

STANDARD TERMS AND CONDITIONS OF SALE

Unless otherwise specified Universe Machine Corporation (herein after referred to as "Universe") or any of its divisions, sells its products to the Customer under the following terms and conditions. The sale will be governed by the laws of the province of Alberta and the parties hereby attorn to the jurisdiction of the courts of Edmonton, Alberta, Canada.

WARRANTY: Universe guarantees that it will, either replace or repair any part of the new product sold, which may be more fully described on the quote (hereinafter referred to as "product" or "products") to the Customer :

- a) which shall be within 18 months after the purchase date or 3000 hours of use, whichever occurs first; and
- b) which is determined by Universe to be defective in material and workmanship; and
- c) which has been given no abnormal use, and has received proper maintenance.

Liability under this guarantee is limited to replacement or repairs at the sole option of Universe and in any event shall not exceed the purchase price paid. Universe shall incur no other liability under this warranty or otherwise:

- a) for parts, accessories or components not manufactured by them but purchased for assembly into the product, but Universe will assign to the Customer whatever warranty rights are extended by the supplier of such part, accessories or components; and
- b) for products that have been abused, deteriorated by corrosion or erosion, altered or improperly maintained or for products that have been returned for inspection and repair more than 10 days after defect complained of has been or should have been discovered by the Customer, or product which is operated after the defect has been discovered; and
- c) for alterations or repairs made or done by others, unless the Customer first receives Universe's written consent; and
- d) for design alterations, parts, accessories or components that are not standard but are specified by the Customer for incorporation into the product; and
- e) for loss of use or profit, or consequential damage of any kind in connection with the sale, alteration, repair or replacement of any product or part thereof.

This warranty is not transferable by the Customer. There are no other guarantees, conditions or representations, expressed or implied, except the above.

ACCEPTANCE: All orders based on Universe quotations shall be subject to acceptance by Universe, and shall be deemed to incorporate these terms. In the event there are any terms herein which are different, conflicting, or additional to those contained in your purchase order, these Universe terms shall prevail and be deemed to apply, and Universe's commencement of your (Customer's) work request shall be deemed to be conditional upon this term. Customer sending a purchase order to Universe shall be deemed to be Customer's agreement to this, notwithstanding anything to the contrary in the Customer's purchase order. Any changes to these terms and conditions must be signed in writing by either the President or a Vice-President of Universe.

PRICES: Quotations are valid for 30 days unless otherwise stated in writing and are subject to withdrawal or change at any time prior to acceptance by Universe. Universe reserves the right to invoice the Customer for any or all finished material ready for shipment, when held at Customer's request or because of other reasons beyond Universe's control. Every sales tax, use tax or other excise tax which Universe may be required by law to pay on or in connection with the sale will be added to the price quoted and Universe reserves the right to bill such expense at the time of invoicing material or any subsequent time without forfeiture of collection rights. Typographical and clerical errors in quotations or orders are subject to correction. Prices do not include delivery, field or jobsite installation unless otherwise so stated.

PAYMENT: There will be a 1.5 per cent per month (19.56% per annum) interest charge on all accounts not paid 30 days after the date of invoice.

DELIVERY: Products are sold ExWorks, Universe's factory Edmonton.

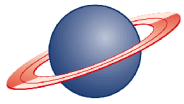
SHIPPING DATE: All indications of any shipment date(s) are estimated as closely as possible and dates offered represent shipping date rather than delivery to destination date. Universe's best efforts are used in every case to ship within the time promised, but there is no guarantee or promise that it will do so.

DESIGN: Because of a policy of continuous product improvement, Universe reserves the right to change designs, materials or specifications without notice.

CANCELLATION: Orders accepted by Universe are not subject to cancellation except with the consent of Universe and upon terms which will indemnify Universe against loss or damage occasioned by such cancellation.

INSPECTION: Final inspection and acceptance of products must be made at Universe's plant and shall be conclusive except for latent defects. Customer's representatives may inspect at such plant during normal business hours prior to shipment in such manner as will not interfere with operations.

RETURNS: No product may be returned for credit or adjustment without permission and return tagging instructions - in writing - from Universe. On all material approved for return for credit, handling/restocking costs, if any, and costs to recondition for resale as new, will be charged.



RISK OF LOSS: The risk of loss of the products shall pass to the Customer when the products are made available to the Customer's carrier for transportation to Customer.

TITLE: Title in the product is now and shall remain the property of Universe Machine Corporation until the purchase price referred to in the invoice(s) provided to the Customer has been paid in full, at which time, provided Universe has not repossessed the collateral, title shall vest in the Customer.

GRANT OF SECURITY INTEREST: As a general and continuing security for the payment of any and all amounts owing by the Customer to Universe, wheresoever and howsoever incurred, whether direct or indirect, absolute or contingent and whether joint, several, joint and several, matured or not, extended or renewed, the Customer hereby grants to Universe a purchase money security interest in the product. The security interest created by this agreement shall attach to the product, together with any and all parts, accessories, repairs, additions, replacements, accessions and equipment now or hereafter placed upon, in or attached thereto and any substitutions thereto or therefor and proceeds thereof or derived therefrom, immediately upon pickup of the products by the Customer or the Customer's carrier.

SECURITY: The security hereby constituted is in addition to and not in substitution for any other securities or agreements now or hereafter held by Universe, and this security shall not merge in any other securities or agreements now or hereafter held by Universe.

FORCE MAJEURE: Universe will not be liable for delay in or non-performance of its obligations resulting directly or indirectly from: (1) an act of God; (2) epidemics, earthquakes, storms, typhoons or unusually severe weather, fires, flood, lightning; (3) an act of any governmental authority, domestic or foreign, including but not limited to war, declared or undeclared, quarantines, embargoes, quotas, licensing controls, import or export controls, or production or distribution restrictions; (4) accidents and disruptions including but not limited to explosions, breakdowns of essential machinery or equipment and power shortages; (5) transportation or storage delays, accidents, shortages or port congestion; (6) labour difficulties including but not limited to strikes, slowdowns, lockouts, sabotage and labour shortages; (7) failure or delay in its source of supply; or (8) any other cause beyond the reasonable control of Universe, whether similar or dissimilar to those above mentioned.

TAXES/LICENSES: The Customer is responsible for:

- a) obtaining all necessary permits, licenses, permissions and consents necessary for the export and import of the products, if applicable;
- b) paying the brokerage, freight and insurance costs for transporting the products; and
- c) paying any applicable import duties, sales, value added or other taxes of the jurisdiction into which the products are being delivered.