



“**Buyer**” refers to AeroTek Manufacturing Ltd., a privately held company incorporated in the Province of Ontario.

“**Seller**” refers to the vendor/supplier/contractor or the like who is selling their product(s) and/or service(s) to AeroTek Mfg Ltd., and/or its customer(s).

“**Parties**” refers to the buyer and seller together with respect to this agreement.

“**Agreement**” refers to the contractual agreement being entered into by the parties.

1.0 Acceptance – In accepting the purchase order, the seller agrees to the terms and conditions contained herein.

2.0 Agreement – The agreement shall be governed by the laws of the Province of Ontario. The purchase order, including pertinent drawings, specifications, and all other information, if any, shall constitute the entire agreement between the parties and supersedes all prior offers, negotiations, and agreements relating to the subject matter. No condition inserted by the seller in acknowledging and accepting this order shall be effective unless such condition(s) is/are accepted by the buyer in writing. No waiver by the buyer of any default shall be deemed a waiver of any subsequent default. Either the buyer or seller may assign their rights under this contract, but neither may without the written consent of the other party delegate their performance to an assignee.

3.0 Shipping instructions and Invoicing – The seller agrees to properly prepare all goods for shipping so as to prevent damage in transit, to comply with the buyer’s shipping and/or routing instructions, and to ship in accordance with common carriers, in a manner so as to incur a minimum transportation cost. No additional charge shall be made against the buyer unless otherwise stated herein in connection with the foregoing. The seller bears all risk of loss, deterioration, or damage until the goods are delivered as required in the agreement. The seller shall be paid in cash or equivalent, as agreeable to the seller, after the date of goods/services and by the terms of the purchase order, upon the submission of properly certified invoices in duplicate, the prices stipulated herein for goods delivered and accepted or services rendered and accepted, less deductions, if any, as provided herein.

4.0 Delivery – Delivery shall be in accordance with this order and time is of essence. When the seller has reason to believe that a delivery will not be made as scheduled, written notice concerning the cause of the delay and estimated delivery date shall be forwarded immediately to the buyer. If shipment by premium transportation becomes necessary in order to fulfill the seller’s delivery requirement(s) of this agreement, transportation charges in excess of what the buyer has previously agreed to pay, shall be paid by the seller. Nothing contained in this article shall prevent termination by the buyer under the provisions of this order.

5.0 Warranty – The seller expressly warrants that all goods covered by this agreement will conform to the specifications, drawings, samples, or other information provided or specified by the buyer, and will be merchantable of good material and workmanship and free from defect. The seller expressly warrants that all goods covered by this agreement which are of the seller’s design or are the seller’s standard product or are in accordance with seller’s specifications, will be fit and sufficient, for the purpose intended. Payment for, inspection of, and acceptance of the goods shall not constitute a waiver of any breach of warranty. The warranties of the seller together with the service guarantees shall extend to the buyer’s customers. The seller must notify the buyer any nonconforming product shipped to the buyer.

6.0 Changes - No changes in this order shall be made by the seller without prior written amendment by the buyer’s authorized procurement representative. The buyer shall have the right to make changes and/or additions to the drawings, designs, and specification of material, specifically manufactured, to issue additional instructions, or to reduce or increase the quantities, or to modify the method of shipment, packaging, or place of delivery. If any such changes made cause an increase or decrease in the time require for, or the cost of, the performance of any part of this order, an equitable adjustment in the delivery requirement or contract price will be made and this order will be modified in writing accordingly. Any claim for adjustment under this provision must be asserted by the seller, in writing, within thirty (30) days from the date a change is ordered. Nothing in this provision, however, shall excuse a seller from proceeding with the order as changed. **Seller must notify the buyer any changes in producaterial so furnished. Seller will pay buyer replacement cost of buyer’s**

