



**Oil & Gas resources Italy - ORI srl – General Purchase Conditions
Milan, February 2017, rev. 3**

The general purchase conditions set forth below must be understood in all respects to constitute an integral part of the purchase order. Any clauses added by the Purchaser in the text of the purchase order with the same title, supersede any conflicting provisions stated below.

NOTE : All references made to "Purchaser" will be understood as Oil & Gas Resources Italy - ORI srl, All supplier references will be noted as the "Seller".

ARTICLE 1 - CORRESPONDENCE.

All commercial correspondence shall bear the ORI srl purchase order number and be addressed to the ordering department as indicated in the body of the purchase order with the exception of invoices/payment documents (see Article 15).

ARTICLE 2 - DOCUMENTATION.

Material and/or services covered by the purchase order shall be supplied complete with all the technical documentation for operation and maintenance, as well as any required certificates.

Any approval from the Purchaser of drawings or any other technical documentation issued by the Seller shall not indemnify the Seller from his contractual obligation in supplying goods exactly as ordered by the Purchaser and described in the text of the purchase order or relevant technical attachments.

ARTICLE 3 - EXECUTION OF THE SUPPLY.

The supply should be executed in the conformity with the provisions of the purchase order as well as the drawings, technical and/or contractual specifications and any other cited documentation forming an integral part of the aforesaid. Any exception to the provision will be valid only if agreed upon with the Purchaser and then confirmed by an official order amendment.

ARTICLE 4 - PURCHASE ORDER CONFIRMATION AND ACCEPTANCE.

The Seller is required to return the attached purchase order acceptance form, duly stamped and signed for acceptance, subject to close examination of the complete purchase order, not later than 5 days from the date of the purchase order. The signatures should be affixed by the Seller's suitably empowered powers. No payment will be made of any invoice raised against a purchase order without purchase order acceptance signed and returned to buyer.

ARTICLE 5 – SHIPPING/TITLE OF GOODS.

Purchaser assumes responsibility for the goods only on receiving them at Purchaser plants and/or sites if it is not agreed that transportation is at buyer's care and cost. Eventual losses and/or damages to goods during transportation are sole responsibility of the Seller.

ARTICLE 6 - PACKING.

The Seller shall arrange for suitable packing for items of the purchase order as specified in the purchase order or, if none is specified, by using the best commercially accepted practice, so that loose parts may easily be checked and machined parts are not damaged during transport. Seller shall be completely responsible and obliged to refund any damages due to poor packing execution. Material that cannot be packed because of size or weight should be loaded into suitable containers, pallets or crossbars thick enough to allow safe lifting and unloading. Vehicles that reach their destination and have unloading difficulties will be sent back to their point of departure.

ARTICLE 7 - DELIVERY TERMS.

Delivery terms are meant to be binding and essential, therefore, no delay is allowed without prior written approval of Purchaser. With the exception of expressly specified condition, the purchase order delivery terms must be interpreted according to the provisions of the latest edition Incoterms.

Unless late shipments are deemed beyond the Seller's control due to force majeure, Seller may be liable for damages resulting from late deliveries. Late deliveries may also be grounds for cancellation of the order at no cost for Purchaser, if the delay is longer than the maximum time foreseen in the liquidated damages clause. Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet the Purchaser's delivery schedule. Goods shipped in advance of schedule may be returned at Seller's expense.

ARTICLE 8 - GOOD'S INSPECTION.

Inspection of the conditions and quality of the goods must be carried out solely by the Purchaser's personnel or by inspection authorities expressly delegated by the Purchaser. If any inspection or test is made on the premises of Seller or its supplier, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. Final acceptance or rejection of the goods shall be made as promptly as practical after delivery, except as otherwise provided in this order. Failure to inspect and accept or reject goods or failure to detect defect by inspection, shall neither relieve Seller from responsibility for such goods as are not in accordance with the order requirements nor impose liabilities on purchase thereof. Any tests performed by the Purchaser or its customer, which do not meet the order requirements, shall be retested under the responsibility of the Seller.

ARTICLE 9 - REJECTION.

In the case of goods found with defects in material or workmanship or otherwise not in conformity with the requirements of this order, the Purchaser in addition to such rights it may have by contract or by law, may:

- A) Reject and return goods at Seller's expense with consequence of cancellation of the order if found to be Seller's fault. Seller shall reimburse the Purchaser for all expenses rising from such cancellation.
- B) Require Seller to inspect the goods and remove and replace nonconforming goods with goods that conform to this order.
- C) Upon notice to Seller to take such actions as may be required to cure all defects and/or bring the goods into conformity with all the requirements of this order, in which event all costs and expenses thereby incurred by the Purchaser shall be for Seller's account or Purchaser may take such actions to cure all defects and/or bring the goods into conformity, in which event all costs and expenses thereby incurred by Purchaser shall be for Seller's account, including but not limited to nonconformance documentation and rework hours.
- D) Require Seller to reperform, at its own expense, any defective portion of the service performed.

ARTICLE 10 - GUARANTEE.

Seller shall guarantee that materials and services comply with agreed characteristics and specifications and that the materials employed are free from defects or flaws, even concealed, and that goods and services are provided in strict accordance with the specifications, samples, drawings, designs or in accordance with best working practices and/or the most up-to-date techniques. Parts failing to comply with requirements shall be replaced at Seller's expense and care, even if supplied by third parties.

ARTICLE 11 - MARKING.

Each package shall be well marked or labeled as follows :

Destination : (See text of purchase order)
 Purchase order number
 Gross / Net weight Kg..... Kg.Kg.
 Package number..... Of
 Content.....

ARTICLE 12 - CHANGES.

