

TERMS AND CONDITIONS OF PURCHASE (these "Terms")**1. DEFINITIONS:**

- 1.1 "Agreement" means the terms herein.
- 1.2 "Order" means the purchase order for Supplies to which this Agreement is attached and all other documents attached thereto and forming an integral part thereof.
- 1.3 "Parties" means the Purchaser and the Supplier.
- 1.4 "Purchaser" means Chantier Davie Canada Inc.
- 1.5 "Supplier" means the Supplier of the Supplies as indicated in the Order.
- 1.6 "Supplies" means the supplies, materials, goods and services to be supplied by the Supplier, as described in the Order.

2. INTERPRETATION:

- 2.1 In case of discrepancy between the conditions of the Order and these Terms, these Terms shall prevail.
- 2.2 All clauses of this Agreement are distinct. In the event that one of the clauses of this Agreement is illegal or void, that clause will be ineffective to the extent of such illegality or invalidity without invalidating the remaining clauses of this Agreement.

3. AGREEMENT:

3.1 By accepting the Order and to deliver the Supplies, the Supplier acknowledges, agrees and accepts the terms and conditions embodied in this Agreement and their precedence over any other or document, including the Order. This Agreement shall govern the Order, to the exclusion of any term that may appear in any order acknowledgement or other documents submitted at any time by the Supplier.

3.2 The Order is an offer by the Purchaser to contract in accordance with its terms and conditions that the Supplier acknowledges having read and accepted.

4. CHANGES TO THE AGREEMENT:

4.1 Purchaser, by written notice to the Supplier, may change the quantity, the quality or any other specifications of the Supplies, or the place of delivery by giving a written notice to the Supplier.

4.2 If any such change causes an increase or decrease in the price or time required for the performance of this Agreement, the Supplier must, by notice, inform the Purchaser and obtain its approval of such, pursuant to which the Parties shall employ their best efforts to adjust the price or delivery schedule and modify this Agreement accordingly.

4.3 In the event that the Supplier fails to agree on the adjustments to this Agreement in accordance with Section 4.1, within ten (10) days following receipt of the notice provided for in Section 4.1, the Purchaser may terminate this Agreement pursuant to Section 14.2.

5. INSPECTION:

5.1 The Purchaser may, at any time, inspect the Supplies and follow the work performed under this Agreement by the Supplier and/or his subcontractor(s).

The Supplier and his subcontractor(s) shall facilitate such inspection by giving access to the Supplier, during normal working hours, to the Purchaser or his authorized representatives.

At no time may this inspection be construed as an approval or acceptance of the Supplies or work inspected.

5.2 The Purchaser may, after inspection, reject the Supplies. In such a case, all costs, including but not limited to transportation cost, incurred by the Purchaser in connection with the Supplies rejected, shall be borne by the Supplier.

5.3 The default by the Purchaser to reject the Supplies shall not be construed as a renunciation by the Purchaser of the exercise of any other legal and/or contractual recourses.

6. DELIVERY:

6.1 Before delivery of the Supplies to the Purchaser, the Supplier undertakes to send in writing, to the Purchaser's procurement department, all information relating to the care and preservation of Supplies.

6.2 Unless otherwise provided for, the Supplier shall deliver the Supplies to 22 George-D. Davie, Lévis, Québec, G6V 0K4. The hours of delivery are from 7:00 AM to 12:00 PM and from 12:45 PM to 3:45 PM from Monday to Friday inclusively. No delivery shall take place outside the hours described above unless the Purchaser and Supplier have previously entered an agreement to that effect. Notwithstanding such an agreement, the Purchaser shall not bear any cost for the Supplier's waiting time.

6.3 The Supplier shall be responsible and undertakes to identify all Supplies delivered and provide the handling methods and proper position of the Supplies. The Supplier also undertakes to pack or condition the Supplies in accordance with the usual and recognized methods in order to preserve and protect the Supplies.

Should the Supplier fail to comply with the requirements set out above, it shall be liable and indemnify the Purchaser against any and all damages sustained notwithstanding any prior acceptance of risk on delivery by the Purchaser.

6.4 Supplier shall, upon the Purchaser's written notice, suspend the execution of this Agreement or the delivery of the Supplies for such a period as the Purchaser may request.

6.5 Whenever the Supplier believes it may not be able to deliver on the date of delivery, the Supplier must advise the Purchaser by a notice containing the reasons of the delay not less than fourteen (14) days prior to the date of expected delivery. The Supplier also undertakes to transmit to the Purchaser for approval and without any delay, a recovery plan and schedule indicating the measures it shall take to minimize the consequences of the delay that the Purchaser may suffer.

