

GENERAL TERMS AND CONDITIONS OF PURCHASE

1. AGREEMENT

This Purchase Order contains the entire agreement between the Purchaser and the Seller and supersedes all previous correspondence and negotiations. No change to this agreement is valid unless approved in writing by an authorized representative of the Purchaser's purchasing department. This agreement comprises all documentation referenced in the Purchase Order. The "Work" shall mean everything expressly or implicitly required to be done or furnished by the Seller as shown or described in any documentation forming a part of the Purchase Order. Acceptance of this Purchase Order is deemed to have occurred by the Seller upon the earlier of : a) the Seller commencing to perform the requirements of the Purchase Order it has received, or b) Seller's unconditional receipt of any money's from the Purchaser, or c) Seller's acknowledgment of this Purchase Order.

2. PRICE, DUTY AND TAXES

Unless otherwise stipulated, the materials and the price mentioned as stated on the face of the Purchase Order shall be firm and binding, not subject to escalation, and include all taxes and duties applicable to the Purchase Order and all necessary items and resources which may be reasonably inferred to perform the Work.

3. PAYMENT

Payment for the Work or for any parts thereof shall be made at the times and in the manner provided in the Purchase Order, providing that the Seller has complied with conditions precedent to such payment.

4. CHANGES

Seller shall not make any changes or alternatives to the Work or perform additional work without Purchaser's specific written requirement. Upon written instructions from Purchaser, Seller shall alter, extend or reduce the Work in accordance with the specified requirements. Any adjustments thereby caused in the contract price and/or in the date of delivery shall be agreed upon in writing by both parties. All alterations to the Work shall be subject to the conditions set out in the Purchase Order, including these General Terms and Conditions of Purchase. Should the Seller proceed without such written authorization, the Seller shall be deemed to have waived all rights to claim a price or schedule adjustment.

5. QUALITY AND COMPLETENESS OF THE WORK OR SUPPLIES

The Work shall be of good quality, complete and free from any defects in design, workmanship or materials and fit for the purpose for which it is intended. Seller represents and covenants that only new materials and skilled labor shall be used in the execution of the Work. Seller shall abide by the standards set by the Canadian Standards Association and by the standards set by other legally authorized authorities whether, international, federal, provincial or local. Seller shall comply with all existing statutes, regulations and by-laws or any part thereof and shall at all times be subject to Purchaser's inspection or that of its representatives and agents.

6. ASSIGNMENT AND SUBCONTRACTING

Seller shall not subcontract or assign the Work in whole or in part without first obtaining Purchaser's prior written authorization, which may be withheld. In the event such authorization is granted, Seller shall remain jointly and severally responsible with said assignee (s) or subcontractor (s) for all obligations herein set forth.

7. INTERIM INSPECTION EXAMINATION AND TESTS

- a. The Purchaser, its agents, and representatives shall be entitled at all times during the execution of the Work to inspect, examine or test, or to have inspected, examined or tested all components comprising the Work. Seller shall permit free access, provide any required apparatus, materials and assistance and make available all accommodation suitable for the purpose of such interim inspection.
- b. All inspection costs shall be assumed by the Seller with the exception of the costs associated with Purchaser's personnel, representatives, and agents. However, in the event the inspection cannot be carried out or has to be repeated by reason of the Seller's negligence or fault, all cost associated with Purchaser's personnel, representatives and agents shall be assumed by Seller.
- c. In the event the Work or any part thereof fails during a test or examination, in Purchaser's opinion, to conform to specifications or is otherwise defective, Seller shall promptly repair or replace same at its sole cost. In the event Seller fails to promptly make such repair or replacement, Purchaser shall have the right to do so or to have a third party do so at Seller's entire risk and expense, provided that Purchaser shall have notified Seller prior thereto.
- d. All subcontractors and/or assignees of the Seller shall be subject to the conditions and obligations expressed herein and Seller will ensure that they specifically agree thereto in writing.
- e. Interim inspection carried out by Purchaser or the omission thereof shall not imply acceptance.

