

Airborne Engines Ltd.
STANDARD TERMS AND CONDITIONS (SCHEDULE "A")

These terms and conditions apply to all sales, services, rentals and exchanges of an engine, module, part and/or accessory ("Unit") provided by Airborne Engines Ltd. ("AEL")
7762 Progress Way, Delta, B.C. V4G 1A4, Canada; Phone: 604-244-1668; Fax: 604-244-1787

1. CUSTOMER SERVICES.

A. Purchase Orders and Proposals. AEL will commence work for a Customer only after it receives a valid Purchase Order from the Customer approving and accepting AEL's Final Proposal for the products or services it will provide. Upon acceptance of a Purchase Order AEL agrees to perform in accordance with the Purchase Order and these Terms and Conditions. Any changes desired by either party to a Purchase Order are hereby rejected and deemed null and void, unless mutually agreed to by both parties in writing. Any oral understandings are expressly excluded. AEL is not obligated to commence services on a Unit until it receives all required materials and records containing up-to-date Unit time, cycle or other required life-limiting Airworthiness information. AEL may retain all replaced or rejected parts unless other arrangements are made with the Customer.

B. Customer Furnished Material. Customer may supply parts agreed to by AEL. Such parts will require reinspection by AEL IAW the applicable Overhaul Manual criteria. Any part requiring reinspection will be noted as a separate line item on the final quote. AEL disclaims all liability for such parts and Customer will indemnify AEL from and against any and all claims, losses, costs and expenses for the performance of such parts. If Customer's delay in providing parts delays AEL's performance, AEL can supply the parts at Customer's expense.

C. Delay in Services. When a shipping schedule and/or a target turn-around-time are agreed to in writing, Customer acknowledges that the delivery and performance dates are based on the assumption that there will be no delay, non-delivery, or nonperformance due to customer delays or to causes beyond the reasonable control of AEL, including, but not limited to material shortages or delays in deliveries to AEL by third parties, acts of God, terrorism, fire and compliance with governmental regulations. To the extent that such causes delay performance, the schedule shall be extended for as many days beyond the date set as is required to obtain removal of such causes, so long as AEL has used reasonable efforts to avoid or remove such causes. If the excusable delay circumstances extend for six (6) months, either party may, at its option, terminate the Purchase Order under the provision of section 5.

2. SHIPMENT AND INSPECTION.

A. Shipment. Title and risk of loss, damage, or destruction of goods, shall pass to Customer upon delivery of the Unit Ex Works AEL Incoterms 2020 unless stipulated otherwise on the invoice. If requested, AEL will arrange shipping of a Unit from or to Customer, if the terms of shipment, rates and payment are agreed to in writing.

B. Inspection. If upon receipt of a Unit at destination and after inspection, Customer concludes that the Unit does not conform to the requirements of the Purchase Order, Customer shall, within five (5) business days after receipt of the Unit, notify AEL in writing and afford AEL a reasonable

opportunity to inspect the Unit and make any corrections it deems necessary. If the Customer gives such notice, it will remain obligated to pay the applicable invoice by the due date. Customer shall be deemed to have accepted any Unit delivered hereunder and to have waived any right to reject such Unit, if notice is not timely made.

3. PRICING AND PAYMENT.

A. Pricing. Customer shall pay to AEL the amounts set forth in a Purchase Order and any required additional charges, including, but not limited to: (i) any and all costs and expenses incurred by AEL due to any modifications made to the Purchase Order at the Customer's request; (ii) all costs incurred by AEL due to late receipt of Customer's Unit and/or all materials required from the Customer (such as logbooks) and that contribute to work interference and/or delays; (iii) the cost of any AEL engine container if not returned within 30 days after Customer's receipt of a Unit; (iv) charges due to Customer's termination of a Purchase Order or requiring a delay in the services; and (v) any and all taxes or fees, other than a tax upon the income of AEL, required to be paid by AEL, including without limitation, any tax or other fees resulting from the sale, shipping, storage, import/export or transfer of goods furnished hereunder.

B. Payment. Terms are net 30 days from date of invoice, unless otherwise specified in the Purchase Order or the invoice. AEL may delay shipment of a Unit until the outstanding invoice is fully paid, if it determines that the Customer may not pay the invoice when due. Customer shall not have the right to set-off any amounts it owes AEL by any amounts AEL owes Customer. However, AEL shall have the right to set-off any amounts owed by Customer against any amounts owed by AEL to Customer.

C. Delinquencies. In the event payments are not made in a timely manner, AEL may, singularly or in combination: (i) charge interest on the delinquency at a rate of .5% per week or the maximum rate permitted by law, if lower, for each month or part thereof on any delinquent payment; (ii) withhold future shipments under any Purchase Order until delinquent payments are made; (iii) deliver future shipments under any Purchase Order on a prepaid basis, even after the delinquency is cured; and (iv) recover all costs of collection, including reasonable attorneys' fees. AEL shall have a lien on a Customer Unit(s) and other personal property in its possession for all amounts owed or owing to AEL under any Purchase Order. If said amounts have not been paid by Customer within seventy-five (75) days of the date on which they are due, AEL shall have the right to file for abandonment of the Unit and to sell said property to satisfy the amounts due in addition to any other rights it may have at law or under these Terms and Conditions. Any amounts realized from any such sale in excess of the sums owed shall be credited toward future services. If a lien may not be placed on Customer's Units and other personal property, Rev: 6.1.2016

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AEL shall retain possession until the delinquent payments are made. Customer shall indemnify and hold harmless AEL as to any claims, suits, and all associated costs in the event a third party claims an interest in the property sold.

