

OCEANWORKS INTERNATIONAL CORPORATION
PURCHASE ORDER TERMS AND CONDITIONS

1. **DEFINED TERMS:** The term "Supplier" shall mean the person, firm or company to whom this Purchase Order has been issued. The term "OWC" shall mean OceanWorks International Corporation, its parent, subsidiary and affiliated companies, and its customer for whom the Goods or Services are requested.
2. **THE ORDER:** Supplier agrees to sell, furnish and deliver to the location specified in this Purchase Order, and OWC agrees to purchase and pay for, upon the terms and conditions set out below and any specific special terms that may be identified hereon, the Goods or Services, or both, described on the face of this Purchase Order and any specifications or other descriptive material attached hereto or identified by OWC (all such terms, conditions, descriptions, specifications, requirements and special terms, if any, constitute this "Order"). In case of a conflict, the special terms, if any, shall supersede the terms of this Order. OWC hereby rejects any terms or provisions contained in Supplier's proposals, invoices, shipping documentation, bills of lading or other documentation.
3. **ACCEPTANCE AND ENTIRETY:** When accepted by Supplier, this Order shall constitute the entire agreement between the parties, and Supplier's acceptance is hereby expressly limited to the terms of this Order. Unless agreed to in writing by OWC, OWC hereby objects to any additional, contrary or different terms contained in any acknowledgment, confirmation, invoice, or other form of communication from Supplier. No act or course of dealing by OWC, whether receiving, accepting, or paying for any shipment of Goods shall waive this provision or constitute an agreement to contrary, additional, or different terms.
4. **RIGHT TO INSPECT AND REJECT:** All Goods shall be received subject to OWC's right of inspection. Supplier agrees to make the Goods available for inspection at each place of manufacture, fabrication, shipment, or other premises, at OWC's option. Further, OWC shall be entitled to a reasonable period of time after discovery of a defect or nonconformity in the Goods to reject or revoke acceptance. Supplier may cure such defect or nonconformity by making a conforming delivery before the time for performance has passed. Costs incidental to OWC's rejection or revocation of acceptance shall be borne by Supplier. Inspection and acceptance of or payment for any defective or nonconforming Goods shall not bar a claim by OWC for any defect and/or nonconformities and shall not release Supplier from its obligations under this Order. If Goods received do not conform to this Order, or if more or less than the quantity ordered are shipped, OWC may reject such shipment in whole or in part and require Supplier to pick up and remove such rejected goods at Supplier's expense. Supplier shall remove rejected goods within ten (10) days after notice from OWC.
5. **NOTICE OF DELAY:** The Goods are required for use by OWC such that the delivery date specified in this Order is of critical importance. Supplier shall prepare and provide OWC copies of such schedules when requested for monitoring the timely production of Goods. To the extent allowed by law any delay in delivery of the Goods on the date due by this Order shall cause the Supplier to be subject to a penalty of 0.1% (one tenth of one percent) of the total value of this Order for each calendar day of delay up to a maximum of 5% (five percent) of the total value of this Order. It is understood that this paragraph is not a waiver of paragraphs 9 and 16 below.
6. **CHANGES:** Supplier shall make no change or alteration in the Goods without OWC's specific written order. OWC may change this Order or require additional work hereunder at any time and Supplier shall comply therewith, but if such compliance shall require additional time for performance or expenditure by Supplier, the change in price and delivery of the Goods shall be mutually agreed to by the parties.
7. **WARRANTY:** Supplier expressly warrants, represents and guarantees: a) The goods shall conform to OWC's or its customer's specifications and drawings as to quality, description, value and, when accepted in writing by OWC, to any quotations, samples models or other representations regarding quality, description, or value provided to OWC by the supplier; b) for a period of twelve (12) months after installation or eighteen (18) months after delivery, which ever comes first, the goods shall be free of any defects of workmanship and materials; c) the goods shall be fit for the ordinary purposes for which such goods are used, as well as for any particular purpose for which the goods are required by OWC, and ; d) Suppliers title to the Goods shall be good and its transfer to OWC rightful, and the goods shall be delivered free of any security interest or other lien or encumbrance, or rightful claim of infringement by any third party. Supplier agrees to promptly repair or replace at its total cost and expense, with out any cost to OWC or its customer, any goods not conforming hereto. Any such repairs, replacement or component parts placed under this warranty shall be subject to forgoing warranty for an additional twelve (12) month period.