8. FINAL INSPECTION

The Work shall be subject to a final inspection and paragraphs 7 a, b, & c hereto shall apply thereto *mutatis mutandis*. Acceptance of the Work shall be given to Seller only after Purchaser has ascertained that the final product complies with the terms and conditions mentioned in the Purchase Order of any addendum thereto. Acceptance shall be given without prejudice to Purchaser's recourse under Section 12 hereof.

Payment or acceptance by Purchaser shall not constitute a waiver of Purchaser's rights and recourse provided in these General Terms and Conditions of Purchase, nor shall anything herein contained be construed to exclude or limit any conventional or legal warranty. All warranties shall continue in full force and effect notwithstanding any termination of the Contract.

9. PACKING AND FORWARDING

- a. All suppliers, wrappers, and containers must bear markings and labels required by applicable laws and regulations for the protection and safety of persons and property and Seller warrants that price includes all charges for packaging, crating, and transportation to the agreed point of delivery. Purchaser shall have the right to instruct Seller of any special packaging requirements and Seller shall strictly comply with these instructions. Purchaser shall not be required to accept shipments of the Work that do not comply with its packing instructions.
- b. Packing materials that remain the property of the Seller shall be returned at Seller's sole risk and expense.

10. PASSING OF TITLE AND RISK

In the case of a supply only contract, title to and the risk of loss or damage of the Supplies shall pass to Purchaser upon arrival of the same at the agreed destination. In the case of a supply and fix contract, or a supply and supervise contract, the title to the Supplies shall pass to Purchaser upon arrival of the same at the agreed destination, but the Seller shall bear the risk of all loss, damage, or destruction thereof until the Work is tested and accepted.

The Purchaser shall retain the ownership of all materials, equipment, instruments, or any other item and substance of every sort made available to Seller for the purpose of assembly or incorporation ("Purchaser's Items"). Seller shall be liable for the loss, damage, or destruction of all Purchaser's Items until acceptance of the Work. Purchaser's items shall be conspicuously identified as Purchaser's property when in the care and custody of Seller. All Purchaser's items not assembled or incorporated shall be returned to Purchaser upon acceptance of the Work.

11. DATE OF DELIVERY

- a. Time is of the essence and the Seller shall deliver the Work for acceptance on the date specified in the Purchase Order. Unless otherwise stipulated, the Supplies shall be delivered to Purchaser *ex work* in accordance with INCOTERMS 2010.
- b. Notwithstanding any provisions to the contrary, Purchaser hereby reserves the right to have the Work accomplished by any third party of its choosing without compensation whatsoever to Seller and at the cost of the Seller if, in Purchaser's reasonable assessment, the Work cannot be delivered for acceptance within the time provided in the Purchase Order.
- c. Seller shall notify Purchaser forthwith in writing of all circumstances that may affect Seller's ability to fulfill its obligations to deliver the Work on time. Seller's notice shall include the nature of such circumstances and the extent of the delay. Upon receipt of Seller's notice, Purchaser shall instruct Seller accordingly.
- d. Seller shall be liable for all and any damages suffered by Purchaser should Seller fail to inform Purchaser in time of any reasonably foreseeable delay.
- e. Purchaser shall have the right to request the Seller to postpone the Work delivery dates, in which event the Seller shall store and protect the Supplies free of charge until further notice from Purchaser.
- f. If liquidated damages are agreed in the Purchase Order, the application of liquidated damages shall be in addition to the Purchaser's rights and the Seller's obligations under this Article. The Purchaser shall be entitled to deduct the liquidated damages from payments due to the Seller. However, the Purchaser's right to apply liquidated damages shall survive, even if the liquidated damages are not deducted from the payments.

