

MANITOBA LIQUOR AND LOTTERIES CORPORATION
CORPORATE PURCHASE ORDER - TERMS & CONDITIONS

1. Incorporation of Terms and Conditions in Purchase Order

The terms and conditions in this document are incorporated into every requisition for goods or services, or both, that Manitoba Liquor and Lotteries Corporation (MBLL) issues by purchase order. The promises, warranties and representations in this document are deemed to have been given by every recipient of a purchase order from MBLL that has been accepted by MBLL.

2. Acceptance of Purchase Order

The purchase order is MBLL offer to purchase from the Supplier the goods or services or both described in the purchase order. Commencing the provision of the services, shipment of any of the goods, or delivery of any of the goods, whichever occurs first, constitutes acceptance by the Supplier of MBLL offer to purchase, and the terms and conditions outlined herein.

3. Entire Contract

The purchase order, together with these terms and conditions, forms the entire agreement between MBLL and the Supplier (the "Contract").

4. Modifying the Terms and Conditions

No modifications (whether they are deletions, additions or variations and whether they are proposed by MBLL or the Supplier) to the terms and conditions of the Contract are effective or binding on MBLL unless they are specifically agreed to in writing by MBLL. No additional or different terms or conditions in any printed form of the Supplier become part of the Contract unless MBLL has specifically agreed to them in writing.

5. No Substitutions

The Supplier must not substitute a different brand or model if a particular brand or model has been specified in the purchase order, unless the different brand or model has been specifically agreed to in writing by MBLL.

6. Shipping Instructions

The Supplier must comply with best commercial practices to ensure that the goods arrive safely at the destination, and all goods must be shipped freight prepaid, F.O.B. destination, unless otherwise stated. Where MBLL has so authorized in writing, goods may be shipped F.O.B. shipping point, but the Supplier must prepay all shipping charges, route the goods by the most economical common carrier or by the carrier specified by MBLL (if one is specified), and list the shipping charges as a separate item on the Supplier's invoice. All invoices that include shipping charges must be accompanied by a written receipt from the carrier, indicating that such shipping charges have been paid. MBLL reserves the right to reject C.O.D. shipments. The Supplier must not bill MBLL for the cost of insuring the goods during shipment unless MBLL has agreed in writing to pay for the goods to be insured or where the goods are shipped via parcel post.

7. Representations

MBLL is prohibited by law from purchasing or receiving gaming supplies or gaming services from suppliers that should be licensed with Liquor and Gaming Authority (LGA) unless they are licensed as suppliers under The Liquor and Gaming Control Act. Accordingly, if the goods or services being requisitioned in the purchase order are gaming supplies or gaming services subject to LGA licensing, the Supplier makes the following representation and promise to MBLL:

As of the date of acceptance of the purchase order the Supplier will be licensed as a supplier under The Liquor and Gaming Control Act (www.lgamanitoba.ca), and the Supplier promises that it will continue to be registered as long as any part of the purchase order remains unfulfilled, unperformed or undelivered.

8. Handling and Related Charges

The Supplier must pay all charges for handling, packaging, wrapping, bags, containers, crating, storage, commissions and related matters unless otherwise indicated by MBLL in the purchase order.

9. Delivery

Time is of essence and the contract may be terminated by MBLL if the goods are not delivered or if the services are not fully performed by the date or dates specified in the purchase order. In such instance, MBLL may purchase the items or services elsewhere and charge the Supplier with any loss incurred by MBLL. No change in the scheduled delivery or performance dates will be permitted without MBLL written consent. No acceptance of goods or services after the scheduled delivery or performance date affects MBLL right to terminate for such late delivery or performance nor does it constitute a waiver of any term or condition that requires the Supplier to deliver or perform at a future date.

10. Risk of Loss

Regardless of F.O.B. point, the Supplier agrees to bear all risks of loss, injury or destruction of goods ordered which occur prior to receipt of the goods by MBLL. No such loss, injury or destruction releases the Supplier from any of its obligations under the Contract.

11. Payment

Payment for goods or services will only be made once payment has been authorized in accordance with section 16 (of the PO Terms and Conditions). It is MBLL's preference that all payments in Canadian funds (CAD) to Canadian Financial Institutions shall be issued via Electronic Funds Transfer (EFT). The Supplier shall provide MBLL with its bank information. For payments in currencies other than CAD, or to bank accounts outside of Canadian Financial Institutions, MBLL will remit payment by mail, unless otherwise mutually agreed upon. Standard terms of "net 30 days" apply unless otherwise noted by MBLL.

