MACHINELIFE
LIFE IMPROVEMENT OF MINING MACHINERY

PURCHASE ORDERS
TERMS & CONDITIONS

These terms and conditions shall apply to all Purchase Orders issued by MachineLife Ltd. ("Buyer").

1. **Acceptance.** Delivery of material, equipment, products, or services hereby described and/or ordered (the "Products"), or commencement of such performance, or acceptance of any payment, constitutes acceptance by Seller of this Purchase Order and the terms and conditions by Seller at the prices specified. If this Purchase Order refers to Seller's bid or proposal, then this Purchase Order is an ACCEPTANCE of Seller's OFFER TO SELL in accordance with the terms and conditions of this Purchase Order. If no bid or proposal is referenced, the Purchase Order is an OFFER TO BUY, subject to Seller's acceptance, which must be demonstrated by either Seller's performance of the Purchase Order or by a formal acknowledgement in writing.

2. **Inspection/Acceptance.** No inspection or acceptance of, or payment by, Buyer for any of the material, services or equipment described herein shall release Seller from any obligations or liabilities pertaining to this Purchase Order. Final acceptance is dependent upon completion of all applicable inspection procedures. In the case of services, the Buyer reserves the right to inspect services provided under this Purchase Order at all reasonable times and places. If any of the Products do not conform with the requirements of the Purchase Order, the Buyer may require the Seller to perform again in conformity with Purchase Order requirements, with no additional payment. When defects in the quality or quantity of the Products cannot be corrected by re-performance, the Buyer may (i) require the Seller to take necessary action to ensure that the future performance conforms to Purchase Order requirements and (ii) equitably reduce the payment due the Seller to reflect the reduced value of performance. These remedies in no way limit the remedies available to the Buyer.

3. **Shipping Instructions.** Seller shall be responsible for ensuring the proper packaging of materials hereunder. Seller will deliver the material and equipment described herein in new condition, properly packaged for shipment at the F.O.B. point stated on the face of this Purchase Order at no additional cost to Buyer, unless otherwise specified herein. Purchase Order number(s) must appear on all correspondence, shipping labels, and shipping documents, including all packing sheets, bills of lading, air bills, and invoices.

4. **Delivery: Notice of Delay.**

   a. Time is of the essence and failure to deliver in accordance with the delivery schedule under this Purchase Order, if unexcused, shall be considered a material breach of this Purchase Order. No acts of Buyer, including without limitation modifications of this Purchase Order or acceptance of late deliveries, shall constitute waiver of this provision.

   b. Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Purchase Order. Such notice shall include a proposed revised schedule but such notice and proposal or Buyer's receipt or acceptance thereof shall not constitute a waiver to Buyer's rights and remedies hereunder.

5. **Laws and Regulations.** Seller certifies that prices charged for the material, services and/or equipment described herein are not in excess of those permitted under any applicable regulation or law; and Seller further agrees to comply with all applicable federal, state, and local laws, regulations, ordinances, and rules (including those regarding discrimination, unfair labor practices, anti-kick-back and collusion); and Seller also agrees to procure at its expense all permits and licenses necessary for compliance with this Purchase Order.

6. **Force Majeure.** Except for defaults of Seller's subcontractors at any tier, neither Buyer nor Seller shall be liable for any failure to perform due to any cause beyond their reasonable control and without their fault or negligence. Such causes included, but are not limited to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. In the event that performance of this Purchase Order is hindered, delayed or adversely affected by causes of the type described above ("Force Majeure"), then the Party whose performance is so affected shall so notify the other Party's authorized representative in writing and, at Buyer's option, this Purchase Order shall be completed with such adjustments as are reasonably required by the existence of Force Majeure or this Purchase Order may be terminated for convenience.

7. **Independent Contractor.** If this Purchase Order requires the use of Seller's employees, subcontractors, or others under Seller's control at Buyer's or Buyer's customer's premises, Seller agrees that:

   a. Seller shall obtain and pay for all permits, licenses and inspection fees required for the work hereunder, unless otherwise specified.

   b. Seller's status shall be that of an independent contractor and shall not be that of an employee of Buyer, and that no withholding shall be made from any sums due hereunder to Seller for purposes of FICA, federal income taxes, or any state or local unemployment insurance or taxes, and that the Seller is not covered by Buyer's or Buyer's customer's Workers' Compensation Insurance.

   c. In the event of the bankruptcy or insolvency of Seller, its successors, or assigns, or of any assignment by Seller for the benefit of its creditors, Buyer shall have the right to cancel this Purchase Order.

