



## TERMS AND CONDITIONS OF SALE AGREEMENT

Inland Mercantile Inc., operating as Aurora Canadian Jewellery ("Vendor") and \_\_\_\_\_ of \_\_\_\_\_ ("Purchaser") hereby acknowledge and agree that the following Terms and Conditions of Sale ("Terms") apply to all sales between Vendor and Purchaser. Purchaser's submission of an order constitutes its agreement to be bound by these terms.

### 1. Orders; Price

Offers to purchase are accepted by the written approval by an officer of Vendor or by shipment of ordered goods, whichever is earlier. Purchaser shall pay the prices in effect on the date of delivery. Prices are subject to change without notice.

### 2. Payment Terms; Credit

Vendor may elect, in its sole discretion, to sell on open account, C.O.D. or C.I.A. Unless specifically pre-approved by an officer of Vendor, sales on open account are net 30 days from the date of invoice. Net payment received within 10 days of invoice date will receive 2.5% discount on order amount before GST. No discount may be taken unless specified on Vendor's invoice and payment in full is received within the discount terms. Acceptance by Vendor of less than full Payment shall not waive any of Vendor's rights, and no claim by Purchaser shall extend time for payment. Past due accounts are subject to an interest charge of 2.00% per month (24% per annum) on the balance due. Applications for credit must be made on Vendor's New Account Application form. By submitting a request for open account, Purchaser represents that

- (i) the information provided therein is true and accurate, and
- (ii) Vendor may rely on such information.

### 3. Shipment

Initial opening order will be shipped at no charge via express. All other goods, including packaging and repairs, are shipped F.O.B. Calgary. Risk of loss or damage shall pass to Purchaser immediately upon delivery by carrier to Purchaser. Each shipment shall be a separate and independent transaction, and may be individually invoiced. Vendor is not liable for failure to meet any projected or promised delivery date.

### 4. Retention of Title

Vendor retains title to all goods unsold by Purchaser until Vendor is paid in full. Purchaser is entitled until further notice to resell goods supplied in the normal course of business under retention of title for Vendor. Until Vendor has been paid in full, Purchaser grants a security interest to Vendor in all Purchaser's accounts receivable and book debts, up to the amount Purchaser owes Vendor. Vendor is entitled to re-possess all goods of the Vendor in the possession or control of the Purchaser at its premises if Purchaser breaches these terms, including, without limitation if

- (i) Purchaser fails to store and maintain the goods in a reasonable manner,
- (ii) Purchaser fails to make any payment in a timely manner, or
- (iii) Purchaser is insolvent or is a debtor in any insolvency proceeding, formal or informal, Purchaser's return of goods, or Vendor's re-possession of goods, will not release Purchaser from its contractual obligations.

### 5. Shortages and Returns

No claims for shortages, damages in transit or returns will be considered unless made in writing within 15 (fifteen) days of delivery. Permission to return goods, with shipping instructions, must be obtained from Vendor in writing, and such goods, including related packaging must be returned at Purchaser's risk in the same condition as when they were shipped by Vendor with transportation and insurance charges prepaid by Purchaser. All authorized returns must be accompanied by a copy of the corresponding invoice. Returns are authorized at Vendor's sole discretion. GOODS WHICH ARE DATED OR MADE TO SPECIAL ORDER ARE NOT RETURNABLE.

## 6. Intellectual Property

Purchaser hereby agrees with Vendor that:

- (i) all and any products or merchandise purchased by the Purchaser from Vendor is for the product only and excludes the proprietary interest or rights in or to the models, styles or designs of such products,
- (ii) all models, styles and designs or variations thereof provided by Vendor to Purchaser are proprietary to Vendor and shall at all times remain the sole property of Vendor,
- (iii) Purchaser has no proprietary interest or rights in or to any such models, styles or designs and any use of the models, styles and designs other than for the purpose of retail sales to consumers and any use other than set out in this agreement would be to the economic and commercial detriment of the Vendor, and
- (iv) Purchaser shall not and it shall ensure that its employees, servants, agents, suppliers and affiliates shall not during or after this agreement: a) make any use of the models, styles and designs or variations thereof, except for the sole purpose of retailing, and b) make any reproductions or copies of the models, styles or designs or variations thereof whatsoever; or direct any person, corporation, or other entity to do so.

## 7. Protection of Vendor's Trademark Rights

- (i) The Purchaser acknowledges the Vendor's ownership of the trademarks "Aurora Canadian Jewellery", "Aurora Canadian Diamonds" and "Auroralite", and agrees that it will not attack the title or any rights of the Vendor in and to such trademarks during this agreement or thereafter.
- (ii) Purchaser may only use Vendor's trademarks, packaging, displays, point of sales materials, marketing materials and sales aids to identify goods sold or offered for sale by the Vendor. Purchaser will not use Vendor's trademarks, names or logos in any other manner without prior written approval from an authorized officer of the Vendor. Sales representatives are not authorized to give such approval.

## 8. Cancellation

Purchaser may cancel an order, once accepted, only upon Vendor's written approval, and Vendor may impose cancellation fees that will indemnify Vendor against loss. If the Purchaser defaults on any part of any order, fails to pay any invoice according to these terms or, appears in Vendor's sole opinion, unable to pay in accordance with these terms, Vendor may, at its option, cancel any other order previously accepted, or any undelivered portion thereof, without further obligation to Purchaser and without prejudice to Vendor's other rights or remedies.

## 9. Coin Jewellery Orders

For each and every coin jewellery order made by Purchaser, subject to contrary written instructions given on the order, Purchaser hereby appoints Vendor as agent to mount or set Purchaser's coins, and agrees to indemnify and save harmless Vendor from any and all claims and assessments made against Vendor for not collecting excise taxes and or GST on value of Purchaser's coins.

## 10. Sole Terms

THESE TERMS ARE THE FINAL, COMPLETE AND EXCLUSIVE EXPRESSION OF THE AGREEMENT BETWEEN VENDOR AND PURCHASER AND SHALL EXCLUSIVELY GOVERN THEIR RIGHTS. No supplementation, modification, amendment or alteration of these Terms shall be binding unless in writing and signed by Vendor's authorized officers. No sales representative is authorized to supplement, modify, amend or alter these Terms. These Terms supersede all prior oral and written communications, representations and agreements between Vendor and Purchaser, and supersede any course of dealing usage of trade, and any inconsistent provisions on Purchaser's purchase order or other communications. Vendor hereby notifies Purchaser of its objection to any terms or conditions, whether or not material, in any communication from Purchaser, which are additional to or otherwise different from those contained herein. Vendor's forbearance, acceptance of partial performance, or failure to insist on performance of any term or condition herein shall not waive any of Vendor's rights or remedies and shall not waive any other or subsequent breach or default of these Terms. Vendor's failure to exercise any right or remedy contained herein on one or more occasions shall not bar the exercise of such right of remedy on any other occasion.

I, \_\_\_\_\_ having signing authority for and on the behalf of \_\_\_\_\_ have read this agreement and understand and agree to all terms herein and have received a copy for my records.

X \_\_\_\_\_ Dated: \_\_\_\_\_, 2003