- 7.0 Buyer Furnished Property** – All drawings, materials, tool specification, data, and other items and information, furnished or specifically paid for by the buyer shall remain the property of the buyer, and shall be returned upon completion of the seller's work, without additional cost, shall be kept for filling orders for the buyer, shall be kept separate, and shall be clearly identified as the property of the buyer. The seller assumes all liability for loss and/or damage, with the exception of normal wear and tear, and agrees to supply detailed statements of inventory, as requested by the buyer. Neither the purchase order nor delivery to the seller of the buyer's property shall grant or convey to the seller any rights to reproduce the articles called for here under, the drawings, specifications, data, tool specification, or other information, for anyone other than the buyer. –Seller must notify Buyer any changes in product and/or process definition and, where required, obtain buyer's approval
- 8.0 Insurance** – The seller will carry adequate insurance (fire, theft, extended coverage) against unusual risks of loss covering any property belonging to the buyer, so long as such property is in the possession, control of, or transit from, the seller's facility, as delivery requirements called for herein. Said insurance shall be payable to the buyer and the seller as their interest may appear.
- 9.0 Indemnification** – The seller shall indemnify and hold harmless the buyer, its officers and employees, to the full extent of any liability, loss, damage, or other cost or expense by reason of alleged or actual property damage or personal injury arising out of, as a result of, or in connection with, any act or omission of the seller, its employees, agents, subcontractors, or lower tier subcontractors.
- 10.0 Patents** – The seller warrants that the sale or use of its products shall not infringe any Canadian or foreign patent, and the seller undertakes to indemnify the buyer against all judgements, decrees, costs, and expenses resulting from any alleged infringement and to defend, upon request of the buyer, its vendees, licensees, leasees, or assignees under any claim of patent infringement in the use or sale of the seller's products. The seller agrees to obtain like protection from its suppliers of materials or items incorporated in the products and/or services covered by this order.
- 11.0 Price Reduction** – If during the term of this order, the seller makes a general price reduction in the price of any of the products being purchased by this order, at the state quantities, an equivalent price reduction shall be applied to this order for similar quantities placed under this order and unshipped at the time of such general price reduction. Such newly established prices shall apply for the duration of this order, or until such prices are further reduced.
- 12.0 Taxes** – The purchase order shall not impose upon the buyer any liability for payment or reimbursement of any tax or taxes now, or hereafter, imposed by any taxing authority, upon the transaction(s) herein. Unless the seller in its acceptance of the purchase order and price quotation expressly specifies the nature and amount of tax to be added thereto, and such additional amount is further agreed to by the buyer. Any tax so imposed and not agreed to by the buyer shall be paid by the seller.
- 13.0 Default** – If the seller fails to make delivery or repudiates or if the buyer regretfully rejects the goods or revokes acceptance thereof then with respect to any goods involved, and with respect to the whole, if the breach goes to the hole of the contract, the buyer may cancel all or any part of the contract. Whether or not the buyer does so, the buyer may, in addition, recover from the seller, damages as to all goods affected whether paid or not, if they have been identified in the contract. The buyer may cover by making, in good faith, and without unreasonable delay any purchase of or contract to purchase goods, in substitution for those due from the seller. The buyer shall recover from the seller as damaged the difference between the cost of cover and the contract price together with any incidental or consequential damages, but less expenses saved in consequences of seller's breach. The foregoing shall not be the exclusive remedies of the buyer for any such breach by the seller, but the buyer shall be liable for any material so furnished. Seller will pay buyer replacement cost of buyer's materials or tools damaged charged back to the seller at full purchase order price plus all transportation charges.
- 14.0 Setoff and Withholding** – The buyer may set off any amount due from the seller, whether or not in the purchase order, against any amount due the seller hereunder. The buyer may withhold from payment to the seller an amount sufficient to reimburse the buyer for any loss, damages, expenses, or other costs or liabilities related to the seller's alleged or actual failure to comply with any requirement of the purchase order.
- 15.0 Termination** – Buyer may terminate under the purchase order in whole or in part at any time by written notice to the seller. Upon termination in whole or in part of this work under the purchase order by buyer pursuant to this section, seller will, as to the terminated portion of the purchase order, stop work immediately, notify subcontractors to stop work, and protect property in seller's possession in whole where buyer has or may acquire any interest. Except where such termination is occasioned by the default or delay of seller, seller may claim reimbursement on forms which buyer will furnish on request, for seller's actual costs incurred up to and including the date of termination which are properly allocable to, or apportionable under recognized accounting practices to the terminated portion of the purchase order, including liabilities to subcontractors previously billed or paid for, but excluding any charge for interest or any materials which seller may be able to defer to other orders. Seller may also be liable for any material so furnished. Seller will pay buyer replacement cost of buyer's materials or tools damaged charged back to the seller at full purchase order price plus all transportation charges. The total of such a claim shall not, however, exceed the cancelled commitment value of the purchase order.

