

Kanata Standard Terms and Conditions
Kanata Chemical Technologies Inc. ("Kanata")

Terms and Conditions of Sale

These following terms and conditions ("Terms") govern the purchase and use of all goods manufactured and sold by Kanata ("Products") and purchased or used by you (the "Buyer"), whether purchased through Kanata or through a third party:

1) Orders, Acceptance, Cancellation and Returns – No order for Products placed by a Buyer shall be binding on Kanata unless and until accepted by Kanata. Kanata reserves the right to reject any order for any reason. Once submitted to Kanata, an order may not be changed or cancelled by Buyer unless such change or cancellation is expressly agreed to in writing by an authorized representative of Kanata. Any such change or cancellation may be conditioned upon Buyer paying a change or cancellation charge intended to compensate Kanata for costs incurred. Products may not be returned for credit except with Kanata's prior agreement, other than in accordance with a valid warranty given by Kanata, and then only in strict compliance with Kanata's instructions. Any returned items may be subject to a restocking fee to be determined by Kanata. Under no circumstances will Kanata accept for return any customer special order products. Blanket orders or standing orders ("Blanket Orders") may be accepted by Kanata on behalf of Buyer under which Products will be shipped, from time to time, pursuant to an agreed upon schedule. Once a Blanket Order has been accepted, however, Buyer will not be permitted to cancel or change such Blanket Order without Kanata's prior written agreement. All blanket orders will be invoiced according to the shipping schedule in place at the time of the Order. Kanata shall have the further right to cease shipping Products under any such Blanket Order and to require payment in advance at any time that Kanata, in its sole discretion, determines that there is any doubt regarding the ability to collect an invoice.

2) Shipment - Shipments shall be made by common carrier, or as per Buyer's instructions. Terms are FOB Kanata's Mississauga, Ontario, Canada, facility. Title to Product and risk of loss shall pass to Buyer upon delivery to a carrier or into Buyer's transport. Kanata is not responsible for taxes, insurance, duties, or customs.

3) Pricing and Payment - Unless other pricing arrangements are set forth on the face hereof, all orders shall be priced in accordance with Kanata's prices in effect on the date of shipment. Kanata reserves the right to revise any price previously quoted without notice to Buyer at any time prior to acceptance by Buyer. Except as set forth on the face hereof, Kanata's price does not include any tax, insurance, duties, or customs or other charge now or hereafter imposed by law or regulation, domestic or foreign, upon any Product, services or any goods or on the production, manufacture, sale, transportation, disposal or delivery thereof. Accordingly, in addition to the price specified herein, Buyer shall pay the amount of any such tax or other charge applicable to this transaction, or, in lieu thereof, Buyer shall provide Kanata with appropriate evidence of exemption thereof from the proper governmental authority. At its option, Kanata may initially pay any such tax or other charges for Buyer's account and thereafter invoice Buyer for it. Subject to compliance with Kanata's credit requirements, payments on orders will be due and payable in full thirty (30) days from the date the invoice is received. Buyer shall pay monthly service charges of 1 1/2% per month for any past due amounts.

4) Representations, Warranties and Remedies

a) Kanata represents and warrants to Buyer that the Products will comply with the specification provided by Kanata. The sole remedy of Buyer in the event that Kanata is in breach of this warranty in respect of any particular Product is replacement of the non-conforming Product by Kanata with conforming Product. Kanata shall bear the relevant freight costs of supplying conforming Product to Buyer's address indicated above in respect of such remedy. All claims for breach of warranty must be presented to Kanata in writing within ten (10) days after delivery to Buyer of the Product. Failure of Buyer to give such notice shall constitute a waiver by Buyer of all claims in respect thereto. Kanata shall have an opportunity of verifying any breach of warranty before Buyer uses the goods. If requested by Kanata, Buyer shall return the nonconforming goods to Kanata strictly in accordance with Kanata's written instructions concerning shipping, handling, insurance and other matters as to which Kanata issues instructions. Failure to comply with these provisions shall invalidate any claim by Buyer for breach of warranty.

b) EXCEPT AS EXPRESSLY STATED HEREIN, KANATA OFFERS NO WARRANTIES OR CONDITIONS OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THIS AGREEMENT, KANATA'S PRODUCTS, SPECIFICATIONS, OR ANY SERVICES PROVIDED BY KANATA TO BUYER INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTIES THAT KANATA'S PRODUCTS WILL NOT INFRINGE THE CLAIMS OF ANY LETTERS PATENT, TRADEMARKS, REGISTERED DESIGNS OR OTHER PROPRIETARY RIGHTS OF ANY PARTY, AND KANATA EXPRESSLY DISCLAIMS ANY SUCH WARRANTIES AND CONDITIONS.

