

Terms and Conditions

1. Contract

1.1 All quotations given, orders accepted and contracts entered into by PAT Technology Systems Inc. ("PAT") with any person ("Purchaser") for supply of goods ("Goods"), or for services ("Services") are subject to these conditions of sale ("Conditions"). All other terms and conditions, whether expressly stipulated by the Purchaser or implied by trade custom, course of dealing or otherwise are excluded. No variation to these Conditions will be effective unless agreed in writing by an authorised representative of PAT.

1.2 No quotation, estimate or proposal issued by PAT is an offer that is capable of acceptance by the Purchaser. Any order issued by the Purchaser shall be deemed placed subject to these Conditions and shall constitute an offer that PAT may accept or reject. The contract between PAT and the Purchaser ("Contract") shall be formed at the time PAT accepts the Purchaser's order. PAT may accept the Purchaser's order by issuing an order acknowledgement or by other means, including commencing the supply of Goods or the performance of Services. No amendments to the Purchaser's order shall be valid unless agreed in writing by an authorised representative of PAT.

2. Order and Specifications

The Purchaser shall be responsible to PAT for ensuring the accuracy of the terms of any order, including any applicable specification, submitted by the Purchaser, and for giving to PAT any necessary information relating to the Goods or Services within a sufficient time to enable PAT to perform the Contract in accordance with its terms. The specification for the Goods or Services shall be that set out in the Purchaser's order or as otherwise agreed in writing by PAT. Should an order be cancelled by the Purchaser within 2 months of the relevant delivery date PAT reserves the right to impose a reasonable cancellation charge.

3. Price and Payment

3.1 The price of Goods and Services shall be the price quoted by PAT. Quoted prices shall remain valid for 30 days. Prices do not include shipping and handling which will be charged at cost plus a handling fee unless otherwise specified in writing. Express or Special Delivery at the Purchaser's request will always be at the Purchaser's expense. Prices do not include sales taxes.

3.2 Unless otherwise agreed in writing payment of invoices shall be made in full without any deduction or set-off within 30 days of the invoice date. Payment shall be due whether or not property in the Goods has passed. Time for payment shall

be of the essence. If the Purchaser fails to pay PAT any sum due pursuant to the Contract, the Purchaser shall be liable to pay interest to PAT on such sum from the due date for payment at the annual rate of 4% above the base lending rate from time to time of [the Toronto Dominion Bank], accruing on a daily basis until payment is made, whether before or after any judgement. PAT may also, without prejudice to any other remedy suspend or cancel further supply of Goods or performance of Services whether under this or any other Contract until the Purchaser makes payment in full together with any applicable interest.

4. Delivery

4.1 Delivery of the Goods shall unless otherwise agreed be made by PAT delivering the Goods to the location specified in the Purchaser's order or by the Purchaser collecting the Goods at PAT's premises.

4.2 Any dates or times for delivery of Goods and performance of the Services are approximate only. PAT shall use reasonable endeavours to meet such dates or times but so long as it uses such reasonable endeavours PAT shall not be liable to the Purchaser, in contract, at law or otherwise for any loss or damage whatsoever resulting from any late delivery or performance.

4.3 Where the Goods are delivered by instalments, any breach by PAT in respect of any one or more instalments shall not entitle the Purchaser to terminate the Contract in whole or in part.

4.4 Upon receipt of the Goods the Purchaser shall examine them and shall within 48 hours of such receipt give notice in writing to PAT of any apparent defects and/or shortages. The parties will agree between themselves such further action as may be necessary to remedy the defect and/or shortage. PAT shall not be liable for any such defects and/or shortages notified to it after the period of 48 hours after receipt.

5. Risk and Title

5.1 Risk of damage to or loss of the Goods shall pass to the Purchaser when PAT delivers the Goods to the Purchaser or, if the Purchaser collects the Goods from PAT, when the Goods are loaded onto transport at PAT's premises.

5.2 Notwithstanding the passing of the risk, PAT shall retain title to and ownership of the Goods until it has received payment in full of all sums due for the Goods.

5.3 Until title in the Goods has passed to the Purchaser, the Purchaser shall be in possession of them as an agent of the Goods for PAT and shall store the Goods, properly insured and protected, separately from any Goods belonging to the Purchaser or any third party and shall be clearly marked and identifiable as being PAT's property. PAT shall be entitled to enter the Purchaser's premises upon reasonable notice to verify the Purchaser's compliance with this clause. If

the Purchaser fails to make any payments to PAT when due, or any of the circumstances set out in Clause 8.2 arise, then PAT will have the right, without prejudice to any other remedies:

5.3.1 to enter, without prior notice, any premises where Goods owned by PAT may be, and to repossess and dispose of any such Goods; and/or

5.3.2 to require the Purchaser not to resell or part with possession of any Goods owned by PAT until the Purchaser has paid in full all sums due to PAT under this or any other Contract.

5.4 The Purchaser shall not be entitled to pledge or in any way charge by way of security for any indebtedness any of the Goods which remain the property of PAT and if the Purchaser does so all monies owing by the Purchaser to PAT shall (without prejudice to any other right or remedy of PAT) forthwith become due and payable.

6. Warranty & Liability

6.1 Goods manufactured by PAT: PAT warrants that the Goods manufactured by it will be free from defects in materials and workmanship for a period of 12 months from the date of Authentication (product activation). Authentication can be accomplished either by visiting our web site or by contacting PAT directly. Exceptions:

Spare parts including replacement filters: 1 month from installation.