The recovery plan and schedule shall not, in any way, deny the Purchaser's rights and recourses particularly those provided in Sections 14 and 16 of these Terms.

6.6 In case of a delay in delivery, the Purchaser may require that the Supplier use a more expedient means of transportation without any additional costs to the Purchaser.

6.7 During transportation and at the time of delivery, the Supplier undertakes to comply with all applicable statutes, laws and regulations.

However, should the Supplier not comply with all applicable law, statutes or regulations, it shall be liable and undertakes to save and hold the Purchaser harmless against any and all claims of any nature whatsoever resulting from the non-compliance.

7. WARRANTY:

7.1 The Supplier warrants that all Supplies are in conformity with this Agreement, (and in so doing undertakes to issue all certificates of conformity that may be required by this Agreement or by custom) new and made out of new materials, free from defects in design, workmanship and material and fit for the purpose for which they will be used and shall remain so for a period of twenty-four (24) months starting on the latest of the first day of use of the Supplies by the Purchaser, the final acceptance of the Supplies or when first in use by the Purchaser's client.

7.2 The Supplier further warrants that all Supplies provided pursuant hereto shall be in compliance with the requirements of the applicable Classification Society, Transport Canada and any other regulator (collectively the "Regulator") as such are communicated in writing by the Purchaser and shall deliver the Supplies to the Purchaser with such seals and certifications (collectively the "Certifications") as required by the Regulator.

7.3 All drawings, manufacturer's manuals, instructions manuals, the Certifications or any other document which apply to the Supplies shall be submitted to the Purchaser at the time of delivery of the Supplies.

The Supplier shall be liable and undertakes to save and hold the Purchaser harmless against any and all claims of any nature whatsoever resulting from an error or omission in the documents provided to the Purchaser by the Supplier.

7.4 Where goods or materials not manufactured or produced by Supplier are incorporated into the Services any warranty given by the manufacturer of such goods or materials shall be transferred to Purchaser.

7.5 Any Supplies which do not meet the requirements of Sections 7.1 or 7.2 shall be considered in non-conformity with this Agreement.

7.6 The warranty provided for in Section 7 constitutes a minimum and shall not, at any time, exclude or reduce any other warranty offered by law or statute.

7.7 The warranty provided for in Section 7 shall be for the benefit of the Purchaser and its clients.

7.8 The Purchaser must, within a reasonable time, give notice to the Supplier of any Supplies that are in non-conformity with this Agreement.

Upon receipt of such notice, the Supplier undertakes to replace or repair, without cost to the Purchaser, such Supplies within a period of seven (7) days.

If the Supplier fails to proceed to replacement or repair within the period of seven (7) days, the Purchaser may without further notice, replace or repair the Supplies and claim from the Supplier all costs indirect including consequential damages.

In case of an emergency situation which cannot wait seven (7) days, the Purchaser may proceed immediately with replacement or repair and claim from the Supplier all costs incurred including consequential damages.

7.9 Where Supplies are of a nature that requires maintenance, replacement parts and repair service must be available for a reasonable time which may not be less than twelve (12) months starting on the latest of the first day of use of the Supplies by the Purchaser, the final acceptance of the Supplies or first in use by the Purchaser's client.

7.10 In the performance of this Agreement, the Supplier undertakes to comply with all applicable laws and regulations. It must obtain all necessary permits, licenses or other authorizations at its own expense.

7.11 Throughout the period during which the Services are being provided and delivered, the Supplier will conduct an industry recognized and accepted quality control program of inspections, testing and supervision by a team of the Supplier's staff specially designated for this purpose.

8. RISKS OF LOSS OR DAMAGE:

8.1 The Supplier, in all cases, shall be responsible for, and bear all costs in respect of, the loss or damage to the Supplies, including in respect of Supplies delivered to third parties at the request of Purchaser, until the Supplies have been delivered and accepted by the Purchaser at its premises.

9. OWNERSHIP AND PROPERTY

9.1 In proportion to payments made by the Purchaser, and in any event, upon delivery of the Supplies by the Supplier and the acceptance thereof by the Purchaser, title and ownership of the Supplies shall pass to the Purchaser. The Supplier acknowledges and agrees that, as title shall pass in accordance with this Section 9.1, the Purchaser shall be the full, sole and unencumbered owner of the Supplies, and the Supplier shall not have any right of retention of ownership in the Supplies or security interest thereon. The Supplier further agrees that Supplier shall not register any security, hypothec, lien, charge, encumbrance or claim any right of retention in the Supplies, and waives any rights of movable accession under articles 971, 972, 973 and 974 of the *Civil Code of Québec*.