8. **Assignments.** Seller may not assign any rights or delegate any of its obligations due or to become due under this Purchase Order without the prior written consent of Buyer. Any purported assignment or delegation by Seller without such consent shall be void. Buyer may assign this Purchase Order to (i) any successor in interest, or (ii) Buyer's customer.

9. **Insurance.** Seller shall be responsible for the actions and failure to act of all parties retained by, through, or under Seller in connection with the performance of this Purchase Order. Seller shall maintain, and causes its subcontractors to maintain, at all times during the term of this Purchase Order appropriate insurance. Seller shall provide Buyer with certificates evidencing required insurance upon Buyer's request. Seller shall make no charge to Buyer for any insurance relating to the materials,

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services or equipment purchased hereunder or relating to the transportation thereof.

10. **Changes.**

    a. Buyer shall have the right by written order to suspend work or to make changes from time to time in the services to be rendered or goods to be furnished by Seller hereunder or the delivery date. If such suspension or changes cause an increase or decrease in the cost of performance of this Purchase Order or in the time required for its performance, an equitable adjustment shall be negotiated promptly and the Purchase Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this Section must be asserted in writing within fifteen (15) days from the date of receipt by Seller of notification of the change or suspension and shall be followed as soon as practicable with a notice of amount claimed and supporting cost figures. However, nothing herein shall excuse the Seller from proceeding with this Purchase Order as changed pending resolution of the claim.

    b. No change, alteration, or modification of this Purchase Order shall be binding upon either party hereto, unless in writing signed by a duly authorized officer or representative of such party.

11. **Disputes.**

    a. Any controversy or claim that may arise out of or in connection with this Purchase Order that after good faith negotiations cannot be resolved to both Parties' satisfaction may be resolved by submitting the claim to a court of competent jurisdiction within the state of Colorado.

    b. Pending resolution of settlement of any dispute arising under this Purchase Order, Seller will proceed diligently as directed by Buyer with the performance of this Purchase Order irrespective of the place of performance.

12. **Indemnification.** Seller hereby accepts full responsibility for, and indemnifies Buyer and Buyer's customer, and their officers, agents and subcontractors against, and shall hold each harmless from, all acts and omissions of Seller, its agents, and employees, and from any and all claims for injury to or death of any and all persons (including but not limited to employees) and for damage to property arising out of or in connection with the performance of work hereunder. Seller further indemnifies Buyer and shall hold it, and its officers, subcontractors and agents, harmless from any and all loss, damage, liability, costs of litigation, attorneys fees, and other expenses arising out of or relating to any claim or suit for alleged infringement or other violation of intellectual property rights or relating to any of the material or equipment described herein, or to the use or resale thereof; and Seller agrees to assume the defense of any such suits and to pay any and all costs and expenses incidental thereto and any judgments awarded therein.

13. **Title.** Definitions: "Intellectual Property" ("IP") as used in this Purchase Order shall mean any invention, technical data, documentation, work of authorship, enhancement, derivative work, improvement or discovery, whether or not patentable or copyrightable, and whether or not conceived or first actually reduced to practice subsequent to the start of, and related to, this Purchase Order.

    a. **No Acquired Rights.** Except as expressly authorized by this Purchase Order, neither party shall acquire directly or by implication, any rights in the background patents and inventions of the other party including, but not limited to inventions described and claimed in the application for U.S. Patents filed prior to the start of the Purchase Order.

    b. **Buyer's IP.** All IP developed by the Buyer shall be solely owned by the Buyer, without any rights granted to the Seller. All IP developed by the Buyer outside of this Purchase Order, including without limitation IP developed with Buyer Internal Research and Development funds, shall be solely owned by the Buyer and licensed pursuant to a separate license agreement.

    c. **Joint IP.** All IP developed by the Parties shall be solely owned by the Buyer, subject to the confidentiality obligations set forth in this Purchase Order.

    d. **Patent Applications and Inventions.** All patent applications filed on Inventions shall be paid for by the Party that owns title to the Invention. The non-filing party shall cooperate with the filing party in connection with the prosecution, filing, and maintenance of such patent applications. In the case where Seller is the non-filing Party, the Buyer will reimburse the Seller at reasonable rates for labor and expenses for such cooperation.