The Purchaser has the right, at any time, to modify the general scope of the purchase order regarding quantity, place and date of delivery, method of shipment and packing and other variations. All prices are firm unless otherwise agreed in writing.

ARTICLE 13 - ENTIRE AGREEMENT.

The purchase order, the conditions and clauses contained in the attachments to the order, constitute an entire agreement relating to the subject matter of the supply. Seller's acceptance of the purchase order and its attachments annuls any of Seller's sales conditions.

ARTICLE 14 - INVOICING - PAYMENT DOCUMENTS.

An original and two (2) copies of the invoices must be addressed and sent to the Purchaser's plant which issued the order as indicated in the body of the purchase order. Every invoice must refer to only one order and, in the case of open orders, must refer only to the request(s) of a particular Purchaser's plant. The following details shall be provided in the invoices :

- Purchase order number with the relevant modification, if applicable
- Position number, Purchaser's material code, relevant description, quantity and unit price.
- Bank account number (IBAN code for SEPA payments, Swift code for others).
- The supplier's code assigned by Purchaser to Seller.
- The good's consignee.
- The delivery documents.

The invoice shall also be subject to the tax conditions in effect at the time of invoicing. The delivery documents, represented by a Documento Di Trasporto for materials of Italian origin to be issued in three (3) copies according to Italian regulations, must report clearly the purchase order number with relevant modification number, each order position number with the Purchaser's material code, relevant description and quantity.

In the case of materials shipped to destinations other than the Purchaser's plant, to which the invoices should have been sent, a copy of the Documento Di Trasporto or equivalent shipping form to be used administratively, signed by the transporter who handled the goods, or similar delivery documents, should be immediately sent to the purchasing office which issued the order.

Should the documentation sent to Purchaser prove incomplete or not comply with the above instructions, payment terms of the relative invoices will begin following receipt of the required documentation, specifically if the Purchaser does not receive a Documento Di Trasporto or shipping document signed by the freight forwarder and ultimate consignee.

ARTICLE 15 - ORDER CANCELLATION AND SUSPENSION.

Purchaser shall have the right, at Purchaser's absolute discretion, to cancel or suspend the purchase order, or any part thereof, when circumstances occur causing substantial modification to the original conditions existing at the time the order has been signed.

ARTICLE 16 - ASSIGNMENT OF CREDIT.

Credit assignment, special orders for collection or other forms of delegating payment are not allowed without prior Purchaser approval.

ARTICLE 17 - PLANT ACCESS.

Seller will allow representative of Purchaser and Purchaser's customer access to the facilities involved in performing this order for purposes of reviewing the status and progress of production and witnessing any tests and inspections. Such access will not relieve Seller of any of its obligations.

ARTICLE 18 - ARBITRATION.

For Italian Suppliers

Any dispute or controversy arising out of or relating to the construction and/or the execution of the order, which cannot be amicably settled by the parties, will be finally settled by court of law of Milano.

For Foreign Suppliers

Any dispute or controversy arising out of or relating to the construction and/or the application of the order, which cannot be amicably settled by the parties, will be finally settled, according to the Conciliation and Arbitration Rules of International Chamber of Commerce, by a board of one or three arbitrators appointed in compliance with said rules.

The seat to the arbitration will be in Milano, Italy.

Proceedings will be conducted in Italian and/or English, whichever is mutually agreed upon. If no agreement can be reached, proceedings will be conducted in English.

ARTICLE 19 - INDEMNITY.

Seller shall take all necessary precautions to prevent the occurrence of any injury to persons or to property during the progress of work and, except to the extent that any such injury or damage is due solely and directly to Purchaser or its customer's negligence, as the case may be, shall defend and indemnify Purchaser against any claim which may result in any way from any act or omission of the Seller, its agents, employees or subcontractors. Seller shall maintain comprehensive general liability to Purchaser's satisfaction. Seller shall furnish to Purchaser, on request, a certificate of insurance completed by its insurance carrier(s) certifying that the required insurance coverage is in effect and will not be canceled or materially changed until ten days after prior written notice has been delivered to the Purchaser.

In addition to the above, Seller shall indemnify the Purchaser for any damage to persons and projects arising from the use and sale of the goods according to existing Italian regulations for the product's liability.

ARTICLE 20 - PURCHASER'S PROPERTY.

Unless otherwise agreed in writing, all tools, equipment or material of every description furnished to Seller by Purchaser or specially paid for by Purchaser, and any replacement thereof, or any materials affixed or attached thereto, shall be and remain the property of Purchaser. Such property and, whenever practical, each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as property of the Purchaser and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for Purchaser's orders. Such property, while in Seller's custody or control, shall be held at Seller's risk, shall be kept insured by Seller at Seller's expense in an amount equal to replacement cost with loss payable to Purchaser and shall be subject to removal at Purchaser's written request, in which event Seller shall prepare such property for shipment and shall redeliver to Purchaser in the same condition as originally received by Seller, reasonable wear and tear excepted, all at Seller's expense.

ARTICLE 21 - EUROPEAN COMMUNITY DIRECTIVES AND RULES.

The Seller is obliged to respect all directives issued by the European Community which apply to the supplies ordered by the Purchaser, including but not limited to the United Nations Convention on Contracts for the International Sale of Goods (CISG), signed in Vienna on 11 April, 1990. Seller, under its own liability, shall comply with all obligations provided for by Italian Law for the execution of goods and services supplied, to the extent such laws are applicable.

ARTICLE 22 - GOVERNING LAW.

The Purchase Order and its clauses and the General Purchasing Conditions stated in this document shall be governed by and construed in accordance with Italian Law.