9.2 At the time of transfer of title in accordance with Section 9.1, Supplier warrants that such title shall transfer to the Purchaser, including intellectual property rights, free of any rights or liens held by third parties.

9.3 The Supplier shall be held liable and undertakes to save and hold the Purchaser harmless against any and all claims of any nature whatsoever resulting from the non-compliance with Sections 9.1 and 9.2.

10. PRICE:

10.1 No additional sum or charge may be claimed other than this Agreement's price as stipulated in the Order.

10.2 Unless otherwise stated in the Order, this Agreement's price is payable in Canadian currency.

10.3 If, at the time of delivery, price of the Supplies is lower than this Agreement's price, the Supplier must invoice the Purchaser at the lowest price.

10.4 Unless otherwise stated, this Agreement's price is inclusive of all ancillary and related charges, costs and expenses, including insurance and transportation charges as well as custom fees.

10.5 The payment of the price by the Purchaser shall not be made before sixty (60) days after delivery of the Supplies and receipt by the Purchaser's finance department of the Supplier's invoice. If the delivery took place before the date agreed by both Parties, the Purchaser will not have to pay more rapidly. The sixty (60) days will start at the date of delivery determined in this Agreement.

10.6 The original of the Supplier's invoice must be transmitted to the Purchaser's finance department. It must not in any case be handed to the Purchaser's employees at the delivery site when the Supplies are being delivered.

10.7 All payments made to non-resident persons of Canada under this Agreement, in respect of the Supplies or by way of fees, commissions or other amounts in respect of services rendered in Canada, will be subject to a withholding tax as determined by Canadian and provincial legislation, with appropriate relief provided by applicable Canadian tax treaties or conventions, and the Purchaser may withhold any such applicable withholding taxes and remit same to the appropriate Canadian taxing authority as required under applicable law.

11. COMPLIANCE

11.1 The Supplier represents and warrants that the Supplies and the performance of its obligations hereunder shall comply with all applicable laws, regulations, conventions and the classification society rules binding on the Purchaser.

11.2 By accepting the order, the Supplier agrees to provide all supporting documentation required, including but not limited to certificates and material declarations.

12. GOODS OF THE PURCHASER:

12.1 Supplier agrees that all special dies, drawings, tools, patterns, gauges and other special equipment developed or acquired or are used in the performance of this Agreement belong to the Purchaser who may require that they be put in its possession as soon as this Agreement is completed, avoided or terminated.

12.2 All materials and effects of the Purchaser that may be furnished to the Supplier for the execution of this Agreement shall be the Supplier's responsibility who undertakes to insure them at their full replacement value by an all risks insurance policy as provided for in Section 24 of these Terms.

12.3 If the Purchaser furnishes any drawings pertaining to the manufacturing of the Supplies, the Supplier agrees not to use such drawings for any other purpose than this Agreement, without obtaining the Purchaser's prior written consent.

13. ENVIRONMENT:

It is expressly agreed by the Parties that the Supplier shall be liable and undertakes to indemnify and save harmless the Purchaser or any third party against any and all claims for damages or prejudice of any nature whatsoever suffered by the Purchaser, the public or any third party, including interests and all reasonable legal fees resulting from:

◆ the Supplier's non-compliance, or the non-compliance of any of the Supplies with any environmental law and/or regulation;

Compagnie certifiée ISO 9001

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◆ Any pollution, contamination, noise, nuisance or spill caused or deemed to have been caused by the Supplier in any way whatsoever.

14. AVOIDANCE AND TERMINATION:

14.1 Subject to the Purchaser's right to damages or to all other rights that may be claimed under applicable law or this Agreement, the Purchaser may demand the termination or resolution of this Agreement if:

◆ the Supplies delivered are not in conformity with this Agreement;

◆ the Supplies are not delivered on time;

◆ the Purchaser cannot take delivery of the Supplies due to a Force Majeure which for the purpose of this Agreement means ; acts of God; engagement in war or other hostilities or mobilisation or preparations therefore; civil war, civil commotions, revolutions, riots or requirements of civil or military authorities; blockades or embargoes; vandalism or sabotage; epidemic; strikes, lockouts or other labour disturbances; earthquakes, tidal waves, landslides, floods, blizzards, snowstorms, excessive icing conditions or other weather conditions not included in normal planning; prolonged failure, shortage or restriction of electric current, oil or gas; damage by lightning, explosions, collisions, strandings or fire; or accidents of any nature not caused by the negligence of the Purchaser;

◆ the Supplier is in breach of any of its obligations under this Agreement.

