

## Pacific Metals Group, LLC dba PACMET – TERMS AND CONDITIONS FOR PURCHASE ORDERS

- 1. APPLICABLE TERMS AND CONDITIONS:** This purchase order is subject to the terms and conditions set forth on the reverse side hereof and in any document herein by reference. Any acceptance or acknowledgement hereof or any shipment or delivery of the goods or services referenced herein, shall constitute assent to said terms and conditions. Any additional terms and conditions set forth in the Seller's acceptance, acknowledgement or other communications are objected to by the Purchaser and shall not be effective or binding unless specifically assented to by the Purchaser in writing other than by a routine acknowledgement. Purchase orders in the amount of \$50,000 or more are not valid unless signed by Purchaser's purchasing representative and an officer of Pacific Metals Group (PMG).
- 2. EXTRA CHARGES:** No charges of any kind, including without limitations charges for packaging or cartage, will be allowed unless specifically agreed to by the Purchaser in writing.
- 3. TRANSPORTATION:** Transportation charges on goods sold and delivered to destination must be prepaid whenever possible.
- 4. DELAYS IN DELIVERY:** Seller will not be liable for damages for delays in delivery due to causes beyond its reasonable control. If Seller, however, for any reason does not substantially comply with Purchaser's delivery schedule: Purchaser, in addition to remedies provided by law, at its option, may either approve a revised delivery schedule or may terminate the order with liability to Seller on account therein. Unless otherwise agreed to in writing, all deliveries shall occur within 30 days of the PO issue date.
- 5. WARRANTY:** Seller warrants all material and services sold and delivered hereunder will conform to the specifications, drawings, samples or other description furnished or specified by Purchaser and will be fit and sufficient for the purposes intended of good material and workmanship and will be free from defects in material and workmanship. This warranty shall survive any inspection, delivery, acceptance or payment by the Purchaser of the materials or services.
- 6. REJECTIONS:** If any goods are found at any time to be defective in material or workmanship or otherwise not in conformity with the requirements of the order, Seller shall notify Purchaser of nonconforming product and arrangements for Purchaser approval of Seller nonconforming material. Purchaser in addition to any other rights which it may have under warranties or otherwise shall have the right to reject and return such goods at Seller's expense. Such goods are not to be replaced without suitable written authorization from Purchaser. Purchaser's payment of all or any part of the purchase price prior to Purchaser's inspection and approval of the goods shall not constitute a waiver of any Purchaser's rights hereunder. Seller is responsible for goods that have been rejected or inadvertently sent to Purchaser and should be reclaimed by Seller within two (2) business days of notification.
- 7. PURCHASERS PROPERTY:** Unless otherwise agreed in writing, all tools, equipment or material of every description furnished to Seller by Purchaser or specifically paid for by Purchaser and any replacement thereof, and any material affixed or attached thereto, shall remain the personal property of Purchaser. Such property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by the Seller as "Property of PMG" and shall be safely separate and apart from Seller's property. Seller shall not substitute any property for Purchaser's and shall not use such property except in filling Purchaser's orders. Such property, while in Seller's custody or control, shall be held at Seller's risk and shall be kept insured by Seller at Seller's expense in any amount equal to the replacement cost with loss payable to the Purchaser. Such property shall be subject to removal at Purchaser's written request, in which event Seller shall prepare such property for shipment and return/deliver it to Purchaser in the same condition as originally received by Seller. (All costs for packing, loading and crating shall be paid by Seller).
- 8. CHANGES:** Purchaser shall have the right to make changes to the order in writing, but no additional charge will be allowed unless authorized in writing by Purchaser. If such changes affect delivery or the amount to be paid by Purchaser, Seller shall notify Purchaser within five (5) business days and negotiate an adjustment.
- 9. NON-ASSIGNMENT:** Assignment of this order or any interest herein or any payment due or becomes due thereunder, without written consent of Purchaser shall be void.
- 10. SET-OFF:** Purchaser shall be entitled at all times to set-off any amount due or become due thereunder, without the written consent of Purchaser shall be void.
- 11. COMPLIANCE WITH LAWS:** Seller shall comply with all applicable State, Federal and local laws, rules and regulations.
- 12. FAIR LABOR STANDARD ACT:** In accepting this order Seller shall be deemed to represent that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended and unless otherwise agreed in writing, Seller shall insert a certificate in all invoices submitted in connection with this order stating that the goods covered by the invoice were produced in compliance with requirements of the Fair Labor Standards Act of 1938 as amended, including Sections 12(a) and 15(a).
