

INNOPHOS CANADA INC.

TERMS AND CONDITIONS OF PURCHASE ORDER, dated January 3, 2005

1. **CONTROLLING TERMS AND CONDITIONS** – The terms and conditions of this Purchase Order shall govern this contract between the Buyer and Seller subject only to any modifications expressly agreed to by the Buyer in writing irrespective of the wording of the Seller's acceptance, invoice, quotation, other Seller documents or trade custom.
2. **INTELLECTUAL PROPERTY** – Seller shall indemnify, hold harmless and defend Buyer from and against any and all liabilities, damages, claims or suits based upon actual or alleged infringement of any patents, copyright, trademark, license or similar right resulting from the furnishing of goods or services hereunder (except where any claimed infringement is due to Buyer's design). In the event goods or services are held to be infringing, Seller shall, at its own expense and at Buyer's option, either procure for Buyer the right to continue using said goods or services or replace or modify them so that they become non-infringing, or refund in full the purchase price paid therefor by Buyer, provided that any replacement or modification shall be of equivalent quality and shall not affect the performance attained prior thereto by the goods or the plant in which the goods are utilized or installed or on which the services have been performed.
3. **WARRANTY** – Seller warrants that the articles, materials or machines furnished hereunder shall conform to specifications and the terms of this agreement or if to Seller's formula or specifications will be suitable in every respect for the purpose intended and shall be merchantable and of good workmanship and quality, free of all defects. Approval of design by Buyer shall not relieve Seller of its responsibility for the satisfactory performance of the articles, materials or machines furnished hereunder. Seller's warranty is for the Buyer, its successors, assigns and users of its products, and shall be construed as a condition as well as a warranty. Any breach of such warranty by the Seller shall give the Buyer the right to rescind the contract of sale. Seller further agrees to give immediate notice if any articles, materials or machines or the like furnished hereunder fail to comply with applicable product safety rules, create a substantial risk of injury to the public, or contain a defect which could create as substantial risk of injury to the public.
4. **INSPECTION AND REJECTIONS** – Articles, materials or machines are received subject to inspection and approval and privilege of return at Seller's expense if defective or not in compliance with Buyer's specifications. Defects will not be waived by failure to notify Seller after acceptance by Buyer. Transportation charges for shipment to Buyer and return to Seller of rejected goods shall be paid by Seller. Seller shall bear all risks after notice of rejection.
5. **COMPLIANCE WITH LAWS** – Seller shall comply with federal, provincial and local laws and ordinances, and with all regulations, orders and rulings thereunder which may in any way affect or be applicable to the work, or articles, materials or machines provided by this order, or to the furnishing by Seller of articles, materials, machines or labour thereof, or to the prices to be charged by Seller or to the payments to be made by Buyer therefor.
6. **OWNERSHIP AND RISK** – Unless otherwise expressly specified, ownership shall pass to Buyer on delivery and acceptance of the articles, materials or machines to its plant as designated herein and until such time all articles, materials or machines shall remain at Seller's risk.
7. **QUANTITY** – Goods shipped in excess of quantity designated in this Purchase Order may be returned at Seller's expense. Goods shall not be invoiced at a higher price than last quoted or charged without first advising the Buyer and receiving confirmation that same is satisfactory.

- 8. ON SHIPMENTS FROM FOREIGN SUPPLIERS** – Address all communications regarding this order to the invoicing address on face of order. Prepare 5 copies of Canada Customs Invoices and two Commercial Invoices:
- 3 copies of Canada Customs Invoices to be attached to shipment.
 - 2 copies to be mailed to address on face of order along with the Commercial Invoices.
- 9. TITLE TO DRAWINGS AND SPECIFICATIONS** – Buyer shall at all times have and retain title to all drawings, specifications and other documents supplied or prepared by Buyer and/or by Seller in connection with the furnishing of goods or services hereunder and Seller shall hold in confidence and use the same only to the extent necessary for execution of this Purchase Order and shall, upon Buyer's request, promptly turn over to Buyer all copies of same. Seller shall not release for publication any information concerning this Purchase Order, its existence, or the project for which it is given, except with Buyer's prior written consent.
- 10. TERMINATION** – Buyer has the right to terminate this Purchase Order in whole or in part at any time and for any reason by written notice to Seller. In such event, Seller may claim only properly supported out-of-pocket costs plus a reasonable amount of demonstrable related charges for the work already performed, all determined in accordance with generally accepted accounting principles. Notwithstanding the foregoing, if Seller breaches any of the terms and conditions herein, in addition to Buyer's other rights and remedies under the law, Buyer reserves the right to terminate this order and cancel all or any part of the undelivered portion of this order without any liability whatsoever.
- 11. ENTIRE CONTRACT** – This Purchase Order constitutes the entire contract between Buyer and Seller concerning the goods and/or services described herein. No amendment, supplement, addition or modification to this contract shall be effective or binding unless made in writing and signed by an authorized representative of Buyer. This Purchase Order and the obligations of Seller hereunder shall not be assigned, delegated, or transferred, by operation of law or otherwise, without the prior written consent of Buyer.
- 12. TIME OF THE ESSENCE** – Time is of the essence in this Purchaser Order. Failure by Seller to complete delivery of the goods ordered within the time specified, or within a reasonable time if no time is specified, shall at the option of Buyer, without liability and in addition to the Buyer's other rights or remedies, relieve Buyer of any obligation to accept and pay for such goods.
- 13. INDEMNITY** – Seller agrees to indemnify and save Buyer, its successors, assigns, directors, officers, employees, agents and customers harmless from and against all loss, damage, liability, costs and expenses (including legal fees) arising out of or in connection with (i) any defect in the goods or services supplied by the Seller pursuant to this order or their negligent manufacture by Seller; and (ii) any breach by Seller of this Purchase Order.
- 14. INSURANCE** – The Seller agrees to obtain and maintain, at its expense, product liability insurance, including, if so requested by Buyer, a Seller's Endorsement naming Buyer as additional insured in such amounts and with such companies and containing such other provisions as shall be satisfactory to Buyer covering goods sold to Buyer hereunder.
- 15. GOVERNING LAW** – The validity, interpretation and the performance of the sale and this Purchase Order shall be governed by the domestic laws of the Province of Ontario.
- 16. ENGLISH LANGUAGE** – The parties hereto desire that this contract and all documents and notices related thereto be written in English. *Les parties ont expressément exigé que ce contrat ainsi que tous documents et avis émis en vertu de celui-ci ou s'y rattachant soient en anglais.*