The Purchaser shall advise in writing the Supplier before declaring this Agreement terminated or resolved.

In the case where the Purchaser causes the resolution of this Agreement, the Purchaser must return to the Supplier any Supplies delivered which are still in its possession and encompassed in the notice of avoidance, and the Supplier must reimburse to the Purchaser the price paid and any costs incurred by the Purchaser.

14.2 Purchaser may, by giving a written notice, unilaterally terminate this Agreement upon receipt of the termination notice; the Supplier must cease the performance of this Agreement according to the instructions of the Purchaser.

Upon presentation of supporting documents, Purchaser pays to the Supplier the part of this Agreement executed before receiving the above-mentioned termination notice. The Purchaser shall have no further liability towards the Supplier.

15. NON-DISCLOSURE:

This Agreement undertakes not to disclose any trade secrets nor confidential information it may obtain or that may be designed in connection with the present Agreement and to obtain the same commitment from any and all of its subcontractors.

16. ASSIGNMENT, TRANSFER OR SUBCONTRACTING BY THE SUPPLIER:

This Agreement may not be transferred, assigned or subcontracted in whole or in part without the prior written express consent of the Purchaser.

The transfer, assignment or subcontracting of this Agreement in whole or in part shall not, at any time, discharge the Supplier of any and all of its obligations under this Agreement.

17. WAIVER:

The Supplier shall not create or exercise or suffer the creation or exercise by any third party (including, without limitation, its employees, suppliers, subcontractors, agents and Governments or others) and specifically waive to exercise any lien, charge, mortgage, hypothec, right of retention or encumbrance of any kind on the ship, to work, equipment, machinery, materials, supplies and other articles and things attached to, placed on, bought or ordered in connection with the work or the ship

18. LIABILITY

18.1 In addition to all of the Purchaser's rights, remedies and recourses under this Agreement, in the event of a breach by the Supplier of the terms and conditions of this Agreement, including for unauthorized variations in any agreed upon scope or specifications, Supplier shall be liable for any and all losses of the Purchaser, including consequential damages and loss of profit, and the Purchaser shall be entitled to: (a) withhold any payments due hereunder on account of such breach; (b) in the event of a late deliver, a reduction of the price of the Supplies equal to 2% per week while the Supplier's non-delivery persists; (c) set-off and compensate any and all amounts due by the Purchaser to the Supplier under this Agreement, the Order or otherwise against any and all amounts owed by the Supplier to the Purchaser under this Agreement, the Order or otherwise; (d) in the case of non-performance by the Supplier, at the Supplier's expense and together with an administrative charge of 15%, engage a third party to perform services or provide any of the Supplies to be delivered under this Agreement. Supplier agrees that all amounts due under this section shall be due and payable immediately upon notice by Purchaser to Supplier.

19. INDEMNIFICATION:

The Supplier undertakes to hold harmless and indemnify the Purchaser against any and all claims, costs, damages, liabilities, losses, fines, penalties, obligations, disbursements or expenses (including, but not limited to interest and reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement) sustained by the Purchaser, its employees, its representatives or any third party and resulting from the Supplier's act,

omissions, performance or non-performance of any and all of its obligations under this Agreement including all claims for material damages or bodily injury (including death) except if it is proven that such damages are due to the Purchaser, its representatives or its employees.

The Supplier declares that it has insurance coverage, including worker's compensation and comprehensive general liability insurance, with insurers having at least an A.M. Best Rating or equivalent in their jurisdiction of operation, consistent with industry best practices and in sufficient amounts to cover its liability under this Agreement. Supplier shall add Purchaser as an additional insured and shall waive any rights to subrogation.

20. NOTICE:

All notices between the Parties shall be in writing and given at the Purchaser's address, to the attention of the Procurement Department and at the Supplier's address provided in this Agreement, or at any other address that each Party will have furnished to the other Party. Any notice shall be given by email to supplychain-approvisionnements@davie.ca, registered mail, by messenger or by hand, with acknowledgement of receipt or served by bailiff. A notice is considered to have been received the day of its delivery or, in case of registered mail, the third (3rd) day following its posting.

21. APPLICABLE LAW AND JURISDICTION:

21.1 This Agreement shall be governed by and construed in accordance with all applicable laws in the Province of Quebec.

21.2 This Agreement is submitted to the jurisdiction of the Courts of the Province of Quebec; the Parties expressly elect domicile within the judicial district of Quebec.

