

General Terms and Conditions of Sale and Delivery of TBT Tiefbohrtechnik GmbH+Co, D-72581 Dettingen Business Units Drilling Tools and Spare Parts

§ 1 General conditions

1. All deliveries and performances shall be based on these General Terms and Conditions as well as on any separate contractual agreements. If Orderer's conditions of purchase diverge, they shall not become a subject matter of the contract even on acceptance of the order.

The contract shall be brought about - in lieu of particular agreements – with Supplier's written order confirmation or with acceptance of our offer.

2. Supplier reserves property rights and copyrights for prototypes, cost estimates, drawings and other information of a physical and non-physical nature - including the electronic form; they must not be made accessible to third parties. Supplier expressly undertakes to allow third parties access to information and documents designated by Orderer as being confidential only with Orderer's written approval.

§ 2 Industrial property rights

1. Supplier reserves its property and intellectual rights to any illustrations, drawings, sketches and other documents. They must not be made accessible to third parties in any form without Supplier's approval.

2. If Orderer has provided Supplier with construction drawings, Orderer must ensure that they do not affect industrial property rights of third parties. Supplier shall be under no obligation to Orderer to review whether any industrial property rights of third parties may be violated by the submittal of offers based on the supplied construction drawings in the event of performance. Should Supplier nevertheless be held liable, Orderer shall hold Supplier free and harmless in the event of recourse claims.

§ 3 Price

Quoted prices are net without deductions, ex works, excluding packaging and transport. The respective statutory valueadded tax must be added to the prices for inland deliveries.

§ 4 Terms of payment

1. Prices are quoted in Euro.

2. Payments shall be made within 14 days from the date of the invoice (also applicable also for partial deliveries) without any deductions, free paying agent of Supplier.

3. Any bill of exchange will only be accepted after previous agreement by Supplier.

4. In case payment by a bill of exchange or other respites for payment are agreed, all Supplier's claims with respect to Orderer will be due for immediate payment, if Orderer has any protested bills of exchange or cheques, foreclosure of its assets or if bankruptcy proceedings have been initiated or opened.

5. Setting off or holding back of payments is only permissible with or because of such claims that have been explicitly recognized in writing by Supplier. Accepted claims for reperformance shall not entitle Orderer to hold back payments.

6. Representatives are not authorised to accept payments without an explicit authority from Supplier.

§ 5 Packaging

1. Supplier shall be entitled to pack the goods in the usual way at Orderer's expense as far as Orderer has not specified another type of packaging in good time.

2. If Supplier takes the packaging back and if there is no agreement to the contrary, Orderer shall only be entitled to a credit note with 2/3 of the charged value if Orderer sends the packaging back undamaged and free of freight charges.

§ 6 Delivery time

1. The period for delivery shall commence as soon as all details of the performance have been clarified and both

parties have agreed on all conditions of the transaction, particularly the technical specifications agreed on the basis of the usual questionnaire for order clarification. The delivery time shall be based on completion in the works or notification to Orderer of readiness for the acceptance inspection. Its compliance assumes fulfilment of the contractual duties by Orderer, particularly the agreed terms of payment. Unforeseen events that lie outside Supplier's control, for example, operational disruptions, strikes, lock-outs, delayed deliveries by a subcontractor, exclusion in our own works or a subcontractor's, shall extend the delivery deadline appropriately, and this shall also apply to the event that official or other approvals for the performance of the delivery required by third parties and documents or information from Orderer required for the performance of the delivery are not received on time; this shall also apply to a subsequent alteration of the order.

2. Partial deliveries are permissible.

3. The delivery deadline shall be regarded as fulfilled when the shipment has left one of Supplier's works or, in the event of an acceptance in Supplier's works, Supplier has informed Orderer of readiness for inspection.

4. If Supplier is responsible for a late delivery, in the event of damage, Orderer shall be entitled to claim damages of maximum ½ per cent of the price of the delayed delivery for each complete week of delay; however, under no circumstances more than a total of 5 per cent of the value of the delayed delivery.

§ 7 Passage of risk, acceptance

1. Risk shall pass to Orderer when the object of delivery has left the factory, even if partial deliveries are made or Supplier has also assumed other charges or services, e.g. the shipping costs or delivery and erection. If acceptance is to take place, it shall be decisive for the passage of risk. It must be carried out without delay at the acceptance deadline, alternatively following Supplier's report of readiness for acceptance. Orderer may not reject the acceptance if an inconsiderable defect exists.

