
OCEANWORKS INTERNATIONAL CORPORATION TERMS AND CONDITIONS OF SALE

1. GENERAL TERMS. The terms and conditions set forth herein apply to all sales of equipment and attendant component parts and other products (the "Products(s)") designed, manufactured, or otherwise provided by OCEANWORKS INTERNATIONAL CORPORATION ("OWC"). The Product(s) which are the subject matter of these are described on the sales order and related documents to which these terms are attached, and, of which these Terms and Conditions shall be deemed a part thereof. Any purchase order, letter of credit, or written or oral confirmation received by OWC shall be considered an acceptance of all the terms and conditions of this offer. Upon such acceptance by Customer, the terms and conditions of this offer shall constitute a valid and binding contract between OWC and Customer (the "Contract"). Unless otherwise agreed to in writing by OWC, no other or different terms and conditions shall be applicable to Product sales and OWC shall not be obligated to any terms and conditions which are not clearly set forth herein. No Contract may be canceled without written consent of OWC.

2. DELIVERY; RISK OF LOSS.

2.1 Unless otherwise agreed upon in writing, all Product(s) are sold FCA OWC's plant in Burnaby, B.C., Canada in United States dollars, in accordance with INCOTERMS 2000. Customer shall be responsible for arranging for shipment of the Product(s) and shall pay for all packaging materials, crating, handling and shipment costs.

2.2 If Customer requests OWC to arrange for shipment of the Product(s) or has not furnished complete shipping instructions to OWC prior to the time OWC has finished assembling the Product(s), OWC will ship the Product(s) to Customer in a commercially reasonable manner convenient to OWC. All such shipments shall be at Customer's risk and the charge for OWC's assistance will be OWC's cost plus 15%. Notwithstanding such assistance by OWC, delivery shall, for all purposes, be deemed to have been made when the Products are f.o.b. a carrier at OWC's plant or have been readied for shipment and notification of such ready state has been verbally or otherwise conveyed to the Customer.

2.3 Any risk associated with sale of Product(s) rests with OWC up to the time of delivery of the Product(s) by OWC to a carrier or notification of the Customer of the Product(s)' readiness for shipment as provided in Clause 2.2, above. Thereafter, such risk rests with Customer, including the return of any Products to OWC after their receipt by Customer.

3. PARTIAL DELIVERY; DATE OF DELIVERY.

3.1 Unless otherwise instructed by customer in writing, OWC is authorized to make partial delivery of the Products. Each partial delivery shall be deemed a separate sale and an invoice shall be rendered and payment shall become due on each such sale in accordance with the terms of the Contract.

3.2 OWC will endeavor to have the Products available for delivery by the date specified in the Contract. However, such delivery dates are only approximate and OWC shall not be responsible for any damages, losses or costs, including consequential or special damages, losses or costs incurred as a result of late delivery of the Products.

4. STANDARDS. All Products are based on OWC utilizing its standard procedures, specifications and techniques of manufacture and testing. The cost of any additional labor, material or outside services for any modifications in such procedures, specifications or techniques requested by Customer, minor or otherwise, shall be added to OWC's standard Product prices at their respective costs plus 15%. CUSTOMER ASSUMES ALL RISK AND LIABILITY WITH RESPECT TO THE PERFORMANCE OF THE PRODUCTS IF SUCH A MODIFICATION IS MADE.

5. TERMS OF PAYMENT AND CREDIT.

5.1 Net 30 days from date of invoice on all orders. Progress payments may be specified as a part of this offer. OWC reserves the right, at its sole discretion, to revoke such credit and to demand payment in advance.

5.2 Interest at the rate of 1.5% per month or the maximum rate allowed by applicable law, whichever is less, shall be charged on past due accounts. Customer shall be responsible for and pay reasonable attorney's and collection fees if OWC retains counsel or a collection agent to collect any past due account.

6. TAXES. All sales, excise and other taxes which OWC may be required to pay or collect with respect to the production or delivery of the Products will be for the account of Customer except as otherwise provided by law.