12. Prices

MBLL will pay the prices stated in the purchase order for the goods or services. The prices indicated must be in Canadian funds unless otherwise specified in the purchase order or agreed to in writing by MBLL. If a price is not stated in the purchase order, MBLL will pay the lowest of the following prices:

- (a) the price last quoted to MBLL by the Supplier;
- (b) the price last paid by another customer of the Supplier; or
- (c) the prevailing market price for such goods or services.

13. Changes

MBLL may make changes to the goods or services requisitioned in a purchase order, including (without limitation) changes to drawings and specifications for specially manufactured goods and place of delivery, and will notify the Supplier of such changes in writing. If the changes affect the cost of the goods or services, or the time required for the goods or services to be delivered or performed, the Supplier must request an adjustment in writing before the Supplier ships or delivers the goods or begins to provide the services. If no adjustment has been requested by the Supplier within 30 days after having received MBLL notice, MBLL will deem the Supplier to have agreed to make the changes without any adjustment to the price or delivery dates or work schedule. The Supplier is not permitted to make any changes unless they have been requested by MBLL or unless MBLL has first approved the changes in writing.

14. Owner's Manual

If applicable, the Supplier must supply an owner's manual or other instructions to MBLL for the installation, operation, maintenance and repair of the goods.

15. Warranties

The Supplier expressly warrants that all goods and services purchased under the Contract conform with the purchase order and all applicable specifications and Canadian standards, are free from defects in material, workmanship and design, and are of a quality satisfactory to MBLL

taking into account how they are described in the purchase order. If the Supplier knows, either expressly or by implication, the particular purpose for which MBLL intends to use the goods or services, the Supplier warrants that such goods or services are fit for such purpose. The Supplier further warrants that the goods are wholly new in that they contain only new components and parts throughout, that the Supplier has good and warrantable title to the goods and that goods will, upon delivery to MBLL, be free and clear of all liens, claims and encumbrances of every kind.

The Supplier warrants that MBLL purchase, installation and use of goods or services provided by the Supplier under the contract will not result in any claim of infringement, or actual infringement, of any patent, trademark, copyright, franchise, moral or other intellectual property right.

The Supplier warrants that the goods and services supplied under the contract have been produced and supplied in compliance with all applicable federal, provincial (or state) and local or municipal laws, orders, rules and regulations.

If the goods have a manufacturer's warranty, MBLL will be entitled to the benefit of the warranty. The Supplier will provide MBLL with a copy of such warranty when it delivers the goods. The Supplier agrees to extend all warranties that it receives from its vendors to MBLL and to MBLL customers.

Breach of the warranties in this section entitles MBLL to all remedies available to MBLL at law or in equity.

MBLL approval of the Supplier's design, materials or goods does not relieve the Supplier of the warranties set out herein. Without limiting any rights that MBLL may have at law because of any breach of warranty, goods that are not as warranted (whether or not apparent on initial inspection) may at any time within the warranty period specified in the purchase order or any applicable manufacturer's warranty, whichever period is longer, be returned at the Supplier's expense. MBLL, at its option, may require the Supplier either to replace such goods without changes, in which case the Supplier must pay all repacking, transportation and handling charges both ways, or to refund the purchase price and any charges incurred by MBLL in connection with the purchase. In addition, MBLL may claim payment of damages for any loss that it may suffer as a result of the goods not being warranted. The Supplier agrees to promptly pay all such amounts to MBLL.

16. Inspection and Testing, and Authorizing Payment for Goods or Services

Facilities and Equipment

MBLL may need to inspect the Supplier's facilities or equipment, or both. The Supplier consents to such an inspection and agrees to give MBLL and its representatives reasonable access to its facilities and equipment for this purpose.

Goods

MBLL will count and inspect goods delivered under a contract. MBLL may wish to test goods requisitioned in a purchase order. If the count, inspection or tests show that the goods do not comply with MBLL specifications or other requirements, the goods will be rejected and returned (if they have been delivered) to the Supplier.

Payment for goods will not be authorized until MBLL has counted, inspected and tested (if applicable) the goods and has found them acceptable. Only written authorization for payment is binding on MBLL and may be relied upon by the Supplier.

Services

MBLL will inspect or review services delivered or performed under a contract. If the inspection or review shows that the services do not comply with MBLL specifications or other requirements, the services will be rejected.

Payment for services will not be authorized until MBLL has inspected or reviewed the services and has found them acceptable. Only written authorization for payment is binding on MBLL and may be relied upon by the Supplier.