5) Limitation of Damages - Notwithstanding anything else herein contained, in no event shall the aggregate liabilities of Kanata to Buyer arising out of or relating to any transaction between them exceed the purchase price paid by Buyer to Kanata for the Products at issue. KANATA SHALL NOT IN ANY EVENT BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES OF ANY KIND RESULTING FROM ANY USE OR FAILURE OF THE PRODUCTS, EVEN IF KANATA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE INCLUDING, WITHOUT LIMITATION, LIABILITY FOR LOSS OF USE, LOSS OF WORK IN PROGRESS, DOWN TIME, LOSS OF REVENUE OR PROFITS, FAILURE TO REALIZE ANTICIPATED SAVINGS, LOSS OF BUYER PROPERTY OR ANY LIABILITY OF BUYER TO A THIRD PARTY, OR FOR ANY LABOR OR ANY OTHER EXPENSE, DAMAGE OR LOSS OCCASIONED BY SUCH PRODUCT INCLUDING PERSONAL INJURY OR PROPERTY DAMAGE UNLESS SUCH PERSONAL INJURY OR PROPERTY DAMAGE IS CAUSED BY KANATA'S GROSS NEGLIGENCE.

6) Indemnification - Buyer assumes all risk and liability for loss, damages or injury to persons or to the property of the Buyer or others arising out of the use or presence of the goods purchased hereunder. Buyer agrees to indemnify and hold harmless Kanata against any liability, damages, losses, costs, and expenses in connection with any suit or claim, including but not limited to, any loss of use, loss of profits, damages or injuries to person or property arising out of or relating to any use of goods purchased by Buyer herein, whether such claim is made by Buyer, Buyer's customers, or other third parties.

7) Safety - All of the Products offered by Kanata are research chemicals. As such, they should be used or handled only by or under the direct supervisions of technically qualified individuals. The chemical, physical and toxicological properties of certain Products may not have been fully investigated, since the Products are for investigational use only. Kanata,

therefore, makes no guarantee of results and assumes no liability for injuries, damages or penalties resulting from their use, since the conditions of handling and use are beyond Kanata's control. Any suggestions or recommendations for use of any Product are made without warranty and are not to be taken as a license to operate under or to infringe any patent. If any license, permit or approval of any person, entity or governmental or other regulatory authority shall be required for the acquisition, transport or use of the Products by the Buyer the Buyer shall be solely responsible to obtain the same at its own expense. All Products should be handled only by properly trained persons who are familiar with laboratory procedures and the potential hazards in handling laboratory chemicals. The Buyer assumes all responsibility to learn and understand the risks associated with any of the Products and for instructing its employees, agents, customers and any other persons who might reasonably be expected to come into contact with the Products, in techniques for safe handling and use of the Products and of any potential risks to person and property in any way connected with the Products. The Buyer also assumes the responsibility for the safe disposal of all Products in accordance with all applicable laws.

8) Miscellaneous

- a) Interpretation – Kanata's failure to strictly enforce any term or condition contained in the Terms shall not constitute a waiver of Kanata's right to strictly enforce such terms or conditions at any time in the future. If any provision of these Terms shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby. The paragraph headings contained herein are for convenience only and are not to be considered in interpreting these Terms. Where the context so requires, the masculine gender shall include the feminine or neuter, and the singular shall include the plural and the plural the singular. These Terms are intended to be binding upon, inure to the benefit of, and be enforceable by, the parties hereto, and their respective heirs, personal representatives, successors and assigns.
- b) Force Majeure – “Force Majeure” means, in relation to either party, any circumstances beyond the reasonable control of that party and not caused by such party (including, without limitation, governmental orders or restriction, war, warlike condition, revolution, riot, internal or external strike, lock out, other forms of industrial action, fire, flood) that prevents that party from fulfilling an obligation pursuant to these Terms. Should either party be affected by Force Majeure, it shall without delay notify the other party of the nature and extent thereof. Neither party shall be deemed to be in breach of this Agreement or otherwise be liable to the other by reason of any delay in performance, or non-performance, of any of its obligations hereunder to the extent that such delay or non-performance is due to any recognized Force Majeure of which it has notified the other party, and the time of performance for that obligation shall be extended accordingly.
- c) Entire Agreement - This Agreement expresses the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior discussions, offers, negotiations and agreements. In the event of a conflict between any terms and conditions of another document, such as Buyer's purchase order, these Terms shall prevail.
- d) Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflicts of laws applicable therein. Each party hereby submits to the exclusive jurisdiction of the Courts of the Province of Ontario.