14. **Rights in Data.**

    a. Unless otherwise expressly agreed in writing to the contrary, all specifications, information, data, drawings, software, and other items supplied to Buyer by Seller shall be disclosed to Buyer on a non-proprietary basis and may be used and/or disclosed by Buyer without restriction, unless (i) otherwise required by the U.S. Government Regulations referred to in this Purchase Order, or (ii)the Buyer has executed a separate agreement restricting the use and disclosure of such information, data, software and the like.

    b. Unless otherwise expressly agreed to in writing to the contrary and subject to Section 14(e) below, all specifications, information, data, drawings, software and other items which are (i) supplied to Seller by Buyer or (ii) obtained or developed by Seller in the performance of this Purchase Order or paid for by Buyer shall be proprietary to Buyer, shall be used only for purposes of providing goods or services to Buyer pursuant to this Purchase Order, and shall not be disclosed to any third party without Buyer's express written consent. All such items supplied by Buyer or obtained by Seller in performance of this Purchase Order or paid for by Buyer shall be promptly provided to Buyer on request or upon completion of this Purchase Order.

    c. Unless otherwise expressly agreed in writing to the contrary and subject to Section 14(e) below, any invention or IP first made or conceived by Seller in the performance of this Purchase Order or which is derived from or based on the use of information supplied by Buyer, shall be considered to the

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be the property of Buyer; and Seller shall execute such documents necessary to perfect Buyer's title hereto. Buyer agrees to provide assistance reasonably required to perfect such rights. Unless otherwise expressly agreed to in writing to the contrary and subject to Section 14(e) below, any work performed pursuant to this Purchase Order shall be considered a "work made for hire". To the extent that any invention or IP may not, by operation of law, be works made for hire, the Seller hereby assigns to Buyer the ownership of copyright. To the extent that any Seller-owned, duly marked pre-existing materials, tools, algorithms, codes and utilities are contained in the invention or IP, the Seller grants to Buyer an irrevocable, non-exclusive, world-wide, royalty-free license to: use, execute, reproduce, display, and prepare derivative works based upon such pre-existing materials and derivative works thereof; and, authorize others to any, some, or all of the foregoing. The term "pre-existing materials" shall include tools, algorithms, codes and utilities developed prior to or during the term of this Purchase Order by the Seller at Seller's expense.

d. If this Purchase Order indicates on the face that it is a government subcontract, the Applicable Government Regulations incorporated into this Purchase Order shall, when applicable, take precedence over any conflicting provision of this Section 14 to the extent that such Regulations so require. The incorporation by reference of such U.S. Government Regulations dealing with subcontractors rights in Technical Data, subject inventions, copyrights, software and similar IP are not intended to, and shall not, unless otherwise required by applicable law, obviate or modify any greater rights which Seller may have previously granted Buyer pursuant to prior agreements between the parties.

15. **Buyer's Property.** All property supplied or paid for by Buyer shall be and remain the property of Buyer; and if Seller fails to return such property upon Buyer's demand, Buyer shall have the right, upon reasonable notice, to invoice Seller for the cost of replacement of such property. All Buyer's property shall be used only in the performance of work under this Purchase Order unless Buyer consents otherwise in writing. Seller shall have the obligation to maintain any and all property furnished by Buyer to Seller and shall be responsible for all loss or damage to said property except for normal wear and tear.

16. **Warranty.**

a. Seller shall be responsible for conformance to specifications, performance, and guarantees of auxiliary apparatus, equipment, and components furnished by him on suborders as part of this Purchase Order. Seller will provide all services in accordance with the highest industry practices.

b. Seller guarantees that all the material, services and equipment furnished by it shall (except otherwise specified on the face of this Purchase Order) be new and that Seller's work will be performed in a professional and workmanlike manner.

c. Seller shall guarantee materials and workmanship for a period of one (1) year from date of first operation, or eighteen (18) months from date of shipment. To the extent that any guarantees of design or performance of said materials are set forth herein or in any proposal of Seller, such guarantees shall extend for the same period.

d. Seller agrees to repair or replace any material that shall have proved defective or that shall fail to meet said guarantees of design or performance within said periods at no cost. Obligations and liabilities of Seller hereunder shall extend to the benefit of Buyer and Buyer's customer.

