

Standard Conditions of Contract for Supply of Goods or Services

1. Applicability

The following provisions shall apply to any Contract for the supply of Goods or Services ('the Contract') between AquaTerra Group Ltd ('the Company') and any individual, partnership or organisation ('the Customer') arising from any proposal referring to these Conditions and shall prevail over any terms or conditions which the Customer may have issued or purports to apply under a purchase order, confirmation of order or similar document, and any terms implied from a course of dealing. No variation or qualification of these Conditions or of any Contract shall be valid unless expressly agreed to in writing by a Director of the Company.

2. Quotations and Estimates

2.1 Any quotation or estimate issued by the Company constitutes an invitation to treat and no legally binding relationship or Contract shall arise between the Company and the Customer unless and until the Company has accepted in writing the Customer's order placed on the basis of the Company's quotation.

2.2 Unless previously withdrawn all prices and quotations given by the Company are valid for a period of Thirty (30) working days unless a different period has been expressly stated in writing by the Company.

2.3 Unless otherwise expressly stated, all prices shall be exclusive of Value Added Tax, and of all other local and withholding taxes, which may be imposed on sales.

2.4 Offshore day rates quoted are for all hours worked, up to twelve (12) hours per day. For the avoidance of doubt, a minimum charge of twelve (12) hours will be applied for any part day worked offshore.

2.5 Where more than twelve (12) hours in any day are worked offshore such hours will be charged based on the quoted overtime rate, or where this has not been quoted, a pro rata of the applicable day rate.

2.6 Onshore day rates quoted are for all hours worked, up to eight (8) hours per day. For the avoidance of doubt, a minimum charge of eight (8) hours will be applied for any part day worked onshore.

2.7 Where more than eight (8) hours in any day are worked onshore then such hours will be charged based on the quoted overtime rate, or where this has not been quoted, a pro rata of the applicable day rate.

2.8 A minimum call out charge of four (4) hours will apply to minor onshore work to be performed on a site within a twenty (20) mile radius of FOS' offices.

2.9 Mobilisation and demobilisation fees shall be chargeable per man, per trip, irrespective of duration of trip.

2.10 Accommodation costs shall be chargeable if check in times prevent mobilisation/demobilisation to/from Aberdeen on the day of mobilisation/demobilisation, or if mobilisations are delayed.

2.11 A full day rate is chargeable where personnel have been mobilised to a site or country and they are unable to carry out their duties due to circumstances out with the control of the Company.

2.12 Any delays out with the Company's control will be charged. This includes, but is not limited to, plant shutdowns, weather conditions, permit restrictions, any delays to the arrival of equipment or travel delays.

2.13 All travel time will be charged at the appropriate day rate.

2.14 Mobilisation/Demobilisation costs including travel, accommodation and subsistence will be charged at cost plus 10%.

2.15 Equipment rates shall be chargeable from day of despatch from FOS premises until day of return thereto.

3. Customer Responsibilities

3.1 The Customer shall, as and when requested by the Company, provide all necessary instructions, information,

specifications, materials and access to personnel and facilities which may from time to time be required to enable the company to meet its obligations under the Contract. The Customer undertakes to pay any additional charges arising from errors or delays in providing any of the foregoing. The Company shall not be liable for any subsequent delay or any loss, damages, costs or expenses incurred by the Customer due to the failure of the Customer to provide the same.

3.2 The Customer shall be responsible for ensuring that specifications are accurate, unambiguous, clearly legible and that they meet the Customer's requirements. The Company shall not be liable for any loss, damages, costs or expenses incurred or suffered by the Customer arising (directly or indirectly) from any inaccuracy, ambiguity or illegibility of the specification.

4. Delivery and Acceptance

4.1 The Company shall use reasonable endeavours to comply with any dates stated for delivery but any such dates are estimates and given by way of general information only. In the event of failure to deliver within such times for any cause whether within or outside the Company's reasonable control, the same shall not be a breach or repudiation of the Contract and the Company shall not be liable for any loss or damage suffered by the Customer as a result of such delay.

4.2 Unless otherwise agreed in writing, deliverable items will be deemed to be accepted fourteen (14) calendar days following delivery to the client or fourteen (14) calendar days following written notice to the Customer that the items are ready for delivery.

4.3 Risk of loss or damage of any kind in the Goods shall pass to the Customer upon delivery of the Goods or following seven (7) working days notice from the Company that the Goods are ready for collection or despatch.

5. Variations

Any variations to the scope of supply, including any modifications or additions requested by the Customer, shall be subject to a confirmed notice of change and agreed pricing amendment and delivery schedule. The Company will retain the right not to commence work relating to any such variation unless and until it has received confirmation and reached agreement on price with the Customer.

6. Warranty

6.1 The Company agrees to replace or revise any deliverable items under the Contract which are found to be defective through errors in design, workmanship or materials provided that any such defect is notified to the Company as soon as reasonably possible and within (6) six months of delivery of the item or service.

6.2 Owing to the research and development nature of some aspects of the work carried out by the Company, the Company does not warrant that the results will fully meet the objectives sought or that any product resulting from the work will correspond exactly to specifications or estimated performance.

6.3 The Company can only warrant its work if the whole of the relevant work programme as defined in the proposal is carried out, including budgeted quality checks and report generation. The Company shall be under no liability in respect of work programmes that are curtailed due to action or inaction by the Customer or for failure to provide adequate information and documentation to the Company by the Customer.

7. Payment

7.1 Invoices will be issued by the Company monthly, are payable within thirty (30) calendar days and prompt settlement shall be of the essence of the Contract. Without prejudice to its right to terminate the Contract for non-payment the Company reserves the right to charge interest on overdue accounts, at 4% above the prevailing Bank of Scotland base rate, and/or suspend work on the Contract and the Customer shall indemnify the Company against any costs arising as a result of such suspension.

