

VARITRON RPM'S TERMS AND CONDITIONS OF SALE

These General Terms and Conditions of sale ("**General Terms**") govern any sales contract entered into between Groupe Varitron Inc. (doing business as Varitron RPM), hereinafter named "**Varitron RPM**", and the Customer whose name appears on the Varitron RPM Purchase Order (the "**Customer**", and collectively with Varitron RPM, the "**Parties**"). No Customer purchase order or other written document provided by the Customer may bind or constrain Varitron RPM in any way. Varitron RPM's offers, sales and its acceptance of all orders are expressly subject to the consent to these General Terms by the Customer. The acceptance of a Varitron RPM offer by the Customer shall be in accordance with the General Terms specifically provided by Varitron RPM. These General Terms apply to all sales of Product built by Varitron RPM as of the date included on the order form. Customers who do not agree to these General Terms should not order or accept any delivery of Product built by Varitron RPM. By accepting or ordering Product built by Varitron RPM, the Customer is deemed to have consented to these General Terms. The beginning of the provision of services or the delivery of products may in no case be interpreted as an acceptance of General Terms by the Customer that are different from or in addition to the General Terms. Amendments publicly made from time to time by Varitron RPM to the General Terms will govern any subsequent orders to such amendments. These General Terms, together with the corresponding invoice from Varitron RPM, include all terms, warranties and conditions relevant to each transaction between the Customer and Varitron RPM, and may not be altered, modified or changed in any way unless otherwise agreed to in writing by means of a Master Supplier Agreement, hereinafter referred to as a "MSA", signed by both parties including an authorized Varitron RPM officer. Any Customer terms and conditions that are different from, or in addition to Varitron RPM's terms and conditions are not recognized by Varitron RPM and are of no effect unless expressly agreed by Varitron RPM in writing.

1. MODIFICATION AND CANCELLATION

The Customer may notify Varitron RPM in order to cancel, postpone or change a product or manufacturing process of any product for which a delivery has been scheduled. Varitron RPM shall make commercially reasonable efforts to comply with any order modification request made by the Customer. Varitron RPM may invoice the Customer for the associated costs described below:

- (i) Schedule Change: Varitron RPM shall allow Customers to delay orders for a period of up to thirty (30) days from Varitron RPM's target delivery date. Withdrawal requests of more than thirty (30) days may, at Varitron RPM's discretion, result in Varitron RPM invoicing the Customer for any materials purchased as part of the order, or cancelling the order, as described in Section 1 (iii). The Customer may request shorter delivery times than those promised by Varitron RPM. In such cases, Varitron RPM will do everything in its power to meet the Customer's needs according to current commercial conditions. Stowage requests may require a new Customer quote to reflect acceleration costs.
- (ii) Changes to Products and Processes: Upon receipt of a purchase order, any changes requested by the Customer to the product design or manufacturing process (including CDA) shall be reviewed by Varitron RPM to determine their possible impacts. If applicable, before making such changes, the delivery costs or impact resulting from these change requests will be communicated to the Customer in order to obtain written consent. Any product or material that can no longer be used to manufacture the product shall be the responsibility of the Customer as detailed in Section 1 (iii).
- (iii) Cancellation, Modification and Reduction of Orders: In the event of an order cancellation, modification or reduction, the Customer shall be responsible for all product assemblies that are completed or in production. The cost of products in production will be determined based on the production status. The Customer is responsible for any NRE and tooling costs or any other one-time charges related to the production. The Customer is also responsible for all raw materials, including excess and obsolete materials, purchased by Varitron RPM related to any order. The

Customer will be charged a fifteen percent (15%) handling fee based on the value of the materials.

If Varitron RPM determines, at any time and at its sole discretion, that the Customer's financial situation or solvency is inadequate or unsatisfactory, it reserves the right, in addition to its other remedies under these General Terms, to take one or several of the following measures:

- (i) With five (5) days' written notice, amend the payment terms described in Section 4 for future and pending orders, including, but not limited to, the possibility of requiring the Customer to make cash payments in advance or on delivery;
- (ii) Reject any order from the Customer;
- (iii) Cancel any purchase order already approved;
- (iv) Delay or withhold delivery of any Customer order;
- (v) Stop delivery of any order in transit and ensure it is returned to Varitron RPM;
- (vi) With five (5) days' written notice, terminate these General Terms; or
- (vii) Accelerate the due date of all amounts payable by the Customer to Varitron RPM.

