COLT CANADA
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# TERMS AND CONDITIONS

(Colt Canada Corporation herein referred to as "Purchaser")

1. The Seller by acceptance of this Order, accepts all the terms and conditions hereof. Acceptance of this Order shall take Place either by execution and return of a signed copy of this Order or by part performance of this Order. Any modification or alterations of or additions to the terms and conditions of this Order, to be binding must be in writing signed by an authorized representative of the Purchaser and delivered by the Purchaser to the Seller. Any term, condition or reservation inconsistent with the terms thereof that may be contained in any printed or standard acknowledgement, invoice, form or other document issued by Seller shall be of no effect (Purchaser hereby objects to any such inconsistent terms, conditions or reservations and notifies Seller that they are rejected) notwithstanding Purchaser's act of accepting or paying for any shipment or otherwise performing the obligations on its part to be observed or performed hereunder. These terms and conditions together with such modifications and with such data related to price and delivery as they are accepted in writing by the Purchaser constitute the entire agreement between the parties.

2. Unless otherwise stated in this Order, terms are NET Sixty (60) days after delivery of goods and receipt of invoice.

3. Seller represents that any price or prices specified in this order do not exceed Seller's current selling prices for the same or substantially similar goods. Unless otherwise stipulated all prices inserted on the face of this Order shall represent the total cost to the Purchaser as at the point of delivery specified herein. Including all goods and services taxes, retail sales taxes excise taxes and customs duties and other Government and Municipal taxes, levies and charges of every description and charges for packing crating boxing storage and all shipping charges. If price is not stipulated on this Order, it is not to be filled at higher prices than last previously quoted without written authority of Purchaser.

4. All goods shall be shipped as stated on the face of this Order. No insurance premium or Shipping costs will be allowed unless authorized in writing. Goods must be packed and delivered to conform with Uniform Freight Classification to obtain lowest shipping rate. Packing slips, must be enclosed with all shipments showing order number, part number, if any, and quantity. Charges incurred through Seller's failure to ship in accordance with Purchaser's shipping instructions will be charged to Seller's account.

5. Time shall be of the essence in this Order The goods must be delivered strictly in accordance with the quantities specifications and delivery schedule specified otherwise in addition to its other legal remedies. Purchaser shall be at liberty to cancel this Order in whole or in part. Purchaser assumes no obligation for goods shipped in excess of quantities specified in this Order or prior to delivery schedule specified.

6. Goods are subject to inspection by Purchaser and Purchaser shall be the final judge of the goods. Any goods found to be defective shall be returned at Seller's expense. Purchaser reserves the right to retain any portion of any shipment not strictly in accordance with specification and in such case will pay to Seller a reasonable price therefor, but such retention shall not preclude Purchaser from rejecting the remainder of any or other shipments. Rejected goods shall be held at Seller's risk and expense. No goods returned as defective shall be replaced without Purchaser's written permission. Where rework is required to meet specification requirements, such rework shall be arranged for by Seller, preauthorized by and at no cost to Purchaser. Payment for goods shall not constitute acceptance thereof by Purchaser nor shall Purchaser's inspection or omission to inspect relieve

Seller of its obligation to finish all goods in strict accordance with all terms and provisions of this Order. During the conduct of the work, at no additional cost to Purchaser, Goods may be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Purchaser shall perform inspections, surveillance and tests so as not to unduly delay the work. Seller shall maintain an inspection system acceptable to Purchaser for the Goods purchased under this contract. If Purchaser performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

7. Seller expressly warrants that all goods covered by this Order will be fit and sufficient for the purpose intended merchantable of good design, material and workmanship free from defects and will conform to applicable specifications, drawings, samples or description. This warranty shall be assignable by the Purchaser to its customers.

8. Seller agrees to indemnify and save harmless Purchaser, its successors and assigns, against all damages expense, claims, demands, actions, suits and proceedings for actual or alleged infringement of any patent, copyright industrial design or trademark by reason of the sale use or incorporation into manufactured products of the goods furnished hereunder.

9. This Order shall not be assigned or subcontracted in whole or in part by the Seller without the previous written consent of Purchaser.