Costs Related to Rejected Goods or Services

All costs of MBLL to unpack, inspect, test, repack, store and reship rejected goods are the responsibility of the Supplier. All costs of MBLL to inspect or review rejected services are the responsibility of the Supplier. The Supplier agrees to promptly pay all such costs.

17. Default and Termination

In addition to MBLL other rights under the Contract and without restricting any other remedies available, MBLL may, by written notice to the Supplier, immediately cancel in whole or any part of the Contract in any one or more of the following circumstances, which is deemed to be termination for cause:

- (a) subject to section 17, if the goods are not delivered or if the services are not fully performed by the date or dates specified in the purchase order, or such later date as MBLL may have, in writing, agreed upon;
- (b) if, in MBLL opinion, any of the goods are defective;
- (c) if, in MBLL opinion, any of the goods do not conform to the purchase order;
- (d) if, in MBLL opinion, the Supplier fails to perform any of the other provisions of the Contract;
- (e) if, in MBLL opinion, any services provided by the Supplier are unsatisfactory, inadequate or improperly performed;
- (f) if MBLL becomes aware of information which would reasonably lead MBLL to believe that the goods will not be delivered or the services will not be performed by the date or dates specified in the purchase order, or such later date as MBLL may have, in writing, agreed upon;
- (g) if the Supplier is in breach of any of the terms and conditions of the Contract;
- (h) if the Supplier becomes, or is about to become, bankrupt or insolvent, goes into receivership or takes the benefit of any law pertaining to bankrupt or insolvent debtors (it being understood that the appointment of a receiver, receiver/manager or trustee of property and assets of the Supplier is conclusive evidence of insolvency); or where the Supplier is a corporation, a certificate or order is made or granted, or a resolution is passed, for the dissolution or winding up of the Supplier, voluntarily or otherwise, or the Supplier is otherwise likely to lose its corporate status.
- (i) If the annual budget or funding is not available to continue with the services.

18. Force Majeure and Lock out

Neither party shall be liable for default or delay due to causes beyond its reasonable control and without fault or negligence on the part of such party, including, but not limited to fire, flood, earthquake, snow storm or other natural disaster, as well as, failure of electricity or telephone service, labour lockout or strikes. The Supplier must give MBLL prompt notice in writing when any such cause appears likely to delay delivery of goods or the performance of services and must take appropriate action to avoid or minimize such delay. If any such default or delay threatens to impair the Supplier's ability to meet delivery requirements for its goods or services, MBLL is entitled to cancel the portion or portions of the purchase order so affected, without any liability to the Supplier. MBLL is not liable for the default or delay in performing its obligations due to causes beyond its reasonable control, or as a result of any suspension of the Supplier's obligations.

19. Indemnifications and Liability of Supplier

The Supplier indemnifies and holds MBLL, its officers, employees and agents, harmless from and against all claims, losses, expenses, damages, causes of actions and liabilities of every kind of nature, including (without limitation) legal fees on a solicitor and own client basis, arising from or out of:

- (a) any breach of any of the Supplier's obligations or warranties;
- (b) any misrepresentation by the Supplier;
- (c) any other act or omission of the Supplier, its officers, employees, agents or

- subcontractors or by those for whom it is responsible at law, howsoever caused including claims or actions which may be made or instituted by persons who make purchases from MBLL or use products supplied by the Supplier;
- (d) the presence or activity of the Supplier's officers, employees, agents, contractors and subcontractors on MBLL premises where the contract includes services or work to be done on MBLL premises;
 - (e) any builder's lien or claim in any way relating to work or services performed under the contract; or
 - (f) a determination that the contract creates the relationship of employer and employee between MBLL and the Supplier, to the extent that such an indemnity is not prohibited by law.

The Supplier is solely responsible for any personal injury, or loss of life, of its officers, employees, agents, contractors or subcontractors experienced by such persons in the course of performing the services or in any other way related to the requirements of the contract except to the extent it was caused by the wrongful or negligent act of an employee of MBLL while acting within the scope of his or her employment. The Supplier is solely responsible for its officers, employees, agents, contractors and subcontractors while they are on MBLL premises. The Supplier is solely responsible for any damage to, or loss of, its own property or property owned by MBLL or others caused in the course of the services being performed or in any other way related to the requirements of the Contract except to the extent it was caused by the wrongful or negligent act of an employee of MBLL while acting within the scope of his or her employment.

20. Assignment

No part of the Contract, not any interest in the Contract or any claim arising from the Contract, may be transferred, assigned or subcontracted by the Supplier without the prior written consent of MBLL, which consent may be withheld for any or no reason or consent given with or without conditions.

