

TOPSOURCES LAB INC.
PURCHASE ORDER TERMS AND CONDITIONS

1. DEFINITIONS

- "TSL" shall mean TopSources Lab Inc.
- "The Supplier" shall mean the person, firm or company to whom the Purchase Order is issued.
- The word 'Goods' include all goods and the word
- "Services" includes all services and/or performance of works, covered by the Purchase Order.
- The term 'Purchase Order' shall mean Buyer's Purchase Order, to which these Terms and Conditions shall apply.
- 'Terms and Conditions' shall mean the Clauses Nos. 1 to 19 detailed herein, which shall be binding on both parties and only amended by an authorized signatory.
- 'The Contract' shall mean the contract between TSL and the Supplier consisting of the Purchase Order, these Purchase Terms and Conditions and any other documents (or parts thereof) specified in the Purchase Order.

2. QUALITY

In the absence of a specification or sample, all goods supplied shall be supplied to normal industry standards. . All Services shall be carried out in a good and workmanlike manner.

3. DELIVERY DATE

The date of delivery of the Goods or of the commencement of Services shall be that specified in the Purchase Order unless agreed otherwise between TSL and the Supplier. The Supplier shall furnish such programs of manufacture and delivery of Goods, or such descriptions and schedules of Services as TSL may reasonably require and the Supplier shall give notice to TSL as soon as practicable if such programs or schedules are or are likely to be delayed.

4. INCORRECT DELIVERY

All goods must be delivered at the delivery point specified in the Purchase Order. If goods are incorrectly delivered, the Supplier will be held responsible for any additional expense incurred in delivering them to their correct destination. Services shall be carried out at the location specified in the Purchase Order. Whilst on TSL premises, the Supplier's personnel, agents and subcontractors shall at all times conduct themselves in full compliance with TSL site, safety and security regulations that are brought to their notice and shall immediately report to TSL any accidents in which they are involved.

5. PASSING OF PROPERTY AND RISK TO BUYER

The title and risk in the Goods shall remain in the Supplier until they are delivered at the point specified in the Purchase Order and transferred to TSL's possession, at which time title and risk in the goods shall transfer to TSL. The intellectual property in all commissioned Services shall belong to TSL unless otherwise agreed in the Contract referred to in the Purchase Order. Supplier agrees to carry out all formalities to legally vest ownership of intellectual property rights in TSL at TSL's expense and request.

6. TERMS OF PAYMENT

- Unless otherwise stated in the Purchase Order, payment will be made within 30 days from date of invoice providing TSL receives the Supplier's correct and valid invoice, and provided the Goods have been correctly delivered or the Services have been properly performed and TSL has accepted them.
- If the Goods are not correctly delivered or TSL has not accepted the Services, the invoice shall be paid after 30 days following the date when the discrepancy is corrected to TSL's satisfaction.
- Value Added Tax, where applicable, shall be shown separately on all invoices that must comply with local regulatory requirements.

7. LOSS OR DAMAGE OF GOODS IN TRANSIT

- TSL shall advise the Supplier and the carrier (if any) in writing, otherwise than by a qualified signature on any Delivery Note, of any loss or damage or defect within the following time limit:
- Partial loss, damage, defects or non-delivery of any separate part of a consignment shall be advised within 14 days of date of delivery of the consignment or part consignment. Supplier will advise of any total loss within 7 days.
- Supplier shall make good free of charge to TSL any loss of or damage to or defect in the Goods where TSL gives notice in compliance with this warranty provision.

8. ACCEPTANCE

TSL shall have the right, without prejudice to any other right which TSL may have against the Supplier to reject the Supplier's supplies of Goods or Services within a reasonable time of their delivery or completion and to cancel this Purchase Order if they are not in conformity with the contract or the terms and conditions of the Purchase Order. The making of payment shall not prejudice TSL's right of rejection.

9. VARIATIONS

- The Supplier shall not alter or vary the Goods or Services, except as directed in writing by TSL. TSL shall have the right, from time to time during the execution on of the Contract, by notice in writing, to direct the Supplier to add to or to omit, or otherwise vary, the Goods or the Services. Where the Supplier receives any such direction from TSL which would occasion an amendment to the Contract price the Supplier shall, with all possible speed, advise TSL in writing to that effect giving the amount of any such amendment, ascertained and determined at the same level of pricing as that contained in the Supplier's tender or quotation.
- Provided TSL accepts in writing any variation in price given in accordance with clause 9.1 or any alteration to the delivery or performance schedule, the Supplier shall carry out such variations and be bound by the same conditions, so far as applicable, as though the said variations were stated in the Contract.
- If, in the opinion of the Supplier, any such direction is likely to prevent the Supplier from fulfilling any of its obligations under the Contract it shall so notify TSL and TSL shall decide with all possible speed whether or not the same shall be carried out and shall confirm its instructions in writing and modify the said obligations to such an extent as may be justified. Until TSL confirms its instructions, the Supplier shall act as if the instructions had not been given.

10. INTELLECTUAL PROPERTY RIGHTS

The Supplier will fully indemnify TSL against any claim for infringement of intellectual property rights in connection with any Goods or Services supplied by Supplier to TSL and against any and all costs, expenses and damages which TSL may incur or become liable for such infringement. . TSL shall give to the Supplier prompt notice in writing of any claim being made or action threatened or brought against TSL and will permit the Supplier, at Supplier's own expense, to conduct any litigation that may ensue and all negotiations for a settlement of the claim.

