

ARNPRIOR AEROSPACE INC.
General Terms and Conditions of Purchase
Document AAI-SC001-00
Rev. 00, dated June 15, 2015

1. **ACCEPTANCE:** The Purchase Order, including all terms and conditions set out on the face of this Purchase Order and those documents incorporated herein by reference, is the exclusive agreement between Arnprior Aerospace Inc. (“Arnprior”) and Seller. Any terms and conditions that differ from those set forth in this Purchase Order are null and void unless accepted in writing by Arnprior. This Purchase Order will be deemed accepted upon the earlier of: (a) commencement of performance by Seller under this Purchase Order; (b) Seller’s acknowledgement of acceptance of this Purchase Order; or (c) five (5) business days following receipt by Seller of this Purchase Order. Arnprior may withdraw this Purchase Order at any time before it is accepted by Seller. Should a Long Term Agreement (“LTA”) be established between Arnprior and Seller for the Goods ordered under this Purchase Order, such LTA is incorporated herein by reference. Such LTA may include conflicting Terms and Conditions of Purchase; however, the Order of Precedence will be clearly established within any such LTA.
2. **PRICE:** Seller warrants that the price for this Purchase Order is equal to or less than the lowest price offered by Seller to any other customers or potential customers for comparable items or services at comparable quantities.
 - 2.1. **CURRENCY.** All prices and all payments will be made in the currency set out on the face of this Purchase Order. No adjustments will be made to any prices for changes to or fluctuations in currency exchange rates.
3. **PAYMENT:** Except as otherwise set out in this Purchase Order, payment terms will be Net Sixty (60) days, payable at the later of: (1) receipt by Arnprior of acceptable Goods or Services; (2) receipt by Arnprior of proper invoice; or (3) scheduled delivery date of the Goods or Services.

Seller shall issue an invoice with each shipment which must contain Arnprior’s Purchase Order number and which must refer to Arnprior’s legal name: Arnprior Aerospace Inc. Seller shall submit the invoice electronically to AccountsPayable@arnprioraerospace.com.

Without prejudice to any other right or remedy it may have, Arnprior reserves the right to set off at any time any amount owing to it by Seller against any amount payable by Arnprior under this Purchase Order.

4. **DELIVERY:** Time is of the essence for this Purchase Order. Seller shall strictly adhere to the shipment, delivery or completion schedules specified in the Purchase Order. Seller may deliver Goods up to ten (10) calendar days prior to the scheduled delivery dates; Goods shipped to Arnprior any earlier may be returned to Seller at Seller’s risk and expense, and Seller shall redeliver such Goods on the scheduled delivery date at its own expense. Arnprior also reserves the right to refuse or return at Seller’s risk and expense shipments made in excess of this Purchase Order.
 - 4.1. **DELAY.** In the event of any anticipated or actual delay, Seller shall promptly: (1) notify Arnprior in writing of the delay; (2) provide written reasons for the delay and actions being taken to overcome or minimize the delay; and (3) provide Arnprior with a written recovery schedule.

At Arnprior’s request, Seller shall ship the Goods via air or other expedited routing to avoid the delay or minimize the delay as much as possible. Seller shall be responsible for the costs of the expedited transportation and for coordinating the deliveries.

Arnprior may recover from Seller any damages, penalties, losses, costs or expenses suffered by Arnprior as a result of Seller’s delay. Seller’s failure to meet any of the scheduled on dock dates shall be a material breach and grounds for termination pursuant to the Termination for Default section hereunder.

Nothing in this Section 4 limits or restricts Arnprior’s rights, remedies or damages available under this Purchase Order, at law or in equity.

