

GENERAL TERMS FOR PURCHASE AND SALE AGREEMENT

1. General Terms

- 1.1. This Agreement is the major Document for the purchase along with applicable documents of requirements set by GCR Mongolia LLC (**Purchaser**), both common and special terms and conditions for purchase order, its appendixes, features and specifications of the goods/items to be purchased, photos/pictures. General Terms of this Agreement are to be the mandatory provision for Supplier while any other terms or provisions, requirements and amendments which are not agreed mutually are to be deemed not applicable to the Purchase Order.
- 1.2. Supplier is to be obligated to fulfill this General Terms and supply goods/items identified under corresponding Purchase Order once the General Terms of this Agreement and Purchase Order has been agreed and signed by the Supplier. General Terms may not be amended, except by the mutual written and signed agreement of parties (Purchaser and Supplier).

2. Supply of Goods and Services

- 2.1. Supplier is obliged to supply the goods timeously in accordance with quantity, quality and specification and prices specified in Purchase Order. If specified in the Purchase Order, the Supplier shall be responsible for assembling, installing, testing, commissioning, training services of the supplied goods and provision of manual and unless otherwise agreed in the Purchase Order, the expenses of these services provided are to be included in purchasing price of the related good.
- 2.2. Supplier's responsibilities when supplying goods and services are:
 - 2.2.1. Act in the client's, subcontractor of the client's or related third party's best interests, through prevention of any restraints or negative effects when supplying goods and services.
 - 2.2.2. Supplier, its employees, representatives and contractors shall comply with the following legislations:
 - All applicable laws, acts, regulations and ordinances by statutory bodies;
 - Procedures, instructions and standards set by Purchaser and abided within the organization receiving the goods and services;
 - Statutory requirements and instructions given by the Purchaser and its Representative.
 - 2.2.3. Ensure that Supplier itself, its employees, representative and contractor are professionally competent at delivering goods without causing loss in both quality and quantity of the goods while adhering to safety standards when entering the Supplier's property and domain;
 - 2.2.4. Must apply the best practices to eliminate and reduce the potential hazards to environment while being compatible with Purchaser's HSE Standard and Policy when supplying goods and services;
 - 2.2.5. Provide Purchaser with written report of progress and implementation or any other information and assistance requested by the Purchaser in relevance with the goods and services being supplied.
- 2.3. Supplier warrants the followings in respect of own goods and services to the Purchaser:
 - 2.3.1. Compatibility with Purchase Order, General and Special Terms of this Agreement, its Appendixes, requirements, specifications, photos and description for the ordered goods;
 - 2.3.2. Supplied goods and services are free from defects, manufactured in line with relevant quality, format and design standards and transported in accordance with applicable requirements;
 - 2.3.3. Goods are safe and fit for intended purpose while the services are delivered in high-quality and professional manner;
 - 2.3.4. Packages and wraps are compatible with relevant standards;
 - 2.3.5. Supplied goods are and will be free from any third party liens and the Purchaser will not encounter any obstacles and encumbrances against its proprietary rights.
 - 2.3.6. Entitled to supply goods and services under legitimate accreditation, which is to be valid throughout the initial term of this agreement and any information or documents provided to Purchaser is true and effective.

3. Quality and Make of the Goods and Services Supplied

- 3.1. Supplier shall supply the goods in as per the specification, quantity and make described in Purchase Order while providing relevant services.
- 3.2. Unless otherwise noted in Purchase Order, all supplied goods must be completely new, while satisfying Purchaser's requirement and specification, meeting international quality standards, free from physical and proprietary right faults and being fit for intended purpose.
- 3.3. Supplier shall supply exact same goods as the sample received and agreed by the Purchaser both in terms of quality and specification.
- 3.4. Supplier shall take full responsibility for any outcomes followed by supplied goods and services that are disagreeable to the Purchase Order requirement.

4. Price

- 4.1. Price is to be settled through mutual negotiation and the price specified in Purchase Order will be the final price.
- 4.2. Unless otherwise noted in Purchase Order, all other costs, charges, fees, expenses, tax and insurance for or arising out of or in connection with manufacturing, supplying, handling, transporting, importing, delivering, assembling, installing and testing under this Agreement must be paid by the Supplier.
- 4.3. Supplier is ineligible/disempowered to raise the price while Purchaser is not obliged to pay any other price than specified on Purchase Order.
- 4.4. Supplier guarantees that offered price is the lowest possible one on the market and will not sell the same good for lower price to a different purchaser. Purchaser is entitled to vary the price specified in Purchase Order to reflect a competitive position if Supplier offered more competitive price to other Purchasers.
- 4.5. Unless otherwise noted in Purchase Order, Purchaser pays the amount in Accounts Payable within 45 days after the receipt of a proper invoice.