12. WARRANTY AND LIABILITY

- a. After the Purchaser has accepted the Work, the Seller shall remain liable in respect of any defect in, or failure of, the Work during the warranty period. Unless otherwise specified in the Purchase Order, the warranty period shall be 12 months after acceptance of the Work or Supplies by the Purchaser.
- b. During the warranty period, the Seller shall replace or repair diligently all defects or failure in the Work arising from defective, faulty, or negligent design, expertise, assembly, materials, or workmanship. In addition, the Seller shall bear the costs that may have to be made to accomplish the remedial work for which the Seller is responsible, including but not limited to demounting, remounting, and transport.
- c. In the event Seller fails to carry out the repairs or make the replacements mentioned in the aforementioned sub-paragraph b., the Purchaser shall have the right to have said repairs or replacements made by any third party of its choosing, at Seller's sole risk and expense.
- d. In the event that the Work is delivered for acceptance over an extended period of time or by stages, the warranty period shall be deemed to begin at the time the Seller has fulfilled all its contractual obligations and the Purchaser has accepted the Work.
- e. The warranty period shall be extended by a period equal to the time required for the repairs or replacements. All repaired or replaced components of the Work shall be warranted for a period equal to the original warranty period.
- f. Seller shall be liable for any and all damages, losses, destruction, or delays caused directly or indirectly by its defective supplies or its officers, employees, invitees, agents, sub-contractors, or assignees and Seller hereby covenants to fully indemnify Purchaser for any such damages, losses, destruction or delays.
- g. The Seller's obligations under this Article shall also be available for the benefit of the Purchaser's successors, customers, and end-users.

13. PROPERTY AND CARE OF AUXILIARIES. DRAWING, ETC.

Unless otherwise agreed to in writing, all auxiliaries such as plans, moulds, gauges, lay-outs, models, tools, designs, sketches, drawings, blue-prints, patterns, dies, specifications, engineering data, other technical or proprietary information, special appliances and equipment, other equipment or material of every description and replacement thereof or any materials, fixed or attached thereto, required for the execution of the Work and made available to the Seller or procured by it at Purchaser's expense (the "Property"), shall remain or become Purchaser's sole property.

Every individual item thereof shall be adequately identified by the Seller as property of Bronswerk Marine Inc., shall be safely stored separately from Seller's property, shall not without Purchaser's prior written consent be used, copied, or multiplied and shall not in any way be disclosed or surrendered to any third party.

The Contract shall not convey to the Seller any license by implication, estoppel, or otherwise, under proprietary or industrial property rights, except such right and licenses required for the purpose of the Purchase Order. Seller shall not substitute any Property and shall not use the Property for any other reason than fulfilling the Work. The Property, while in Seller's custody or control shall be maintained in good condition at Seller's expense and risk and shall be kept insured by Seller at its sole expense in an amount equal to the replacement cost. The Property shall be subject to removal upon Purchaser's written request, in which event Seller shall deliver it to the Purchaser in the same condition as originally received, reasonable wear and tear excepted.

14. CANCELLATION AND TERMINATION

In the event the Seller is dissolved, bankrupt or wound-up or makes any assignment for the benefit of its creditors or take or attempts to take the benefit of any insolvency, winding-up or bankruptcy legislation or if a petition in bankruptcy or in winding-up or for reorganization shall be filed by or against the Seller or if a receiver, trustee, or agent be appointed for or enter into physical possession of the property of the Seller, the Purchaser shall have the right to terminate the Purchase Order or any part thereof, without any compensation whatsoever to Seller and without serving a formal notice of default or obtaining the consent of any Court. If under such circumstances Purchaser terminates the contract, in whole or part, Purchaser shall not be liable for damages to the Seller and such termination shall be without prejudice to any other rights it may have.

The Purchaser may also terminate this Purchase Order upon two (2) days written notice, upon the occurrence of any of the following events (the determination of whether the Seller has breached any of the following shall be at the sole discretion of the Purchaser):

- a) The Seller refuses or fails to supply sufficient or properly skilled employees, individuals, and/or subvendors, facilities or materials.
- b) The Seller fails to pay its subvendors or suppliers on the terms negotiated.
- c) The Seller fails to adequately protect property or persons so as to ensure the completion of the Work provided for under this Purchase Order within the time specified.
- d) The Seller abandons the Work.
- e) The Seller unreasonably delays the project, of which this Work is a part, its progress or completion or the Seller is delayed in the execution of the Work itself.
- f) The Seller fails to justify labour inadequacies.
- g) The Seller does not comply with, or disregards laws, ordinances, regulations or the instructions of the Purchaser or its representatives.
- h) The Seller has breached a provision of this Purchase Order.