No action or lack of action taken by Varitron RPM under this Section shall constitute a waiver by Varitron RPM of its rights and remedies under these General Terms.

2. QUOTE

New Customer: New Customers must fill out a credit application and obtain credit approval before any requisition or order is processed and produced.

Validity of Quotations: All quotations are valid for a period of twenty (20) days from the date of issue to the Customer. When a purchase order is issued following a specific quotation, a signed copy of the quotation must be attached to the purchase order. Varitron RPM shall have the right not to process a purchase order if the customer refuses to attach a copy of the signed quotation to the order form. Prices and lead times are subject to change if the quantity and/or specifications differ from original quotations.

Component Delivery Times: Varitron RPM does not guarantee component delivery times. Additional costs may be incurred if component delivery times are longer than the ones initially proposed during the last quotation review and the Customer wishes to keep the initial deadline. These fees shall be charged to the Customer in full. Delivery times will be confirmed upon receipt of the order form only.

3. TAX AND CURRENCY

Tax and Currency: Prices are in United States dollars (\$US, USD) and do not include taxes (including but not limited to VAT, excise taxes and duties or federal or local taxes) or other duties required by the government (together the "**Taxes**"). All such Taxes shall be borne exclusively by the Customer, and Varitron RPM may incorporate these Taxes into the Customer's invoice for Product built by Varitron RPM or issue a separate invoice. Payment of these Taxes by Varitron RPM shall not relieve the Customer of the responsibility to pay these fees, and any amount paid on behalf of the Customer will be due to Varitron RPM by the Customer and shall be refunded on request. Varitron RPM reserves the right to correct clerical or typographical errors, including errors in price and terms and conditions.

4. TERMS OF PAYMENT

The sale price payable to Varitron RPM by the Customer shall be payable by wire transfer.

Except as otherwise stipulated in these General Terms, the terms of payment are net thirty (30) days from the date of the invoice as indicated on Varitron RPM invoices, or in the Agreement between the Parties (MSA). Varitron RPM shall add a monthly service fee of two percent (2%) (without exceeding the maximum statutory rate) for any outstanding account. The Customer shall be liable for all costs, including reasonable legal fees, incurred by Varitron RPM in the attempt to recover such amounts due.

For new Customers who have never done business with Varitron RPM, a pre-payment is required for orders over two thousand five hundred (2,500) USD. The production will begin once the value of the order(s) has been paid. These pre-payments will only be required for the first three (3) purchase orders.

The Customer undertakes to provide Varitron RPM with any relevant financial information requested by Varitron RPM, including, but not limited to, financial statements or confirmation of availability of Customer's funds. The Customer agrees that Varitron RPM is authorized to conduct credit checks with credit agencies or any other organization that assesses the Customer's credit.

The terms of payment may be subject to review following the customer's credit assessment. From time to time, Varitron RPM may, as a condition of acceptance of a product delivery or order, require payment guarantees that it deems appropriate. Such guarantees could be made by means of an irrevocable letter of credit. All amounts or payments due shall be paid to Varitron RPM without any deduction, withholding, or counterclaim.

The Customer is obligated to inform Varitron RPM without delay and in writing of any event that has or could have adverse effects on the Customer's business activities or financial position, including:

- (i) A change in the management of the Customer;
- (ii) Any significant sale, lease or exchange of the Customer's assets; or
- (iii) Any change of control of the Customer.

If the Customer is required by law to deduct or withhold amounts otherwise payable to Varitron RPM, the Customer's payments shall be increased to match the amount it owes to Varitron RPM without deductions.

All Product built by Varitron RPM delivered hereunder remain the property of Varitron RPM until the purchase price has been paid in full, including, but not limited to, the price and delivery charges and Taxes due to Varitron RPM. Furthermore, the Customer agrees to sign any documents that Varitron RPM may require to validate, protect or maintain its security interests.

The Customer acknowledges and accepts that it does not have the right to withhold, compensate, recover or debit any amount due to Varitron RPM by the Customer.

In the event that the Customer disputes all or part of an invoice, the Customer shall be obligated to pay the undisputed part of the invoice and to send to Varitron RPM in writing the detailed reasons for disputing such invoice, within thirty (30) days of receipt of the invoice, failing which the invoice will be deemed to be accepted.

