

PURCHASE ORDER TERMS AND CONDITIONS

1. FORMATION OF CONTRACT

1.1 The delivery of the Purchase Order by the Company or its Related Bodies Corporate to the Contractor constitutes an offer by the Company or its associated companies to acquire the Goods and Services described in the Purchase Order from the Contractor on the terms and conditions contained herein.

1.2 An Agreement for the purchase of Goods and Services is formed between the Company and the Contractor when the Contractor confirms acceptance of the Purchase Order; informs the Company either in writing or verbally that the Goods and Services will be supplied; communicates with the Company in any way which confirms or implies acceptance of the Purchase Order; or delivers the Goods and Services to the Company.

2. DEFINITIONS

Acceptance means the Goods and Services comply in all respects with this Agreement, all goods, services, materials, documents and other information required under this Agreement have been supplied to the Company, and the Company has certified that it accepts the Goods and Services in accordance with Clause 7.3.

Agreement means these Purchase Order Terms and Conditions, the Purchase Order and any document expressly incorporated.

Associated Entity has the same meaning as contained in section 50AAA of the Corporations Act (Cth) 2001.

Company means Arrow Energy Pty Ltd ABN 73 078 521 936.

Company General Business Principles means the Company's policies and rules including: Code of Conduct, Conflicts of Interest Policy, Anti Fraud Policy, Anti Bribery and Corruption Policy, Anti Competitive Conduct, Land Access Rules and Life Saving Rules which can be found at:

http://www.arrowenergy.com.au/page/Careers/Suppliers/Supplier_Portal/Portal/

(Username: contractor and Password: arrowenergy1)

Contractor means the Contractor of the Goods and Services as set out under the field "Vendor" in the Purchase Order.

Contractor Personnel means any individual employed or supplied by Contractor whether directly or indirectly and assigned to work in connection with the performance of this Agreement whether or not an employee of Contractor, and includes subcontractors of Contractor and their personnel;

Defective means the Goods and Services are damaged, deficient, faulty, incomplete, inadequate, or of poor quality with respect to the requirements and standards for the Goods and Services provided by the Company or the warranties of the Contractor under clause 13.

Delivery Date means the date specified on the Purchase Order under the field "Delivery Date".

Delivery Point means the location specified on the Purchase Order under the field "Ship To".

Fee means the fee set out in the Purchase Order under the field "TOTAL", payable by the Company to the Contractor as consideration for the Goods and Services.

Goods and Services means all goods, supplies and services to be provided under these Purchase Order Terms and Conditions, including delivery of documents, equipment, reports, Intellectual Property Rights, technical data, plans charts, drawings, calculations, tables, schedules, models, software, information and data stored by any means as detailed in the Purchase Order.

Intellectual Property Rights means rights in any copyright, patent, trademark or other similar right, whether registered or unregistered.

Loss means any cost, losses, liabilities, damages, fines, costs, interest, fees and expenses, loss of or damage to property of those indemnified or any other person, personal injury or death of any person including the Company's or the Contractor's Personnel.

Party means a party to this Agreement.

Personnel in relation to the Company or the Contractor means the officers, employees, contractors, agents, servants, assignee's invitees, subcontractors and others, including the personnel of Related Bodies Corporate of each, as the context requires.

Purchase Order means a written order, placed with the Contractor by the Company for the provision of the Goods and Services in accordance with this Agreement.

Purchase Order Terms and Conditions means these purchase order terms and conditions.

Related Bodies Corporate has the same meaning as under the Corporations Act 2001 (Cth).

Site means the lands or other places used by the Company for the purpose of or in connection with this Agreement.

Warranty Period means a period of 12 months commencing from Acceptance.

3. INTERPRETATION

3.1 "including" and any derivation of "including" are not words of limitation.

3.2 For any definition under the Purchase Order, reference to one grammatical form of a word also refers to its other grammatical forms.

3.3 A reference to "days" will be calendar days unless otherwise stated.

4. PRECEDENTS OF DOCUMENTS

4.1 In the event of inconsistency between any document forming part of this Agreement, the inconsistency shall, to the extent possible, be resolved by referring to the following categories of documents, which shall take precedence over one another in the order stated:

- these Purchase Order Terms and Conditions;
- the Purchase Order;
- any document incorporated by express reference as part of this Agreement; and
- any other terms and conditions or documents, (including the Contractor's).

5. SUPPLY OF GOODS OR SERVICES

5.1 In consideration of payment of the Fee, the Contractor will provide the Goods and Services to the Company.

5.2 A delivery docket must accompany all deliveries.

6. PERFORMANCE

6.1 The Contractor will provide the Goods and Services with the due care and skill of a skilled, competent and experienced professional Contractor performing similar work to the Contractor in the same industry as the Contractor.