8. **DEFAULT AND REMEDIES:** If Supplier or any subcontractor of Supplier shall breach any provision of this Order or shall become insolvent, enter voluntary or involuntary bankruptcy or receivership proceedings or make an assignment for the benefit of creditors, OWC shall have the right (without limiting any other rights or remedies which it may have hereunder or by operation of law) to terminate this Order by written notice to Supplier, whereupon OWC shall be relieved of all future obligations hereunder except the obligation to pay the reasonable value to Supplier of Supplier's prior performance (not to exceed the price of the Goods actually furnished), and Supplier shall be liable to OWC for all costs incurred by OWC in completing or procuring the completion of performance in excess of the price specified in this Order. In addition to the remedies set out specifically in this Order, which are cumulative and not exclusive, OWC shall have all remedies allowable by law.
9. **INDEMNITY:** Supplier agrees to defend, indemnify and hold OWC, its parent company, subsidiaries, OWC's customer and its/their Directors, officers, contractors, agents and employees harmless from and against any and all loss, costs, damage or liability, including attorney fees, resulting from or arising out of the faulty materials or workmanship of the goods provided by the Supplier to OWC under this Order.
10. **RISK OF LOSS:** Risk of loss of the Goods will not pass from Supplier to OWC until delivery of the Goods and OWC's actual receipt and acceptance thereof.
11. **TERMINATION:** Prior to acceptance of the Goods, OWC shall have the continuing right to terminate all or any part of this Order. OWC's only obligation with respect to the terminated part of the Order shall be to pay Supplier for verifiable costs for all services performed plus the reasonable costs incurred by the seller to bring the work to an orderly close, incurred to the date of termination, less any amounts due OWC by reason of Supplier's default or any breach of this Purchase Order agreement.
12. **COMPLIANCE WITH LAWS:** In its performance under this Order and every activity connected therewith, Supplier shall comply with all applicable government laws, ordinances, rules and regulations, and, when applicable as noted under the special terms hereof, including but not limited to: the United States Federal Acquisition Regulation ("FAR"), the Department of Defense Supplement to the FAR ("DFARS"), the Canadian Export and Import Permits Act ("EIPA"), the United States Export Administration Regulations ("EAR"), the Canadian Defense Production Act ("DPA") and the United States International Traffic in Arms Regulations ("ITAR"). Supplier shall furnish OWC such evidence of compliance as OWC may require at any time. Supplier shall provide written documentation clearly stating any export restrictions or classifications that apply to any products or services ordered on the Order. Supplier shall certify, in writing, that all parts supplied have not been exposed to Mercury, or compounds containing Mercury. Supplier shall defend, indemnify and hold OWC, its directors, officers, contractors, agents and employees harmless from liability of any nature resulting directly or indirectly from Supplier's failure to comply with such Regulations. This Order shall be governed in accordance with the laws of the Province of British Columbia.
13. **PATENT, TRADEMARK AND COPYRIGHT INFRINGEMENT:** Supplier agrees to defend, indemnify and hold OWC, its directors, officers, contractors, agents and employees harmless from and against any and all loss, liability or expense including costs incurred in enforcing this indemnity provision by reason of any claim or suit for alleged infringement of any patent, trademark or copyright resulting from or arising in connection with the manufacture, sale, normal use or other disposition of Goods furnished hereunder, provided however, that OWC shall have the right, at its option, to participate in the defense of any such claim or suit, without relieving Supplier of any obligations hereunder. This indemnity shall not extend to instances in which the alleged infringement relates to Goods for which OWC has been solely responsible for the design.
14. **APPLICATION FOR PAYMENT:** Supplier shall submit to OWC an invoice for payment covering for all services performed to date and all Goods delivered to and accepted by OWC at the delivery site. Such invoice shall be preceded by submittal of all receiving documentation, material certifications, documentation and manuals required or specified. Such invoice shall include a statement signed by Supplier that all materials delivered are free and clear of all liens. OWC shall remit payment within thirty (30) days of receipt of an undisputed invoice.
15. **WITHHOLDING OF PAYMENTS:** All claims for moneys due or to become due shall be subject to deduction by OWC for any setoff, counterclaim, or payment of any obligation of Supplier to OWC or any other parties making a claim against OWC arising out of this Purchase Order agreement.
16. **EXCUSES FOR NON PERFORMANCE - FORCE MAJEURE:** Each party shall be absolved from its obligations under this Order when and to the extent that performance is delayed or prevented by reason of acts of God, fire, explosion, war, riots, strikes, embargo, or government orders, or (in the case of OWC only) when and to the extent that OWC determines that its need for the Goods to be supplied hereunder is reduced or eliminated by reason of the foregoing causes. Each Supplier shall be excused from such performance for the same amount of time as such occurrence shall have lasted.