5. SHIPMENT/DELIVERY

Shipment and delivery dates indicated on Varitron RPM purchase orders are to be considered estimates only, and are not guaranteed. Varitron RPM cannot be held liable for any costs, expenses or damages incurred by the Customer or a third party caused by shipping or delivery after the scheduled date. Any change made to an order will automatically result in a change in the shipping and delivery dates.

Incoterms: Deliveries are made in accordance with EXW, Incoterms 2010 (ex works). Notwithstanding the foregoing, Varitron RPM may, at any time and at its sole discretion, ship its products under different Incoterms. In any case, the order may be divided into several parcels. The sale proceeds are recognized once the delivery has been made to the carrier. The Customer must inspect the goods upon delivery and report any error or defect to Varitron RPM within ten (10) days of delivery, failing which Varitron RPM will conclude that the delivered products matched the products listed in the purchase order.

6. CERTIFICATIONS: HANDLING AND EXECUTION OF WORK

Unless otherwise specified in a Contract between the Parties (MSA), Varitron RPM certifies that handling is certified 09-055-00 Rec. C, ESD, moisture sensitive product and 09-005-01 Rev.E. Varitron RPM's work is certified IPC-A-610D, class 2.

7. EXCESS AND/OR OBSOLETE INVENTORY

Excess Inventory: Unless otherwise stated in an MSA or a specific quotation, the Customer is fully responsible for the excess inventory relating to an order or a contractual agreement (MSA). The details of the excess inventory shall be communicated by Varitron RPM to the Customer through the quotation or the contractual agreement. Varitron RPM will return to the Customer, systematically and at the Customer's expense, the excess material with the delivery of the products related to his purchase order. Varitron RPM will not hold in inventory the excess material relating to a purchase order.

Obsolete: Varitron RPM reserves the right to invoice the Customer for any obsolete material or inventory of material reserved specifically for it in connection with a quotation or contract and/or a contractual agreement (MSA). The invoice shall be issued within thirty (30) days following change of status to obsolete. The Customer is responsible for informing Varitron RPM of any obsolete materials related to quotations or contractual agreements.

Once the obsolescence has been determined, the Customer may decide whether they want the material to be returned to their warehouses at their expense or authorize Varitron RPM to dispose thereof. Any disposal fee shall be charged to the Customer.

8. COMPLIANCE WITH RELEVANT LAWS, INCLUDING IMPORT/EXPORT RESTRICTIONS

Customer represents and warrants that Product built by Varitron RPM will only be used in Canada or the United States. If Product built by Varitron RPM will be used in a jurisdiction other than Canada or the United States, the Customer agrees to sign, upon Varitron RPM's request, an End-Use Certificate stating that Product built by Varitron RPM will not be used, resold or exported in contravention of Canadian and US rules and sanctions. The Customer represents and warrants that Product built by Varitron RPM will be used for civilian purposes only and will not be used, resold or exported in contravention of Canadian and US rules and sanctions.

9. LIMITED WARRANTY

Varitron RPM guarantees each of its products to the Customer against manufacturing defects that could prevent the products from functioning in accordance with the functional specifications as defined at the time of shipment, for a period of thirty (30) days following the shipment date. In addition, Varitron RPM will pass on the warranties of the suppliers (and manufacturers) to the Customer, to the extent that they may be assigned, as well as manage such warranties, but will not independently guarantee any components.

This limited warranty is invalid if the product is:

- (i) Misused or improperly installed;
- (ii) Repaired or modified;
- (iii) Damaged due to a fortuitous event;
- (iv) Damaged during shipping or handling.

