

COASTAL TECHNOLOGIES, INC.

STANDARD TERMS & CONDITIONS FOR SALES

Coastal Technologies, Inc. ("CTI") provides the following terms and conditions, which apply to all quotations and sales for the material, equipment and ancillary services ("Equipment") produced by CTI. All purchases by customer, owner or its agent ("Buyer") are expressly limited and conditioned upon acceptance of the following terms and conditions and any provision contained in any quotation, purchase order, confirmation, agreement or acknowledgement inconsistent with or in addition to the following Standard Terms & Conditions for Sales is rejected by CTI, unless specific reference to CTI's Standard Terms & Conditions for Sales is stated in writing. No order, or changes to terms or scope of order, shall be binding on CTI until accepted in writing by CTI.

1. **QUOTATIONS.** Unless otherwise specified in writing by CTI, CTI's quotations ("quotes") are valid for 30 days from the date of the quotation unless superseded by a revised quotation. Quotes issued by CTI supersede all prior quotes or correspondence concerning the same transaction or inquiry. Quotes contain proprietary information of CTI and are provided to Buyer solely for Buyer's internal purposes. They may not be disclosed to any third party or used in preparation of any request for quotation for the Equipment similar to, or as a substitution for, Equipment quoted by CTI. Unless otherwise specified in writing by CTI, CTI includes the costs of crating and packaging. It does not include costs of transportation, storage, technical assistance or installation services in its quotes, nor does it include taxes, excises, duties, tariffs or other government charges that CTI may be required to pay or collect under existing or future law or regulation with respect to the Equipment quoted by CTI. These charges shall be presented in addition to that Equipment price quoted by CTI.

2. **PAYMENT AND CREDIT TERMS.** Each shipment is a separate transaction and payment will be made accordingly. Unless otherwise specified in writing by CTI, payment for Equipment furnished must be made net 30 days from the date of shipment. In the event the Buyer fails to make any payment as described above or as otherwise required, CTI, at its sole discretion, and without incurring any liability, may suspend its performance until such time as the overdue payment is made and CTI receives assurances to indicate that the payment and future payments shall be promptly made. If shipments are delayed by Buyer for any reason, payment will become due from the date CTI is prepared to make shipment. In the event of Buyer's suspension of payment or failure to fulfill its obligations, CTI retains the right, at its sole option, to suspend, adjust and/or cancel a transaction and to collect a cancellation fee in accordance with Section 8 below. In such case, the delivery schedule and order price may be equitably extended and increased by CTI, acting in its sole discretion, taking into account the delay, costs and related overhead expenses arising from Buyer's non-performance. Equipment held for Buyer because of any such suspension will be at Buyer's risk and expense. No suspension shall be extended beyond 90 days.

Buyer hereby grants CTI a security interest in all Equipment sold to Buyer by CTI, which security interest shall continue until Buyer has paid CTI in full. Upon CTI's demand, Buyer shall execute and deliver to CTI such security instruments as CTI requests to protect and perfect this security interest.

3. **LIMITED WARRANTY.** If within 12 months after installation of Equipment, or a maximum of 18 months after date of invoice, any Equipment furnished proves to be defective in material or workmanship upon examination by CTI, the Company will supply an identical or substantially similar replacement part F.O.B. CTI's manufacturing facility, or will, at CTI's sole discretion, repair the particular defective part. Replacement Equipment provided will be warranted against defects in material or workmanship for the unexpired portion of the warranty applicable to the purchased Equipment. Buyer waives this warranty if a) the Equipment has been subject to any accident, faulty installation, misapplication, abuse or misuse, contamination or corrosion, b) Buyer has used the Equipment or attempted repair after discovery of the defect without CTI's prior written consent, c) Buyer refuses to allow CTI to examine the Equipment and operating data to determine the nature of the defect claimed, or d) Buyer fails to meet its obligations.

CTI warrants that the Equipment will not infringe any patent, invention, or trademark rights. Any warranty extended as to the capacity, efficiency, or other operational performance characteristics, shall be limited to those characteristics stated in CTI's written proposal.

ALL OTHER WARRANTIES, INCLUDING WITHOUT LIMITATION THOSE WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER EXPRESS, IMPLIED, STATUTORY OR ARISING FROM A COURSE OF DEALING, USAGE OF THE TRADE OR OTHERWISE WITH RESPECT TO ANY EQUIPMENT OR ORDER, ARE EXPRESSLY EXCLUDED AND DENIED. NO EXPRESS OR IMPLIED WARRANTY IS GIVEN AS TO THE CAPACITY, EFFICIENCY OR PERFORMANCE OF ANY EQUIPMENT EXCEPT AS MAY BE PROVIDED IN A WRITTEN AGREEMENT SIGNED BY CTI.

BUYER'S REMEDIES ARE SPECIFICALLY LIMITED TO REPAIR OR REPLACEMENT & ARE EXCLUSIVE OF ALL OTHER REMEDIES. SHOULD THESE REMEDIES BE FOUND BY A TRIBUNAL TO BE INADEQUATE OR UNCONSCIONABLE OR TO HAVE FAILED FOR ANY REASON, BUYER AGREES THAT RETURN OF THE AMOUNT PAID BY BUYER TO CTI SHALL CONCLUSIVELY PREVENT THE REMEDIES PROVIDED FROM FAILING FROM THEIR ESSENTIAL PURPOSE AND SHALL BE CONSIDERED BY BUYER AS A FAIR AND ADEQUATE REMEDY.

4. **LIMITATION OF LIABILITY.** CTI's liability is expressly limited to the price allocable to the Equipment determined defective, and in no event will CTI's liability be in excess of the total Equipment price. Furthermore, CTI will not be liable for any labor cost or any special, indirect or consequential damages arising out of the sale, use or installation of Equipment furnished. CTI extends no warranties with respect to the installation of the Equipment except when installation is performed by Coastal, and in such case, installation warranties are limited by these Standard Terms & Conditions for Sales.