17. **INSURANCE REQUIREMENTS FOR SUPPLIER:** Supplier, its subcontractors, or other representatives of Supplier entering into OWC's premises in pursuing work must be prepared to evidence at OWC's request, at least the following insurances on certificates showing such coverage to be in effect during the term of this Purchase Order agreement and provide OWC ten (10) days prior written notice of cancellation of the coverage:
 - A. Worker's Compensation and Employers Liability in accordance with laws applicable to those pursuing work under the Purchase Order agreement.
 - B. Comprehensive General Liability with a minimum of \$1,000,000 for injury, death or property damage resulting from each occurrence. Such insurance shall include, but not be limited to, bodily injury liability, personal liability, property damage liability, broad form property damage liability, contractual liability, products liability, and liability for property of others in the care, custody and control of Supplier.
 - C. Property insurance for the full value of all property owned or supplied by Supplier and used in connection with the fabrication of Goods or Services under this Order. The liability of Seller under the indemnity provisions hereof shall not be limited to or by the insurance Seller is required to provide.The above insurance shall provide that OWC will receive thirty (30) days prior written notice from the insurance company before any cancellation or material change of the insurance provided herein. All insurance policies shall contain a waiver of subrogation against OWC, and those policies, excluding Worker's Compensation and Employer's Liability, shall name OWC as additional insured. Supplier shall, before commencing any Services, provide OWC with a Certificate of Insurance as satisfactory proof of insurance. The failure of OWC to request or receive said Certificate, or the acceptance of an incomplete Certificate shall not operate as a waiver of Supplier's obligations hereunder.
18. **TAXES:** Unless an exemption for tax is applicable or acknowledged herein, OWC shall pay and Supplier shall identify and remit all sales, use, excise, value added (VAT) and other taxes with respect to the Goods or Services provided hereunder. Value added tax, where applicable, shall be shown separately on Supplier's invoice. Supplier shall provide OWC with such separate tax invoices and related tax payment documentation as are required by applicable law.
19. **CONFIDENTIALITY:** Supplier agrees to maintain and receive in confidence, and not disclose to any third party, or to use, except in connection with the goods, any designs, drawings, specifications, technical data or other information relating to the goods or OWC's business, whether received or acquired directly or indirectly from OWC. All such designs, drawings, specifications, technical or similar data furnished by OWC shall be the property of OWC and shall be used only in connection with the manufacture of the goods and shall be returned to OWC upon completion of the Order. In addition, Supplier agrees not to disclose the details or characteristics of the Goods. In the case of Goods furnished to the special order of OWC, supplier shall not disclose to any third party or use in any publicity materials, any designs, photographs or other reproductions of such specially ordered Goods or any of the details or characteristics thereof.
20. **ASSIGNMENT:** This Order is not assignable in whole or in part by Supplier, nor shall Supplier subcontract any obligation or any portion of any obligation hereunder, without the prior written consent of OWC.
21. **RIGHT TO AUDIT:** The Supplier shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management under this Order. OWC, its customer, and OWC's representatives shall be afforded access to the suppliers records, books and correspondence and other data relating to this order and the Supplier shall preserve these for a period of three years after final payment.
22. **ARBITRATION:** In the event there shall exist any dispute or controversy between the parties hereto with respect to this Agreement or the transactions contemplated hereby, the parties agree to diligently work in good faith to resolve such dispute by mutual agreement. If such dispute is unable to be resolved by agreement within 30 days following notice of a dispute from one party to the other setting forth in reasonable detail the basis of such dispute, such dispute shall be finally resolved by binding arbitration in accordance with the Commercial Arbitration Act (British Columbia). Either party may elect to submit the dispute to arbitration, and such party shall provide notice to the other party of its election to do so. Promptly thereafter, the parties shall cooperate diligently to have appointed one or more arbitrators in accordance with the above arbitration rules. The governing law shall be the laws of the Province of British Columbia, and the location of the arbitration shall be in Vancouver, British Columbia at a mutually acceptable facility upon which the parties shall reasonably agree. The language of the arbitration shall be English. The decision of the arbitrator, or a majority thereof if more than one, shall be final and binding upon the parties hereto, and each party shall abide by such decision. All expenses of arbitration shall be borne equally by the parties, except that each party shall bear the compensation and expenses of its own counsel, witnesses and employees.
23. **WAIVER:** OWC's right to require strict performance of any obligation of Supplier under this Order shall not be affected by any previous waiver, forbearance, or course of dealing.
24. **SEVERABILITY:** If any provisions of this Order shall be held to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other part or provision of this Order.