This limited warranty grants Varitron RPM the power to repair or replace the product or refund the purchase price. VARITRON RPM'S OBLIGATION UNDER THIS LIMITED WARRANTY DOES NOT INCLUDE ANY OTHER COSTS OR EXPENSES, INCLUDING, BUT NOT LIMITED TO, ANY COSTS OR EXPENSES RELATED TO THE WITHDRAWAL OR REINSTALLATION, FOR WHATEVER REASON, OR ANY OTHER COSTS, IMPOSED OR INCURRED (FOR EXAMPLE, AND WITHOUT LIMITATION, LABOUR COSTS OR EXPENSES, ADMINISTRATIVE EXPENSES, OR FOR THE PURPOSE OF COMPLYING WITH THE REQUIREMENTS OF THE LAW OR GOVERNMENT AGENCIES). THE ABOVE WARRANTY IS THE CUSTOMER'S EXCLUSIVE REMEDY FOR ANY ALLEGED OR ACTUAL DEFECTS IN ANY PRODUCT, AND ALL OTHER WARRANTIES, INCLUDING ANY LEGAL OR STATUTORY WARRANTIES, ARE HEREBY EXCLUDED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. NO ORAL OR WRITTEN DECLARATION BY VARITRON RPM OR ITS EMPLOYEES CONSTITUTES OR CREATES ANY WARRANTIES THAT MIGHT EXTEND THE SCOPE OF THE WARRANTY HEREUNDER. TO THE EXTENT PERMITTED BY LAW, VARITRON RPM SHALL UNDER NO CIRCUMSTANCES BE LIABLE TO ANY CLIENT FOR (I) ANY INDIRECT, SPECIAL, OR EXEMPLARY DAMAGES (EVEN IF VARITRON RPM HAS BEEN NOTIFIED OF THE POSSIBLE OCCURRENCE OF THIS TYPE OF DAMAGE) ARISING OUT OF THE FUNCTIONING OR MALFUNCTIONING OF THE PRODUCT OR OTHER TERMS OF THE CONTRACT RELATING THERETO (INCLUDING DAMAGES CAUSED BY THIRD PARTIES), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS, OR LOSSES RESULTING FROM THE INTERRUPTION OF ACTIVITIES, OR (II) ANY AMOUNT EXCEEDING THE PURCHASE PRICE OF THIS PRODUCT. THE CUSTOMER ACKNOWLEDGES THAT THIS LIMITATION OF LIABILITY IS A MAJOR FACTOR IN DETERMINING THE PRICE OF THE PRODUCT AND THAT ACCEPTING THIS LIMITATION OF LIABILITY CONSTITUTES A FAIR ALLOCATION OF RISK.

To benefit from this limited warranty, the Customer must return the alleged defective product in accordance with the "return" policy set forth below, within the period specified in the warranty.

Customer may not benefit from this limited warranty if it notifies Varitron RPM that certain specifications, components or methods must be used by Varitron RPM when manufacturing Product built by Varitron RPM.

10. RETURNS

Customers wishing to return a product must first contact Varitron RPM directly to obtain a Return Merchandise Authorization (RMA) number.

If the reason for the return complies with the provisions of the product warranty, Varitron RPM will send a RMA form that must be completed and returned with the product. If the reason for the return does not comply with the provisions of the product warranty, Varitron RPM will decide whether to send a RMA form; in this case, Varitron RPM will have no obligation to accept a return if:

- (i) The warranty has expired beyond thirty (30) days from the invoice date;
- (ii) The Product(s) is(are) unfit for sale (including, but not limited to, the fact that it has (they have) been used in a manner that is not recommended or subject to conditions that void the warranty).

Any product returned to Varitron RPM without a valid RMA number will be refused and the Customer will be liable for all return shipping charges, including applicable Taxes.

If issued, the RMA number is valid for a period of thirty (30) days. Products not returned to Varitron RPM within this time frame will not be accepted for any reason. Once a RMA number has been assigned to a product, the Customer is liable for all shipping costs, including applicable tax costs.

Regardless of the reason for issuing a RMA number, the Customer will be liable for any damages or material losses that may occur during shipping.

11. RETURN OF ALLEGEDLY DEFECTIVE PRODUCTS

Compliant Product: If, after examining the product, Varitron RPM concludes that it complies with the terms of the warranty, Varitron RPM shall reimburse the Customer for the return shipping costs and applicable Taxes, up to the normal UPS rate for non-expedited ground shipping delivery. The calculation for return freight will be limited to transit from the Customer's address to the manufacturing plant. In the event that Varitron RPM prefers to repair or replace a product that does not meet the warranty conditions, the delivery and shipping process will be in accordance with the paragraph above entitled "Delivery/Shipping."

