

PURCHASE ORDER TERMS AND CONDITIONS

Definitions:

- “Agreement” means, collectively, the Purchase Order and these Terms.
- “Delivery Date” means the due date for delivery of the Products and/or Services at RTI’s premises as specified in the Purchase Order.
- “Purchase Order” means the purchase order for Products and/or Services to which these Terms are attached or are otherwise incorporated therein by reference, and each subsequent purchase order for Products and/or Services entered into between the parties from time to time thereafter.
- “Products” means the goods to be provided by Supplier as described in the Purchase Order, which may include computer software.
- “RTI” means Redlen Technologies Inc.
- “Services” means the services to be provided by Supplier as described in the Purchase Order.
- “Supplier” means the vendor, seller, contractor or any of its affiliates as named in the Purchase Order.
- “Terms” means these Terms and Conditions.

Applicability: Unless otherwise expressly agreed to in writing by RTI, these Terms are the only terms which govern the purchase of Products and Services by RTI from Supplier. The Purchase Order and these Terms comprise the entire agreement between the parties, and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. These Terms prevail over any of Supplier’s general terms and conditions of sale regardless of whether or when Supplier has submitted its sales confirmation or such terms. The Agreement expressly limits Supplier’s acceptance to the terms of the Agreement. Fulfilment of the Purchase Order constitutes Supplier’s acceptance of these Terms.

Acceptance of Products or Services: Payment for Products and/or Services delivered hereunder shall not constitute RTI’s acceptance thereof. RTI shall have the right to inspect any Products or workmanship that are the subject of the Agreement within a reasonable time after delivery to RTI and to reject any or all of said Products which are in RTI’s judgement defective or nonconforming to the description thereof in the Agreement.

Prices and Taxes: The total price for the Products and/or Services which are the subject of the Agreement shall not be higher than that appearing on the face of the Purchase Order. No charge will be allowed for packing, crating, freight, express or other carrier charges or cartage unless specifically set forth in the face of the Purchase Order.

Payment Terms: RTI shall be entitled to set off, recoup or withhold, from any payment that may otherwise be due, all sums as may be appropriate to mitigate, reduce or satisfy any damage, loss or diminution in value which arises out of any failure by Supplier to timely (in any event within 45 days from the Deliver Date) and/or properly perform Supplier’s obligations under the Agreement. Any such set off, recoupment or withholding by RTI shall not in any way compromise, reduce or waive any other remedies that may be available to RTI.

Warranty: In addition to any other warranties extended by Supplier to RTI, including without limitation those set forth in the Purchase Order, Supplier represents, warrants and covenants to RTI that:

- (a) all Products and/or Services covered by the Agreement shall conform to the specifications, drawings, samples or other description upon which the Agreement is based, and shall be fit for the purpose intended, merchantable, of good material and workmanship and free from defect;
- (b) with respect to any Services to be performed by Supplier, Supplier and its personnel shall perform such Services in a professional, workmanlike manner, with the degree of skill and care that which is current in the applicable field and which follows good and sound professional procedures; and
- (c) all Products and/or Services covered by the Agreement shall be completed in all respects and delivered to RTI by the applicable Delivery Date for such Products and/or Services, unless RTI in writing otherwise expressly consents to a later delivery date.

Defective or Non-conforming Products and Services: In the event any of the Products or Services are defective or otherwise do not conform with the warranties set forth in the immediately preceding section, RTI may, at its election and in addition to any other rights and remedies available under the Agreement or at law or equity: a) return the defective or nonconforming Products at Supplier's sole risk and expense and recover from Supplier the price paid therefore; b) accept the defective or nonconforming Products or Services in exchange for an equitable reduction in the applicable price; c) require Supplier, at its sole risk and expense, to promptly replace or correct the defective or nonconforming Products or Services; or d) obtain the Products or Services from another source with any excess cost resulting therefrom chargeable to Supplier.

Changes/Modifications: RTI reserves the right to make changes or cancelations to the Purchase Order in its sole discretion, including without limitation to the specifications and drawings, shipping instructions, quantities, and/or delivery schedules. If any such change causes an increase or decrease in the cost of, or time required for, performance or provision of the Products or Services, then the parties will negotiate in good faith an equitable adjustment to be made to the price or delivery schedule or both. Any claims by Supplier for equitable adjustment must be made within 30 days of the date RTI orders a change to the Purchase Order. Supplier shall not substitute Products or Services for those in the Agreement without the prior written approval of RTI. For Products and/or Services that are to be discontinued or made obsolescent, Supplier shall notify RTI in writing nine months prior to discontinuation.

Tooling: All tooling paid for by RTI shall be owned solely by and remain the property of RTI at all times and shall only be used by Supplier to fulfil Purchase Orders issued by RTI. RTI may request shipment of tooling to RTI at any time. Supplier shall not dispose of any tooling without RTI's prior written consent.

Shipment and Delivery: Supplier shall ship the quantity of Products and/or Services as specified on the Purchase Order. Any unauthorized shipments may be returned by RTI to Supplier at Supplier's expense. If, in order to comply with the Delivery Date, it becomes necessary for Supplier to ship by a more expensive way than specified in the Purchase Order, any increased transportation costs resulting therefrom shall be paid by Supplier unless RTI is solely responsible for the delay which gave rise to the necessity for such rerouting or expedited handling.

Management of Product/Process Changes: Supplier shall inform RTI in writing no less than nine months prior to implementing any material change to the Product(s) including, but not limited to, changes affecting the processes, in its or its subcontractors' business operations, information technology systems or processes, the procurement of critical components, or the design, composition or the location of the plant(s) used to manufacture the Product(s). RTI reserves the right to refuse any proposed change. All changes remain under the full responsibility of Supplier. Supplier shall repay to RTI all costs borne by RTI during, or in the context of, the reclassification of the Products, and/or components thereof, affected by the change.