- 13. NO CONFIDENTIAL DISCLOSURE BY SELLER:** Any knowledge of information which Seller shall have disclosed or may hereafter disclose to the Purchaser incident to the placing and filling of this order shall not, unless otherwise specifically agreed upon in writing by Purchaser, be deemed to be confidential or proprietary information and accordingly shall be acquired free from any restrictions (other than restrictions which may result from a claim for a patent infringement) as part of the consideration for this order. Additionally, Seller shall not use PMG's name in any advertising or marketing efforts without the expressed written consent of the Purchaser.
- 14. FOR WORK ON PURCHASER'S OR ITS CUSTOMERS PREMISES:** If Seller's work under the order involves operations by Seller on the premises of the Purchaser or one of its customers. Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work and except to the extent that any such injury is due solely and directly to Purchaser's or its customers negligence, as the case may be, shall indemnify Purchaser against all loss which may result in any way from any act or admission of the Seller, its agents, employees or subcontractors, and Seller shall maintain such Public Liability, Property Damage and Employee's Liability and Compensation Insurance as will protect Purchaser from said risks and from any claim under any applicable Workman's Compensation and Occupational Disease Acts.
- 15. BANKRUPTCY OR INSOLVENCY OF SELLER:** If Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature) or if any proceedings under the bankruptcy or insolvency laws is brought by or against the Seller, or a receiver for Seller is appointed or applied for an assignment for the benefit of creditors is made by Seller. Purchaser may terminate the order without liability except for deliveries previously made and for the goods covered by the order then completed and subsequently delivered in accordance with the terms of the order.
- 16. APPLICABLE LAW:** This order shall be construed and governed by the laws of the State of California, in Orange County.
- 17. WAIVER:** The failure of Purchaser at any time or from time to time promptly to enforce any of the provisions of this order shall not be construed as a waiver of such provision with respect to Seller's act or failure to enforce related, or to any subsequent act or failure to act and Purchaser shall have the right to enforce each and every such provision at any time.
- 18. IMPROPERLY ADDRESSED MATERIAL:** With respect to material which fails to arrive at the address designated in this order within reasonable time from the invoice date because such material improperly addressed by the Seller, Purchaser may, in addition to his other rights under this order, terminate the order without liability to the Seller and require prompt refund of any payments made in advance.
- 19. MODIFICATION, WAIVER OR TERMINATION:** Neither this order nor any of its provisions, terms and conditions may be modified, waived or terminated except in writing signed by the party sought to be bound thereby.
- 20. RIGHT OF ENTRY CLAUSE:** The Seller shall grant PMG, PMG's customers and regulatory agencies, the right of access to all facilities involved in this purchase order to all applicable records, to determine and verify the quality of records and material at any place or time, including the plant of the subcontractor.
- 21. RECORD RETENTION FOR TEN (10) YEARS OR AS SPECIFIED:** The Seller shall retain records for a minimum of ten (10) years, unless otherwise specified by PMG. Supplier records are defined as: Training records, Inspection records, Test records, Purchase requisitions, purchase orders, supplier evaluations, production process validations, calibration records, Nonconforming product records, Corrective and Preventive action records, Customer property reports. Records shall be readily available for review by PMG, PMG's customers and regulatory agencies. After the retention period has ended, records shall be dispositioned at the discretion of the supplier, unless otherwise specified by PMG.
- 22. ATTORNEY'S FEES:** Any controversy or claim arising out of or relating to this purchase order, or breach thereof, shall be settled by a court action held at Orange County, California in accordance with the laws of California. Reasonable attorney's fees shall be awarded to the prevailing party.
- 23. NOTIFICATION OF CHANGES:** The Seller shall notify PMG of any changes in product and/or process definition and where required obtain organization approval. The Seller is responsible for notifying PMG of any SCRAP material so that PMG can provide handling instructions for the SCRAP material to be returned to PMG to make it unusable.
- 24. SELLER'S FLOW-DOWN TO SUB-TIER SUPPLIERS:** The Seller shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.
- 25. SUPPLIER PERFORMANCE:** PMG will perform periodic evaluations of supplier performance, including but not limited to Quality of Product and Delivery Performance.
- 26. CERTIFICATION OF CONFORMANCE:** The seller shall provide a manufacturer's certification of conformance with each shipment. The manufacturer's certification shall be signed by a quality representative or an office of the certifying company's signature and date. All certificates of conformance shall include the purchase order number, part number, revision level, quantity, manufacturer's name, lot number (if applicable), and shelf life (if applicable), and statement of origin (i.e. Made in the USA). A statement that the parts/materials conform to all applicable drawing and specification requirements shall also be included. All required documentation shall be completely legible and reproducible.
- 27. PERSONNEL AWARENESS:** PMG is dedicated to providing quality products to our customers. PMG expects suppliers to adopt sound labor practices and to ensure that personnel are aware of their contribution to product conformity, their contribution to product safety, and the importance of ethical behavior.