Used and ex-demonstration equipment: 1 month from installation.

In the case of any breach of warranty then PAT shall at its option remedy such defects or refund such sums as the Purchaser has paid to PAT in respect of such Goods. PAT shall be under no liability under the above warranties:

6.1.1 arising from any drawing, design or specification supplied by the Purchaser;

6.1.2 arising from improper installation, storage, use, modification or operation including but not limited to the use of consumable items not approved by PAT;

6.2 Goods manufactured by third parties: PAT will use its best endeavours to obtain for the purchaser the benefit of any warranty provided by the original manufacturer of the Goods. Repair or replacement, in whole or in part, of Goods, which fail due to faulty manufacture, is available from the original manufacturer under its warranty. PAT must be consulted to approve the return of Goods for replacement or repair under the original manufacturer's warranty.

6.3 All replacement items will be charged at the point of dispatch. Provided the original items are received back at PAT within 28 days from the date upon which the Returns Authorisation Number is issued and PAT agree following testing / inspection that these are defective, a credit note will be issued.

6.4 Services : PAT warrants that it will carry out the Services with reasonable care and skill. If PAT is shown to be in breach of this warranty in respect of particular Services it shall at its option and cost either re-provide those Services

or refund any sums already paid in respect of those Services.

6.5 PAT does not exclude or limit its liability in negligence for death or personal injury, or for fraud or wilful default, or otherwise to the extent that any exclusion or limitation of its liability is void, prohibited or unenforceable by law.

6.6 Subject to Clauses 6.1 - 6.5, all representations, warranties and conditions implied by trade custom, course of dealing, statute, common law or otherwise are excluded to the fullest extent permitted by law.

6.7 Subject to Clause 6.5, in no circumstances shall PAT be liable to the Purchaser, in contract, at law or otherwise, for any incidental or consequential loss including, without limitation, any loss of profit, business, revenue, goodwill or anticipated savings or for any special, exemplary or consequential damages or other financial loss whatsoever arising out of or in connection with the Contract or the supply of the Goods or Services or their use or resale (if applicable) by the Purchaser.

6.8 If notwithstanding the provisions of these Conditions PAT is found liable for any loss suffered by the Purchaser arising in any way out of or in connection with the Contract or the supply of any Goods or Services, that liability shall in no event exceed the price paid for such Goods or Services.

6.9 The parties hereby confirm that notwithstanding any other provision of the Contract or these Conditions, the Contract shall not and shall not purport to confer on any third party the right to enforce any term of the Contract.

7. Force Majeure

PAT shall not be deemed in breach of the Contract or otherwise liable to the Purchaser, by reason of any delay in performance, or non-performance of its obligations under the Contract to the extent that such delay or non-performance is caused by an event or circumstance beyond PAT's reasonable control. In such events PAT may, without liability to the Customer, reasonably vary the terms of the Contract including but not limited to extending the time for performing the contract by a period of at least equal to the time lost due to such an event.

8. Termination

8.1 PAT may at any time by notice in writing to the Purchaser terminate the Contract with effect from the date of service of such notice if:

8.1.1 The Purchaser commits a material breach of the Contract and fails to remedy such breach within 14 days after PAT has given written notice to the Purchaser identifying the breach and requiring it to be remedied; or

8.1.2 The Purchaser is unable to pay its debts as they fall due within the meaning of any applicable bankruptcy and/or insolvency legislation or if any petition is presented for the appointment of an administrator or receiver or trustee in bankruptcy in respect of the Purchaser or any part of its undertaking or assets or

an administrative receiver is appointed in respect of any of the Purchaser's undertaking or assets or if the Purchaser makes or attempts to make any arrangement with or for the benefit of its creditors or if the Purchaser ceases or threatens to cease to carry on business.

9. Miscellaneous

9.1 The expressions "in writing" and "written" include fax transmission. PAT shall be entitled to sub-contract any or all of its obligations under the Contract and to assign the Contract and the Customer shall at PAT's cost do all such things as may be necessary to enable PAT to so assign the Contract. Any failure or neglect by PAT to enforce at any time any provision of the Contract shall not be construed nor deemed to be a waiver of any of PAT's rights under the Contract. The Contract shall be governed by and construed in accordance with the laws of the Province of Québec and the parties hereby submit to the exclusive jurisdiction of the courts of the Province of Québec in relation to any claim or controversy arising out of or connected with the Contract.

9.2 New Accounts: Credit accounts cannot be opened under the minimum amount in operation at the time of placing the order. Customer's wishing to open a credit account must furnish three (3) trade references and a Bank reference.

9.3 Specification Alterations: PAT reserves the right to alter the specification of any goods without prior reference to the Purchaser provided that the goods comply in all other known respects with the Purchaser's requirements.

9.4 Trade-Marks / Patents: The supply of goods by PAT shall not confer any right upon the Purchaser to use any PAT trade-mark without prior written consent of PAT and at all times such trade-mark shall remain the property of PAT. Neither does it imply any right to use any PAT patent or any indemnity against infringement of third party patents.

9.5 Catalogues: Catalogues and other advertising matter are issued to indicate the type and range of goods we offer and no particulars therein are binding to PAT.