4. RESTRICTIONS AND LIABILITY.

A. Limited Warranty.

- (1) Honeywell T-53 Units: AEL warrants that for a period of 1,000 operational hours or two (2) years from delivery date, whichever first occurs, Units overhauled and/or repaired by AEL will be free of defects in workmanship based on the requirements of the manufacturer and FAA Regulations. When the requirements of a 5000 TBO standard are met, the warranty period shall be 2,000 operational hours or over four (4) years from delivery date, whichever first occurs.
- (2) Rolls-Royce M250 Units: AEL warrants that for a period of one year after the date of Customer's receipt of a Unit overhauled and/or repaired by AEL, the Unit will be free of defects in workmanship based on the requirements of the manufacturer and FAA Regulations.
- (3) For the warranty to be valid Customer must (a) send AEL written notice of a warranty claim within ten (10) days after the alleged defect is discovered or in the exercise of ordinary diligence should have been discovered; (b) not disassemble the Unit without prior approval from AEL; and (c) deliver the Unit to AEL within thirty (30) days after AEL received the notice. AEL will determine, in its sole discretion, whether there is a defect covered by this warranty. Units repaired by third party vendors will carry only the warranties as provided by the third party vendor. AEL will pass through to Customer any available manufacturer or third party parts warranties and will use commercially reasonable efforts to assist Customer with such warranty claims.
- (4) In the event AEL determines that the warranty claim is valid, AEL shall conduct the replacement or repair at a location it chooses and reimburse the Customer for reasonable freight charges. In no event shall any warranty allowances exceed the fair market value of the Unit or the defective part. In the event AEL denies the claim, the Customer can accept the Unit as is or place a Purchase Order for AEL to replace or repair it. If the Customer chooses not to proceed with replacement or repair, the Customer is responsible for any cost incurred by AEL due to the warranty claim as well as all packaging and freight charges.
- (5) This warranty is valid only if, following redelivery, the Unit (a) is transported, stored, installed, operated, handled, maintained and repaired in accordance with Airworthiness Directives and the then-current recommendations of the Unit manufacturer as stated in its manuals, service bulletins or written instructions; (b) was not altered, modified or repaired by anyone other than AEL; and (c) was not subjected to accident, misuse, abuse, operator error or neglect. It may not be

assigned to any other party without AEL's written agreement.

- (6) **It is expressly agreed and understood that there are no other warranties, whether expressed, implied or statutory, including warranties of merchantability or fitness for a particular purpose, affirmations of fact, guarantees, representations, commitments or promises by AEL with reference to the workmanship performed and materials used. In no event shall AEL be liable, whether in contract, tort, or otherwise for special, consequential, incidental or indirect damages arising out of the workmanship performed or material supplied by AEL in the overhaul or repair, including but not limited to loss of either revenues or profits, loss of use of the Unit, damage to other property or cost of substitute equipment. No agreement or understanding varying or extending the terms of this warranty shall be binding unless approved by AEL in writing.**

B. Import and Export Provisions. Customer shall be the importer/exporter of record and shall be responsible for obtaining and complying with any and all importer and exporter licenses or other authorizations and import taxes or fees which may be required by the countries of origin and destination for importing the Unit and other materials required by the Purchase Order and paying all costs and expenses incurred. Customer will provide all available information that is necessary or useful for AEL to receive and return the Units. The Customer also agrees to not re-transfer, re-export or divert any Units, if such re-transfer, re-export or diversion would be a violation of any U.S. export or sanctions laws. Any technical data or defense service exported from the United States in furtherance of this Purchase Order, and any defense article which may be produced or manufactured from such technical data or defense service, may not be transferred to a person in a third country or to a national of a third country except as specifically authorized in the Purchase Order unless the prior written approval of the U.S. Department of State has been obtained. This obligation will remain binding on the Customer after the termination of this Purchase Order. Customer represents and warrants to AEL that it will comply with all laws of the countries and territories where Customer operates which are applicable to the performance under this Agreement, including without limitation, the U.S. Foreign Corrupt Practices Act ("FCPA").

5. TERMINATION. AEL may terminate any Purchase Order of a Customer immediately, other than foreign governments, if (i) a receiver or trustee is appointed to manage any of the Customer's property; (ii) the Customer is adjudicated bankrupt, or application for reorganization under the Bankruptcy Act is filed by or against Customer which shall not be dismissed within thirty (30) days; (iii) the Customer becomes insolvent or makes an assignment for the benefit of creditors; (iv) the Customer takes, or attempts to take, the benefit of any insolvency acts; or (v) an execution be issued pursuant to a judgment rendered against the Customer that will interfere with its ability to pay all outstanding invoices. If either party terminates the Purchase Order, the Customer, its representative or trustee shall pay

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for work performed before termination and cancellation charges based upon status of work in process, parts purchased, facilities allocated, collection charges, storage and a reasonable allowance for profit.

