

Terms and Conditions Covering the Purchase of Material by CEL

These Terms and Conditions apply to the purchase of parts, components, material and products (hereafter individually or collectively "Material") by Controlled Environments Limited and its subsidiaries, including but not limited to Controlled Environments Inc. and Argus Control Systems Ltd., or any of them individually (hereafter individually or collectively "CEL"). "Vendor" means the company, firm, individual or other entity with whom CEL contracts to supply Material. CEL and the Vendor may be referred to herein collectively as the "Parties".

By accepting a purchase order, the Parties agree to the Terms and Conditions as set out below:

1. The Contract:

The contract comprising any order for Materials and its acceptance is to be construed according to the laws of the Province of Manitoba, in Canada. The order is non-assignable by the Vendor. All documentation including packing slips must reference CEL purchase order number.

2. Delivery Schedule:

Deliveries of Material are to be made both in quantities and at the time specified in schedules furnished by CEL. CEL will have no liability for payment for Material delivered to CEL which are in excess of quantities specified in the delivery schedules, with the exception of a plus or minus of 5% on raw stock. CEL may from time to time change delivery schedules or direct temporary suspension of scheduled shipments.

3. Warranty and Inspection:

The Vendor expressly warrants that all Material contained in an order will conform to the specifications, drawings, samples or other description furnished or specified by CEL and will be marketable, of good material and workmanship and free from defect. The Vendor expressly warrants that all Material is supplied is in accordance with the Vendor's specifications. and shall be fit and sufficient for the purposes intended. Inspection by the Vendor shall be carried out at the Vendor's facility in accordance with the Vendor's internal Quality Control System.

All Material shall be received subject to CEL's inspection and rejection. Material that is not within specification shall be deemed defective, and CEL will hold such defective Material pending the Vendor's instruction, at the Vendor's risk, and if the Vendor so directs, will be returned at the Vendor's expense. Defective Material shall only be replaced if CEL so directs by supplying the Vendor with a new order and schedule. Payment for Material of an order prior to inspection by CEL shall not constitute acceptance thereof, nor will acceptance absolve the Vendor of responsibility for latent defects.

4. Cancellation:

CEL reserves the right to cancel all or any part of an order for Materials, in whole or in part, if the Vendor does not make deliveries as specified in the order and fails to correct such deficiencies

within 10 days after receipt of written notice from CEL alerting the Vendor of the said deficiencies, or if the Vendor breaches any of the terms hereof including the warranties of the Vendor.

5. Specification Substitution or Change:

The Vendor will make no substitutions or changes without expressed permission from CEL. Prior to making any tool modifications, the Vendor must obtain approval from CEL. CEL reserves the right at any time to make changes in drawings and specifications as to any material and/or work covered by this order. Any difference in price or time for performance resulting from such changes shall be equitably adjusted and the contract and/or schedule shall be modified in writing accordingly.

6. CEL Property:

Unless otherwise indicated in the order, all supplies, material, tools, jigs, dies, fixtures, patterns, equipment and other items furnished by CEL to the Vendor (hereafter individually or collectively "Tools") for use by the Vendor in preparing the Materials or otherwise in exercising its obligation under the order, shall be and remain the property of CEL. The foregoing applies to Tools that are or have been provided by CEL to the Vendor either directly, indirectly, or for which Vendor has been reimbursed by CEL. The Vendor shall bear the risk of loss of and damage Tools, with the exception of normal wear and tear which is expected. Tools shall be insured by the Vendor with fire and extended insurance coverage for the replacement value; shall not be used by the Vendor for any purpose other than the performance of the particular order received from CEL (unless otherwise authorized in writing by CEL); shall be deemed to be the personal property of CEL; shall be conspicuously marked "Property of CEL" by the Vendor; and shall not be moved from the Vendor's premises without CEL's prior written approval. Upon the request of CEL, Tools shall be immediately delivered to CEL by the Vendor, either (1) F.O.B. cars or trucks at the Vendor's plant, properly packed and marked in accordance with the requirements of the carrier selected by CEL to transport such Tools, or (2) to any location designated by CEL, in which event CEL shall pay the Vendor the cost of delivering the Tools to such location.

CEL shall have the right to enter onto the Vendor's premises at all reasonable times to inspect Tools and the Vendor's records with respect thereto.

7. Patents:

By accepting an order from CEL, the Vendor agrees to defend and save harmless and indemnify CEL, its successors, assigns and customers against all suits and from all damages and claims for actual or alleged infringement of, or inducement to infringe, any domestic or foreign patent by reason of the manufacture, use or sale of the Material ordered, including infringement which may arise out of compliance with specifications furnished by CEL.

8. Technical Information Disclosed to the Vendor:

The Vendor agrees not to disclose to any third party, or share any proprietary information provided by CEL to any third party, without first obtaining the written consent of CEL.

9. Advertising and Brand Protection:

The Vendor shall not, without first obtaining the written consent of CEL, in any manner advertise or publish the fact that the Vendor has contracted to furnish CEL with Material. Failure to observe this provision shall give CEL the right to terminate any order with the Vendor without any obligation to accept deliveries after the date of termination or make further payments except for completed Materials delivered to CEL's site prior to termination.

10. Insolvency:

CEL may forthwith cancel any order with the Vendor in the event of the happening of any of the following, or any other comparable event: Insolvency of the Vendor; the filing of a voluntary assignment in bankruptcy; the filing of any petition to have the Vendor declared bankrupt provided it is not vacated within thirty (30) days from the date of such appointment; or the execution by the Vendor of an assignment for the benefit of creditors.

11. Buyer's Decision:

The Vendor agrees that if the Materials included in any order received from CEL are to be manufactured in accordance with designs or specifications furnished by CEL, the Vendor shall not, without the express written consent of CEL, manufacture such Materials for any party other than CEL.

12. Country of Origin Identification:

(Canada, USA, and Mexico based suppliers)

By acceptance of this purchase order, the supplier shall provide CEL with the Country of Origin United States -Mexico -Canada (USMC) certification to demonstrate compliance to USMC agreement. If the supplier does not provide this documentation, CEL cannot accept the order.

(Non-North American based suppliers)

By acceptance of this purchase order, the supplier shall provide CEL with their countries respective Certification of Origin documentation. If the supplier does not provide this documentation, CEL cannot accept the order.

Manitoba P.S.T. Exemption Number 257785-2, if so indicated.

North Dakota Sales Tax Exemption Number 37111 00, if so indicated.