Airborne Engines Ltd. – Standard Terms & Conditions

These Terms & Conditions apply to all sales, services, rentals, and exchanges of engines, modules, parts, and accessories ("Units") performed by Airborne Engines Ltd. ("AEL").

1. Scope

These Terms govern all business conducted with AEL, including maintenance, repair, overhaul, rental, exchange, parts sales, field support, and technical services. These Terms and Conditions supersede any prior versions and govern all current and future work performed by Airborne Engines Ltd. unless otherwise agreed in writing.

2. Work Scope & Inspection Authorization

AEL will begin work only after:

- The Customer's account has been approved (AEL-885), and
- A valid Customer Purchase Order has been received that defines the requested Work Scope (e.g., repair, overhaul, inspection).

Upon receipt of these items, AEL is authorized to perform the Inspection Process, which includes disassembly, cleaning, visual & dimensional inspection, non-destructive testing, and technical assessment required to assess the condition of the Unit and prepare a formal quotation in support of the Customer's defined Work Scope.

The Inspection Process is limited to determining condition and required maintenance. It does not authorize AEL to perform repair, overhaul, reassembly, or parts procurement. Inspection and teardown charges shall apply if the Customer declines the quotation or stops work following inspection.

The Customer's defined Work Scope governs all work performed by AEL and may not be expanded without written Customer approval.

3. Customer Approval Process

Following completion of the Inspection Process, AEL will issue a formal quotation detailing the work required to support the Customer's defined Work Scope.

Approval of the quotation in writing constitutes the Customer's acceptance of the work to be performed and authorizes Airborne Engines Ltd. to purchase required parts and materials, subcontract specialized processes, and perform the repair or overhaul work necessary to return the Unit to service as detailed in the quotation. By signing the quotation, the Customer accepts the quoted charges and acknowledges responsibility for payment of all work, parts, and services included therein. Airborne Engines Ltd. will invoice

the Customer in accordance with the approved quotation and any subsequently authorized changes.

AEL will proceed with repair, overhaul, or any further work only after:

- The Customer has approved the quotation in writing, and
- The required deposit has been received per Section 7.

Customer approval of the quotation includes acceptance of the estimated turnaround time, subject to parts availability and external processing lead times. Verbal approvals are not binding.

4. Scrap Material Disposition

Scrap material will be dispositioned according to the Customer's selections on the Customer Account Form (AEL 885) or as instructed in the signed quotation. If there is any conflict, the signed quotation takes precedence.

Airborne Engines Ltd. is bound to comply with Transport Canada requirements and OEM policies for the destruction of parts classified as scrap. When on site scrap disposition is selected or required by regulation, Airborne will permanently render the parts unusable. Life-limited components classified as scrap will be permanently mutilated regardless of the Customer's disposition preference.

If the Customer instructs Airborne to return scrap parts, responsibility transfers to the Customer at the time the instruction is communicated. Airborne Engines Ltd. is not responsible for loss, damage, shipping issues, or any regulatory obligations associated with Customer retained scrap. Shipping costs for returned scrap are the Customer's responsibility.

If the Customer elects on site scrapping, Airborne will hold the scrap parts for 30 calendar days. After this period, the parts will be permanently destroyed. Airborne is not responsible for replacing any parts destroyed after the hold period or if the Customer changes their decision.

5. Customer Supplied Material

Customer supplied parts may be accepted for installation when requested in writing and when accompanied by appropriate regulatory documentation. Customer supplied material requires additional administrative, inspection, traceability controls, and may impact warranty eligibility.

For work performed under the T53 Authorized Service Center Agreement, the installation of Customer Furnished Parts may be subject to an OEM mandated material compensation fee, calculated in accordance with the OEM's pricing policy. This fee, if applicable, will be identified on the quotation or invoice.

For all customer supplied material, Airborne Engines Ltd. reserves the right to apply handling, inspection, documentation review, or storage charges as required to meet regulatory and contractual obligations. Installation of customer supplied parts voids any applicable OEM warranty or support for the affected components or assemblies. AEL is not responsible for performance degradation, reliability issues, or operating limitations resulting from the use of Customer supplied material.

6. PMA (Parts Manufacturer Approval) Material

Airborne Engines Ltd. does not procure or install PMA parts unless explicitly requested by the Customer in writing. The Customer acknowledges that the use of PMA parts is considered Third-Party or Customer Furnished Material under OEM policy, and that installation of such parts voids any applicable OEM warranty, technical support, or performance assurance for the affected components or assemblies.

All PMA parts must be accompanied by appropriate regulatory documentation and are subject to traceability, inspection, and acceptance verification by Airborne Engines Ltd. Additional administrative, inspection, or OEM-mandated fees may apply when PMA material is installed. Any such fees will be identified in the quotation or invoice.

Airborne Engines Ltd. assumes no liability for the performance, suitability, or continued airworthiness of PMA parts selected or supplied by the Customer.

7. Credit, Deposits & Payment

All pricing is based on the approved quotation, and all payments to Airborne Engines Ltd. must be made in USD.