6. STANDARD CONTRACT TERMS AND CONDITIONS.

A. Waiver. Any failure by either party to exercise any right granted by the terms and conditions of a Purchase Order or these Terms and Conditions shall not be construed as a waiver of such right or any other rights under such Purchase Order, and shall in no way affect the subsequent exercise of such right or of any other rights thereunder.

B. Confidentiality. Any disclosure made by one party to the other or by both parties to each other that constitutes a trade secret, information held by such party under a confidentiality agreement with a third party or information in which the disclosing Party holds proprietary rights shall be treated as confidential information. The Parties agree to use such confidential information with reasonable care, but in no event less than the same degree of care that is used to prevent the unauthorized use, disclosure or publication of such confidential information, unless it: (a) is publicly known or subsequently becomes publicly known through no breach of these Terms and Conditions or the Purchase Order; (b) is known to the recipient at the time of disclosure or is independently developed by the recipient; (c) is received from a third party who had a lawful right to disclose such Confidential Information; or (d) is disclosed by the recipient to satisfy a legal demand by a governmental entity.

C. Customer Indemnity. Customer will indemnify AEL from third party losses for damage to or destruction of any property (including the Unit) or any injury to or death of any person caused by Customer's use, operation, repair, maintenance, or disposition of the Unit; provided, however, Customer shall not be required to indemnify AEL for any losses caused solely by AEL's gross negligence or willful misconduct in its performance of services under a Purchase Order. Customer shall indemnify AEL from and against all losses resulting in injuries or damages suffered by employees of Customer while on AEL premises.

D. Limitation of Liability. The total liability of AEL shall not exceed the dollar value of the amounts paid by Customer for the services and parts provided. Neither Party shall be liable for indirect, special, incidental, punitive or consequential damages including, without limitation, loss of use, revenue or diminution of value whether as a result of breach of contract, warranty and any other claims at law or in equity including claims for fraud or tort. This limitation of liability does not apply to instances of gross negligence or willful misconduct by AEL.

E. Assignment. These Terms and Conditions may not be assigned by one party without the prior written consent of the other party, except that Customer's consent will not be required for an assignment by AEL to one of its affiliates.

F. Waiver of Immunity If Customer is incorporated or based outside the United States or Canada, to the extent that Customer or any of Customer's property becomes entitled to sovereign or other immunity from any legal action,

Customer waives its immunity in connection with the Purchase Order.

G. Notices. All Customer notices or communications to AEL shall be in the English language and addressed to 7762 Progress Way, Delta, B.C. V4G 1A4, Canada

H. Dispute Procedures and Jurisdiction. The laws of British Columbia shall govern the Purchase Order and these Terms and Conditions. Before any party may file any lawsuit with respect to any claims referring to or based on, in whole or in part, this Limited Warranty or the breach thereof, such party must first give AEL written notice of such claims. Within thirty (30) days after receipt by AEL of such written notice, the claims set forth in the written notice shall be submitted to non-binding arbitration before a mutually agreeable independent third-party dispute resolution service within the Province of British Columbia. The rules of the dispute resolution service shall apply to the arbitration. The arbitrator's fees and the cost of any reporter, (excluding transcripts, which should be ordered separately by each party), shall be paid proportionately by the disputing parties. Each party shall pay their own attorney's fees, expert's fees, witness fees, and the other costs associated with the arbitration. The parties agree that the dispute resolution service shall have authority to issue subpoenas compelling witnesses to attend the arbitration. Unless the parties agree otherwise in writing: (i) the arbitration shall be held within one hundred twenty (120) days of the date the arbitrator is appointed; (ii) the length of the arbitration shall be limited to two (2) business days; (iii) each party shall have approximately the same total period of time to present their direct and cross examination, opening argument, and summation, and (iv) the arbitrator shall file his/her opinion with the dispute resolution service within sixty (60) days after the conclusion of the arbitration session. The opinion and/or award of the arbitrator shall become binding unless either side files suit in any court in British Columbia within ten (10) days after the date the arbitrator's opinion is filed with the dispute resolution service.

I. Headings. The various headings herein are inserted for convenience only and will not affect the meaning or interpretation of these Terms and Conditions.

J. Restriction on Solicitation. Neither AEL nor the Customer will directly solicit the employment of any employee of either party who is in any way involved in the performance of an Purchase Order in process, plus a period of twelve (12) months thereafter; provided, the foregoing does not prohibit general solicitations of employment by publication not targeted at a specific individual or hiring a party's employee who first approached the other party.

K. Entire Agreement. The Purchase Order and any agreed upon changes and these Terms and Conditions constitute the entire agreement and understanding of the parties with regard to the rights and obligations of either party and merges and supersedes all prior communications, both oral and written, discussions, negotiations, understandings and agreements between the parties. No amendment to or waiver of these Terms and Conditions will be effective unless agreed to in writing.