5. Packaging and Delivery of the Goods

- 5.1. Supplier must take full responsibility for packaging while ensuring it can withstand moisture, dust, wind, temperature extremes or vibration by maintaining the goods inside without deteriorating its quality and appearance throughout loading, unloading and prolonged transportation and the packaging shall be labelled (Purchaser's name, Purchase Order number, item number, destination, quantity, duration, conditions for transport, weight etc.) in accordance with the applicable international standard.
- 5.2. Supplier takes full responsibility over any consequences caused by failure to complete the packaging in accordance with applicable standard and requirement.
- 5.3. Supplier is obliged to deliver the goods in accordance with condition, delivery date and address specified in Purchase Order. Unless otherwise noted in Purchase Order, the Supplier shall provide the Purchaser with information containing quantity, Purchase Order, condition of transport of the goods via e-mail or facsimile 5 business days prior to the actual delivery.
- 5.4. Delivering goods to the designated location on time is to be the ultimate priority of the Supplier and Purchaser shall be informed about any unavoidable delay or changes to delivery date and asked about further instructions.
- 5.5. Upon delivery of the goods, Supplier must provide the Purchaser with Delivery Documents, which is to be agreed and signed by the Purchaser, stating information below:

- 5.5.1. Issuance slip (Purchase Order number, applicable Agreement number);
- 5.5.2. Recipient of the delivered goods;
- 5.5.3. Full name and position of the personnel representing the Purchaser.
- 5.6. Purchaser will not be obliged to sign on Documents defined in Clause 5.5 if the goods are defected upon receipt.
- 5.7. Goods and relevant risks are to be held at Supplier's full responsibility until it's received with formal purchasing act by the Purchaser.

6. Insurance Policies

- 6.1. Unless otherwise noted in Purchase Order, Supplier must effect and maintain adequate insurance for supply of goods and services.
- 6.2. Following insurances are mandatory:
 - 6.2.1. Supplier Operational Risk and Public liability insurance;
 - 6.2.2. Workers compensation in respect of its employees engaged in occupational incidents related with assembly and installation of the goods;
 - 6.2.3. Transportation Insurance for potential risks during transportation of goods;
 - 6.2.4. Vehicle Insurance and Automobile Liability Insurance.

7. Receipt and Inspection of Goods

- 7.1. Unless otherwise noted in this General Terms or Purchase Order, Purchaser receives the goods delivered at the designated location of delivery.
- 7.2. Additional notes are to be made to Delivery Documents, if the features, volume or delivery conditions of the goods limit individual inspection on each item.
- 7.3. Supplier representative/delegate must be present at Inspection of the goods and the due date is to be notified to the Purchaser formally by the Supplier.
- 7.4. Inspection and Testing report is to be executed in two copies and each party (Purchaser and Supplier) shall receive one.

8. Warranty

- 8.1. Unless otherwise noted in Purchase Order, Supplier provides a full 12-month warrant commencing from the formal delivery report date of goods and services supplied.

9. Indemnity

- 9.1. Supplier is obliged to indemnify and release the Purchaser against any defected goods and related loss occurred upon delivery or within warranty period by acting in a professional manner through making necessary arrangement to prevent from any potential encumbrances to Purchaser's operation and violation of the Agreement.
- 9.2. Purchaser is entitled to the following rights:
 - 9.2.1. Demand the Supplier to replace goods with defect-free, same quality and make and satisfactory ones;
 - 9.2.2. Demand the Supplier to remedy defects through arranging it to have repaired;
 - 9.2.3. Demand the Supplier to refund expenses and losses related with returning defective goods;
- 9.3. Supplier is to be notified in writing about the nature of defect, time frame and form of eliminating the defect and is obliged to repair or replace defective goods within the given amount of time.
- 9.4. If the Supplier fails or refuses to repair/replace the good, then the Purchaser may let third party to do so at Supplier's cost or deduct from other payments to the Supplier.
- 9.5. Supplier takes full responsibility over any consequences, expenses and losses to Purchaser due to supply of defective and unsatisfactory goods.