7. FORCE MAJEURE. OWC shall not be responsible for delays or damages in the production or delivery of the Products due to acts of God or to any other causes beyond the control of OWC including, but without limitation, strikes, war, riots, terrorism, revolutions, fires, floods, lockouts or other labor difficulties, or governmental regulations or orders (including, but not limited to priorities, requisitions, allocations or price adjustment restrictions), and in the event that OWC is rendered unable, wholly or in part, by any of these occurrences or causes, to carry out its obligations under the Contract, it is agreed that the time for performance shall be extended

automatically and such extension shall be for the reasonable period of time necessary to permit the production and delivery of the Products.

8. INDEMNIFICATION Customer is solely responsible for and shall indemnify and hold OWC harmless against any and all liability, loss, damage, claims, suits, actions, judgments, costs or expenses, including attorney's fees, resulting from death or personal injury of Customer's employees, agents, or subcontractors, or loss of or physical damage to Customer's property regardless of cause.

OWC is solely responsible for and shall indemnify and hold Customer harmless against any and all liability, loss, damage, claims, suits, actions, judgments, costs or expenses, including attorney's fees, resulting from death or personal injury of OWC's employees, agents, or subcontractors, or loss of or physical damage to OWC's property regardless of cause.

All liability, loss, damage, claims, suits, actions, judgments, costs or expenses, resulting from death, personal injury, loss of or physical damage to property of third parties caused by the joint or concurrent acts of OWC and Customer, shall be borne by OWC and Customer to the extent each is determined negligent either by agreement of the parties or by arbitration if no agreement can be reached.

9. LIMITATION OF WARRANTY.

9.1 Subject to the conditions and exclusions set out below, OWC warrants that all equipment manufactured by OWC (the "Equipment") shall be free from defects in materials and workmanship for a period of twelve (12) months from date of purchase (the "Term"). OWC shall not be responsible for any direct or indirect, incidental or consequential damages or losses suffered by the Customer by reason of any defect in materials, workmanship or manufacture of the Equipment, including but not limited to, damages associated with any loss of use of the Equipment, loss of time, inconvenience and commercial loss, including loss occasioned by reason of the failure of the Equipment. OWC does not warrant any associated equipment, parts or supplies that have not been manufactured by OWC. The Customer assumes all risk and liability resulting or arising from the use of the Equipment.

9.2 If any defects directly attributable to faulty materials or poor workmanship are discovered by the Customer within twelve (12) months of the acceptance of the Equipment by the Customer, OWC shall, at its own cost and option, elect to repair or replace the defective Equipment. Parts replaced by OWC shall become the property of OWC. The Customer will bear all of the transportation costs associated with returning the Equipment to OWC for the repair and/or the replacement of parts.

9.3 This warranty shall only apply if : (a) the Customer gives written notice of any defects in the Equipment to OWC within ten (10) days of their discovery; (b) the Equipment is returned to OWC, with all transportation charges prepaid, at the earliest time after the discovery of the defects, but no later than 380 days after the Equipment has been delivered to the Customer; (c) the Equipment has been used, maintained, and serviced in a proper and careful manner and in accordance with such instructions as may be given by OWC to the Customer from time to time; (d) no alterations or repairs have been made to the Equipment by any person other than OWC or an employee or authorized agent of OWC, and (e) the Equipment has been used in accordance with the Lloyd's Register of Shipping certified capacity or other rated capacity of the Equipment. The continued use and possession of the Equipment for the remaining portion of the Term following repair by OWC or the replacement of any part thereof by OWC or the failure to give notice of any defects to OWC within ten (10) days of their discovery shall result in a waiver of the breach of the warranty by the Customer and the warranty shall be deemed to have been fulfilled and any obligations of OWC completely discharged. No assistance rendered by OWC in operating the Equipment or remedying any defect either before or after such times shall waive or excuse the Customer for failure to give notice or to comply with any of the above conditions.

