

**Nautican Research and Development Ltd (NAUTICAN)**  
**Terms & Conditions of Sale**



**NAUTICAN**

Because Performance Matters

1. The terms and conditions herein constitute the ENTIRE AGREEMENT between Buyer and Nautican Research and Development, Ltd, USA (herein also called "NAUTICAN"). No change, modification or revision to these terms shall be binding unless in writing and signed by the NAUTICAN as described in Section 19.

2. PRICES - All prices published by NAUTICAN or quoted by NAUTICAN's representatives may be changed at any time without notice. Written quotations expire automatically 30 days from the date issued, unless otherwise stated in the quotation, and are subject to change or termination by notice during that period. All prices are subject to adjustment on account of specifications, quantities, shipment arrangements, foreign currency exchange rates, or other terms and conditions which are not part of the original price quotation. Prices are exclusive of all freight, customs, licenses or other fees applied to shipment, unless otherwise stated in the quotation. Prices are exclusive of all excise, sales, use and other taxes imposed by any federal, state, municipal or other governmental authority, all of which taxes shall be paid by Buyer. Buyer is responsible for obtaining and providing to NAUTICAN any certificate of exemption or similar documentation required exempting any sale from sales, use or similar tax liability. All prices shall be as specified by NAUTICAN or, if no price has been specified, shall be NAUTICAN's price in effect at the time of delivery.

3. TERMS OF PAYMENT - Unless otherwise expressly stated in writing, terms are cash, payable as set forth in the quotation. Deposit Payments are due prior to start of manufacturing. Final invoice shall be paid prior to shipment. All payments shall be made payable at NAUTICAN's office in Shoreline, Washington by fedex overnight or via wire transfer per method and account provided in NAUTICAN invoice.

4. DELIVERY - Any estimated lead time or delivery schedule as indicated in the NAUTICAN quotation shall begin only upon receipt by fedex overnight or wire transfer of deposit amounts. Unless otherwise specified, all sales are FOB NAUTICAN's manufacturer's and the time of delivery shall be the time when the product is ready for pickup at that location by a carrier for delivery to Buyer, by prepaid freight. Without in any way limiting the generality of paragraph 14, NAUTICAN shall not be liable for any loss or damage resulting from any delay in delivery or failure to deliver which is due to any cause beyond NAUTICAN's control, including, without limitation, acts of nature, unavailability of supplies or sources of energy, riots, wars, embargoes, fires, floods, epidemics, lockouts, strikes and slowdowns, delays in delivery by NAUTICAN's suppliers, or acts of omissions of Buyer. In the event of delay due to any such cause, time for delivery shall be extended for a period equal to the duration of the delay, and Buyer shall not be entitled to refuse delivery or otherwise be relieved of any obligations as a result of the delay.

If, as a result of any such cause, any scheduled delivery is delayed for a period in excess of 60 days, NAUTICAN may, at its option, by written notice to Buyer, cancel that and all future deliveries without further liability or obligation of any kind. Products on which delivery is delayed due to any cause within Buyer's control may be placed in storage by NAUTICAN at Buyer's risk and for its account. Buyer shall be liable for all costs and expenses incurred by NAUTICAN in holding or storing products for Buyer.

5. SHIPMENT- Unless specific instructions to the contrary are supplied by Buyer, in advance, methods and routes of shipment will be selected by NAUTICAN, but NAUTICAN will not assume any liability in connection with shipment nor constitute any carrier as its agent. Unless otherwise requested by Buyer, shipments will be sent pre-paid and uninsured. All shipments that are insured at the request and expense of the Buyer are made at Buyer's risk and Buyer shall be responsible for making all claims with carriers, insurers, warehousemen and others for miss-delivery, nondelivery, loss, damage or delay.

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6. TITLE AND RISK OF LOSS - Subject to paragraph 7 and to NAUTICAN's right to stop delivery of products in transit, title to and risk of loss for products shall pass to Buyer upon the earlier of delivery to Buyer or to a carrier for shipment to Buyer.