22. ASSIGNMENT BY THE PURCHASER:

Purchaser shall be entitled to assign this Agreement or the Order, and Supplier absolutely accepts such assignment without any possible contestation.

23. SETTLEMENT OF DISPUTE:

23.1 The Parties agree that any and all disputes and controversies arising from, connected with, or relating to this Agreement, including relating to the validity, construction, meaning, performance, or effect or termination of this Agreement or any breach thereof, shall be arbitrated and finally resolved by arbitration, pursuant to the articles 620 to and including 648 of the Quebec Code of Civil Procedure. The place of arbitration shall be Montreal, Quebec. The language of the arbitration shall be English. The costs of the arbitration will be at the discretion of the arbitrator. The arbitration and any resulting award are confidential. The compensation and expenses of the single arbitrator shall be paid equally by the Parties that are party to the arbitration, unless otherwise directed by the arbitrator.

23.2 Notwithstanding the provisions set out in Section 23.1, each of the Parties retains the right, exercisable in its sole discretion, to seek an injunction or any other summary or interlocutory remedy to prevent or bring to an end the misuse of the other Party's property or the fundamental breach by the other Party of any of its obligations hereunder, before any Court of the Province of Quebec.

24. INSURANCE:

24.1 The Supplier shall obtain and maintain in force the following insurance policies during the term of this Agreement:

(a) A Builder's all risks insurance covering the replacement value of any and all loss, damage or destruction of the machinery, material, equipment or tools:

- ◆ of the Supplier when at the Purchaser's premises or in transit;
- ◆ of the Purchaser but in the Supplier's custody in accordance with this Agreement.

(b) A general liability insurance covering the Supplier and its employees, having a limit of liability of not less than \$5,000,000.00.

24.2 The Supplier agrees to provide to the Purchaser a certificate of insurance within thirty (30) days of the existence of this Agreement as stipulated in Section 3.1 naming the Purchaser as an additional insured.

25. NO GIFTS, DONATIONS OR KICKBACKS

25.1 Supplier represents and warrants no entertainment, gift, gratuity, commission, payment, reward, money, or anything of value was or shall be paid, offered, given or promised by the Supplier or Sub-Contractors to any of the Purchaser's directors, officers, employees, mandataries, agents or representatives ("**Purchaser Parties**") in securing, obtaining the award of or in the performance of this Agreement, nor shall the Supplier or Sub-Contractor seek to obtain or solicit, directly or indirectly, from any Person in any manner, such gift, gratuity, commission, payment, reward, money, or anything of value that is prohibited by applicable Laws or by the policies of that Person.

25.2 For the avoidance of doubt, and without limiting the Supplier's and Subcontractors' obligations pursuant to Section 25.1, the payment of any gratuity, commission, reward, fee, money or anything of value by the Supplier, a Sub-Contractor or any Person acting directly or indirectly on their behalf to any officer or employee of the Purchaser or to any of the Purchaser's other contractors and consultants is strictly prohibited, and a material breach of this Agreement, which will result in the immediate termination of this Agreement for default on the part of the Supplier, upon notice from the Purchaser. In the event of such default on the part of the Supplier and termination by the Purchaser, in addition to any other rights and remedies the Purchaser may

have under this Agreement : i) the Supplier's right to any further amounts owing, due or payable under this Agreement shall be deemed waived by the Supplier and the Purchaser shall be released in respect of such amounts due; and ii) the Supplier shall immediately reimburse Purchaser for all sums previously paid to the Supplier by Purchaser pursuant to this Agreement.

25.3 The Supplier shall obtain the prior written approval of the Purchaser's [**President**] prior to making any offering to any Purchaser Parties or to any of the Purchaser's other contractors and consultants. Failure to secure the Purchaser's [**President**]'s prior written approval shall constitute a default under this Agreement allowing the Purchaser to exercise its rights and remedies, including termination and reimbursement as set forth in Section 25.2.

26. AMENDMENT

No agreement which purports to vary or modify this Agreement is binding unless it has been put in written form expressly amending this Agreement and is attached to this Agreement and accepted and signed by the Parties.

27. LANGUAGE

The Parties have agreed that this Agreement as well as any document or instrument relating to it be drawn up in English only but without prejudice to any such document or instrument which may from time to time be drawn up in French only or in both French and English. *Les Parties aux présentes ont convenu que la présente Convention ainsi que tous les autres actes ou documents s'y rattachant soient rédigés en anglais seulement mais sans préjudice à tous tels actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.*