

Standard Terms & Conditions for Service Contracts ("the Conditions")**INTERPRETATION**

1. In these Conditions the following expressions shall (unless context requires otherwise) have the following meanings:
- "Client" means the person, firm or company to whom a Quotation is addressed or for whom Tests and/or any Services are carried out;
- "Company" means Northern Technologies International Corporation and/or its joint venture affiliates;
- "Contract" means the contract for the supply of Services and/or laboratory testing of which these Conditions form part of;
- "Price" means the price stated in the Quotation, or otherwise agreed with the client together with all other sums due pursuant to these conditions;
- "Quotation" means the Company's quotation (whether written or oral) of which these Conditions form part;
- "Report" means any report, recommendation or the like issued by the Company with respect to the Services;
- "Sample" means any material supplied by the Client to form the basis of a laboratory Test;
- "Services" means the services specified in the Quotation;
- "Tests" means any testing, analysis, assay or the like specified in a Quotation;
- "Test Certificate" means any test certificate, recommendation, or the like issued by the Company with respect to a Test.

QUOTATION

- 2.1 The Quotation constitutes an offer by the Company to provide Services and/or carry out a Test subject to the Conditions and is open for acceptance for fifteen (15) days only from the date thereof unless previously withdrawn by the Company.
- 2.2 Except in accordance with these Conditions, no variation of the Contract will be accepted unless agreed in writing.
- 2.3 No condition, statement or representation contained in any advertisement or website or brochure or in any trade or promotional circular or other literature, nor the terms and conditions of any trade association or other body, or which would or might but for this subparagraph be implied or incorporated by custom or trade usage, negotiations, course of dealing or other wise be deemed to be incorporated in the Contract and all of the same are hereby expressly excluded from the Contract.

PRICE

- 3.1 The price is based on information available to the Company at the date of the Quotation. If during the period of the Contract there shall be any variation in the cost of materials, labor or otherwise to the Company, the Price may, at the

absolute discretion of the Company, be adjusted to take account of such variation.

- 3.2 In addition to the amount specified in the Quotation the following shall be payable if appropriate:
- (i) any applicable value added tax, sales tax, use tax, etc.
- (ii) all bank charges;
- (iii) package, insurance, freight and storage charges incurred on behalf of Client, whether on the Company's premises or elsewhere, and to include storage charges on the Company's premise if any materials supplied by the Client are not removed within fourteen (14) days of the date of notification to the Client that that are ready for collection;
- (iv) insurance incurred by the Company in its absolute discretion in respect of property belonging to the Client in the possession of the Company;
- (vi) any additional costs incurred by the Company in accordance with these Conditions.

PAYMENT

- 4.1 The Price shall be paid to Company in full without any deduction, set-off, or counterclaim within thirty (30) days of the date of the Company's invoice failing which the Company may suspend any further Services and/or Tests being carried out for the Client and the amount outstanding from time to time shall bear interest (both for and after any judgment) at a rate of 2% per month until payment is made (a part of a month being treated as a full month for the purpose of calculating interest).
- 4.2 All payments due to the Company shall be payable within the specified time irrespective of whether or not the Client has recovered payment from a third party and, for avoidance of doubt, but without prejudice to the generality of the forgoing, this includes payments of fees due to the Company acting as experts or as expert witness when instructed by solicitors acting for a party to a dispute.

EXECUTION OF TESTS

- 5.1 The test shall be carried out singly unless prior written instructions from the Client are received for replicates or unless the Company considers replicates are necessary or desirable. The Company reserves the right to charge for replicates even if the original result is confirmed.
- 5.2 The Client shall supply as much information as possible about each Sample, including but not limited to, the manufacturing process for the Sample and/or utilizing the Sample, the FMEA document, Control Plans, packaging guidelines, work orders, logistics flow, and contact information for Client/Client vendor personnel deemed critical by the Company in order to assist in achieving efficient Service. When Samples are incorrectly described and the Company is involved in additional work, the Company reserves the right to charge for such additional work.
- 5.3 Unless specific prior instructions in writing are received by the Company, the Test shall be carried out on the Sample in the state in which the Sample is received. The Company

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reserves the right to charge for any work required to be carried out to the Sample prior to the performance of any Test.

- 5.4 Methods of carrying out the Test shall be at the sole discretion of the Company unless specific prior instructions in writing are received from the Client specifying a particular procedure. Changes for such special procedures will be negotiated between the Company and the Client prior to carrying out the test.
- 5.5 A general description of the method used in the Test shall be given verbally on request. Where written descriptions of detailed procedures are requested, whether as part of Test Certificate or issued separately, the Company reserves the right to make an additional charge. If the method needed in the Test represents the end product of development work carried out at the Company's expense, the method shall only be revealed at the discretion of the Company.
- 5.6 If special standards or equipments are used in the Test, they shall be invoiced in addition to the charge of the Test itself.
- 5.7 The Company may, at its sole discretion, undertake to give priority in carrying out a particular Test. A surcharge may be imposed by the Company for carrying out of priority work. (Details of these arrangements will be issued by the Company on request).
- 5.8 Supplied data logger(s) will remain the property of the Company at all times. Client will be charged a \$250.00 replacement fee per data logger for any damaged or lost data loggers during the conduct of a Test and/or Service.

