



ART ADVANCED RESEARCH TECHNOLOGIES INC. ("ART") PURCHASING TERMS & CONDITIONS

1. DEFINITIONS

As used herein, the following terms shall have the meaning specified below:

- 1.1 "Agreement" means any accepted contract, purchase order, letter of offer between ART and the Vendor resulting from any quotation and/or proposal submitted by the Vendor to ART;
- 1.2 "FOB" means "Free On Board at the place of destination" under which the Vendor must at his own expense and risk transport the Items to said place of destination;
- 1.3 "Items" means any products, goods or services provided to ART by the Vendor;
- 1.4 "Vendor" means the individual, corporation, partnership, or sole proprietorship acting through its duly authorized representative, quoting for or providing Items to ART.

2. APPLICATION

- 2.1 ART's Purchasing Terms & Conditions shall govern any Agreement, and shall be in lieu of and supersede any and all other terms and conditions (if any) set forth by Vendor.
- 2.2 Any changes to ART's Purchasing Terms and Conditions shall be subject to negotiation and mutual agreement between ART and the Vendor and shall be set forth in a written amendment signed by a duly authorized representative of ART.

3. DELIVERY, TITLE AND RISK OF LOSS

- 3.1 Unless otherwise specified in the Agreement, delivery shall be F.O.B. ART's delivery location or any other place of destination designated by ART.
- 3.2 The Items shall be completed and delivered by the Vendor at the time and place and in the manner specified in the Agreement. ART may cancel any part or all of the Agreement, at any time, and without any extra liability, cost, or expense, in the event that the Vendor: (i) fails to comply with any term or condition including, but not limited to delivery terms; or (ii) becomes insolvent or commits an act of bankruptcy, as defined in the *Bankruptcy and Insolvency Act*, or if proceedings under the *Companies Creditors Arrangement Act*, *Winding-up and Restructuring Act* or any similar legislation for the relief of debtors, whether in Canada or in any other jurisdiction, are instituted by or against the Vendor; or (iii) voluntary ceases trading; or (iv) merges with or is acquired by a third party; or (v) assigns any of its rights or obligations under the Agreement to a third party, without ART's prior consent.
- 3.3 Unless otherwise specified in the Agreement, title to all Items shall pass to ART upon their delivery F.O.B. ART's delivery location or any other place of destination designated by ART. Acceptance and transfer of title shall not impair the right of ART to inspect and reject any Item.

4. CHANGES OR AMENDMENTS

- 4.1 ART shall have the right at any time, by written notice to the Vendor, to make any changes or amendments it deems necessary, including, but not limited to, changes in specifications, design, delivery, testing methods, packing or destination. If any such required changes cause an increase or decrease in the cost of the Items, an equitable adjustment shall be made to the prices specified in the Agreement. No change by Vendor shall be permitted, without ART's written approval.

5. SHIPPING

- 5.1 All Items shall be packaged, marked, and otherwise prepared with all precautionary measures to ensure safe transit and handling.
- 5.2 Each box, crate or package shall contain a memorandum showing the contents thereof, the Vendor's name and address and ART's purchase order number.
- 5.3 The quantity of Items delivered by the Vendor must not exceed the quantity of Items ordered by ART without first obtaining the written consent of ART. ART will not accept any Items other than those ordered. Excess quantity will be rejected and returned at Vendor's expense.

6. PRICES

- 6.1 Prices shall include test and/or inspection performed on the Items by the Vendor and the Vendor agrees to provide ART with the test and/or inspection data sheet upon delivery.
- 6.2 No increase in prices shown in the Agreement will be accepted unless prior written approval is obtained from ART.

