



1. Acceptance

If acceptance of this Purchase Order is not notified by Vendor to Purchaser within ten days after Vendor's receipt hereof, the Purchases may revoke this Purchase Order. Any Qualified acceptance of this Purchase Order by the Vendor shall constitute a rejection of this Purchase Order.

2. Warranty

Without restricting any condition or warranty expressed or implied herein or imposed by law (excluding free issue) which at any time within twelve months from delivery thereof is found to be defective or fails to meet contract requirements by reason of faulty or inefficient manufacture or materials notwithstanding prior acceptance thereof by the Purchaser.

3. Inspection

DMP, their customers and Government Inspectors have the right to inspect and/or test at all times and places the applicable areas of all of Supplier's facilities, at any level of supply chain, and have access to all applicable records involved in the order.

The goods covered by this Purchase Order are subject to final inspection and acceptance within a reasonable time after receipt by the Purchaser. If rejected upon inspection, the goods may be held or returned to Vendor at Vendor's risk and expense, without prejudice to any other rights to which the Purchaser may be entitled under the circumstances.

4. Packing

The goods covered by this Purchase Order shall be properly packed by the Vendor for shipment to the Purchaser at destination and unless otherwise specifically provided on the face of this Purchase Order, the price or prices of the goods therein specified includes all costs of packaging.

5. Force Majeure

Time shall be of the essence of this Order. The articles must be delivered strictly in accordance with the quantities and specifications shown and on delivery dates specified, otherwise the purchaser shall be at liberty to cancel this Order in whole or in part and/or to purchase other articles of the same or similar description from other persons to supply any such deficiency and in the event of any excess cost being incurred by reason of any difference between the price paid for the same and contract price, to charge the amount of such excess to the Vendor, and the sum so charged shall be deducted from any sum or sums then due, or which at any time thereafter may become due to the Vendor under this or any other contract with the Purchaser or at the option of the Purchaser may be demanded of the Vendor to be paid and shall be paid within fourteen (14) days; provided that if conditions or events in the nature of force majeure or any other cause reasonably beyond the control of the Vendor shall delay the completion and production for inspection of any of the articles, the time hereby fixed for so completing and producing the articles in respect of which such delay shall have occurred shall be extended by a period of time equal to the length of the delay so caused, provided always that the right of the Vendor to any such extension shall be conditional upon the Vendor having given prompt written notice to the Purchaser of the occurrence causing the delay. Without in any way limiting the generality of the



foregoing it is understood and agreed that delays in transit in the delivery of materials or parts on the part of transportation companies, delay in the delivery of any items to be supplied by the Purchaser in accordance with the provisions of this Order, delays resulting from any laws or regulations (whether Canadian or otherwise) delays not resulting from negligence of the Vendor., in the delivery of materials required for the work and delays caused by strikes or sabotage or time occupied in obtaining from the Purchaser any approval required in the contract, shall be regarded as causes beyond the control of the Vendor within the meaning of this clause and the time hereby fixed for completing and producing the articles in respect of which such delays shall have occurred, shall be extended by a period of time equal to the length of such delays.

6. Indemnity

The Vendor agrees to indemnify Purchaser against any and all claims for royalties, license fees, infringement of patents or trademarks which may be made against the Purchaser in respect of the goods or the manufacture, sale, possession or use thereof.

7. Confidentiality

All plans, drawings, specifications and other information, patterns, dies and other tools supplied by the Purchaser, and any information derived there from shall be kept secret and confidential by the Vendor and shall not be disclosed to any third party without prior written consent of the Purchaser or made use of by the Vendor except for the purpose of executing the work hereunder. All such plans, drawings, specifications and other information, patterns, dies, and other tools will remain the property of the Purchaser and will be returned by the Vendor to the purchaser upon request. All technical data such as drawings, specifications, samples, interchangeability media, etc., loaned to the Vendor for the execution of the Order are the property of the Purchaser and are not to be reproduced, copied or used in whole or in part, without the written consent of the Purchaser except as required for the purpose of this Order. The Vendor is to preserve in good condition all such technical data and to return the same to the Purchaser promptly upon their being superseded by subsequent issues and, in any event, upon completion or termination of the Order. The Vendor shall notify the Purchaser of all royalties (including license fees and all other similar payments) which it will or may be obligated to pay or proposes to pay in respect of this Order and the basis thereof and the parties to whom the same are payable. If and to the extent of the Purchaser directs and upon receiving a satisfactory indemnity from the Purchaser, the Vendor shall not pay any further royalties and the purchase price shall be reduced accordingly.

8. Termination

a.) Buyer may terminate this Order in whole or in part at any time without liability if Seller:

- 1.) Fails to make delivery of the Products within the time specified in this Order, or
- 2.) Fails to perform any of the other provisions of this Order or so fails to make progress as to endanger performance of this Order in accordance with its terms, including the completion of those items within the time set forth elsewhere in this Order and in either of these two circumstances does not cure such failure within a period of ten days (or such longer period as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure, or



- 3.) Becomes insolvent or fails to provide additional assurances of financial solvency when it reasonably appears that Seller is or will not be financially solvent and additional assurances are requested by Buyer.

