

## **TERMS AND CONDITIONS**

The present terms and conditions apply to work executed and/or services provided by MELS STUDIOS AND POST-PRODUCTION S.E.N.C (hereinafter referred to as "MELS") on behalf of a client or the representative of said client (hereinafter referred to as the "Client"). The term "Element" (or "Elements") used in the present text applies to any film, videotape, cassette or audio tape, CD, DVD or hard disk, whether pre-recorded or blank, or any recording in any format, containing images and/or sound, for present or future use, and all rights relating thereto.

### **1. Business Hours**

From 8:00 a.m. to 6:00 p.m., Monday to Friday, with the exception of statutory holidays.

### **2. Client Authorization**

The work executed and the services provided by MELS must be supported by a purchase order or a written request by the Client, and the responsibility of sending such authorization falls upon the Client. In the absence of a purchase order or written authorization, the Client accepts without reservation that all work requested verbally will be executed and charged to the Client according to the best understanding of the MELS employee(s) responsible for and/or assigned to the Client. MELS reserves the right to assign or subcontract any job or portion of a job or any service to be performed for the Client.

### **3. Applicable Rates**

The applicable rates for the Client are the following, in descending order of priority:

- a) The rates indicated on a quote or offer, having been wholly accepted and signed by the Client;
- b) The rates indicated on a purchase order completed by the Client and accepted in writing by MELS;
- c) The general rates of MELS, in effect the date the services requested by the Client, verbally or in writing, were performed.

#### **3.1 Additional Product and Services**

The totals indicated on the cost evaluation could vary depending on the quantity of products and services actually used. All additional products and services will be charged to the Client at the rate indicated on the cost evaluation or, failing that, at the current rates for the Client.

#### **3.2 Services Provided on Weekends and Statutory Holidays**

The reception and delivery of Elements during the weekend must be arranged in advance. In such cases, MELS may charge the Client additional fees.

#### **3.3 Hourly Rate Services**

Services reserved by the Client will be charged to the Client at the full rate applicable to the Client, even if they were not used in entirety. Technical setup fees, including the setup of auxiliary equipment, and all other special requests made by the Client, will be invoiced at the full rate applicable to the Client.

#### **3.4 Sale Taxes**

Applicable sales taxes are not included.

**4. Cancellation of a Work Session Reserved by the Client**

In the case of a work session being cancelled by a Client, MELS will apply the following policies:

- Cancellation less than 24 hours before the start of a reserved work session: the work will be invoiced at 25% (twenty-five percent) of the Client's current rates;
- Cancellation 24 to 48 hours before the start of a reserved work session: the work will be invoiced at 10% (ten percent) of the Client's current rates.

All cancellations of work sessions on a weekend and/or the following Monday must be made in writing (email or fax) before 5:00 p.m. the Thursday prior to said work session.

**5. Shipping and Reservation of Title**

All shipping fees and customs brokerage fees are payable by the Client. Any material or Element produced by MELS and delivered to the Client remains the property of MELS until full payment of the invoices relating to said material or Element. Notwithstanding this reservation of title, the Client assumes all risks related to the conservation of said material or Element.

**6. Credit and Security**

All new Clients must complete, in advance, a credit request for invoicing purposes, and MELS reserves the right to offer or refuse credit facilities to the Client at any time, including the right to revoke any credit facilities previously granted. In general, unless a specific written agreement has been made to this effect, the Client accepts to pay all balances owing to MELS in the thirty (30) days following the billing date. Interest rates calculated at a rate of one percent (1.0%) per month, or twelve point sixty-eight percent (12.68%) per year, are applicable on all overdue balances. All requests for payment in instalments must be made in writing and accepted by MELS before the work begins. By virtue of Article 1592 of the Civil Code of Quebec, the Client recognizes that MELS has the right to retain any material or Elements pending full payment by the Client for the balances owing in relation to said material or Elements. Client assumes all risks related to the conservation of said material or Elements by MELS.

**7. Representations and Warranties**

MELS agrees to use the optimal techniques in order to minimize the risks incurred in relation to the Elements of the Client or those produced on its behalf; however, MELS cannot underwrite any risk to these Elements, whether while in the possession of MELS or in transit. The Client is therefore advised that it is the Client's responsibility to insure all Elements or material shipped to or left with or held by MELS against any loss, theft or injury, including damages resulting from the negligence or the fault of MELS, its employees or subcontractors. The Client agrees that the insurance must cover all losses, including direct and indirect losses, for which insurance is available, and that this insurance must contain a clause to the effect that the insurance company waives any right of subrogation against MELS, its employees or subcontractors. The Client represents and warrants that it holds such insurance and agrees to provide MELS with a copy of the applicable insurance policy upon request. The Client is also advised that it is its responsibility to keep backups of all Elements delivered to MELS and that MELS assumes no responsibility for the failure of Client to do so. In essence, the Client recognizes that MELS, its employees or its subcontractors assume no responsibility for any damage to, or any loss, destruction or theft of one or several Elements under any circumstance, including the direct or indirect fault and/or negligence of MELS or one of its employees or subcontractors, and agrees to keep MELS, its employees and subcontractors indemnified from any judicial proceedings to this effect. The Client represents and warrants that at all times during the execution of the work by MELS, the Client is the sole owner of the original material or Element(s), or should that not be the case, that the Client has the right to reproduce, have reproduced, transform or have transformed said material or Element(s) and Client shall provide evidence thereof to MELS upon request. In addition, the Client represents and warrants that MELS's execution of creative and technical work using the Elements provided does not constitute an infringement on a third party's rights, in whatever jurisdiction, and the Client agrees to keep MELS indemnified from any legal fees incurred and from any judicial proceedings to this effect, if need be. MELS can refuse to work with Elements deemed deceptive, indecent, defamatory, illegal or otherwise prejudicial. MELS retains ownership of its designs and its databases, and of the technology and know-how used to provide the Services. The Client retains ownership of all original Elements.

**8. Defective Material**

The Client authorizes MELS to deal in an appropriate manner with any original material or Element supplied that may be defective or may have damaged film stock or may be in an irregular material or photographic state. Should it so happen that MELS must correct in some way the material or Element in question, MELS will charge the Client the applicable fees

relating to the time and treatment required for said material or Element, and for any laboratory products used to this effect. MELS is not obligated to correct the material and will not be held responsible for its refusal or incapacity to do so.

**9. Storage of Elements**

MELS will store the film, data, sound and/or video Elements of a postproduction or duplication project without charge from the beginning to the end of the work period for said project. Once the work is completed, the Elements will be placed in storage in the vault and the Client will be charged at the current rates, and these charges will be applied thirty (30) days after the delivery of the "copy 0" or the production of the video master. As of that day, monthly storage fees will be applied at the current rates, unless the Client has made arrangements with MELS to retrieve said Elements, provided that said Elements are not the subject of a pledgeholder agreement or that MELS is not obliged to keep said Elements by virtue of a multiparty agreement signed concerning said Elements. Any shipping of material or Elements to the Client at the end of a project will be charged to the Client. Finally, after a period of thirty (30) days following a written notice to this effect having been sent to the last known address of the Client, MELS can, at its own discretion:

- a) return the Element(s) to the Client at the Client's last known address, at the expense and risks of the Client; or
  - b) store the Element(s), at the Client's expense and risks, in a location of MELS's choosing; or c) reuse and/or destroy the Element(s).
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