



1. DEFINITIONS

1.1 Unless inconsistent with the context in which the expressions are used, "The Company" means Nautics Group Inc. together with its successors and assigns.

"Customer" shall include, in the case of an individual his executors and administrators and in the case of a corporation, its successors and permitted assigns. Where the Customer is more than one person all Customers shall be jointly and severally bound by the terms and conditions contained or implied in these conditions. "Goods" means all products and services offered for sale by the Company to the Customer and shall include intellectual property in any designs created by the Company and any magnetic, paper, digital or other recording of such design.

1.2 The plural includes the singular and vice versa, and one gender includes all other genders. Marginal headings shall not affect interpretation of the Agreement.

2. COMPANY'S QUOTATIONS & CUSTOMER ORDERS

2.1 Unless otherwise specified in writing, all quotations given by the Company are valid for a period of 30 days from time Company provides quotation to Customer. Company agrees to honor and accept any orders procured as a result of such written quotation within the validity period.

2.2 No Customer's order shall be binding on the Company until accepted by the Company.

Provisions of these terms and conditions shall override any inconsistency between them and any provision of the Customer's order.

3. REPRESENTATIONS AND WARRANTIES

3.1 Liability arising in respect of the quality of the Goods, fitness of the Goods sold for any particular purpose or the compliance of the Goods sold with any description or sample produced by either party to the other party at any time (whether before, at the time of or after the Customer's placing of an order for the Goods with the Company or otherwise) is excluded to the maximum extent permitted by law.

3.2 Any liability incurred by the Company to the Customer is limited to the replacement of the Goods or (at the option of the Company) refund of the price paid by the Customer plus applicable shipping charges. In particular liability does not extend to consequential loss. Liability is conditional upon the Customer within 14 days from the date of receipt of goods by Customer's End User making a written claim and returning the Goods at Customer's cost to enable a proper examination. In the event the Goods are replaced by the Company, the company shall reimburse Customer for any shipping costs and Customer will pay shipping costs for replacement Goods.

3.3 No representation is given by the company to the Customer whether in relation to the suitability of the Goods, the date of delivery, the quality, fitness, safety or otherwise of the Goods. The Customer acknowledges that no such representation shall be relied upon in any event.

4. EVENTS OUTSIDE OF THE COMPANY'S CONTROL The Company shall not be liable for any failure by it to perform under this Agreement, or for any loss or damage suffered by the Customer in consequence of such failure which arises from any cause whatsoever beyond the control of the Company, including (but not limited to) delays in shipping, wharf handling or other mode of delivery,

accidents at sea, fire or other accident, strikes or other labour disputes, inability of the Company suppliers to deliver materials or finished products, any computer virus introduced by a Third Party to the Goods supplied by the Company to the Customer, or any law, proclamation, regulation or ordinance of any government agency.

5. DELIVERY OF GOODS

5.1 The Customer shall provide delivery instructions in its order. The Company will arrange for delivery as closely in accordance with the Customer's delivery instructions as may be reasonably possible. If the Customer does not specify delivery instructions in their order the Company will be entitled to use the most expedient form of delivery and reserves the right to select a carrier at its discretion. Unless otherwise specified by the Company in writing, all costs incurred by the

Company in delivery of the Goods "from factory door to Customer" shall be borne by the Customer.

5.2 Any times quoted by the Company for supply and delivery are estimates only. The Customer shall not be relieved of any obligation to accept or pay for the Goods by reason of any delay in supply or delivery.

5.3 From the time of delivery to the Customer or his agent the risk of loss or damage to or deterioration in the Goods from whatever cause shall be borne by the Customer, subject to the provisions of Clause 6.

5.4 Acknowledgment by the Customer's agent in writing that the Goods were delivered in good order and condition shall be conclusive proof of delivery by the Company in accordance with the terms and conditions. In these circumstances any liability of the Company to the Customer pursuant to Clause 3.2 or otherwise is excluded to the extent permitted by law.

6. RISK OF DAMAGE AND TITLE TO GOODS

6.1 Unless otherwise agreed in writing, goods supplied by the Company to the Customer shall be at the Customer's risk immediately upon delivery to the Customer (or his agent) of the Goods or upon delivery of the Goods into the Customer's custody (whichever is the sooner). The Customer should insure the Goods from that time against such risks as it thinks appropriate.

6.2 Title to the Goods supplied by the Company to the Customer will not pass to the Customer until such time as the Goods, the subject of the delivery contract and all other Goods supplied by the Company to the Customer have been paid for in full. Until such time as the Goods have been paid for in full the Customer shall store the Goods in such a manner as to show clearly that they are the property of the Company.

6.3 Until such time as the Goods have been paid for in full the Customer is at liberty to use the Goods in the ordinary course of the Customer's business and to sell the Goods, in the ordinary course of its business, as agent for the Company for the proceeds of such sale.