11. FORCE MAJEURE

Neither party shall be liable for failure to perform its obligations under the Contract if such failure results from circumstances, which are beyond the party's reasonable control.

12. ASSIGNMENT AND SUB-CONTRACTING

The Contract shall not be assigned by the Supplier nor subcontracted as a whole. The Supplier shall not subcontract or assign any part of the Services without TSL 's written consent, which shall not be unreasonably withheld, but the restriction

contained in this clause shall not apply to subcontracts for materials, for minor details, or for any part of which the makers are named in the Contract. The Supplier shall be responsible for all Services and Goods supplied by subcontractors.

13. COPIES OF SUBCONTRACTS

When TSL has consented to the placing of subcontracts copies of each subcontract shall be sent by the Supplier to TSL immediately upon signing and prior to commencement of work by the subcontractor. .

14. HAZARDOUS GOODS

- Hazardous Goods must be marked by the Supplier with International Danger Symbol(s) and display the name of the material in English. Transport and other documents must include declaration of the hazard and name of the material in English. Goods must be accompanied by emergency information in English in the form of written instructions, labels or markings. The Supplier shall observe the requirements of EU and local laws and regulations relating to the packing, labeling, carriage and disposal of hazardous Goods.
- All information held by, or reasonably available to, the Supplier regarding any potential hazards known or believed to exist in the transport, handling or use of the Goods to be supplied or to the provision of Services shall be promptly communicated to TSL.

15. WARRANTY AND INDEMNITY

- The Supplier shall as soon as reasonably practicable repair or replace all Goods without additional cost to TSL which are or become defective during the Period of 12 months from delivery, or if appropriate putting into service, whichever is the later, where such defects occur under proper usage and are due to faulty design, the Supplier's erroneous instructions as to use or erroneous use data, or faulty materials or workmanship, or any other breach of Supplier's warranties, expressed or implied, statutory or otherwise. Repairs and replacements shall themselves be subject to the foregoing obligations for a period of 12 months from the date of delivery, reinstallation or passing of tests (if any) whichever is appropriate after repair or replacement. Supplier shall further be liable in damages in respect of each Purchase Order. The Supplier shall remedy at no charge to TSL any defects in Services that were not due to TSL that appear within 12 months from the completion of the Services. Neither the above nor anything contained in these Terms and Conditions shall limit or impair any statutory or any other rights that TSL may have.
- The Supplier will indemnify TSL against all losses liabilities, claims, costs and expenses that may result from loss of or damage to any property, or injury to or the death of any person that may arise out of any act or omission or negligence of the Supplier in connection with the Purchase Order or the Supply.
- Goods submitted by TSL to the Supplier for servicing or repair or any works shall be at the Supplier's sole risk in regard to any loss or damage or personal injury.

16. INSOLVENCY AND BANKRUPTCY

If the Supplier becomes insolvent or bankrupt or (being a Company) makes an arrangement with its creditors or has an administrative receiver or administrator appointed or commences to be wound up (other than for the purpose of amalgamation or reconstruction), TSL may, without prejudice to any other of his rights, terminate the Contract forthwith by notice to the Supplier or any person in whom the Contract may have become vested.

17. GENERAL CONDITIONS IN THE TENDER

No conditions submitted or referred to by the Supplier when tendering, shall form part of the Contract unless otherwise agreed to in writing by both parties.

18. CONFIDENTIALITY

- The Supplier undertakes that it and the Supplier's, personnel, agents and subcontractors will fully respect the confidentiality of TSL's internal business affairs. The Supplier hereby undertakes to treat as confidential all information obtained from TSL or communicated to the Supplier pursuant to this Purchase Order (or through discussions or negotiations prior to the Purchase Order being placed) or acquired in the performance of the Purchase Order, and will not divulge such information to any person (except to its own employees and then only to employees who need to know the same) and will use such information solely in connection with performing its obligations under this the Purchase Order and not for its own benefit or for the benefit of any third party, provided that this Clause shall not extend to information:-
 - which is rightfully in its possession prior to the commencement of the negotiations resulting in the Contract; or
 - which is already public knowledge or becomes so at a future date (other than as a result of breach of this Clause); or
 - which is communicated or disclosed to the Supplier by a third party lawfully in possession thereof and entitled so to disclose it.

19. CONSTRUCTION OF CONTRACT

- The Contract shall be governed by and construed in accordance with Canada Law and the parties submit to the jurisdiction of the Courts of British Columbia, Canada.
- The Purchase Order shall override and take precedence over any other terms and conditions express or implied and its provisions shall not prejudice or affect any other right or remedy for breach of Contract or otherwise to which TSL may be entitled.
- No amendment to the Purchase Order or the supply of goods shall be of effect unless agreed in writing by TSL.
- Notices hereunder shall be in writing addressed to the parties as stated overleaf, or to their last known addresses, and shall be effective on delivery.
- Failure of TSL to enforce compliance with any term or condition of the Purchase Order shall not constitute a waiver of such term or condition.
- If any provision of the Purchase Order is determined invalid, unlawful or unenforceable to any extent such provision shall be severed from the body of the Purchase Order and the remainder thereof shall continue to be valid and enforceable to the fullest extent permitted by law.

Issuer:

Topsources Lab Inc.

Unit 3, 13520 Crestwood Place,
Richmond, BC, Canada. V6V2G2
Tel: 604 273 8631
Fax: 604 273 3467

June 15, 2004. @ Richmond, BC.