10. The remedies herein reserved shall be cumulative and additional to any other and further remedies provided in law or equity. No waiver of a breach of any provision of this Order shall constitute a waiver of any other breach of such provision.

11. The Seller shall not, without first obtaining the written consent of Purchaser, in any manner advertise or publish the fact that Seller has contracted to furnish to Purchaser the goods herein mentioned, and for failure to observe this provision, the Purchaser shall have the right to cancel the contract resulting from acceptance of this Order without any further liability thereon.

12. If Seller ceases to conduct its operations in the normal course of business (including without limitation, liability to meet its obligations as they mature) or if any proceeding under any bankruptcy or insolvency laws is brought by or against Seller or a receiver for Seller is appointed or applied for or are assignment for the benefit of creditors is made by the Seller, Purchaser may terminate this Order without liability, except for deliveries previously made.

13. Seller shall keep confidential all information drawings specifications or data furnished by Purchaser or prepared by Seller specifically in connection with the performance of this Order and shall not divulge or use under any circumstances, such information, drawings specifications or data to of for the benefit of any other party. Seller agrees that if the goods covered by this Order are to be manufactured to design or technical data furnished by Purchaser the seller shall not without the prior written consent of Purchaser manufacture any such goods except for, and upon order of, the Purchaser.

14. The obligations of Seller contained herein shall survive acceptance of the goods and payment therefore by Purchaser.

15. This Order, and the contract resulting from its acceptance shall be governed by the internal substantive law of the Province of Ontario Canada without regard to its conflict-of-law rules. The parties hereby expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods

16. If this Order is not filled in each particular as specified, Purchaser reserves the right to do one or more of the following a) Purchaser may by notice in writing direct Seller to terminate this Order or work under the Order in whole or in part at any time b) In the event of Seller's default or potential inability to perform this Order, Seller agrees upon demand by Purchaser to deliver to Purchaser the raw materials and work in process acquired in order to perform under this Order and Purchaser may then complete the work deducting the cost of such completion from the price or in the alternative, pay the Seller the cost of such raw materials and work in process c) The Purchaser may recover from Seller by equitable price reduction, set-off or credit against any amounts which may be owed to Seller under this Order or otherwise all loss damage and expense caused by such failure unless failure is the result of causes entirely beyond Sellers control and Seller has given immediate notice to Purchaser of such causes.

17. All CNC tapes molds, dies, tools, jigs, etc supplied or paid for by the Purchaser unless expressly stated to the contrary on this Order are the property of Purchaser to be delivered to Purchaser on demand, to be maintained in first class operative condition at seller's expense as long as it has production orders. Disposition of same to be made only on written instructions of Purchaser. No production using the aforesaid tapes, molds, dies, tools, etc., shall be permitted except that authorized by Purchaser. The Seller shall keep all such equipment of Purchaser insured against loss or damage by fire theft, etc of any kind while same are in Sellers possession.

18. Acceptance of this Order must be confirmed by the Seller prior to Seller's right to receive payment of any invoice for goods supplied.

19. The Seller shall provide, maintain and pay for general liability insurance in amounts reasonably satisfactory to the Purchaser and upon request provide the Purchaser with evidence thereof. The Seller shall be responsible for any deductible amounts under any policies.

20. The Seller shall indemnify and save harmless the Purchaser and its agents, directors officers, and employees from and against all claims demands, losses, costs, damages, actions suits, or proceedings by third parties that arise out of are attributable to the Seller's performance of this Order (collectively, the "Claims") if such Claims are: i) attributable to bodily injury sickness, disease or death or to injury to or destruction of tangible property and ii) caused by negligent acts or omissions of the Seller or anyone for whose acts the Seller may be liable.

21. The parties hereby acknowledge that they have required this contract and all other agreements and notices required or permitted to be entered into or given pursuant hereto to be drawn in the English language. Les parties reconnaissent avoir demandé que le present contrat ainsi que tout autre entente ou avis requis on qui peut-être conclu ou donne en vertu des dispositions du present contrat, soient rédigés dans langue anglaise.