

GENERAL TERMS AND CONDITIONS OF SALE

Definition of parties' terms:

The Seller = Abraham Innovation Systems Inc.
The Purchaser = Client of Abraham Innovation Systems Inc.

- 1. Price and Payment.** The Purchaser agrees to pay the total purchase price as per the payment terms and schedule as stated on the Invoice. Unless otherwise stated on the Invoice, the terms of payment are 30 days net prior to shipment. If payment credit terms are agreed to in advance by the Seller, subject to credit approval by the Seller, a service charge of the lesser of two percent (2%) per month or twenty-four percent (24%) per annum, will be assessed on accounts that are more than thirty (30) days overdue. In the event the Purchaser fails to make payment when it is due, the Purchaser shall pay for all costs of collection, including the Seller's attorneys' fees. The purchase standard delivery on the stated selling price is free on board (**FOB**) Seller's site, Ontario, Canada unless otherwise stated. The Purchase Price includes machine runoff at the Seller's plant including packing and loading on truck (EXCLUDED are parts, fixtures, tooling, and the test part of the acceptance program to be provided by the Purchaser as agreed). The Purchase Price also includes basic equipment installation, on site start-up, and training of the supplied products unless otherwise stated. It is the Purchaser's responsibility to take care of the site where the equipment is to be installed, including foundation construction, rigging to position the machine and arrangement of the lifting equipment, and its operator for machine positioning at Purchaser's installation site. If there is a delay in readiness for machine installation after Seller's crew arrives that is not under the control of the Seller, the Seller may charge Purchaser for its idle personnel. Import duties, brokerage, bond, other charges, and all relevant documentation related to U.S. border crossings are the responsibilities of the Purchaser. Seller's prices do not include other applicable governmental duties and applicable province/states taxes, and the Purchaser shall pay in advance all such taxes and indemnify Seller against any claim or liability for such fees and taxes.
- 2. Taxes and Duties.** Unless otherwise stated, prices do not include any federal, provincial, state and local sales tariff, excise, ad valorem and other taxes, duties, charges and assessments imposed on or based upon the sale, shipment, transportation, delivery, installation or use of the equipment described on the Invoice (the "**Equipment**"), all of which shall be paid by the Purchaser in addition to the Purchase Price.
- 3. Title, Shipment, Identification, Risk of Loss, and Insurance.** Title to the Equipment shall remain, as a security interest only, with the Seller until the full Purchase Price is paid. Should the Purchaser fail to pay the full purchase price when due, the Seller has the full right without liability to repossess the Equipment with or without notice, including seeking all other legal remedies. Unless otherwise agreed to by the Seller, all shipments of the equipment shall be on the basis of FOB Seller's site, Ontario, Canada. The method and route of shipment shall be at the Seller's discretion, unless the Purchaser supplies explicit written instructions, which are agreed to in writing by the Seller. Regardless of the method or route of shipment as specified by the Purchaser; they shall have to absorb all the related delivery charges. Risk of loss shall pass to the Purchaser when the Equipment is placed in the hands of the carrier, or if no carrier is used, in the hands of the Purchaser. Until final payment is made, the Purchaser shall insure the Equipment for which it has risk of loss against damage, destruction or loss of theft, fire or other casualty for full replacement value. The Purchaser shall name the Seller as an additional insured party and provide sufficient evidence to the Seller of such required insurance.
- 4. Delivery, Delay.** Delivery dates stated, if any, are estimates and are not a guarantee of delivery on a particular date. Any Equipment unavailable at the time of order will be shipped as soon as reasonably possible. The Seller shall not be liable to the Purchaser for any failure or delay in performance or for any damages suffered by the Purchaser by reason of such failure or delay arising from any cause, including but not limited to: (a) accidents to or breakdowns or mechanical failures of plant, machinery or equipment; (b) strikes, embargoes, lockouts or other disputes or unrest; (c) fires, explosions, floods, natural disasters or acts of God; (d) shortages of labor, fuel, power, materials or supplies or transportation delay; (e) war, civil disturbance, riots and armed conflict; (f) governmental action, order, confiscation or other acts directly or indirectly affecting the Seller's performance hereunder; or (g) Seller's inability to obtain the components for the Equipment. The Seller may make partial shipment of goods and invoice for same at the Seller's sole discretion.
- 5. Warranties.** The warranty is based only on the system/s provided by the Seller, and as such the Seller cannot guarantee the other equipment with which the Seller's system is installed or linked to. However, the Seller will be available to assist to resolve issues and consult on any mechanical deficiencies that may inhibit the inspection station. Any supplied equipment installed and operated under normal conditions, in the facility of the original Purchaser, which proves defective in material or workmanship (as determined by inspection by the Seller's personnel) within 12 months from the date of shipment, may be replaced or repaired free of charge to the Purchaser, at the Seller's option, (or the purchase price of the defective equipment refunded), provided the Purchaser promptly notifies the Seller of the defect in writing and demonstrates to the Seller's satisfaction that the equipment has been properly installed, operated and maintained. Notwithstanding the above, all third party components forming part of the equipment will carry the original supplier's warranty. Please note that most machines will require normal maintenance and replacement of minor damaged parts, from time to time. This will be the responsibility of the Purchaser. Modification, tests, and debugging of the machine due to variation in supplied parts or change in material consistency, (outside that shown on part drawings at time of quotation), are subject to engineering and service charges. Unless otherwise expressly stated on the Invoice, it is understood that the purchase of all used Equipment is "as is" and "with all faults". All new and unused Equipment furnished by Seller are free from defect in workmanship and material for one (1) year from the date Seller makes delivery. Also, where Seller undertakes to perform and assist in any servicing, installation, demonstration, training, repair, or replacement of the Seller's Equipment, the Seller warrants that its performance or assistance will be free from defect in material or workmanship for a period of one (1) year. Warranties are extended only to the named Purchaser. This warranty shall be void where: (1) the Equipment has been repaired other than by the Seller's or their agent/dealer's authorized repair personnel; (2) the Equipment has been subject to misuse, negligence, or accident; or (3) the Equipment has been operated other than in accordance with the manuals provided by Seller. Warranty does not cover consumable items (lights bulbs, fuses, filters, etc.), as well as parts subject to normal wear and tear. The warranty will expire prior to the stipulated time if the user fails to observe the maintenance program outlined in the manuals provided by the Seller. The Seller disclaims all warranties in connection with the sale of the Equipment to Purchaser, both express and implied, including, without limitation, warranties of merchant ability and fitness for any particular purpose.