7. SECURITY INTEREST- NAUTICAN reserves and Buyer grants to NAUTICAN a security interest in all products sold and all proceeds to secure the full payment and performance by Buyer of its liabilities and obligations to NAUTICAN. Buyer acknowledges that this document or copies of this document may be filed with the appropriate authorities as a financing statement and agrees to execute and deliver such other documents as NAUTICAN might request in order to protect NAUTICAN's security interest.

8. ACCEPTANCE, CANCELLATIONS, AND RETURNS - Buyer's order is subject to acceptance by NAUTICAN at its office in Shoreline Washington. Orders which have been accepted may be cancelled only with NAUTICAN's prior written consent and upon terms that will fully indemnify NAUTICAN against loss. Products sold are not on consignment. Products are not, in any event, to be returned to NAUTICAN without NAUTICAN's prior written authorization.

9. INSTALLATION AND CHECKOUT - Unless otherwise specified in the Nautican Quotation, NAUTICAN assumes no obligation to install any products sold or to place them in working order at Buyer's premises. Installation, checkout and/or sea trials obligation, if any, is listed with the equipment quote. Unless otherwise stated on the associated quote, any installations, checkout and/or sea trials performed will be billed at our standard service rates, according to the latest NAUTICAN rate sheet, a copy of which is available on request. Additionally, all travel, lodging, meals, mileage and other related expenses will be charged at actual costs plus 15% G&A burden. For international service work, NAUTICAN technicians onsite arrival may be delayed anywhere from 1 to 3 weeks from notification.

10. FACTORY TESTING – NAUTICAN routinely performs factory tests on all equipment, per our standard procedures, prior to shipment to the Buyer. Equipment will be tested as required by third parties and/or regulatory organizations, if the costs for such additional requirements are quoted by NAUTICAN and included on the Buyer's order. The customer and/or regulatory agency personnel are welcome to witness the testing, provided that sufficient notice is given to NAUTICAN.

11. DRAWINGS – To facilitate installation, NAUTICAN routinely provides copies of our standard drawings that are commonly used by shipyard personnel. All required shipyard interface information is provided directly on the drawings. NAUTICAN will respond, on behalf of Buyer, to any questions about our drawings and/or equipment from third-party reviewers such as ABS or USCG. However, unless specifically stated in our quote, NAUTICAN will not pay for any third parties charges associated drawing review, equipment inspection or testing.

All NAUTICAN designs as depicted in drawings and documents are the property of NAUTICAN and may not be reproduced, shown to third parties, or used for manufacturing without written consent.

12. TECHNICAL MANUALS - With each of our delivered systems, NAUTICAN provides an electronic copy of our Installation and Maintenance Guidelines booklet that includes equipment descriptions and operating and maintenance instructions. Special documents that might be required by third parties, such as test procedures and failure analyses, are not included in our scope of supply, unless specifically so stated in the quote.

13. SPECIFICATIONS - All products are subject to NAUTICAN's standard tolerances and specifications. NAUTICAN reserves the right to make substitutions and modifications in the specifications of any

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product provided that such substitutions or modifications do not materially affect the suitability of the products for the intended purpose. Hydrodynamic effects from the vessel hull or appendages, mechanical vibrations, or stray electrical currents and other environmental conditions might seriously degrade the condition and/or performance of equipment which is in otherwise satisfactory operating condition, and Buyer hereby acknowledges that the NAUTICAN is not in any way liable for the failure of equipment to perform where such failure is attributed to environmental and/or operating conditions.