Standard payment terms are "Payment Prior to Shipment" unless the Customer has an approved credit account with AEL. Customers granted credit terms are eligible for Net 30-day payment terms at AEL's discretion. Credit terms may be revised or revoked at any time based on account performance or credit assessment.

A deposit of 25% of the quoted amount is required at the time of the Customer's approval or authorization to proceed. This requirement applies to all Customers, including those with approved Net 30 credit terms, except:

- Customers operating under an active Engine Support Agreement (ESA) with AEL
- Government agencies or contracts explicitly exempted under their procurement terms

For all other Customers, work will not begin and materials will not be procured until the required deposit has been received.

Customers with approved credit accounts must remain within their assigned credit limits. If approval of a quotation, deposit, or outstanding invoice would cause the Customer to exceed their credit limit, AEL may require full or partial advance payment for the amount exceeding the allowable credit range. Work may be delayed or suspended until sufficient payment is received to bring the account back within acceptable limits.

AEL may withhold shipment, release of Units, or return of components until all outstanding invoices, fees, and balances are paid in full.

Interest of 1.5% per month (18% per annum) applies to overdue balances. AEL reserves the right to place accounts on credit hold, require pre-payment for future work, or modify payment terms in response to late payments or changes in creditworthiness.

The Customer may not withhold, offset, or delay payment of any invoice for any reason, including disputes relating to performance, warranty, or workmanship. All disputes will be handled separately in accordance with AEL's warranty or service resolution processes, and do not relieve the Customer of the obligation to pay invoices when due.

8. Storage Fees

Once AEL notifies the Customer that a Unit is complete, ready for shipment, or ready for pickup, the Customer has 10 business days to provide shipping instructions or collect the Unit. After this period, storage fees may apply at AEL's standard rates. Storage fees may also apply if shipment is delayed due to unpaid invoices or Customer-requested delays.

After the 10-day period, the Customer is responsible for any risk of deterioration, corrosion, or damage associated with extended storage. AEL will take reasonable care of stored Units but is not responsible for conditions that arise from prolonged retention.

If a Unit remains in storage for more than 90 days without payment or Customer direction, AEL may classify the Unit as abandoned. AEL may dispose of abandoned Units in accordance with applicable laws, and any proceeds may be applied to outstanding amounts owed. Disposal does not relieve the Customer of remaining unpaid balances or storage charges.

9. Shipping, Title & Risk of Loss

Shipping instructions will follow the information provided in the Customer Account Form (AEL-885). In the event of any conflict, the shipping instructions specified on the Customer's Purchase Order will take precedence. Unless otherwise agreed in writing, all shipments are made EXW (Ex Works) AEL's facility under the latest applicable Incoterms.

All shipping costs, insurance, customs fees, duties, and taxes are the responsibility of the Customer. AEL will ship Units only in approved containers suitable for safe transport. If a Unit arrives in packaging that AEL deems not acceptable, structurally sound, or appropriate for return shipment, AEL will ship the Unit in an approved container and the associated cost will be charged to the Customer.

Risk of loss or damage transfers to the Customer when the Unit leaves AEL's facility or is handed over to the Customer's designated carrier, whichever occurs first. In the event of shipping damage, the Customer must submit a claim directly with the carrier. AEL will not consider any warranty-related requests arising from shipping damage unless the carrier has formally denied the claim in writing.

For inbound shipments, Units that are improperly packaged or inadequately protected may incur additional inspection or handling charges necessary to ensure safe disassembly or processing.

10. Inspection & Acceptance

The Customer is responsible for inspecting all Units, modules, and components upon receipt. Any concerns related to condition, paperwork, or shipment must be reported to AEL within 5 business days**.**

Shipping-related damage must be handled in accordance with Section 9 – Shipping, Title, and Risk of Loss**,** including contacting the carrier as the first point of claim.

If AEL does not receive notification within the 5-day period, the Unit will be considered accepted as delivered, and any further concerns will be managed under the applicable warranty policy.

Acceptance of a Unit does not affect the Customer's rights under AEL's warranty policy, which will be administered separately.

11. Warranty

All warranty coverage for engines, modules, components, and related services performed by Airborne Engines Ltd. is governed solely by the applicable AEL warranty policy. Customers must refer to the following documents for full details regarding coverage, exclusions, claim procedures, and limitations:

- AEL-427 – M250 General Warranty Policy
- AEL-428 – T53 General Warranty Policy

These warranty documents form the complete and exclusive warranty terms applicable to AEL's products and services. No warranties, express or implied, are provided beyond those stated in the applicable warranty policy. In the event of any conflict, the warranty documents listed above take precedence over any other statements or representations.

Warranty claims must be submitted in accordance with the procedures outlined in the applicable warranty policy. AEL will not evaluate shipping damage, installation damage, or handling issues as warranty claims unless the conditions set out in Section 9 – Shipping, Title, and Risk of Loss have been met.