The Seller hereby assigns those warranties of, if any as expressly provided by the manufacturers of, new Equipment or parts used to refurbish the Equipment. The Seller makes no representation concerning the existence or scope of any such manufacturer warranties and in no event shall the Purchaser or any other person have remedy against the Seller for breach of a manufacturer's warranty. The Seller shall not be liable for any consequential damages under any circumstances whatsoever, whether based on lost goodwill, lost resale profits, work stoppage, impairment of other goods, or otherwise, and arising out of breach of any express or implied warranty, breach of contract, negligence, or otherwise, except only in the case of personal injury, where and to the extent applicable the law renders this exclusion of consequential damage remedies unenforceable.

6. **Responsibility of the Purchaser.** Unless otherwise stated in the Sales Order Acknowledgement issued by Seller, the Purchaser assumes full responsibility, including associated costs, for the installation and start-up of the Equipment. It is the Purchaser's responsibility to provide sufficient safety devices and equipment, or such other means as may be necessary to safeguard operators of the Equipment from harm, to ensure that proper and safe operating procedures are followed by the operators thereof, and that the Equipment will comply with Occupational Safety and Health Statutes and any like provincial, state or local law. The Purchaser agrees to keep, save, protect, defend, indemnify and hold the Seller harmless from and against all suits, claims, costs and expenses for personal injury, death or property damage arising from the purchase, ownership or use by the Purchaser or the Purchaser's agents, employees or independent contractors of the Equipment, it being expressly understood that any claim arising from alleged manufacturing or design in new parts or used Equipment shall be asserted only against its manufacturer.
7. **Cancellation / Returns of Equipment.** The Purchaser may, by prior notice to the Seller, (i) If within thirty (30) days of acceptance of the Purchaser's order, cancel an order for non-customized products, subject to a cancellation charge to be paid to Seller equal to ten percent (10%) of the Purchase Price of such goods or (ii) If more than thirty (30) days has elapsed from the date of the Seller's acceptance of the Purchaser's order, cancel an order for non-customized goods, subject to a cancellation charge to be paid to the Seller equal to fifteen percent (15%) of the Purchase Price of such goods plus payment of all eligible taxes and any costs incurred by Seller in performing its obligations hereunder that are not reimbursed in the fifteen percent (15%) cancellation charge. The Purchaser shall not cancel any order with the Seller for customized goods (the term "customized goods" shall include non-customized goods which have been customized or which include specialized modifications, features, tooling, options, parts or accessories or added services or runoff that the Seller has agreed to provide) without the Seller's prior written consent. If the Seller authorizes the cancellation of any order for customized goods, then the Purchaser shall be liable to the Seller as follows: (i) for cancellation of an order for such goods for which Seller's production is within thirty (30) days of the scheduled completion date, the Seller shall complete such production and hold such goods for the Purchaser's disposition with the Purchaser liable to the Seller for full payment within thirty (30) days after completion; and (ii) for cancellation of an order for such goods for which the Seller's production is not within thirty (30) days of the scheduled completion date, the Purchaser shall pay the Seller (i) the actual costs and overhead expenses determined in accordance with generally accepted accounting principles for work in progress, order entry expenses, engineering process expenses and costs of materials and supplies procured or for which definite commitments have been made by the Seller in connection with the Purchaser's order plus (iii) fifteen percent (15%) of the contract price of the order. No returns of the Equipment by the Purchaser to the Seller will be accepted without the prior written permission of the Seller. The Purchaser agrees to pay the Seller a sufficient restocking charge on returned Equipment at a rate to be determined by the Seller.