10. Responsibility

- 10.1. If any of the parties fail to fulfill their responsibilities under this Agreement, the faulty party is to be fully accountable for any consequences derived from the failure.
- 10.2. If the Supplier fails to supply/pay the not only goods but also company payables within the time promised, undue loss is to be set at 0.5% of the total cost of failure per day starting from overdue date. If total cost of failure is not feasible to be defined, overdue loss is to be considered from total value defined in Purchase Order.

11. Changes to Purchase Order

- 11.1. Purchaser shall have the right at any time prior to the delivery date of the goods or services to make changes Purchase Order through mutual agreement and addendums.
- 11.2. Goods are to be supplied in accordance with initial Purchase Order except the case described in Clause 11.1 of this General Terms.
- 11.3. As soon as the Supplier is aware of new circumstances derived from changes to Purchase Order the Supplier must notify Purchaser and get instructed about further actions.
- 11.4. Purchaser is not liable for any changes related expenses and losses occurred to the Supplier or third party.

12. Confidential Information

- 12.1. Supplier must ensure that it's employees, representatives and subcontractors do not disclose any commercial and confidential information obtained through fulfillment of this agreement and are prohibited to implement followings without written consent of the Purchaser:
 - 12.1.1. Disclosure of Purchaser's confidential information to a third party or publicity;
 - 12.1.2. Use of Purchaser's name or Trademark;
 - 12.1.3. Use of confidential information for personal or third party's financial interests;
- 12.2. This Clause is to be stay in force/effect during and even after the expiration or termination of this Agreement for infinite amount of time.

13. Assignment and Sub-letting

- 13.1. Supplier shall not subcontract and assign any or all if its benefits, right and obligations under the Purchase Order to any third party without the prior written consent of the Purchaser.
- 13.2. Supplier shall have following responsibilities if the Purchaser consents a subcontract:
 - 13.2.1. Ensure its Subcontractor acts in full compliance with conditions and specifications described in this General Terms or Purchase Order;
 - 13.2.2. Accountability over any willful or negligent act or omission of its Subcontractor;
 - 13.2.3. Indemnifies and releases the Purchaser against any loss and damage arises out of Subcontractor's act and operation.

14. Event of Force Majeure

- 14.1. The affected party prevented from carrying out its obligations shall give written notice to the other Party of an Event of Force Majeure or forces beyond its control, such as act of God, war, hostility, rebellion, contamination, quarantine, acts of any government or statutory authorities and detention of the Purchaser, upon it being foreseen by, or becoming known to.
- 14.2. The affected Party is obliged to take immediate and reasonable steps to mitigate the effect of any Force Majeure Event, which can harm properties of both Parties and the wellbeing of its employees. The Party that taken such steps within its power voluntarily shall be excused from responsibilities.



14.3. The Parties shall consult together to cure the loss and circumstances arose from an Event of Force Majeure as soon as possible through reasonable assessment and risk allocation may be negotiated.

15. Termination

15.1. This Agreement and Purchase Order may be terminated as per mutual agreement of the Parties.

15.2. Purchaser may terminate the Agreement and Purchase Order with written notice to the Supplier if Supplier commits a fundamental breach of any of its obligations through failure to supply ordered goods, late supply, supply of defective, unsatisfactory or unfit for purpose goods, and the breach is not remedied, or the Supplier becomes insolvent.

15.3. Upon termination of this Agreement the Supplier will discontinue to supplying goods and services thereafter, and the guilty Party shall indemnify the loss caused to other Party.

16. Dispute Resolution and Applicable Law

16.1. Both Parties shall adhere to Mongolian Law and Regulations when concluding and interpreting this Agreement and merchandising.

16.2. Both Parties shall attempt to resolve any dispute and claim through negotiations and if the matter cannot be resolved by negotiation then it shall be settled through lawsuit in accordance with Mongolian Law.

17. Entire Agreement

17.1. This General Terms and Purchase Order shall come into force after its signature by both Parties.

17.2. Following Documentations shall be applied by both Parties:

- Purchase Order
- This General Terms.....
- Special Terms.....
- Appendixes.....

EXCUTED AND AGREED BY:

PURCHASER:
"GCR Mongolia" LLC

SUPPLIER:

Name:
Position: Orgil Terenmyadag

Name:
Position: