

GENERAL PURCHASING CONDITIONS FOR OPTIMARIN AS

DEFINITIONS

Purchase Agreement means these General Purchasing Conditions, the Form of Agreement, and other documentation referred to in the Form of Agreement, as well as any subsequent Order(s), if applicable. Any other terms, whether attached to Supplier's order confirmation or otherwise, shall not be applicable. Supplier's performance of the supply shall be deemed acceptance of these terms.

Supply means all items to be provided by Supplier under this Purchase Agreement whether raw materials, processed materials, fabricated products, services, drawings and other applicable documentation.

Supplier means the party stated in the Form of Agreement who is to supply the Supply to the Company

Purchaser means Optimarin AS.

Price means the total amount payable to Supplier in accordance with the provision of this Purchase Agreement.

Force Majeure means an occurrence beyond control of the party affected, provided that such party could not reasonably have foreseen such occurrence at the time acting into the Purchase Agreement or could not reasonably have avoided or overcome the consequences.

Form of Agreement means the written agreement document incorporating these General Purchasing Conditions and other documents constituting the Purchase Agreement and may be in the form of a "Purchase Order" issued by Company or a document titled "Form of Agreement" and signed by both parties...

Order means Purchaser's order of specific parts of Supply from Supplier. The Order(s) may be a part of the original Purchase Agreement or may be issued under the Purchasing Agreement at a later stage, either electronically or in the form of a purchase order document.

ACKNOWLEDGEMENT OF ORDER

Supplier must acknowledge any Order(s) within 7 days after receipt. Failure to do so gives Purchaser the option to consider the Order cancelled at Purchaser's discretion.

QUALITY ASSURANCE

Supplier shall have an established and implemented Quality System in accordance with NS-EN ISO 9001/9002/9003 or equivalent, depending on the nature of the Supply. Purchaser or its representative shall have the right to undertake quality audits and verifications of Supplier's or any subcontractor's quality system. Supplier shall examine the different parts of the Purchase Agreement, and shall without unnecessary delay notify Purchaser in writing of faults, omissions or inconsistencies discovered.

INSPECTION/VERIFICATION

Purchaser or its representative shall have the right to undertake necessary inspections and verifications of the Supply at Supplier's premises and/or any of his subcontractor's premises. The abovementioned inspections and verifications do not exempt Supplier from the responsibility to deliver Supply in accordance with the Purchase Agreement, nor shall it preclude subsequent rejection, which right is reserved by Purchaser for any failure of Supplier to comply with the Purchase Agreement.

DELAY

If Supplier has reason to believe that the Supply or any part of it may be delayed, he shall immediately notify Purchaser in writing. Supplier shall in such notice give Purchaser information of the reason and extent of the delay together with the efforts Supplier will make in order to avoid, limit or recover the delay.

VARIATIONS

Purchaser has the right to order variations to the Supply. Also, Supplier may propose variations to the Supply. Such variations may include an increase or reduction in the quantity, character, quality, kind, features and characteristics of the Supply or parts thereof and adjustments to the time schedule. Notwithstanding the foregoing, any variations to the Supply caused by circumstances for which Supplier is responsible shall not entail any changes to the Price and/or the time schedule in favour of Supplier. Any changes to the Price and/or the time schedule shall be formalised in writing in the form of a "Variation Order" showing all necessary details and shall be issued by Purchaser and signed by both parties. If Supplier believes a variation is made to the Supply which affects the Price and/or the time schedule, and a Variation Order has not been issued by Purchaser, Supplier must give written notice to Purchaser within five (5) days of the date Supplier believes the variation was ordered. In such a case, Supplier shall not commence the variation work until a Variation Order is received from Purchaser. If Supplier commences the variation work before a Variation Order is issued, he loses the right to claim adjustment in the Price or the time schedule as a result of the variation

MARKING AND PACKING

All items of Supply must be adequately marked and packaged in compliance with applicable standards and regulations and in accordance with Purchaser's transport instructions. If no transport instructions are agreed, Supplier shall ensure that such instructions are obtained from Purchaser prior to delivery.

All documents shall be properly marked with the Order number and the Identification Number the documents refer to. Originals shall be mailed separately and one (1) copy shall follow the shipment in a separate envelope. All documents shall be of a quality that will permit microfilming. One (1) complete Packing List shall be forwarded prior to shipment and one (1) copy shall follow the shipment. Customs documents on international shipments, forwarded with the Carrier, shall contain: Two (2) copies of the invoice; one (1) copy of the Packing List; European Movement Certificate (EUR.1) for transportation of goods between EEC and EFTA; Procedures for handling, storage and preservations shall be forwarded to Purchaser in due time to prevent any damage to the Supply.

DELIVERY

Terms of delivery shall be in accordance with Incoterms 2010. Delivery shall be FCA Supplier's premises, unless otherwise explicitly agreed in writing. When a Supply is ready for delivery, Supplier shall report weight, dimension and number of packages to Purchaser. Unless instructed otherwise by Purchaser, Supplier shall deliver individual items of the Supply as they are completed.