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7.2 In spite of delivery having been made, all goods, materials and patents and other industrial property rights supplied under or arising from the Contract shall remain the Company's property until full payment of all monies (including VAT) due has been made.

7.3 The Customer will pay all monies due in full without any discount, deductions set off or abatement on any grounds.

7.4 All expenses incurred by the Company in carrying out the work will be charged at cost plus ten per cent (10%).

8. Third Parties

8.1 In the event of any claim being made against the Customer in respect of an alleged infringement of any letters patent, copyright, registered designs, trade mark or trade name arising out of application of services or Goods supplied by the Company, the Company shall be under no liability to the Customer or any third party, unless a relevant patent search has been carried out as part of the work in which case the Company's liability shall be limited to the value of the Contract.

8.2 The Customer warrants that any design or instructions furnished or given by them shall not be such as will cause the Company to infringe any letters patent, registered designs, copyright, trade mark, trade name or other like right or privilege whatsoever and by whomsoever owned and that it will indemnify and hold harmless the Company against any and all claims made in respect thereof.

8.3 The Customer shall indemnify the Company against liability, other than for death or personal injury resulting from the Company's negligence, which it may be under to any third party as a result of the existence, or use by the Customer or by anyone acquiring rights therefor through the customer, of any report, design, software, equipment or product resulting from the performance of the Contract.

9. Assignment

Neither the Company nor the Customer may assign or transfer or in any way make over any of its rights or obligations without the written consent of the other party. Such consent shall not be unreasonably withheld or delayed.

10. Confidentiality

Each Party shall keep in strict confidence, and shall ensure that all of its directors, employees, agents and sub-contractors keep in strict confidence all confidential information. Neither Party shall at any time disclose, or permit disclosure of any confidential information to any third party or make use of any confidential information for any purpose other than as required to fulfil its obligations under this agreement, without the express prior written permission of the disclosing Party to do so. Such consent shall not be unreasonably withheld or delayed.

11. Intellectual Property Rights

Subject to any obligation of confidentiality agreed between the Parties and to the rights of any third parties, the Customer shall be granted a royalty-free licence to use the results of the Work to the extent necessary to have the benefits of the services supplied. All rights and title in inventions, methods and knowhow and the copyright in all such material shall remain the property of the Company.

12. Termination

12.1 The Contract may be terminated forthwith by either Party, by providing thirty (30) working days written notice to the other or if the other Party commits a breach of the Contract which is incapable of remedy, or fails to remedy any other breach of the Contract within fourteen (14) working days of receiving notice of such a breach, or commits an act of bankruptcy, has a petition for its winding up presented which is not discharged within fourteen (14) working days, enters into any arrangement or composition with its creditors or takes or suffers any similar action in consequence of debt.

12.2 Termination of the Contract howsoever arising shall be without prejudice to any rights which the Customer or the

Company have against each other which have accrued prior to or on such termination.

12.3 Without prejudice to the provisions of Clause 12.2, upon termination of the Contract for any reason, the Company shall be entitled to payment for all work carried out under the Contract and any related commitments made by the Company up until the date of termination.

13. Force Majeure

Neither Party hereto shall be liable for any delay or failure to perform work as described in the Agreement due to a cause of force majeure; provided that the cause is beyond the reasonable control of the party claiming force majeure, and that such party shall promptly notify the other of the occurrence of any such cause of force majeure.

14. Cancellation or Delay

14.1 If the Work is either cancelled or delayed after a start date has been agreed then following late cancellation the following terms will apply even if no purchase order has been issued for the work in question:

(a) Offshore work that is cancelled or delayed within 48 hours of mobilisation-a charge of one offshore day for all personnel

(b) Onshore work that is cancelled or delayed within 48 hours of mobilisation-a charge of one onshore day for all personnel

(c) Offshore work that is cancelled or delayed within 24 hours of mobilisation-a charge of two offshore days for all personnel

(d) Onshore work that is cancelled or delayed within 24 hours of mobilisation-a charge of two onshore days for all personnel

Cancellation hours will be calculated on a normal working day basis (Monday to Friday). These charges are applicable irrespective of the cause of the cancellation or delay. The Company hereby reserves the right to reimbursement for any costs incurred in relation to cancellation or delay, including, but without limitation to, travel, subsistence and accommodation.

15. Liabilities

15.1 The Company shall be responsible for, indemnify and hold harmless the Customer from all claims, losses, damages, costs (including reasonable, properly incurred legal costs), expenses and liabilities of every kind and nature including but not limited to: Personal injury including fatal injury and disease to an officer, employee or agent of the Company or any damage to Company equipment or property, arising out of or in connection with the performance of the services.

15.2 The Customer shall be responsible for, indemnify and hold harmless the Company from all claims, losses, damages, costs (including reasonable, properly incurred legal costs), expenses and liabilities of every kind and nature including but not limited to: Personal injury including fatal injury and disease to an officer, employee or agent of the Customer or any damage to Customer equipment or property, arising out of or in connection with the performance of the services.

15.3 In the event that any work performed under this contract is defective in any way then Company liability is strictly limited to the re-performance of the defective work in question. The Company will not be liable for any consequential loss sustained by the Customer or any damages arising from any defective work.

15.4 Consequential damages are not included in this Offer. The Company will not be liable for any loss of profits or any similar indirect damages incurred or suffered by the Customer in respect of any work performed.

15.5 The Company's total cumulative liability shall not exceed the total value of any applicable purchase order(s) received by it.

16. Governing Law

The Contract shall be governed by and construed in accordance with the laws of Scotland. All disputes arising out of the Contract shall be subject to the exclusive jurisdiction of the Courts of Scotland