14. **WARRANTIES** – The warranties stated herein are in lieu of all other warranties, expressed or implied, and of all other obligations or liabilities on the part of NAUTICAN. NAUTICAN neither assumes nor authorizes any other person to assume for it any other liability. The Buyer expressly waives any right, claim or cause of action that might otherwise arise out of the purchase and use of NAUTICAN’s products or services. NAUTICAN shall not be liable for special or consequential damages of any nature with respect to any merchandise or service sold, delivered or rendered. Further, no warranty will apply if the product has been subject to misuse, neglect, accident or modification, or has been altered in any way, without explicit written authorization from NAUTICAN. NAUTICAN warrants its products and systems against any defects or deficiencies in workmanship and/or material through the period of time that the vessel is completed and subsequently performs twelve (12) months of service sea trial is completed. In the event the checkout or sea trial is over six (6) months past the shipment of NAUTICAN equipment, warranty extend only to the eighteen (18) month anniversary after shipment of equipment from NAUTICAN. Subject to above conditions, NAUTICAN will pay all NAUTICAN furnished repair labor and parts during the warranty period, to repair defects in NAUTICAN furnished material and workmanship. Since it is not known where the vessel will be during any warranty call, NAUTICAN will bill the customer for travel labor and any travel related expenses, plus a 15% G&A burden on expenses. Should a callout be deemed to be non-warranty after the service call is completed, the full amount of the service call at standard rates will be charged.

Buyer is responsible for developing and carrying out operating tests for the equipment, such that the equipment is exposed to the expected operating extremes, to the extent practical. Ultimately, the Buyer must be satisfied, through his own investigation, that the equipment is suitable for the intended purpose.

EQUIPMENT NOT MANUFACTURED BY NAUTICAN carries only its manufacturer’s warranty, which is hereby incorporated by reference. NAUTICAN will support the Buyer to all practical extent in obtaining warranty consideration from the respective manufacturers.

SERVICE WORK performed by NAUTICAN employed service technicians and engineers will be performed in a good and workmanlike manner. The NAUTICAN liability under this warranty is limited to the obligation to remedy, using NAUTICAN personnel, any such service work not correctly performed, if so notified within ninety (90) days of the date of original performance. Since it is not known where the vessel will be during any warranty call, NAUTICAN will bill the customer for travel labor and any travel related expenses, plus a 15% G&A burden plus a 15% G&A burden on expenses.

15. **PATENTS AND INTELLECTUAL PROPERTY** - NAUTICAN assumes no obligation or liability of any kind with respect to infringement or alleged infringements of United States or foreign patents, copyrights, trademarks, or other proprietary rights arising out of Buyer’s purchase, use, possession, sale or delivery of any products sold hereunder. Buyer shall indemnify and hold NAUTICAN harmless from any and all claims, liabilities, damages or expenses resulting from infringements or alleged infringements of United

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States or foreign patents, copyrights, trademarks or other proprietary rights arising from compliance by NAUTICAN with any designs or specifications provided by Buyer.

No sale of any product shall be construed as granting to Buyer any license or other right in or to any patent, copyright, trademark or other proprietary right applicable to the product, methods, design, engineering or drawings.

16. ASSIGNMENT - Buyer shall not delegate any duties nor assign any rights or claims under this document without NAUTICAN's prior written consent, and any such attempted delegation or assignment shall be void.

17. COMPLIANCE WITH THE LAWS - Buyer shall carry out the transactions contemplated by the sale and shall otherwise deal with the products sold in conformity with all applicable laws, rules and regulations of all governmental authorities, including, without limitations, any export administration acts, and shall obtain all permits and licenses required in connection with the purchase, installation, sale, shipment or use of any of the products.

18. GOVERNING LAW – Any contract or agreement made hereunder shall be governed and interpreted, construed and enforced in accordance with the laws of the State of Washington.

19. ADDITIONAL OR INCONSISTENT TERMS - No representations, agreements, statements, estimates or recommendations by any person, including any salesman, whether written or oral, not appearing hereon, other than the attached letter of quotation or acknowledgement, are or shall be, part hereof or have any binding effect between Buyer and NAUTICAN. All prior negotiation and correspondence concerning the purchase and merchandise herein are merged herein and superseded hereby. Terms and conditions set forth in any document provided by Buyer which differ from, conflict with or are not included in the terms and conditions set forth in this document shall not become a part of any agreement between NAUTICAN and Buyer unless such terms and conditions are specifically accepted by NAUTICAN in writing to the extent that this document may constitute an acceptance. Such acceptance is expressly conditioned on Buyer's assent to any additional or inconsistent terms and conditions set forth in this document.