8. **Default.** If the Purchaser should default in the performance of any of its obligations hereunder, then in addition to any and all other rights or remedies which the Seller may have against the Purchaser, the Purchaser shall be liable to the Seller for all legal fees, attorneys' fees and court costs incurred in enforcing the terms and conditions of the Agreement. All notices shall be in writing and shall be deemed to have been duly given if either delivered personally or sent by registered or certified mail, return receipt requested, with postage prepaid addressed to the party at its respective address as shown on the Invoice. In the event of a request from the Purchaser to cancel or postpone an order accepted by the Seller, whether such an order was written or verbal, the following amounts will become immediately due and payable and the Seller will invoice the Purchaser accordingly. All work in progress, billed at the Seller's currently applicable charge-out rates. All material ordered by the Seller for the subject order to be reimbursed at the Seller's full cost plus 10% administration cost.
9. **Limit of Liability.** The Purchaser and/or user of the equipment agree(s) to indemnify and hold harmless the Seller from any and all actions, whether for direct or consequential losses or damages of any sort, arising from the installation and/or operation of the equipment in the Purchaser's or user's facility or in the facility of any other third party in which the Purchaser and /or user have caused or directed the equipment to be installed and/or operated. The Seller shall not be charged with any liability for delay or non-delivery.
10. **Materials Furnished by Purchaser.** Materials such as tools, dies, sample production parts, or other items furnished to the Seller by the Purchaser shall be at the Purchaser's risk and expense.
11. **Typical Sample Parts to be Inspected.** It is essential that sample parts be provided and they represent all possible variances. Any deviation from sample parts and/or drawing tolerance used in the preparation of proposals/quotations will result in additional costs to the Purchaser in the event that additional engineering, materials, tooling or programming is necessary.
12. **The Purchasers' Responsibility.**
In addition to any responsibilities outlined elsewhere in these Terms and Conditions of Sale, for greater certainty, the Purchaser acknowledges that upon placement of a purchase order in respect to the attached quotation, the Seller's Terms and Conditions shall supersede and replace in their entirety any terms and conditions of the Purchaser.

The Purchaser shall also be responsible for:

- Utility requirements as applicable, including electrical power delivered to the control panel. Clean and dry compressed air at 80-PSI minimum delivered to the machine if required per the Equipment specifications. The Seller will not be held liable for damage or premature wear caused by poor air.

- Moving of the Equipment to the installation site, all installation, line-up and connection of the Equipment, unless otherwise specified in the applicable purchase order.
- Inspection of Equipment upon arrival at the Purchaser's facility. If damage is found, the Purchaser should immediately notify the transport company and the Seller.
- Tolerance consistency of production parts. To ensure proper Equipment operation, parts supplied for production must be within tolerance specifications, clean, dry, and free of oil, burrs or contaminants unless specifications for performance as detailed in the applicable purchase order state otherwise.
- Safety fencing, guards, etc., except as specified in the applicable quotation or purchase order.
- Insurance coverage on the Equipment for physical damage or loss of any type, in the amount of the purchase price of the Equipment, with loss payable to the Seller as its interests may appear, while the Equipment is in the Purchaser's possession and/or control prior to receipt of payment in full by the Seller. Any other requirements as established in the proposal/quotation.