2. If dispatch or acceptance is delayed or does not take place due to circumstances for which Supplier is not responsible, the risk shall pass to Orderer from the date of the report of readiness for dispatch or acceptance, as applicable. Supplier is obliged to take out insurance requested by Orderer at the latter's expense.

3. Partial deliveries shall be admissible to the extent deemed reasonably acceptable for Orderer..

§ 8 Claims from defects

Supplier shall warrant for material and legal defects of the delivery, excluding further claims - subject to § 9 – as follows:

Material defects

1. All the parts that prove to be defective as a result of a circumstance before the passage of risk shall be reworked or replaced free of defects, at Supplier's choice and free of charge. Ascertainment of such defects must be reported to Supplier in writing without delay. Replaced parts shall become the property of Supplier.

2. After consultation with Supplier, Orderer shall give the necessary time and opportunity to Supplier to carry out all the improvements and replacement deliveries that appear necessary to Supplier; if not, Supplier shall be released from liability for the resulting consequences. Only in urgent cases where the operational safety is jeopardised or to prevent disproportionately large damage, whereupon Supplier must be notified immediately, shall Orderer have the right to rectify the defects himself or have this carried out by third parties and to demand reimbursement of the necessary expenditures by Supplier.

3. Within the scope of the costs directly incurred by reworking or replacement delivery, Supplier shall bear the costs of

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the replacement item including dispatch – to the extent that the complaint proves to be justified.

4. Within the framework of statutory provisions, Orderer shall be entitled to withdraw from the contract if Supplier – taking the statutory exceptions into account – allows a period for the reworking or replacement delivery caused by a material defect to expire fruitlessly. If there is only an inconsiderable defect, Orderer shall only be entitled to a reduction of the contractual price. Apart from this, the right to a reduction of the contractual price shall remain excluded. Further claims are governed by § 9 of these Terms and Conditions.
5. No warranty shall be assumed, in particular, in the following cases:
unsuitable or improper use, incorrect assembly or commissioning by Orderer or third parties, natural wear and tear, incorrect or negligent treatment, improper maintenance, unsuitable operating equipment or media, faulty construction work, chemical, electrochemical or electrical influences to the extent that Supplier is not answerable for them. Supplier shall only be liable for defects in the material supplied by Orderer only in as far as Supplier's application of professional care should have led him to recognise such defects. If Supplier manufactures according to drawings supplied by Orderer, Supplier is only liable for proper workmanship in compliance with said drawings.
6. No warranty or liability is accepted for any especially specified performance and processing data if Orderer does not follow the specifications or recommendations made by Supplier for the use of specified auxiliary materials or operating materials.
7. If special tools are ordered, the ordered quantity may be 10 % higher or lower, however, at least 2 units above or below this quantity.
8. If Orderer or a third party reworks improperly, no liability shall accrue to Supplier for the consequences thereof. The same shall apply to alterations of the object of delivery that have been carried out without Supplier's prior approval.

Defects in title

9. If the use of the object of delivery leads to a breach of commercial protection rights or copyrights in Germany, Supplier at its own expense - shall procure the right to further use for Orderer as a matter of principle or modify the object of delivery in such a way reasonable for Orderer that the breach of protective rights no longer exists. If this is not possible on economically suitable terms or within a suitable period, Orderer shall be entitled to withdraw from the contract. Under the above-mentioned prerequisites, a right to withdraw from the contract shall also accrue to Supplier. Furthermore, Supplier shall hold Orderer harmless against undisputed or legally effective claims made by the owners of the protective rights in question.
10. The obligations of Supplier stated in §8 No. 9 shall ultimately be subject to § 9, No. 2, for the event of a breach of a protection right or copyright. They shall only exist if:
 - Orderer notifies Supplier without delay of breaches of protection rights or copyrights being claimed,
 - Orderer supports Supplier to an adequate extent in the defence of the claims being made or enables Supplier to carry out the modification measures pursuant to § 8, No. 9, all defence measures, including extrajudicial regulations, are reserved for Supplier,
 - the legal defect is not based on an instruction from Orderer and
 - the breach of rights was not caused by the fact that Orderer has modified the object of delivery without authorisation or used it in a non-contractual way
11. Orderer shall have sole responsibility for the materials it is contracted to supply, such as documents, draw-