CTI will defend and indemnify Buyer from any suit or proceeding brought against Buyer based on a claim that Equipment manufactured and furnished by CTI constitutes an infringement of any U.S. patent (excluding Method Patents involving others' equipment or modified Equipment) if CTI is notified promptly in writing and given authority, information and assistance, at Buyer's expense, for the defense of the suit or proceeding.

Should it be determined that the Equipment constitutes an infringement and the use of the Equipment is enjoined, CTI will, at its own expense, either procure for Buyer the right to continue using the Equipment, replace the Equipment with non-infringing goods, modify the Equipment to become non-infringing, or remove the infringing Equipment and refund the price paid for the respective Equipment.

5. **TECHNICAL ASSISTANCE.** Any technical assistance or installation services furnished by CTI will be addressed in a separate written agreement between the parties. In no event will any technical assistance or installation provided by CTI constitute a waiver by it of any of these Standard Terms & Conditions for Sales or affect or expand CTI's obligations as stated in sections 3 or 4 above.

6. **CONFIDENTIALITY.** Each party shall treat as confidential and shall not, except in direct connection with the parties' dealings, use or disclose the other party's Confidential Information. "Confidential Information" means any and all non-public information of a business nature, including without limitation business plan information as it relates to future business, technical information and other information proprietary to a party that is provided to the other party in connection with the Discussions. This provision shall apply to written communications, diagrams and renderings clearly marked "Confidential," or, if information is disclosed orally and confirmed in writing as being Confidential Information within sixty (60) days after such oral disclosure, or otherwise by written agreement. Each party shall limit its disclosure of Confidential Information to that party's employees, officers, agents, or consultants (hereinafter collectively referred to as "Employees") who have a need to know such Confidential Information related to the Discussions. Each party shall use its best efforts to ensure that all of its Employees to whom the Confidential Information is disclosed take all reasonable precautions to safeguard and preserve the confidential status of the Confidential Information. Best efforts shall mean the same degree of care each party uses to protect its own Confidential Information of a similar nature, but in no event less than reasonable care.

7. **BACKCHARGES.** No backcharges will be paid or allowed by CTI unless 1) CTI is notified in writing of any Equipment defect claim or omission pursuant to Section 3 above, and 2) CTI provides prior approval of such backcharges in writing.

8. **CANCELLATION FEE.** Buyer may not cancel any order except upon written notice and payment to CTI of all reasonable costs arising from the placement of the order and the cancellation, plus a cancellation fee of 25% of the purchase price (FOB CTI's plant.) In any event, the minimum cancellation fee shall be \$250.

9. **FORCE MAJEURE.** CTI and Buyer will be excused from their respective obligations in the event and to the extent that their performance is delayed or prevented a) by any non-financial circumstance reasonably beyond their control or b) by fire, explosion, plant shutdown, strikes or labor disputes, riots or other civil disturbances or voluntary or involuntary compliance with any law, order, regulation, recommendation or request of any governmental authority. In addition, CTI will be excused in the event of its inability to obtain materials necessary for manufacture of the Equipment or for total or partial failure of any of its usual means of transportation of the Equipment.

10. **ASSIGNMENT.** No claim against CTI arising directly or indirectly out of or in connection with the Equipment furnished to Buyer may be assigned by Buyer or approved as by operation of law without the prior written approval of CTI.

11. **SHIPMENT.** Unless otherwise stated, all products are quoted and prepared for sale FOB CTI's Varnville, SC plant (or as may apply, a remote facility of CTI) and Incoterms 2000 shall apply to all export shipment terms. If Buyer has not issued inspection and shipping instructions at the time the Equipment is ready for shipment, CTI may select and employ any reasonable method of shipment. Shipments may be insured at Buyer's expense and CTI will not place a valuation upon shipments unless specifically requested in writing by Buyer. Unless otherwise agreed, valuations generated by CTI for export and customs purposes, are not relevant to insurance purposes. Buyer's acceptance of shipped Equipment shall not be more than 30 days from the date that such shipment is delivered to the destination. Equipment shall not, directly or indirectly, be sold, delivered, exported, re-exported, diverted, reshipped or rerouted to persons, entities, end-users, or destinations which is prohibited or restricted by applicable U.S. laws or regulations.

12. **SEVERABILITY.** Invalidation of any of these Standard Terms & Conditions for Sales will not affect the validity of any other provision. Remaining provisions shall remain in full force and effect.

13. **WAIVER.** Failure to enforce any of these Standard Terms & Conditions for Sales in a particular instance will not constitute a waiver of or preclude subsequent enforcement of any of these provisions.

14. **APPLICABLE LAW.** The agreement of the parties shall be construed and enforced in accord with Title 36, Chapter 2 of the South Carolina Code of Laws (UCC-Sales) and applicable US and SC intellectual property laws. The UNCISG applies to transactions if Buyer is resident in a signatory country and the Equipment is produced by CTI in the United States. The law of torts is inapplicable to the transaction and the parties hereby agree to waive all remedies of strict liability, exemplary or punitive damages.

15. **ARBITRATION.** Any claim or controversy arising out of or relating to the Quote, Contract or Purchase & Sale Agreement which incorporates these Standard Terms & Conditions for Sales, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in accordance with the Atlantic Rules of the Atlantic Arbitration Tribunal in force on the date when the Notice of Arbitration is submitted in accordance with these rules. There shall be one arbitrator. The seat of the arbitration shall be in Charleston, SC, with proceedings conducted in English.

Rev. June 2009