No assignments or transfer of the contract relieves the Supplier of any obligations under the Contract, except to the extent they are properly performed by the Supplier's permitted assigns. Where MBLL approves a third party to perform any part of the services contemplated by the Contract, the Supplier alone will be fully responsible for ensuring that all of the MBLL requirements are carried out by the third party in accordance with this Agreement.

MBLL may transfer or assign the benefits of the contract in whole or in part, including the Supplier's warranties, without notice to the Supplier.

The Contract is binding upon and ensures to the benefit of the successors and assignees of MBLL upon the successors and permitted assignees of the Supplier.

21. Additional Terms for Services

Where the Contract requires services to be performed, including goods to be installed (sometimes also referred to as "work"), the following additional terms apply:

- (a) The Supplier must take precautions to protect all property and persons from damage or injury arising out of the Supplier's services. The Supplier must comply with all applicable laws and regulations prescribed by any relevant governmental authority, including (without limitation) all fire, health and safety, employment, labour, workers' compensation and other applicable laws and regulations, and must obtain all necessary permits at its own cost unless the purchase order specifies that MBLL will obtain them.
- (b) All services must be performed in accordance with current, sound and generally accepted industry practices by qualified personnel, trained and experienced in the appropriate fields.
- (c) All tools, equipment, dies, gauges, models, drawings or other materials paid for or furnished by MBLL for the purpose of performing the services are and remain exclusively the property of MBLL. The Supplier must safeguard all such property while it is in the Supplier's custody or control and will be liable for any loss or damage to such

property. MBLL may require the Supplier to insure the property. The Supplier must use the property only for the purposes of performing the services, and return it to MBLL promptly upon request. Any such property described above may be removed by MBLL from the Supplier's premises. The Supplier agrees to waive and does hereby waive any lien it may have in regard to such property.

- (d) The Supplier must obtain and maintain the following insurance coverage until the services have been completed to MBLL satisfaction:
 - (i) workers' compensation coverage;
 - (ii) professional liability insurance coverage for all professionals employed by the Supplier who will be working in their designated professional capacity in providing the services, such coverage to be provided through their membership in a professional association or by a separate professional liability insurance policy, in an amount of at least two million dollar (\$2,000,000.00) per occurrence or claim; and
 - (iii) commercial general liability insurance against claims for personal and bodily injury, death or damage to property of other arising out of any services conducted under the contract. Such insurance must provide for coverage of not less than two million dollars (\$2,000,000.00) per occurrence and name MBLL, its officers, employees and agents as addition insureds.

The above are minimum insurance requirements intended to provide basic coverage for the Supplier. It is the responsibility of the Supplier and its insurance advisors to determine whether these amounts are sufficient or whether additional or other insurance coverage should be obtained.

- (e) The Supplier must ensure that the services and the property on or in which the services are performed, and all amounts payable under the contract, are kept free and clear of all statutory liens including (without limitation) builders' liens, and other liens and trust claims. If the Supplier fails to do so, MBLL may, without waiving any of its rights or remedies against the supplier for or by reason of such failure:
 - (i) withhold any payment otherwise due to the Supplier until MBLL has received such affidavits, waivers, discharges and releases with respect to the liens or claims as MBLL may require; and
 - (iii) pay such amounts as may be required to obtain discharges or releases of liens or claims, and to deduct them from amounts otherwise due to the Supplier.
- (f) The services remain at the risk of the Supplier until payment for the services has been authorized in writing by MBLL in accordance with section 16. The Supplier must replace, at its own expense, any and all services damaged or destroyed by any cause whatsoever prior to MBLL having given written authorization to pay for the services.
- (g) The Supplier is an independent contractor and not an agent, employee or representative of MBLL. The Supplier must not hold itself out to be an agent, employee or representative of MBLL.
- (h) The Supplier must perform its services in accordance with the schedules and work programs established by MBLL and must fully cooperate with MBLL and others engaged in work on the project so that the work on the entire project may be performed most efficiently but always consistent with good practices. If conflicts arise between the Supplier's services schedule and those of other engaged to provide services on the project, MBLL may require the Supplier and those other parties to work according to a schedule determined by MBLL.
- (i) The Supplier must carry on its services so that the premises are at all times clean, orderly and free from debris. Upon completion of the services, the Supplier must remove all equipment and unused materials from the project, clean up all refuse and debris, and leave the services site clean, orderly and in good condition.
- (j) Whenever services are performed on MBLL premises or on premises under MBLL control, the Supplier must comply with all reasonable directions and requests of MBLL and with MBLL work and safety rules, and must require its employees, agents, contractors and subcontractors to so comply. MBLL has the right to exclude personnel from MBLL premises who do not comply with such directions, requests or rules and, at MBLL option, to terminate the contract if the Supplier or its employees, agents, contractors or subcontractors fail to comply with this provision.