12. Exchange Programs

AEL may provide exchange Units to support the Customer's operational requirements. For all exchange transactions, the Customer must return a core Unit of the same model and configuration within 30 days of shipment of the exchange Unit. Returned cores must be complete and suitable for overhaul; units that are disassembled, missing major components, contain unapproved parts, show abnormal damage, or otherwise fall outside expected condition may result in additional charges or reduced core credit.

Returned cores are evaluated upon receipt. If the actual condition differs from the assumptions used in the quotation, AEL may apply core condition adjustments**,** including charges for missing or expired life-limited parts, abnormal damage, corrosion, or determinations that the core is Beyond Economic Repair (BER)**.** Cores that are BER or otherwise unacceptable for exchange credit may be invoiced at the full replacement core value quoted.

Title to the exchange Unit transfers to the Customer only after AEL has received full payment for the transaction and a core that meets the requirements of this section. Returned cores become the property of AEL upon receipt.

13. Lien & Security Interest

Airborne Engines Ltd. retains a possessory lien and security interest in any Unit, engine, module, component, or other property in its possession for all amounts owed by the Customer relating to that Unit, including inspection, labor, parts, materials, storage, and other applicable charges. This lien remains in effect until all outstanding invoices and related amounts are paid in full.

If payment is not made when due, AEL may retain possession of the Unit and, subject to applicable law, enforce its lien rights, including the sale or disposal of the Unit, to recover unpaid amounts. Any proceeds will be applied first to costs of enforcement, storage, and sale, with the balance applied against outstanding invoices. Enforcement of lien rights does not relieve the Customer of responsibility for any remaining unpaid balances.

14. Limitation of Liability

To the extent permitted by applicable law, Airborne Engines Ltd.'s responsibility for any claim related to a Unit or service is limited to the amount the Customer actually paid AEL for the specific work or Unit involved.

AEL is not responsible for indirect, incidental, special, or consequential losses. This includes, but is not limited to, loss of revenue, loss of use, operational downtime, missed contracts, or costs associated with substitute aircraft, engines, or equipment.

These limits apply regardless of the reason for the claim, whether it relates to contract, workmanship, warranty, negligence, or any other cause. The limitation of liability remains in effect even after the Unit has been delivered, accepted, paid for, or if the transaction is later terminated.

15. Export & Regulatory Compliance

The Customer is responsible for complying with all applicable import, export, customs, sanctions, and trade control laws and regulations related to any Unit, part, or technical data provided by Airborne Engines Ltd.

The Customer represents that it is not a prohibited, restricted, or sanctioned party and that the Units will not be used, transferred, or re-exported in violation of applicable laws or regulatory restrictions. Where required, the Customer must provide accurate end-user, end-use, and destination information and complete any AEL-required certifications prior to shipment.

AEL may suspend or refuse work, shipment, or release of Units if required compliance documentation is incomplete, inaccurate, or raises regulatory concerns. AEL is not responsible for delays, costs, penalties, or losses resulting from the Customer's failure to meet export or regulatory compliance obligations.

16. Termination

Either party may terminate the transaction if the other party becomes insolvent, commits a material breach of these Terms, or fails to make payment when due.

The Customer may terminate the transaction at any time by written notice. In all cases of termination, the Customer remains responsible for all work performed up to the termination date. This includes inspection, labor, parts ordered or installed, subcontracted services, storage, and any applicable cancellation or restocking charges. Parts or services that have been ordered or committed and cannot be cancelled are billable in full.

Upon termination, AEL may suspend further work and retain possession of any Units in accordance with these Terms until all outstanding amounts are paid in full. Storage and abandonment provisions continue to apply after termination until the Unit is shipped or collected. AEL will release the Unit only after payment is received in full and shipping instructions are provided.

Sections relating to payment obligations, liens, limitation of liability, export and regulatory compliance, confidentiality, and governing law remain in effect after termination.

17. Confidentiality

Each party agrees to keep confidential any non-public technical, commercial, pricing, or proprietary information received from the other party in connection with the transaction. Confidential information may be used only for purposes directly related to the applicable work or services.

Confidential information does not include information that is publicly available, already known to the receiving party without restriction, or required to be disclosed by law or regulation. Airborne Engines Ltd. may disclose information as required to regulatory authorities, OEMs, approved subcontractors, auditors, or other parties as necessary to perform the work or meet regulatory and contractual obligations.

Confidentiality obligations remain in effect after completion or termination of the transaction.

18. Governing Law

These Terms are governed by and interpreted in accordance with the laws of the Province of British Columbia, Canada.

Any dispute arising out of or relating to these Terms or the applicable transaction will be resolved through binding arbitration conducted in British Columbia, unless a different process is required by applicable law. Nothing in this section prevents Airborne Engines Ltd. from seeking court relief to enforce payment obligations, lien rights, or security interests.

19. Entire Agreement

These Terms, together with the applicable quotation and Purchase Order, form the agreement between the Customer and Airborne Engines Ltd. They replace any prior discussions or understandings.

Airborne Engines Ltd. may agree to changes or exceptions to these Terms as part of a quotation, written correspondence, or other agreed documentation. Any such changes apply only to the specific transaction they relate to and do not modify these Terms for future work.