ings, templates, prototypes, etc. Orderer shall be responsible that the construction drawings it submits do not breach industrial property rights of third parties. Supplier shall be under no obligation to Orderer to review whether any industrial property rights of third parties may be breached by the submittal of offers based on the supplied construction drawings. Should Supplier nevertheless be held liable owing to specific facts upon which the claim is based, Orderer shall hold Supplier free and harmless.

§ 9 Liability

1. If the object of delivery cannot be used contractually by Orderer through fault of Supplier as a result of omitted or faulty implementation of suggestions and consultations made before or after conclusion of the contract or by a breach of other subsidiary contractual obligations, particularly instructions for operation and maintenance of the object of delivery, the regulations of §8 and §9 No. 2 shall apply accordingly, ruling out further claims of Orderer.

2. For damage not incurred on the object of delivery itself, Supplier shall only be liable, regardless of the legal reason, in the event of

- a) wilful intent,,
- b) gross negligence of the owner, agency or executive employees,
- c) culpable injury to life, limb, health,
- d) defects that Supplier concealed deceitfully or the absence of which is guaranteed by Supplier,
- e) defects of the object of delivery to the extent that there is liability for damage to persons and objects for privately used objects according to the Product Liability Act.

In the event of culpable breaching of essential contractual obligations, Supplier shall also be liable for gross negligence by non-executive employees and slight negligence, limited in this latter case to damage typical for the contract and reasonably foreseeable. Further claims shall be ruled out.

§ 10 Supplier's right to withdraw from the contract

If, after conclusion of the sales contract, Supplier learns that Orderer is in an unfavourable financial position, Supplier can demand security for any return service or withdraw from the contract with deduction of any expenses incurred.

§ 11 Reservation of title

1. Supplier reserves ownership of the delivered object until all accounts payable resulting from the business dealings have been paid in full by Orderer, or, in the event of a submitted bill of exchange or cheque, until this has been encashed.

2. It is not permissible to pledge goods with a reserved ownership or to assign the same by way of security. Orderer must notify Supplier without delay in case of seizure by third parties or other events affecting Supplier's interests.

3. During the period of reserved ownership, disposal, leasing or any other type of transfer shall only be admissible with written permission from Supplier. Any purchase price claims by Orderer arising from a resale shall be immediately assigned to Supplier in their entirety when the sales contract is signed.

4. In the event of a default of payment by Orderer, Supplier shall be entitled to take back the object of delivery without waiver of its claims until such claims are settled to Supplier's satisfaction. The assertion of a reserved title as well as pledging the object of delivery by Supplier shall not constitute a withdrawal from the contract.

5. Supplier can decide for each particular case whether to make further agreements with respect to reservation of title with Orderer.

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6. If the realisable value of the securities taken by Supplier exceed the claims to be secured by 20%, Supplier shall be obliged to release the excess securities.

§ Place of performance and place of jurisdiction

1. Erfüllungsort ist 72581 Dettingen, Gerichtsstand ist 72574 Bad Urach. Es gilt ausschließlich das Recht der Bundesrepublik Deutschland.
2. 1. Any and all disputes arising from the contractual relationship, including disputes related to a bill of exchange or cheques, shall be brought before the local court having jurisdiction for Supplier.

§ 13 Special terms and conditions for machining contracts

(Finishing, reworking, modifications or restoration of tools or spare parts). The following applies to all machining contracts as a supplement or as an alternative to the General Terms of Delivery:

1. Processor does not accept any liability for the properties of the materials sent to the same. Processor's claims for remuneration remain unaffected.
2. If Processor is responsible for making the material unserviceable during machining, Processor's claims for remuneration become invalid. Orderer's claim for damages is governed by § 9 No.2 of the General Terms and Conditions of Delivery.

§14 Miscellaneous

Should any provisions or a single clause of these General Terms and Conditions be or become invalid, this shall not affect the validity of any other provisions or the agreement.

Note:

This is a translation of the German version. In cases of uncertainty or conflict, the German version shall prevail