** Nexen Claim policy**

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**Nexen Metals Ltd. Quality Claim Policy**

This claim policy is a term of condition of Sale Agreement.

This document describes the policy and procedures for filing claims for stainless steel & aluminum products of Nexen Metals Ltd.

This claim policy only covers claims on Stainless Steel and Aluminum materials defects only. Nexen Metals dose not responsible or reimburse for any other charges mentioned or not mentioned here, such as back charges, inspection, tests, labor (i.e., backoff charges), freight, transfer charges ( to and from 3rd party processors), processing, business losses, or charges associated with claims resulting from material defects.

Any unauthorized deductions will be considered nonpayment and may lead to consequences include, but are not limited to, additional service fees on past due amounts, credit hold, subsequent orders’ shipping hold.

Nexen Metals supplies standard commercial quality products from our warehouse or directly from the manufacturer. We must be notified at time of purchase order placement of any special end-use requirements for our evaluation.

The claim will be declined if the technical investigation shows an unreasonable discrepancy end user requirements and defect extent or severity

Any claim for alleged shortages and/or defects or damage to products received by Buyer from Seller must be reported with pictures by Buyer to Seller in writing within seven (7) days of receipt of the products. After such seven (7) day period, Buyer shall be deemed to have irrevocably accepted the products, if not previously accepted. After such acceptance, Buyer shall not have any right to reject the products for any reason or to revoke acceptance. Buyer hereby agrees that such seven (7) day period is a reasonable amount of time for such inspection and revocation.

1. CRITERIA FOR MATERIAL REJECTION

a. Our guaranteed minimum yield is 97% based on the net weight of the materials.

b. Flatness tolerances of aluminum are per Aluminum Association standards. Minor optical chatter marks which are non dimensional and do not affect the inherent quality of the sheets will not be considered for rejection. Surface quality is normal for commercial mill finish which may have some roller marks that occurred during sheeting and may display occasional slight hairline scratches.

c. Defects need to be measured and recorded with Photos showing defects or excessive deviation as captured by a ruler or tape measure. It is necessary to have this evidence to successfully pursue such a claim.

d. It’s required to set aside the defected materials for our inspection

e. All rejected material must be properly identified with your P.O. Number, Nexen Metals Sales Order number, invoice number, grade, dimensions, and the original package weight. The most efficient method is to attach a copy of the corresponding mill test report / packing list.

f. We reserve the right to request return of the defective material.

NOTIFICATION OF REJECTION

The following must be provided:

1. A sample and/or photograph that clearly displays the nature of the defect. The samples must be marked with Nexen Metals claim number
2. A copy of the mill test report/packing list corresponding to the material under claim.
3. An accurate description of the defect(s) and the exact location(s).
4. Shape Defect – Samples are generally not required. However, please provide a digital photo with a ruler or tape measurement of the raw material and the location of the defect(s). Failure to provide these details information in a timely manner on the part of the customer many lead to a decline of the claim.
5. Claims of defective materials, shortage, or anything else which would be revealed by prompt inspection must be made in writing to Nexen Metals immediately and, in any event, within seven (7) days after receiving the materials so that any such claim can be investigated promptly. Buyer's failure to strictly comply with the claims procedure set forth in this section shall be a complete waiver and bar to any claim or to any setoff.

**Settlement of the Rejection**

1. A claim may be settled for raw material less scrap value. Scrap value will be calculated at the time of acceptance of the claim. We will refer to the American Metal market daily quotations to determine the scrap material value.

* A piece of defective material sample should be retained in any case, since the mill may request physical examination of the claim sample and completion of such examination may be necessary before the claim will be accepted or denied.
* The Mill may conduct review of the production and inspection records upon receipt of the sample or substantiating photo.
* If there is a disagreement between the customer's and the mill's opinion regarding the validity and extent of the claim, a thorough onsite inspection may promptly be performed to settle the matter.

1. No claim will be honored on material that has already been processed when it exceeds the limits specified in Part 1: Criteria for Material Rejection
2. No claim will be honored if the above procedures are not followed.
3. A claim initiated and presented by a third party will not be considered. Expenses or damage caused by third party processing is at buyer’s own risk.
4. All claims for water stains and/or hidden mill defects must be filed within 30 days of purchase date from Nexen Metals inventory
5. External damage of any kind is to be reported promptly upon receipt at client’s facility.
6. All shipments that arrive wet or damaged must be signed for as such on the delivering bill of lading with a copy provided to Nexen Metals
7. All materials that Nexen Metals agrees to accept for return must be securely skidded and protected d for standard shipping and handling. The package content must be properly tagged and identified.