22. Delay or Suspension

By advising the Supplier in writing, MBLL may, at its sole option from time to time, delay or suspend the delivery of goods or the provision of services under the contract, in whole or in part, for such period of time as may, in the opinion of MBLL, be necessary. Where there is such delay or suspension by MBLL, all terms and conditions of the contract shall continue in full force and effect against the Supplier, except the scheduled performance or delivery dates which shall be postponed accordingly.

23. Severance

If a court or other lawful authority of competent jurisdiction declares any provision of the contract to be invalid, illegal or unenforceable, the contract continues in full force and effect with respect to all other provisions. All rights and remedies under such other provisions survive any such declaration.

Any invalid, illegal or unenforceable provision must, to the extent permitted by law, be severed and replaced by a valid, legal and enforceable provision that comes as close as possible to the intention underlying the severed provision as may be ordered by a court or other lawful authority of competent jurisdiction or as may be agreed to in writing by MBLL and the Supplier.

24. Set-off or Deduction

All claims for money due or to become due from MBLL under the contract may be set off or reduced by MBLL for any counterclaim arising out of this transaction or for any other claim MBLL may have against the Supplier.

25. Survival of Obligations, Representations, Warranties and Indemnities

The obligations of the Supplier contained in section 28, as well as all representations, warranties and indemnifications made or given by the Supplier, survive in cancellation or termination of the contract, and the performance or completion by the Supplier of its obligations under the contract.

26. Arbitration

If a disagreement arises between MBLL and the Supplier in relation to the contract that cannot be resolved by them, either party may request that the other party agree to submit the matter to arbitration. If the other party agrees, the matter will be arbitrated and arbitrators will be selected in the manner provided below. If the other party does not agree to have the matter submitted to arbitration, the party who requested arbitration is not entitled to have the matter arbitrated.

The arbitrator may either be a single person chosen by and satisfactory to both parties, or an arbitration panel of three, one member to be selected by each party and a third selected by the two members selected by the parties. The decision of the arbitrator or arbitration panel must be accepted as final and binding. The cost of arbitration will be split equally between MBLL and the Supplier. In all other respects, the provisions of The Arbitration Act (Manitoba) govern

27. Advertising

The Supplier, and anyone on the Supplier behalf, must not advertise or publish anything that includes a claim by the Supplier that it has supplied or provided goods or services to MBLL or to any of its staff members unless the Supplier has first obtained the written consent of MBLL.

28. Disclosure of Information

All data and information furnished by MBLL to the Supplier in connection with the contract, including, with limitation, data and information in the form of specifications, drawings, reprints, technical information, equipment, prototypes, forecasts, schedules, or other technical or business information, are the exclusive property of MBLL. Such data and information must be held in strict confidence by the Supplier, its employees, agents, contractors and subcontractors, and must be

promptly returned to MBLL upon request by MBLL. The Supplier must ensure that all such data and information is kept confidential and that it is not disclosed to any other person, or used for any purpose other than to provide the goods or services requisitioned in the purchase order, unless and until it comes into the public domain (other than by or through the Supplier) or MBLL consents in writing to its disclosure.

29. Acceptable Laws

The contract must be interpreted, performed and enforced in accordance with the laws of Manitoba and of Canada as are applicable in Manitoba.

30. Notices

Any notice given or other communication sent by a party with respect to the contract must be in writing and must be delivered or sent by registered mail, postage prepaid, or by facsimile transmission, addressed to the other party at the address or facsimile number last provided by that party to the other. Any notice or communication that is:

- (a) delivered is deemed to have been received on the date of the delivery; or
- (b) sent by registered mail is deemed to have been received on the third business day of MBLL following the date of mailing; or
- (c) sent by facsimile transmission is deemed to have been received on the next business day of MBLL following the date of transmission, or,
- (d) emailed is deemed to have been received on the next business day of MBLL following the date of transmission

If mail service is disrupted by labour controversy on the date of mailing or within three business days after the date of mailing, the notice or communication must also be delivered or sent by facsimile transmission. Either party may change its address or facsimile number by giving notice in writing to the other party in the manner set out above.

31. Conflict

If there is any conflict between the terms and conditions in this document and those set out in the purchase order, those in the purchase order prevail.