts of British Columbia to hear any action or proceeding commenced.

Severability

12.01 If any provision or section of this Agreement is determined by a court of competent jurisdiction to be illegal, void or unenforceable, it shall be considered separate and severable and the remaining provisions will remain in force and effect and be binding on the parties.