The Purchaser may at its discretion, in the notice of termination, allow the Seller a specified time to rectify the situation. If the situation is not corrected within this period then the Purchase Order shall terminate immediately without notice.

Purchaser shall also be entitled to cancel or terminate the contract in whole or part for convenience in such cases Purchaser shall only compensate the Seller for the costs incurred before the actual termination.

15. INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

The Seller warrants that the Work does not constitute an infringement of any industrial or intellectual property rights of any third party. The Seller shall defend, indemnify, and hold the Purchaser harmless from all and any loss, damage, and expense caused by an infringement or a patent, trademark, or any other industrial or intellectual property right.

16. INDEMNIFICATION AND INSURANCE

The Seller shall defend, indemnify and hold the Purchaser harmless from any and all liabilities and expenses resulting from defects in the Work whether latent or patent. The Seller further agrees to obtain and maintain during the life of the contract, at its sole cost, a product liability insurance in such form, amount and with such company as may be approved by the Purchaser in writing. Satisfactory evidence of insurance shall be submitted to the Purchaser upon request.

During the execution of the Work and the warranty period, the Seller shall indemnify the Purchaser against any claims resulting from damage to property, or injuries or death to persons, whether this be caused by Seller's own personnel or by its subcontractors. The Seller shall take out and keep in force a comprehensive general liability insurance policy and an all risks insurance policy. Fifteen (15) days prior to the beginning of the execution of the Work, the Seller shall provide the Purchaser with copies or bona fide certificates of insurance of the insurance coverage contracts provided herein for acceptance by Purchaser. The deductible for the insurance policies herein mentioned shall be for the account of the Seller.

17. SECRECY

The Seller undertakes to maintain the strictest secrecy towards third parties in respect of all information in the widest sense about the Purchaser, as may come to its knowledge, in connection with the contract, including such information as designs, drawings, instructions, patterns, technical specifications, prices, and the like. The Seller hereby undertakes, both during and after the term of the contract, not to disclose directly or indirectly, any of such confidential information, except as is necessary for the performance of the contract.

18. FORCE MAJEURE

Neither the Purchaser nor the Seller shall be responsible for an occurrence beyond the control, and without the fault or negligence of the party affected, including acts of God or the public enemy; expropriation or confiscation of facilities; governmental restrictions; war, rebellion, sabotage or riots; fires, explosions, or other similar occurrences which are not within the control of the party affected and which by reasonable diligence said party is unable to prevent or provide against. Force Majeure does not include strikes or labour disturbances (except that the Purchaser may invoke a condition of Force Majeure should a strike or labour disturbance at its customer's facility make it imprudent to attempt to accept delivery or equipment, materials or services at such facility), transportation delays, non-availability of materials, financial difficulties, inclement weather or failure or default by the Seller's suppliers or subcontractors.

In the event of a condition of Force Majeure affecting the Seller, the Seller shall notify the Purchaser within two (2) working days of the occurrence which resulted in the condition of Force Majeure and the Seller shall be entitled to an equitable extension of time for completion of the Work but shall not be entitled to an increase in price or reimbursement of any additional expenses incurred.

19. DISPUTE

Any dispute, controversy, or claim arising out of or relating to the Purchase Order which cannot be resolved by the parties, shall be submitted to arbitration upon mutual consent of the parties or, in the absence of such mutual consent, referred to a court of competent jurisdiction in the Province of Quebec. In the case of such a dispute, controversy, or claim, the Seller shall continue to execute the Work in accordance with the instructions of the Purchaser.

20. LAWS

The Purchase Order shall be governed by the laws in force in the Province of Quebec, Canada. All provisions of the United Nations Convention on the International Sale of Goods are excluded from this Purchase Order.

21. LANGUAGE CLAUSE

The Purchase Order, the documentation and the correspondence shall be in the English language, unless otherwise agreed in writing. *Les parties ont convenu que cette convention soit rédigée en langue anglaise.*