SAMPLE SUBJECT OF LEGAL PROCEEDINGS

- 6. If the Sample is, or is potentially, the subject of legal proceedings, this fact must be notified to the Company in writing before the Test is carried out. If that fact is not disclosed to the Company at that stage, the Company shall not necessarily be prepared to provide expert testimony.

DISCLAIMER LIABILITY

- 7.1 The Company's total liability (if any) to the Client (except always with respect to personal injury or death caused by the negligence or willful misconduct of the Company), whether in Contract, delict, quasi delict, or otherwise in respect of any loss, direct or indirect or consequential, damage (howsoever caused) directly or indirectly arising from any breach of Contract, or from any negligent act or omission of the Company or its servants, agents or contractors, or from any breach by the Company or its aforesaid of any duty owed to the Client in connection with the Contract shall be limited to the Price paid for Tests and/or Services.
- 7.2 All Services and/or Tests are undertaken in good faith, to a reasonable standard of care and on confidential basis. Reports and Test Certificates are issued on the basis of information known to the Company at the time of the Services and/or Tests are carried out. Although the Company will use all reasonable endeavors to ensure the accuracy the Company's achievements depend, inter alia, on the effective co-operation of the Client, its staff, and on the information submitted to the Company. Save as required by law, no representation or warranty, whether expressed or implied or otherwise as to the accuracy of a Test Certificate or a Report is given by the Company. In consequence, all Reports and Test Certificates are prepared on the basis that:
 - (i) there is no responsibility to any person or body other than the Client.
 - (ii) they are not carried out for any particular purpose and no statement is to be deemed, in any circumstances to be or give rise to a representation, undertaking, warranty or contractual condition unless specifically stated; and
 - (iii) they are determined solely by the professional analysis undertaken by the Company's staff on each individual Contract in any forecasts by the Company of the results is an estimate only and the

Company is entitled to be paid the Price irrespective of the results or conclusions reached.

- 7.3 All time limits, if any, are estimates and no undertaking is given to carry out the Services and/or Tests or to dispatch any Test Certificate, or Report within any period of time.
- 7.4 The Company shall not be responsible for the consequences if any delay in carrying out the Services and/or Test or in delivering the Report and/or Test Certificate arising from any strike, lockout, trade dispute, accident, fire, inclement weather, flood, tempest, war, act of God or any other matter or thing outwith its control.

OBLIGATIONS OF CLIENT

- 8.1 The Client shall not reveal or make available any details of any Tests, Report, or Test Certificate to any third party without first obtaining the prior written consent of the Company.
- 8.2 The Client shall be bound to inform the Company in writing prior to the carrying out of any Tests that a sample is of a dangerous or unstable nature and shall indemnify the Company against all loss or damage suffered by the Company including, without prejudice to the generality of the foregoing, all damage to the Company's property and all claims in respect of injury to or deaths of any Company's employees, sub-contractors or agents or any third party, directly or indirectly arising from or in connection with the failure of the Client to inform the Company of the dangerous or unstable nature of a Sample.
- 8.3 The Client shall indemnify the Company from and against all loss or damage suffered or incurred by the Company, whether to or at the instance of the Client or its employees or agents or third parties or otherwise directly or indirectly arising from or in connection with the carrying out of the Services and/or Test except to the extent such loss or damage is caused by the negligence or willful misconduct of the Company.
- 8.4 Unless otherwise agreed, the Client will be responsible for providing a safe system of work for the Company and its employees while providing services and the Client shall be responsible for all costs necessarily required in discharging this obligation and shall indemnify the Company, its employees, sub-contractors, and agents in respect of all claims, costs, damages, and loss suffered as a result of any breach by the Client hereof.

RISK AND PROPERTY IN RELATIONS TO TESTS

- 9.1 The risk of damage to the Sample shall remain with the Client at all times.
- 9.2 Samples of a stable nature shall be retained for thirty days from the date of completion of the Test and then destroyed unless otherwise agreed in writing. Samples shall be returned to the Client if prior instructions in writing in that regard are received by the Company and the Client shall be charged for all costs associated therewith (including carriage).
- 9.3 Where Samples are, in the sole opinion of the Company, too bulky or too unstable to allow long storage time, it will be at the absolute discretion of the Company as to the length of time such Samples are kept.
- 9.4 All copyright in chart records and other scientific documentary or primary data produced during any Test and in all Reports and Test Certificates shall belong and remain the property of the Company.
- 9.5 If a test sample is known to be or found hazardous, then the material may be returned to the Client at the Client's cost or disposal by an approved hazardous waste contractor. The Client shall indemnify the Company against future litigations regarding disposal of materials whether known or not known to be hazardous. The Company in its absolute discretion will make charges for such return or disposal of hazardous material(s).