6.4 The Customer will receive all proceeds of any dealing with the Goods in trust for the Company and will keep such proceeds in a separate account until the liability to the Company has been discharged.

6.5 The Customer and the Company agree that the provisions of this clause apply notwithstanding any arrangement between the parties under which the Company grants the Customer credit.

6.6 The Customer and the Company agree that the Company shall have the right to re-enter and re-take possession of the Goods if payment is not made in accordance with the usual terms of credit and that for the purposes of this clause the Customer irrevocably agrees to grant access to the

Company or its agents in order to allow the Company to recover possession of the Goods and to render all necessary assistance in delivering possession to the Company or its agents.

6.7 The Company retains its rights to trace its title to the Goods into any other goods or any fund or funds of money into which the Goods may have been manufactured, converted or incorporated.

7. RETURN OF GOODS

7.1 If the Customer wishes to return the Goods, and the reason for return is due to no fault of the Company, then the Company is under no obligation to accept the return of the Goods except for the purposes of an examination pursuant to Clause 3.2

7.2 If, due to no fault of the Company, the Customer returns Goods in the same condition as they were sold and the Company accepts the Goods, then the Company reserves the right to charge the Customer a re-stocking fee calculated at 10% of the sale price of the Goods.

8. PAYMENT FOR GOODS

8.1 The Customer shall pay to the Company that price calculated in accordance with the Company's quotation, the Customer's order and the Company's acceptance of the order.

8.2 The Company will invoice the Customer upon shipment and the Customer shall pay the Company within thirty (30) days from the date of invoice.

9. DEFAULT

9.1 The Customer acknowledges that once its account is outstanding beyond a period of thirty (30) days from the date of invoice the Company shall have the right to terminate the Customer's credit.

9.2 The Customer acknowledges that while reserving its rights to commence sooner the Company maintains a policy of commencing proceedings for recovery of outstanding debts after a period of forty five (45) days has passed from the date of invoice.

9.3 Should payment remain outstanding beyond the Company's payment terms the Customer is liable for all costs including legal costs (on a solicitor and own client basis) and mercantile agents' fees incurred by the Company in recovering the amount outstanding. The Customer acknowledges that all such costs and fees shall be a liquidated claim for the purposes of any small debt action against the Customer by the Company in the Magistrates Court.

10. WAIVER

The Company's failure to insist upon strict performance of any term or condition of these conditions of sale shall not be deemed a waiver of any such term or condition or of any right which the Company may have. The conduct of the Company shall not be deemed a waiver of any subsequent breach of any term or condition.

11. TECHNICAL ASSISTANCE

It is expressly agreed that if the Company provides to the Customer technical advice or assistance, then no liability for loss or damage suffered whether directly or indirectly by that technical advice or assistance shall attach to the Company, whether that loss or damage arises for breach of contract at common law, including the law relating to negligence by the Company, and whether arising directly, indirectly or sequentially.

12. CHANGE OF OWNERSHIP

The Customer agrees to notify the Company in writing of any change of ownership or control of the Customer or its business, or directorships in the case of a corporate Customer, or any other change of any sort affecting this Agreement within seven (7) days from the date of such change. The Customer indemnifies the Company against any loss or damage incurred by the Customer as a result of the Customer's failure to notify the Company of any such change.

13. LIEN

The Customer hereby acknowledges and agrees the Company has a lien over all Goods in its possession belonging to the Customer to secure payment of any or all amounts outstanding from time to time.

14. PRIVACY

The Customer acknowledges and agrees that the Company may acquire personal information about the Customer from a credit reporting agency or may disclose any personal information contained in the Application for Credit to a credit reporting agency or other person.

15. CHARGE

The Customer hereby charges all property, both equitable and legal, of the Customer in respect of any monies that may be owing under the Agreement. In the event of Customer's failure to pay outstanding charges due to the Company under the terms of this Agreement, the Customer hereby authorizes the Company or its solicitors to execute any consent form as its attorney for the purposes of registering a caveat over real property owned by the Customer at any time there remains funds past due to the Company by the Customer, or to register this charge over the assets of the Customer. This clause does not apply to the funds held by the Customer on trust pursuant to Clause 6 of the Conditions of Sale.

16. INVALIDITY

If any provision of this Agreement, or its application to any party, person or circumstances, is invalid or unenforceable, then the remainder of this Agreement or the application of such provision to such other parties persons or circumstances shall not be affected thereby.

17. HEARING OF DISPUTES

This clause shall be governed by and construed in accordance with the Laws applying in the Province of Ontario and the Company and the Customer agree to submit to the non-exclusive jurisdiction of the Courts of that Province.

18. TYPE APPROVAL

The Customer acknowledges that:

1. The Goods are manufactured solely for use by military, intelligence and law enforcement agencies;
2. The Goods or modules within the Goods may not comply with government standards for type approval, and
3. The Customer will be responsible for satisfying itself that the goods may be legally operated in the district where the customer intends to use them.