Insurance for Services: Supplier will maintain worker's compensation insurance as prescribed by applicable law, employers liability, comprehensive general liability (CGI), including contractual liability and products liability, and automobile liability insurance in reasonable amounts covering Supplier's business activities and the obligations of Supplier under the Agreement and, upon request, Supplier will provide RTI with a Certificate of Insurance indicating the amount of CGI insurance not to be less than \$3,000,000 CAD (three million dollars Canadian)

Cancellation: RTI reserves the right to cancel all or any part of the undelivered portion of the Agreement if Supplier does not make deliveries by the Delivery Date or as otherwise specified by RTI, or if Supplier breaches any of the terms hereof, including without limitation, the warranties of Supplier. RTI may cancel the Agreement for its convenience, at any time, in whole or in part, by written notice to Supplier, including by facsimile or e-mail, or orally or by telephone so long as such cancellation is promptly confirmed in writing by RTI. No adjustment will be made in favor of Supplier with respect to any Products which are Supplier's standard stock. No such termination of the Agreement shall relieve Supplier of its obligations as to any Products that have been delivered. Any claim for adjustment must be asserted within thirty (30) days from the date of RTI's cancellation.

Force Majeure: RTI shall not be held responsible for acceptance of, or payment for, all or any part of Products or Services tendered for delivery under the Agreement if such acceptance or payment is impossible or impractical due to the occurrence of an event or circumstance beyond RTI's reasonable control, including without limitation any federal, state or municipal action, change in applicable laws, strike or other labour trouble, act of God, fire or weather event.

Indemnification: Supplier shall defend, indemnify and save harmless RTI and its directors, officers, shareholders, employees and agents from and against any and all claims, suits, liabilities, damages, losses or costs, including reasonable legal fees, arising out of or occurring in connection with: a) the Products and/or Services purchased from Supplier; b) Supplier's breach of the Agreement, negligence or willful misconduct; or c) any claim by a third party that the Goods or Services, or RTI's use thereof, has infringed any third party intellectual property rights. Supplier shall not enter into any settlement without RTI's prior written consent.

Ownership Rights: All drawings, specifications, prototype articles or other descriptions furnished by RTI to Supplier in connection with the Agreement shall remain the exclusive property of RTI and shall be returned to RTI promptly upon its written request. Supplier agrees that all drawings, field notes, specifications, software and any other documents, materials or work product, whether in written, audio, video or electronic form,

developed for RTI or that are unique to the subject matter of the Agreement (“Work Product”) shall be the property of RTI.

Confidentiality: Supplier shall keep confidential all information, drawings, specifications and data furnished by RTI, or prepared by Supplier specifically in connection with the performance of the Agreement, and shall not divulge or use such information, drawings, specifications or data for any purpose other than as necessary in connection with the Agreement or as required by law or judicial order (subject to the requirement that, to the extent permitted by law, Supplier notify RTI of disclosures required by law or judicial order prior to making such disclosures). Except as required for the efficient performance of the Agreement, Supplier shall not make copies or permit copies to be made without the prior written consent of RTI. The obligations under this paragraph will survive the cancellation, termination or completion of the Agreement.

Canadian Standards: Supplier represents, warrants and covenants to RTI that the Products and/or Services covered by the Agreement shall comply with all applicable federal, provincial, state and local laws, ordinances and regulations, including without limitation the applicable export/import laws and regulations of Canada, and such Products and/or Services. When Products purchased hereunder are to be manufactured or produced outside Canada, Supplier shall furnish, at RTI’s request, documents stating the foreign manufacturers’ or producers’ names and addresses and containing written assurances of compliance with Canadian standards. Electrical components and/or equipment will meet CSA and/or ULC standards unless agreed to by RTI. All manufactured electronics shall conform to IPC-610 Class 2 Standards.

Governing Law and Jurisdiction: All disputes arising out of or in connection with the Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein, exclusive of any rules with respect to conflicts of law principles. The parties hereby submit to the exclusive jurisdiction of the courts of the Province of British Columbia.

Assignments and Subcontracting: No part of the Agreement or Supplier’s obligations thereunder may be assigned or subcontracted by Supplier without the prior written approval of RTI.

Termination: In addition to any remedies that may be provided under these Terms, RTI may terminate the Agreement with immediate effect upon written notice to the Supplier if: a) Supplier has not performed or complied with any of the terms of the Agreement, in whole or in part; or b) if Supplier becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

Waiver. No waiver by RTI of any of the provisions of the Agreement is effective unless explicitly set forth in writing and signed by RTI. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from the Agreement operates, or may be construed, as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Cumulative Remedies. RTI’s rights and remedies under the Agreement are cumulative and not exclusive of any other rights or remedies to which RTI may be lawfully entitled under the Agreement or at law or equity, and RTI

will be entitled to pursue any and all of its respective rights and remedies concurrently, consecutively and alternatively.

Relationship of the Parties. The relationship between the parties is that of independent contractors. Nothing contained in the Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever. No relationship of exclusivity shall be construed from the Agreement.

Severability. If any term or provision of the Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of the Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Survival. Provisions of these Terms which by their nature should apply beyond their terms will remain in force after any termination or expiration of the Agreement. including, but not limited to, the following provisions: Warranty, Defective or Non-conforming Products and Service, Insurance, Indemnification, Ownership Rights, Confidentiality, Governing Law and Jurisdiction, Waiver, Cumulative Remedies, Severability and Survival.