OWNERSHIP COPYRIGHT AND PATENTS IN RELATION TO SERVICES

- 10.1 Ownership and copyright in the Report and any other Reports, results, or information established or collated by

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the Company in the course of the Service shall remain with the Company until the Client has discharged all its obligation under the Contract, including payment of the price, whereupon the title, ownership and copyright shall pass to the Client unless the Company is forced to part with any such results, reports or information of any nature to any body exercising its statutory powers.

- 10.2 The Client hereby warrants that it will not use the Report in any other reports, results, or information supplied by the Company for the purpose of advertisement or publication to third parties. Any such issue of the Report or other reports, results or information is permitted under the Contract only with the prior consent by the Company who shall have the right to increase the Price where it consents to such advertisement and/or publication.
- 10.3 All inventions made by the Company and its employees arising from the Contract and any applications for Patents for like protection, whether in the United States or elsewhere shall be the property of the Company.

SUB-CONTRACTING

11. The Company shall be entitled, in absolute discretion, to sub-contract the whole or any part of the Service and/or Test.

TERMINATION

- 12.1 The Client shall not terminate the Contract without written consent of the Company which may be subject to such terms as in the Company's absolute discretion including compensating the Company for all loss it may suffer as a result of the termination.
- 12.2 The Company may terminate the Contract and any other contract with the Client forthwith, without prejudice to any other right or remedy available to the Company without the Company incurring any liability to the Client in the following circumstances:
- (i) If the Client shall commit a breach of any terms of the Contract or any other contract with the Company unless such breach is capable of remedy and the Client has failed to comply with a notice regarding remedy within the period specified in the said notice;
 - (ii) with prejudice to the foregoing, if the Client fails to make scheduled payment of the Price within the specified time;
 - (iii) the Client makes any voluntary arrangement with its creditors or becomes subject to an administrator order or (being individual or firm) becomes bankrupt or (being a company) goes into liquidation (otherwise than for the purposes of amalgamation or reconstruction);
 - (iv) an encumbrancer takes possession, or a receiver is appointed, of any of the property or assets of the Client;
 - (v) the Client ceases, or threatens to cease, to carry in business or;
 - (vi) the Company reasonably believes that any of the events mentioned at (iii), (iv) and (v) above is about to occur in relation to the Client and notified the Client accordingly.
- 12.3 Notwithstanding that the Company terminates the Contract, all other rights existing shall remain in force, including the right to suspend all further Services and/or Tests to be made under the Contract or any other contract with the Client (and in such event the Client shall not be released from any of its obligations to the Company under the Contract or any other contract) and the right for the Company to receive full compensation for its loss under the Contract or any contract with the Client.

NOTICES

13. All notices to be served by one party on the other shall be deemed duly delivered or served forty-eight (48) hours after posting if posted by first class or airmail pre-paid to the address of the other party.

CLIENT ACKNOWLEDGEMENT

14. It is the long-standing practice of the Company to serve multiple clients within industries, including those with opposing economic interests, as well as counter-parties in potential and actual merger, acquisition and alliance transactions. The Company is committed to maintaining the confidentiality of each client's information in all such situations. Accordingly, the Client acknowledges the possibility and agrees that the Company may have served, may currently be serving or may in the future serve other companies whose interests are adverse to those of the Client, including parties with whom the Client (i) competes; (ii) has a commercial relationship or potential commercial relationship (e.g., suppliers, distributors); (iii) enters into competitive bidding situations; and (iv) enters into or considers entering into merger, acquisition, divestiture, alliance or joint venture transactions.

INDEPENDENT CONTRACTOR

15. The parties agree that the Company is an independent contractor to Client and will not be deemed an employee of Client for any purpose whatsoever. Without limiting the foregoing, all income taxes arising from or in connection with the Price paid by Client to the Company for the Service provided under this Contract shall be borne by the Company. Neither party nor such party's directors, officers, employees or agents, shall bind or make any commitment on behalf of the other party.

GENERAL

16. In the event of one or more of the provisions of these Conditions being held by a competent authority to be invalid, illegal, or unenforceable, in whole or in part, the validity, legality or enforceability of the remaining provisions of these Conditions and the remainder of the provision in question shall not be affected thereby.
17. No waiver by the Company of any breach of the Contract by the Client shall be considered as a waiver of any subsequent breach or the same or any other provision.
18. The construction, validity, and performance of the Contract shall be governed by the state in which the testing was conducted.