13. Equipment Tests and Acceptance. The Seller will, prior to shipment, operate and test the Equipment to the extent possible. The Seller must be supplied with a sufficient quantity of sample production parts to carry out such tests. The Seller also recommends that a duly authorized representative of the Purchaser be present during these tests. Upon satisfactory completion of these tests, the Purchaser's representative will be requested to sign a release form verifying that the tests were performed satisfactorily and stating the Purchaser's acceptance of the Equipment design, construction, and materials used therein. The Seller is thereby authorized to undertake any necessary disassembly and ship the Equipment without further modification. Any and all changes requested by the Purchaser subsequent to the Purchaser's acceptance of the Equipment will be quoted by the Seller on an item-by-item basis. Pricing, terms and the effect of these items on the Equipment completion and/or shipment will be confirmed by the Seller. The Seller will not undertake the design or supply of these items without a duly authorized purchase order from the Purchaser. While safety is a consideration in Equipment design, no allowance has been made in quoted prices for anything other than local pinch-point protection and the Seller makes no other representation with regard to the safety of individuals operating the Equipment, maintaining the equipment or working in the vicinity of the Equipment. The Seller will be pleased to discuss, (and quote separately), any additional safety features required. The Purchaser accepts sole responsibility for the safe operation and maintenance of the Equipment.

14. Intellectual Property / Design Rights. The Purchaser is purchasing a piece of equipment. Ownership of all intellectual property that is associated with the development and manufacture of the Equipment including but not limited to, all engineering drawings, concepts, calculations and design ideas remains with the Seller. Ownership of the design, and of any and all patents that result from the design and/or development of the Equipment remains with the Seller. The Seller retains the right to manufacture and/or sell duplicates of the Equipment to any other party at any time.

15. Security Interest in Equipment. As general and continuing security for the repayment of the unpaid balance of the purchase price for the Equipment and all money owed or in the future owing to the Seller in connection with the above quotation and for the performance of the obligations of the Purchaser under the quotation and these Standard Terms and Conditions of Sale (collectively, the Obligations), the Purchaser hereby grants to the Seller a purchase-money security interest in all Equipment and other property covered by the quotation, as well as all replacements, additions and accessions to any such Equipment and property and all related chattel paper, documents of title and proceeds (as such terms are defined in the Personal Property Security Act (Ontario), as amended (the PPSA) (collectively, the Collateral). Title to, property in and ownership of the Collateral shall remain with the Seller at the Purchaser's risk and shall not pass to the Purchaser until all amounts owing by the Purchaser to the Seller in connection with the Collateral have been paid in full. Upon default by the Purchaser in payment or performance of any of the Obligations; or if the Purchaser commits any act of bankruptcy as defined in the Bankruptcy and Insolvency Act (Canada) or becomes an "insolvent person" within the meaning of that Act; or if the Purchaser ceases or threatens to cease to carry on business; or if any proposal is made or any petition is filed by the Purchaser under any law having for its purpose the extension of time for payment, composition or compromise of the liabilities of debtors or insolvent persons; or if any receiver, administrator or manager of any property, assets or undertaking of the Purchaser is appointed; or if any encumbrance affecting the Collateral becomes enforceable against the Collateral, the Purchaser shall be in default and all of the Obligations shall become immediately due and payable without notice to the Seller. The Seller may in such case exercise any or all rights it may have as a secured party under the PPSA, including but not limited to the right to immediately and without notice enter the Purchaser's premises and repossess or render unusable the Collateral, retain the Collateral in satisfaction of the obligations, dispose of the Collateral, demand payment and sue for any deficiency. All costs in the enforcement of the Seller's rights or remedies, including but not limited to its solicitor's fees and disbursements, may be deducted from any proceeds of disposition before payment to the Purchaser or any other entitled party or be added to and become part of the Obligations. The Purchaser hereby acknowledges receiving a copy of the quotation and these Terms and Conditions. All notices may be given to the Purchaser at its address shown in the quotation or any other address for the Purchaser shown in the Seller's records. Notices may be delivered personally, sent by registered mail, courier or facsimile transmission and shall be deemed to be received on the date of delivery by personal delivery, courier or facsimile or on the second day following the date the notice was mailed.

Entire Agreement: The terms and conditions contained herein, together with the Sales Order Acknowledgement, constitute the final, complete and exclusive statement of the terms of the agreement between the parties hereto with respect to the subject matter hereof (the "Agreement") and any additional or different terms proposed by the Purchaser, whether prior to or subsequent to the Agreement, are rejected unless expressly agreed to in writing by the Seller.

No course of prior dealings between the parties and no custom or usage of trade in the industry shall be used to interpret, construe or supplement the Agreement. The Agreement of which these terms and conditions are a part can be modified or rescinded only by writing signed by both parties. The Purchaser agrees that any purchase order which is accepted by the Seller, or quotation submitted by the Seller which is accepted by the Purchaser shall include, and be governed by, these terms and conditions of sale.