- 16.0 Identification of Documentation** – All documents submitted to the buyer in connection with this order, eg: invoices, packing slips, correspondence, etc., shall be identified with the purchase order number, the applicable purchase order item number, buyer's part number, as applicable, and buyer's description of the item being purchased. Failure to comply with this provision may result in the rejection of documentation, the shipment, or both.
- 17.0 Insolvency of Seller** – If the seller shall become bankrupt, insolvent, or make an assignment for the benefit of creditors, during the term of this contract, this contract shall be deemed breached by the seller, and the buyer shall have the right to terminate this contract by serving written notice of such termination. Such termination shall not affect any claim for damages available to the buyer.
- 18.0 Waste Disposal** – If the purchase order is for the transportation, treatment, and/or disposal of waste, the buyer's liability ends once the seller's truck has been loaded.
- 19.0 Inspection** – Specifications – All goods shall be in accordance with the specifications specified on the purchase order and shall be subject to inspection and test by the buyer during manufacture where practical and at all other items and places. All goods shall be received subject to buyer's while in seller's possession. Goods returned to the seller will be inspection and acceptance regardless of source inspection, inspection or test of, or payment for. Acceptance by the buyer does not relieve seller of liability for latent defects or fraud. The buyer shall have the right to reject any goods found to be defective in materials, workmanship, or otherwise not in compliance with the requirements of the order and returned the same at seller's expense, or may require replacement or correction by seller. If any goods fabricated by seller from materials furnished by the buyer are rejected due to seller's fault or failure to meet requirements of this order, the seller shall pay buyer the replacement cost of the material so furnished. Seller will pay buyer replacement cost of buyer's materials or tools damaged charged back to the seller at full purchase order price plus all transportation charges.
- 20.0 Right of Entry** – Seller acceptance of the purchase order entitles buyer access to seller's premises and any place necessary to determine and verify the quality of contracted work, records, and materials. This includes, but is not limited to, source inspection, process, paperwork, or quality system audit, survey, or verification that all requirements and specifications stipulated by the purchase order are met or are being met. This right of entry shall also include buyer's customer(s), supplier(s), regulatory agencies, or representative(s) of the buyer.
- 21.0 Delegation of Supplier Verification to Subcontractors** – Where buyer has delegated product verification to seller, the buyer shall explicitly define the requirements for the delegation. The seller shall maintain explicit records to demonstrate compliance to specification and objective evidence to support seller verification.
- 22.0 Requirements Flowdown** – If seller is required to further subcontract work, materials, and/or inspection, it shall be the seller's sole responsibility to ensure that all terms, conditions, and specifications stipulated in the buyer's purchase order flow down to seller's subcontractor(s). Any characteristics not verifiable upon receipt of goods by buyer shall be controlled by seller or seller's subcontractor, in accordance with this and other provisions. This flowdown of requirements must include buyer's right of entry to seller or seller's subcontractor's premises, and seller or seller's subcontractor 's requirement to maintain and provide objective evidence to support verification of workmanship and compliance to all requirements of the buyer's original purchase order.
- 23.0 Certificates** - Where specified by the purchase order, a certificate of analysis or certificate of compliance must be supplied.
- 24.0 Test Reports/Specimens** - Where required by the purchase order, test reports and/or test specimens must be provided with the first delivery scheduled or a date to be specified by the purchase order.
- 25.0 Records** - All production, quality, and testing records must be maintained for a period of not less than 10 years. These records must be readily available for audit, review, and/or inspection, as per provision 17.0 above.
- 26.0 Partial Invalidity Waiver** – If any provisions of these Terms and Conditions or the purchase order hereunder are or become void or unenforceable, the other provisions shall remain valid and enforceable. Waiver of one provision of these Terms and Conditions by buyer shall in no way act as a waiver of any other provisions herein.
- 27.0 Assignment** – The seller shall not assign, sublet, or subcontract the purchase order, in whole or in part, without the prior written approval of the buyer.
- 28.0 Order of Precedence** – In the event of inconsistency among the provisions of the purchase order, such inconsistencies shall be resolved by giving precedence in the following sequence: (1) Provisions of the purchase order itself; (2) These terms and conditions; and (3) other documents, drawings, samples, exhibits or attachments.