GUARANTEES

Supplier guarantees that the Supply is in accordance with specified requirements and is suitable for the intended purpose and use. Unless otherwise stated in the Purchase Agreement, the guarantee period for the Supply expires two years from the date the Supply

is taken into use, limited to three years from the date of delivery. If Supplier has performed guarantee work during the guarantee period, Supplier shall guarantee this work for a period of one year from the date of completion of the guarantee work, unless the remaining part of the original guarantee period is longer.

INVOICING AND PAYMENT

Unless otherwise agreed, Supplier shall invoice Purchaser after delivery of all the Supply or of an agreed part of the Supply has taken place, and Purchaser shall pay accepted invoices within 60 days of receipt. All invoices must contain a reference to the PO number. Invoices which do not conform to these terms or to the specifications of the Purchase Agreement, or which do not refer to an Order number are not valid and will be returned.

FORCE MAJEURE

Either party shall be entitled to suspend performance of his obligations under the Purchase Agreement to the extent that such performance is prevented by Force Majeure. The party affected by Force Majeure shall as soon as possible, but not later than three (3) working days after occurrence of such a situation, notify the other party in writing that a Force Majeure situation has occurred. If a Force Majeure situation continues without interruption for a period of 15 working days, or more, each of the parties shall be entitled to terminate the Purchase Agreement by notifying the other party in writing.

LIQUIDATED DAMAGES

Time is of the essence. If the Supply is delayed, Supplier shall pay liquidated damages to Purchaser. The liquidated damages are agreed to be 0.5% of the Price per calendar day of delay, not to exceed 10% of the Price in aggregate. If Purchaser has become entitled to be paid maximum liquidated damages, or if it is evident that this will be the case, Purchaser has the right to terminate the Purchasing Agreement for substantial breach as set out below.

TERMINATION OF THE PURCHASE AGREEMENT

If Supplier is in substantial breach of contract, Purchaser has the right to terminate this Purchase Agreement at any time with immediate effect by giving written notice to Supplier. Purchaser may also terminate this Purchase Agreement if Supplier becomes insolvent and/or if Purchaser has reason to believe Supplier will be in substantial breach of contract. Upon termination Supplier shall immediately ship to Purchaser any completed items requested by Purchaser, and Supplier shall be entitled to payment for all items accepted and taken over by Purchaser.

If Purchaser terminates Purchase Agreement, he shall be entitled to claim compensation for breach of contract in accordance with applicable law.

CANCELLATION

Purchaser has the right to cancel the Supply at any time by giving written notice to Supplier. In the event of such cancellation, Supplier shall cancel all sub-contracts and Purchaser shall pay for delivered, accepted items of Supply, and otherwise only necessary documented direct costs incurred by Supplier in connection with the cancellation.

PATENTS

Supplier is responsible for and shall defend, indemnify and hold Purchaser harmless from and against any claims, damages, losses, expenses and the like on the account of any infringement of patents or other intellectual property rights in conjunction with Seller's obligations, the Supply or Purchaser's use of the Supply.

DISPUTES

This Purchase Agreement shall be governed by and construed in accordance with Norwegian law. Any disputes arising out of or in connection with the Purchase Agreement and which cannot be solved by mutual agreement, shall be solved by court proceedings, unless otherwise agreed. Any court proceeding will be brought before Stavanger City Court.

CONFIDENTIALITY

All drawings, calculations and other information which Supplier may receive from Purchaser in connection with the Purchase Agreement are proprietary to Purchaser and shall be treated by Supplier as trade secret and may not be used for any other purpose, duplicated or made available to a third party. Supplier is liable for any inconvenience and loss suffered by Purchaser due to breach of Supplier's confidentiality obligation or any unauthorised use. Supplier, if so requested, shall immediately return all such information together with all copies and duplicates.

INDEMNITY

Supplier agrees to Indemnify and to hold Purchaser, its agents, employees, officers, subsidiaries, associated companies and assigns harmless from and against any and all liability, damage, loss, cost or expense, including without limitation any liability arising from any injury or loss to any person or persons or any damage to or loss of any property, directly or indirectly arising out of or in connection with:

(i) any act or omission in the performance of or in connection with any or all of the obligations undertaken by Supplier pursuant to the Purchase Agreement, whether by reason of the negligence of Supplier, its agents, employees or sub-contractors or their agents or employees, or otherwise; or

(ii) any alleged fault or defect howsoever arising in the Supply (whether in materials, workmanship or otherwise);

except to the extent that any such liability was only incurred because Supplier delivered the Supply solely in accordance with designs, plans or specifications supplied by Purchaser.

TAXES

Seller shall be exclusively liable for all income, sales, use, payroll and other taxes, customs, excise and import duties and other fees, levies and charges incurred by Seller or its subcontractors and sub-vendors and its or their employees directly or indirectly imposed by or payable to any government (including any department, agency or subdivision thereof) with respect to the Order and the sale and delivery of the Goods. Seller shall indemnify and hold Buyer harmless from any expense, claim, liability or obligation with respect to such amounts. This indemnity shall survive the termination or expiration of the Order.

ASSIGNMENT

Seller shall not assign any or all of its rights or obligations hereunder without Purchaser's prior written consent, which consent may be withheld at Purchaser's discretion.

TECHNICAL DATA

Seller shall without additional cost to Purchaser supply all drawings, specifications or other technical data and manuals, related to the Supply or its use, which shall become the property of Purchaser.