6.2 The Contractor will comply with all reasonable directions given by the Company.

6.3 The Contractor will comply with any health, safety and environmental requirements imposed by law, the Company or any applicable authorities (as may be amended from time to time) in providing the Goods and Services.

7. DELIVERY

7.1 The Contractor must deliver the Goods and Services to the Delivery Point by the Delivery Date.

7.2 The Contractor will unload the Goods and Services at the Delivery Point.

7.3 Goods and Services will not be deemed delivered until the Company has certified in writing to the Contractor that it accepts the Goods and Services.

7.4 Time is of the essence in the performance of the Purchase Order by the Contractor.

8. INSPECTION

8.1 All Goods and Services are subject to final inspection. Such final inspection will be made within a reasonable time after the Delivery Date.

8.2 All Goods and Services are also subject to inspection and testing at all times and places, including during the period of manufacture.

8.3 The Contractor will provide all reasonable facilities and assistance for the safety and convenience of the Company's inspectors to allow them to conduct inspections.

9. DELAYS

9.1 If the Contractor becomes aware that it is unable to deliver Goods and Services by the Delivery Date, it must immediately advise the Company in writing of the cause and circumstances of the delay and the steps taken by the Contractor to mitigate the delay.

10. PASSING OF TITLE AND RISK

10.1 Title to the Goods will pass to the Company upon the earlier to occur of payment for the Goods and Services or delivery of the Goods and Services to the Delivery Point. Transfer of title will not affect the rights of the Company under the Purchase Order.

10.2 Risk in the Goods and Services will transfer from the Contractor to the Company upon the latter to occur of completion of unloading of the Goods and Services at the Delivery Point or completion of the final inspection under clause 8.

11. WARRANTY PERIOD

11.1 During the Warranty Period, where the Goods and Services are Defective the Company may, at its sole option, reject and return the Goods and Services or request re-performance of the Goods and Services at the Contractor's expense.

11.2 Any inspection or test carried out pursuant to this clause does not relieve the Contractor from any of its responsibilities and obligations under this Agreement.

12. PACKAGING

12.1 All Goods and Services must be packaged in accordance with any applicable shipping and transportation standards or regulations, and must conform to any relevant packaging specifications notified by the Company.

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13. QUALITY

13.1 Goods and Services must match the description stated in the Purchase Order. All Goods supplied must be of merchantable quality, new, unencumbered and must not be Defective.

13.2 The Goods and Services will comply with all applicable Australian Standards.

14. FEE

14.1 The Fee is firm and unalterable in all respects.

14.2 The Fee includes all costs incurred by the Contractor for supplying the Goods and Services and includes all packing, packaging, transportation, unloading and unpacking costs, taxes and compliance with all laws.

15. INVOICING

15.1 All invoices issued by the Contractor under the Purchase Order must be billed to the Company and sent directly to Accounts Payable, Arrow Energy Pty Ltd, GPO Box 5262, Brisbane, Queensland, 4001 or electronically via e-mail in PDF format to: invoicing@arrowenergy.com.au.

15.2 All invoices and delivery notifications issued by the Contractor to the Company must include the relevant purchase order number for the Goods and Services and an adequate description of the Goods and Services.

15.3 The Company will not be liable to pay any invoice which does not comply with the requirements of this clause 15.

16. PAYMENT

16.1 Subject to satisfactory performance by the Contractor in accordance with the provisions of this Agreement, the Company will pay the Contractor within 30 days of receiving an invoice which complies with clause 15.

16.2 The Contractor must promptly repay to the Company any amounts paid in excess of amounts due to the Contractor.

16.3 The Company may deduct from moneys due to the Contractor any money due from the Contractor to the Company including monies owing under any agreement between the Company and the Contractor.

17. TAXES AND OTHER EXACTIONS

The Contractor assumes exclusive liability under all laws that impose taxes and other exactions on the manufacture or sale of the Goods and Services, or any component part thereof, or on any process or labour involved therein or on any services to be rendered by the Contractor and to pay any and all such taxes except those the Company specifically agrees to pay in writing or is by law required to pay. Any taxes to be paid by the Company are to be separately stated on the invoice. Prices are not to include any taxes for which the Contractor has furnished a valid exemption certificate. Notwithstanding the above, the Fee stated in the Purchase Order is GST exclusive unless otherwise stated. All invoices issued by the Contractor must be GST compliant tax invoices.