17. **Payment.** Buyer shall normally pay Seller within thirty (30) days from receipt of a proper invoice.

18. **Termination.** The Buyer may, when the interests of its customer so require, terminate this Purchase Order in whole or in part, for the convenience of the Buyer. The Buyer shall give written notice of the termination to the Seller specifying the part of the Purchase Order terminated and when termination becomes effective. Upon receipt of the notice of termination, the Seller shall incur no further obligations except to the extent necessary to mitigate costs of performance. In the case of services or specially manufactured goods, the Buyer shall pay reasonable settlement expenses, and the contract price or rate for supplies and services delivered and accepted. In the case of existing goods, the Buyer shall pay reasonable settlement expenses, the contract price for goods delivered and accepted, reasonable costs incurred in preparation for delivery of the undelivered goods. The amount of the termination liability under this paragraph shall not exceed the amount of the Purchase Order.

19. **Release of Information.** Seller shall not publish, distribute, or use any information developed under or about the existence of this Purchase Order, or use the Buyer's name or logo for the purpose of advertising, making a news release, creating a business reference, creating a website content or for products or service endorsement without prior written approval, such approval shall not be unreasonably withheld.

20. **Choice of Law**. The laws of the State of Colorado shall govern in connection with the formation, performance and the legal enforcement of this Purchase Order. Unless otherwise specified in the solicitation of this Purchase Order, venue for any judicial action arising out of or in connection with this Purchase Order shall be in Arapahoe County, Colorado.

21. **Severability**. If any provision of this Purchase Order or application thereof is found to be invalid, illegal or unenforceable by law, the remainder of this Purchase Order will remain valid, enforceable and in full force and effect, and the parties will negotiate in good faith to substitute a provision of like economic intent and effect.

22. **Government Contract Terms.** If this Purchase Order indicates on the face that it is a government subcontract, then the flowdown clauses required by the Buyer's prime contract shall apply, including those clauses attached to this Purchase Order.

23. **Integration.** This Purchase Order, together with all documents incorporated herein by reference, constitute the entire agreement between Buyer and Seller, and there are no terms, conditions, or provisions either oral or written between the parties hereto, other than those herein contained, and this Purchase Order supersedes

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any and all oral or written representations, inducements, or understandings of any kind or nature between the parties hereto relating to the subject matter hereof.

24. **Export/Import Laws and Regulations**. Buyer agrees not to allow the use, export or re-export, either directly or indirectly, of the Products except as authorized and allowed by United States law and the laws of the jurisdiction in which the Products were obtained by Buyer. In particular, but without limitation, the Products may not be exported or re-exported (a) into any U.S. embargoed countries or (b) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals or the U.S. Department of Commerce Denied Person's List or Entity List. By accepting the Products, Buyer represents and warrants that Buyer is not located in any such country or on any such list. Buyer also agrees that Buyer will not use the Products for any purposes prohibited by United States law, including, without limitation, the development, design, manufacture or production of any type of weapons. Buyer agrees to indemnify and hold harmless Seller against any and all claims, proceedings, actions, fines, and damages arising out of or relating to any noncompliance with export control regulations by Buyer, and Buyer shall compensate Seller for all losses and expenses resulting from any such noncompliance, unless such noncompliance was not caused by fault of the Buyer.

25. **Conflict of Terms.** In the event that any terms of the Purchase Order conflict with the terms of these Terms and Conditions, then the terms of these Terms and Conditions shall prevail.

26. **Survivability.** Seller's obligations, including but not limited to, obligations under the Termination, Rights in Data, Title, Release of Information, Warranty, Indemnification, Laws and Regulations, Insurance, and Export/Import Laws and Regulations provisions of this Purchase Order, shall survive termination, or completion of this Purchase Order.