

ENCORE METALS A DIVISION OF RELIANCE METALS CANADA LIMITED CONDITIONS OF CONTRACT FOR THE PURCHASE OF GOODS

In these conditions, the "Buyer" means Encore Metals a division of Reliance Metals Canada Limited. The "Seller" means the body corporate, firm or person by which the goods are supplied and the "goods" means those described in the Buyer's Purchase Order.

1. **General:** The terms and conditions set forth herein constitute the entire contract between the Buyer and Seller, relating to the purchase of goods, and this contract prevails over any and all terms and conditions contained in the Seller's acknowledgements or terms and conditions of sale. No subsequent modification of these terms and conditions shall be effective unless confirmed in writing by an authorized officer of the Buyer.

Prompt written acknowledgement of this purchase order is required.

The Seller shall quote the Buyer's purchase order number on all correspondence and contractual documentation.

2. **Assignment and Subcontracting:** The Seller shall not assign, transfer or subcontract in whole or in part its rights or duties under this contract without prior written consent of an authorized officer of the Buyer.

3. **Excess Goods:** The Buyer may, in his absolute discretion, accept or reject any goods which are in excess of the quantity ordered or which do not conform with specification ordered. Any such goods which are rejected by the Buyer shall be held at the Seller's risk and may, at the Buyer's absolute discretion be returned to the Seller at the Seller's risk and cost. All such costs incurred may be deducted from any sums the Buyer may owe to the Seller.

4. **Delivery:** The Seller, must provide the Buyer with 60 days notice as to any changes in delivery schedules. Any costs or loss of profits incurred by the Buyer out of failure to do so shall be paid by the Seller and appropriate action will be taken to recover these costs.

If Seller fails to make deliveries in accordance with the terms of this contract, the Buyer shall have the option to terminate this contract in whole or in part and to return, at Seller's expense, or refuse to accept goods shipped. Seller shall indemnify Buyer against loss resulting from such default provided, however, Seller shall not be liable for delay arising from causes beyond its reasonable control if notice in writing thereof is promptly given to the Buyer.

5. **Inspection:** Inspection and/or testing of the goods by the Buyer shall not be deemed to be an acceptance by the Buyer of the goods and shall not relieve the Seller of any of its obligations hereunder. The Buyer shall not be deemed to have accepted the goods simply by virtue of having paid for the goods. The Buyer may identify any non-conforming goods at any time, beginning with, and after initial inspection. The Buyer will assess any such non-conforming goods and may issue a claim for compensation. Payment may be withheld until the claim has been settled.

6. **Warranty** Without limiting any rights which Buyer may have by reason of breach of any implied warranty or condition, or otherwise, Seller expressly warrants that all goods covered by this order shall conform to the specifications or other description upon which this order is based, shall be fit and sufficient for the purpose intended, merchantable, of good material and workmanship and free from defect, and that goods of Seller's design will be free from defects in design, and agrees to correct at its own cost and expense any and all such defects which may develop during use.

The warrant shall apply to the Buyer, its successors, assigns, customers and the users of its products.

7. **Sellers Indemnification:** The Seller shall indemnify the Buyer and keep the Buyer indemnified against any costs, losses, expenses, claims, demands, proceedings and actions that may be incurred by the Buyer (including any claims made by third parties) arising out of breach by the Seller of his obligations hereunder. The Seller shall indemnify the Buyer and keep the Buyer indemnified against any costs, claims, demands or

expenses that may be incurred by the Buyer due to any infringement of any intellectual property rights of any third party arising out of the supply of the goods by the Seller.

8. **Buyer's Property:** All materials, equipment, drawings, specifications, and samples submitted to the Seller remain the Buyer's property and must not be copied, disclosed to any third party, or otherwise used without the Buyer's written permission.
9. **Audits:** The Buyer and its customers reserve the right to access the Seller's or the Seller's subcontracted supplier's premises or working area to perform audits, surveys and verify that the Seller is conforming to the specified requirements stated in the Buyer's purchase order.
10. **Legal:** This contract and all matters relating to the performance herein (including any action against Seller to enforce payment of the price of goods or materials purchased hereunder), shall be governed by the law of the Province of British Columbia, Canada.
11. **Language:** This contract has been drawn up in English only at the express request of the parties hereto.