If Buyer terminates part of the work under this Order, Seller shall continue performance of this Order to the extent not terminated.

- b.) Refund of Payments. Seller shall, upon termination by Buyer due to default by Seller, return any payments Seller received under this Order for the terminated work.
- c.) If, after a default termination, it is determined that Seller was not in default, or that the default was excusable, the rights and obligations of the Parties shall be the same as if the termination had been issued for the convenience of Buyer.

The rights and remedies of Buyer provided in this provision shall not be exclusive and are in addition to any other rights and remedies provided by law or in equity or otherwise provided under this Order

9. Suspension of Work

The Purchaser may at any time order a suspension of the work, in whole or in part, or make modifications or changes in or additions to the specifications, in which event reasonable price adjustment shall be made.

10. Assigned or Sublet

This order shall not be assigned or sublet in whole or in part without the previous written approval of the Purchaser.

11. Accounts and Records

If the price of the Articles is not by the terms of this Order a fixed or firm price the Vendor shall, unless it is otherwise provided in this Order, keep proper and detailed accounts and records of the cost of the work and the invoices, receipts and vouchers relating thereto. Such accounts, records, invoices, receipts and vouchers shall at all times be open to audit and inspection by the authorized representatives of the Purchaser (who may make copies thereof and take extracts there from) and the Vendor shall afford all facilities for such audits and inspections and shall furnish the Purchaser and his authorized representatives with all such information as he or they may from time to time require with reference to such accounts, records, invoices, receipts, and vouchers with respect to the cost of the work performed by such allied firm and to permit the same to be inspected and audited by the authorized representatives of the Purchaser. The Vendor shall cause all such accounts, records, invoices, receipts and vouchers as aforesaid to be preserved and kept available for audit and inspection at an time and from time to time until the expiration of 7 years from the date of the completion of the work under this Order, or until the expiration of such lesser period of time as shall be approved by the Purchaser.



12. Performance of Work

As far as practicable the Vendor shall place any purchase orders and subcontracts necessary for the performance of the work on terms that will enable the Vendor to terminate the same upon conditions and terms similar in effect to those provided in these terms and conditions generally the Vendor shall cooperate with the Purchaser and do everything reasonably within its power at all times to minimize and reduce the amount of the Purchaser's obligation in the event of termination of this Order as hereinbefore provided.

13. Non-Conforming Products

Supplier shall notify Derbyshire Marine Products, LLC (DMP) about nonconforming product. Supplier shall obtain DMP's approval for disposition of nonconforming product, especially when product deviates with respect to DMP's drawing and/or Purchase Order Requirements.

14. Changes

Supplier shall notify DMP with regard to the following:

- a.) Any changes made in product and or process against DMP's drawing and/or PO requirements.
- b.) Changes of Supplier, especially when DMP's drawing and/or PO requirement states that the product shall be manufactured by a specific OEM.
- c.) Changes of manufacturing facility location.
- d.) Supplier shall obtain DMP's approval for any of the requirements as mentioned above.

15. Supplier's Supply Chain

All requirements invoked by this PO and its terms and conditions are applicable to Supplier's supply chain and therefore Supplier shall ensure that DMP's requirements are communicated to their Supplier(s)

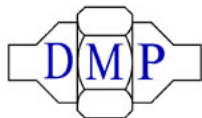
16. Record Retention

DMP's record retention requirements for their Supplier is minimum 7 Years. List of Records: Copy of DMP's PO, Test Records, Material Test Reports, Special Process Test Reports or C of C and all other internal records pertaining to ordered items on the PO. Supplier shall notify DMP prior to destroying any records to this PO and shall provide the opportunity for transferring said records to DMP.

17. Business Conduct

The Supplier shall ensure that their employees are aware of:

- a.) Their contribution to the product or service conformity,
- b.) Their contribution to product safety,
- c.) The importance of ethical behavior.



18. Designated Source

When DMP's Purchase Order specifies to use any designated source for special processes (welding, heat treatment, special coating, painting etc.), then supplier shall only use those designated sources. Any item supplied by supplier not following this requirement shall be unacceptable at DMP.

19. Quality Management System

The requirement to implement quality management system has been stipulated in DMP's vendor survey form. For the suppliers not having a third-party quality system certification, the response to DMP's survey questionnaire by supplier shall be considered as an existence of quality system and supplier's response shall be evaluated by DMP to the extent necessary. Upon approval of vendor survey form by DMP, Suppliers are responsible to maintain the declared system while doing the business with DMP.

20. DMP Property

DMP may provide custom test specimen / fixture / inspection gage to their supplier for design approval, inspection / verification, investigation, or auditing. Suppliers are responsible to use such items only for DMP's intended use and shall maintain, store and handle such items to prevent damage.