7. WARRANTY

- 7.1 The Vendor warrants to ART that the Items are free from defects, both latent and patent, in material and workmanship under ordinary and normal use and service for a minimum of one (1) year from the date first placed in service.
- 7.2 The Vendor warrants to ART that the Items comply with ART's applicable specifications as stipulated in the Agreement.
- 7.3 The Vendor warrants to ART that all Items are free and clear of all liens, claims or encumbrances of any kind.
- 7.4 The Vendor is bound to use with care any material provided by ART for the performance of this Agreement. All such material shall be and remain the sole property of ART and shall be subject to removal at any time upon ART's request. The Vendor assumes all liability of loss or damage to such property.
- 7.5 The Vendor shall not substitute any part of the Item unless agreed to by ART's Purchasing Department.

8. COMPLIANCE WITH APPLICABLE LAWS

- 8.1 The Vendor agrees to comply with any Federal and Provincial laws and regulations of Canada that may be applicable under the Agreement, and more specifically, the Vendor shall adhere to the Canadian Export Administration Laws and Regulations.

9. INSPECTION AND ACCEPTANCE

- 9.1 All Items provided hereunder shall be subject to inspection, testing and approval by ART after delivery. ART shall have the right to cancel the Agreement, in whole or in part and/or reject and return any Items which are defective or do not comply with ART's applicable specifications as stipulated in the Agreement. If applicable, the Vendor shall process refund or credit within thirty (30) days after return of defective Items.

10. TERMS OF PAYMENT

- 10.1 Unless otherwise specified in the Agreement, terms of payment shall be at least net thirty (30) days after the date of receipt of Vendor's invoice or the date of acceptance of Items by ART, whichever is latest.

11. INDEMNIFICATION

- 11.1 The Vendor shall indemnify, protect and save harmless ART, its officers, employees, and agents, from and against any and all costs,

losses, expenses, damages, claims, suits, or any liability whatsoever, including attorney fees, arising out of or in any way connected with the Item provided to ART under the Agreement or caused wholly or in part by any act or omission of the Vendor, its agent, contractors, subcontractors, employees or by any other person for whom the Vendor may be responsible.

12. CONFIDENTIALITY

- 12.1 The Vendor undertakes not to disclose to third parties any Confidential Information relating to the Agreement, or concerning the business of ART, unless prior written consent is obtained from ART. The Vendor shall strictly restrict access to the Confidential Information relating to the Agreement only to such employees as may be necessary for the execution of the Agreement. "Confidential Information" shall include: the specific and detailed content of the Agreement, non-public information concerning the business, transactions, know-how, customers, suppliers, processes or technology of ART and any information that is expressly indicated to be confidential or is communicated to the Vendor in circumstances importing an obligation of confidentiality.
- 12.2 The Vendor shall undertake not to make any copies or other reproduction of files, documents, objects or other items that may have been brought to its attention before, during or after the execution of the Agreement except as may be necessary for the carrying out thereof. Upon ART's request and/or completion of the Agreement, the Vendor shall remit to ART all originals, copies or other reproductions of all documents, diskettes and all products, samples, prototypes, dies, models, developed or manufactured in direct or indirect relationship with the Agreement.

13. ASSIGNMENT AND SUBCONTRACTING

- 13.1 The Vendor shall not assign or subcontract any of its obligations under the Agreement, without ART's prior consent. Any unauthorized assignment or subcontracting shall be null and void.

14. INDEPENDENT CONTRACTORS

- 14.1 The Vendor shall perform its obligations under the Agreement as an independent contractor. ART's Purchasing Terms and Conditions shall not, in any way, be construed as establishing any partnership, joint venture or agency relationship between the parties hereto.

15. PUBLICITY

- 15.1 The Vendor shall not refer to ART's name, logos, trademarks or products in connection with any publicity nor advertise the existence of the Agreement without the prior consent of ART.

16. GOVERNING LAW

- 16.1 The Agreement and ART's Purchasing Terms and Conditions shall be interpreted and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

17. NOTICES

- 17.1 Any notice required under the Agreement shall be provided for in writing and shall be sent by registered mail, return receipt requested, or by any other method capable of providing reasonable proof of receipt thereof.