Non-Compliant Product: If, after examining the product, Varitron RPM concludes that it does not comply with the terms of the warranty, Varitron RPM will return the product to the Customer at the latter's expense, as stipulated in the paragraph above, entitled "Delivery/Shipping," provided the Customer has prepaid the shipping costs and the inherent Taxes, and pays Varitron RPM the inherent costs associated with the handling and verification of product compliance. If the Customer does not pay these costs and Taxes within thirty (30) days of the date of the invoice, Varitron RPM will not recognize any obligation to return the products to the Customer, and shall deem the products to be its own property. If the product is delivered to Varitron RPM and parts or components are missing or damaged, additional fees will be charged to the Customer to replace them.

12. INTELLECTUAL PROPERTY

Nothing herein shall grant the Customer or the end users of Product built by Varitron RPM any rights, titles or interests to the intellectual property rights (including, but not limited to, patents, trademarks, copyrights, trade names or trade secrets of Varitron RPM, its licensors or suppliers) incorporated in or associated with the related products, services or software that may already be installed or included with the products or services specified in the Customer's order.

Any action taken by Varitron RPM to fulfill the Customer's order, whether it constitutes original work or an improvement to a Customer's existing technology or intellectual property, is and shall remain the exclusive property of Varitron RPM. Any intellectual property or trade secret of Varitron RPM, its licensors or suppliers that is included or installed in a product is licensed to the Customer by Varitron RPM and is not sold.

The licence is non-exclusive, is limited to the use with the product and is subject to all other terms and conditions of the Customer's order. The Customer agrees not to sell, transfer, sublicense, reverse engineer, or disassemble or redistribute the intellectual property or trade secret of Varitron RPM, its licensors or suppliers that is incorporated into the product specified in the Customer's order.

The Customer undertakes not to allow a third party to copy the intellectual property or otherwise make it available to third parties. No other use is permitted and Varitron RPM (or, as applicable, its licensors and suppliers) retains any title and property to and in any intellectual property or trade secret incorporated in the products delivered under the terms of the Customer's order.

13. COMPENSATION

The Customer undertakes, at all times, to defend, indemnify and save harmless Varitron RPM, its officers, directors, employees, shareholders, managers, lawyers, agents, affiliates, successors and assigns from all liability in respect to claims for damages, injuries (including fatalities), losses, costs, including legal fees and reasonable expenses arising from any claims, lawsuits or demands by a third party or from another party arising from:

- (i) Any breach of these General Terms by the Customer or the end users;
- (ii) Any improper or negligent installation or unauthorized repair.

The Customer may not settle, accept a compromise or consent to the registration of any judgment in respect to an ongoing or potential claim without the consent of Varitron RPM, unless such settlement, compromise or consent includes an explicit and unconditional waiver of all other claims for damages, losses, expenses, including legal costs and costs arising from any lawsuit against Varitron RPM.

14. APPLICABLE LAW

These General Terms govern each sales contract involving Varitron RPM; the applicable law to sales made pursuant to these General Terms shall be the laws of the State of Delaware, and any proceedings regarding these General Terms and/or the relationship between the Parties shall be brought exclusively before the competent courts in the judicial district of Wilmington. The United Nations Convention on Contracts for the International Sales of Goods is hereby waived and excluded and, therefore, does not apply.

15. MISCELLANEOUS

If any provision of these General Terms is deemed to be void or unenforceable, in whole or in part, by a court of competent jurisdiction, then, to the fullest extent permitted by applicable law, (a) all other provisions of these General Terms shall remain entirely valid and (b) Varitron RPM and the Customer agree to join their efforts to negotiate a replacement provision that will be legally equivalent, to the extent possible, to the original General Terms provision declared void or unenforceable.

Any waiver by Varitron RPM or the Customer of any default or breach of any provision of the General Terms by either Party shall not be construed as an exemption from any subsequent breach of the same provision of the General Terms, and may not delay or waive the authority of any of the Party to exercise or assert any rights or privileges that they hold or may hold hereunder, and shall not be construed as a waiver of this right or remedy or any other right or remedy by any of these Parties. Waivers must be made in writing and signed.

Nothing herein shall be construed to have the purpose of creating any partnership, joint venture or agency relationship between the Parties.

All private, confidential or proprietary information of Varitron RPM, including but not limited to order prices, is strictly confidential and may not be released or reproduced without the prior written consent of Varitron RPM.

The General Terms are for the sole benefit of the Parties and their respective successors and permitted assigns, and no provision of the General Terms is intended to confer onto any other person or entity a right, benefit or remedy of any nature whatsoever.