9.4 This warranty does not apply to defects or damage to the Equipment, directly or indirectly, or wholly or partly attributable to: (a) normal wear and tear; (b) the misuse, abuse or neglect of the Equipment, including but not limited to the Equipment resulting from alterations or modifications made by any person not authorized by OWC; (c) negligence or accident; (d) improper maintenance or servicing contrary to the maintenance procedures as specified by the Equipment manual; (e) improper maintenance or servicing contrary to the instructions or technical bulletins as may be prescribed by OWC from time to time; (f) damage to surface finishes and paint coatings after acceptance by the Customer; (g) improper maintenance performed by personnel and/or technicians not trained or authorized by OWC; (h) repair or replacement of parts or alterations made by anyone other than OWC, its employees or authorized agents; (i) improper use or operation contrary to the Lloyd's Register of Shipping certification of the Equipment (if applicable); (j) unauthorized maintenance carried out in the absence of written instructions as provided by OWC; (k) improper use or operation; and (l) umbilicals and tethers. ALL WARRANTY CLAIMS BY THE CUSTOMER ARE SUBJECT TO A REVIEW OF THE MAINTENANCE LOGS BY OWC.

9.5 The need for re-termination of electrical and mechanical connectors and assemblies is considered to be normal wear and tear and is not covered under the warranty.

9.6 This warranty is void in the event any sums due Seller are not fully paid by Buyer. Seller will not be responsible for warranty on Buyer supplied equipment unless otherwise stated.

9.7 This limited warranty is in lieu of all other express or implied warranties, including any implied warranty of merchantability or fitness for a particular purpose, and no person is authorized to give any further representation or warranty or assume any further obligation on behalf of OWC with respect to the Equipment.

10. DESIGN AND CONSTRUCTION MODIFICATIONS. OWC expressly reserves the right to modify and improve the design and method of manufacture of any Product without incurring any obligation or liability to furnish or install such modification or improvement on Products sold prior to or after such modification or improvement.

11. REJECTION OF NONCONFORMING PRODUCTS.

11.1 Any rejection of Products for being nonconforming under the requirements of the Contract must be made within 5 days after their receipt by Customer. Rejection becomes effective only after Customer sends written notification to OWC of the rejection specifying the alleged nonconformity of the Products and the description of that portion of the shipment being rejected. Defects that do not impair satisfactory service shall not be a cause for rejection.

11.2 Upon receipt of notification of rejection. OWC shall have ten (10) days to have its agent inspect such Products, at Customer's premises, for nonconformity; otherwise such inspection will be made on return to OWC's plant. When such Products are confirmed or deemed by OWC to be nonconforming, OWC will ship conforming Products within 60 days following the notice of rejection unless the Customer earlier notifies OWC to forego such shipment. Customer will not be charged for Products properly rejected as being nonconforming under the requirements of the Contract. In the event Customer is to be charged for Products not properly rejected, Customer will be notified immediately by telephone, telex or telegraph in an effort to arrange a new delivery date if such Products have been returned to OWC. The expenses of inspection will be borne by Customer except in any instance in which Products have been properly rejected.

12. DELEGATION; ASSIGNMENT. Customer may not delegate the performance of any of its obligations under the Contract to any third party. The Contract is not assignable by Customer.

13. PARTIES BOUND. The Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by the Contract.

14. GOVERNING LAW. The Contract is to be governed by, construed and enforced in accordance with the laws of British Columbia, Canada.

15. SEVERABILITY In the event any one or more of the terms or conditions contained herein shall be held invalid, illegal or unenforceable in any respect by a court, such invalidity, illegality or unenforceability shall not affect the other terms or conditions stated herein

16. SETTLEMENT EFFORTS; ARBITRATION; APPLICABLE LAW. . 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.

17. NOTICES. All communications to OWC regarding the Contract shall be addressed to OCEANWORKS INTERNATIONAL CORPORATION, #120-6741 Cariboo Rd, Burnaby, B.C., Canada, V3N 4A3.

18. ENTIRE AGREEMENT; AMENDMENT; TITLES. This document embodies the entire agreement and understanding between OWC and Customer and supersedes all prior and future representations, understandings and agreements relative to the subject matter of the Contract. This Contract shall control over any inconsistent provisions in any CUSTOMER work order and/or purchase order or other instrument and this Contract shall not be modified or supplemented by the terms of any other work order, purchase order, invoice or other document unless the proposed modification or supplementation is approved and signed in advance of the Products being furnished by OWC' in-house counsel or contracts manager by separate written instrument (separate and apart from any such work order, purchase order, invoice or other document) which states an express intent to modify or to supplement this Contract. All titles to sections contained in the Contract are for identification only and shall not be construed as being a substantive part of the Contract.