18. INTELLECTUAL PROPERTY

18.1 Any Intellectual Property Rights created during the performance of the Purchase Order shall vest exclusively in the Company or its nominee.

18.2 The Contractor warrants that Goods and Services provided under the Purchase Order do not infringe any Intellectual Property Rights of a third party.

19. CONFIDENTIALITY

19.1 Each party must keep confidential all Confidential Information which comes to its knowledge, either directly or indirectly, and must not disclose any Confidential Information to any person except in accordance with this Agreement or with the prior written consent of the disclosing party.

19.2 Nothing in this Agreement requires the parties to maintain the confidentiality of any Confidential Information where:

- at the time the Confidential Information was first disclosed, the receiving Party was already in lawful possession of that Confidential Information;
- the Confidential Information was developed independently of the disclosing Party;
- the Confidential Information becomes generally available to the public other than as a result of the negligence of a Party or a breach of this Agreement; or
- disclosure of the Confidential Information is required by legislation or court order and the disclosing Party has provided written notice prior to disclosing the Confidential Information.

19.3 Upon receipt of written notice from the Company, or in any event at the termination or completion of this Agreement, the Contractor must immediately return to the Company or (to the extent the Company consents) destroy, delete or erase all copies of the Confidential Information in its possession and control.

20. RULES, POLICIES AND PROCEDURES

20.1 The Contractor confirms having received a copy of the Company General Business Principles, or alternatively, taken notice of the Company General Business Principles at:

http://www.arrowenergy.com.au/page/Careers/Suppliers/Supplier_Portal/Portal/

(Username: contractor and Password: arrowenergy1)

The Contractor agrees that neither it nor its Associated Entities nor any Contractor Personnel will violate any of the Company General Business Principles when performing work in connection with this Agreement or where the Contractor has adopted equivalent principles, will not violate such equivalent principles. In the event that the Contractor or any Associated Entity or any Contractor Personnel supply staff that work on behalf of the Company or represent the Company, the Contractor also commits that such staff will behave in a manner that is consistent with the Company General Business Principles.

21. REMOVAL OF PERSONNEL FROM SITE

21.1 The Company may direct the Contractor to have removed from Site any Personnel engaged by the Contractor who, in the Company's opinion, is incompetent, negligent, failing to strictly comply with the Company's policies and procedures, has broken the law or is not acting in the best interests of the Company.

22. INDEMNITY

22.1 The Contractor indemnifies the Company, its Related Bodies Corporate and Personnel, against any Loss suffered by the Company which may arise in connection with a breach of this Purchase Order by the Contractor or wilful misconduct or negligent acts or omissions of the Contractor, provided that the Contractor's liability shall be reduced to the extent that the Company, its Related Bodies Corporate or Personnel contribute to the Loss.

23. INSURANCE

23.1 The Contractor will obtain and maintain:

- Public Liability insurance for an amount of not less than AUD \$5,000,000 per occurrence;
- worker's compensation as required by law;
- Motor Vehicle, Third Party, Bodily Injury and Property Damage Liability Insurance for an amount of not less than AUD \$5,000,000 per occurrence;
- transit insurance for not less than the full replacement value of Goods and Services supplied under the Purchase Order;
- if applicable, Professional Indemnity Insurance for an amount of not less than AUD \$10,000,000; and
- any other insurance required by law.

23.2 On written request by the Company, the Contractor must provide certificates of currency for insurance retained in accordance with this Agreement. If certificates of currency are not produced within 7 days of receipt of written request, the Company may:

- withhold payment to the Contractor; or
- procure the appropriate insurance policies on behalf of the Contractor. The cost of any such insurance will be a debt due from the Contractor.

24. TERMINATION FOR DEFAULT

24.1 The Company may terminate the Purchase Order immediately if the Contractor:

- materially breaches this Agreement and fails to remedy the breach within 7 days of notice of the breach from the Company; or
- becomes insolvent or the subject of administration, liquidation, a proceeding for relief of debtors or makes an assignment for the benefit of creditors.

25. SEVERABILITY

25.1 If any provision of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the Company and the Contractor will negotiate an equitable adjustment of that provision with a view to continued performance under this Agreement insofar as is practicable and the validity or enforceability of the remaining provisions of these Purchase Order Terms and Conditions will not be affected.

26. ENTIRE AGREEMENT

26.1 This Purchase Order constitutes the entire agreement between the parties in relation to the purchase of Goods and/or Supply of Services under the Purchase Order, and it supersedes any prior agreements, negotiations or representations by the Parties.

27. GOVERNING LAW

27.1 This Purchase Order is governed by and construed and enforced in accordance with the laws of Queensland.