5. **SHIPPING:** The price includes all packaging costs. Seller shall pack the Goods to prevent damage, loss and deterioration, taking into account method of shipment, location of shipment and destination of receipt, as well as time associated with shipment. Seller shall comply with carrier tariffs. Arnprior will determine the preferred carrier for shipping of Goods and Seller shall comply by utilizing Arnprior's Preferred Carrier Program for all shipments. Title and risk of loss transfer to Arnprior at Seller's dock when shipped F.O.B. Origin. Only if specified in this Purchase Order will the price include shipping charges for Goods to the F.O.B. Destination, and in that case, title and risk of loss will transfer to Arnprior at Arnprior's dock. Seller shall provide written notice of shipment to Arnprior when the Goods are delivered to a carrier for transportation.

For Products shipped domestically, Seller shall make no declaration concerning the value of the Goods shipped, except on the Goods where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating. Arnprior may charge Seller for damage to or deterioration of any Goods resulting from improper packing or packaging up to and including the value of the Goods at time of receipt. Seller shall comply with any special instructions stated in this Purchase Order. Scheduled dates on the Purchase Order are the date the Goods are to be received at the Arnprior dock designated on the face of the Purchase Order.

- 5.1. **SHIPPING DOCUMENTATION:** Shipments by Seller must include packing sheets. Each packing sheet must include at a minimum the following: (a) Seller's name, address, phone number, and supplier code number; (b) Purchase Order and line number; (c) item number shown on the Purchase Order and description; (d) ship date for the Goods; (e) total quantity shipped and quantity in each container, if applicable; (f) legible pack slip number; (g) nomenclature; (h) unit of measure; (i) "Ship To" information; (j) warranty data and certification, as applicable; (k) serial number(s), as applicable; and (l) rejection tag number if applicable.
- 5.2. **SHIPMENT OF HAZARDOUS / NON-HAZARDOUS MATERIAL:** A shipment containing hazardous and non-hazardous materials must have separate packing sheets for the hazardous and non-hazardous materials. Items shipped on the same day will be consolidated on one bill of lading or airway bill, unless Arnprior's Buyer authorizes otherwise. The shipping documents will describe the material according to the applicable classification or tariff rating as well as include the Material Safety Data Sheets (MSDS). The total number of shipping containers will be referenced on all shipping documents. Originals of all government bills of lading will be surrendered to the origin carrier at the time of shipment.
- 5.3. **MEXICO SERVICIO DE ADMINISTRACION TRIBUTARIA AND CANADA BORDER SERVICES AGENCY INFORMATION:** For international shipments into Mexico or Canada, Seller must include, as a minimum, the following information:
- a. Full name & address of the shipper
 - b. Purchase Order number
 - c. Complete name & address of where the shipment is being sent
 - d. How the shipment is being sent
 - e. Incoterms
 - f. Complete description of what is being shipped, including Arnprior part number, product name/description
 - g. Quantity
 - h. Price
 - i. Total of each item
 - j. Grand total of value of everything that is shipping
 - k. If it is a repair item, the value of the part/parts shall be stated on one line and the second line shall show the cost of the repair. If it is a warranty repair/replacement that also must be mentioned instead.
- 5.4. **INSURANCE:** Unless otherwise authorized by Arnprior, Seller shall not insure any shipment where Arnprior is responsible for shipping costs. Where Seller is responsible for shipping costs, Seller shall insure product until arrival at destination.
- 5.5. **SHIPPING CONTAINER LABELS:** Seller shall label each shipping container with the Purchase Order number and the number that each container represents of the total number being shipped (e.g., Box 1 of 2, Box 2 of 2).

- 5.6. **CARRIER SELECTION:** The carrier and mode of transportation for all shipments along with the freight costs will be the responsibility of Arnprior unless otherwise specified on this Purchase Order.
 - 5.7. **SHIPPING INVOICES:** If Prepaid Freight has been authorized by Arnprior, Seller shall include copies of documentation supporting prepaid freight charges, if any, with its invoices.
 - 5.8. **BARCODE MARKING AND SHIPPING:** If Seller has been approved to utilize barcode labeling for shipping and packaging, Seller shall mark and package such shipments in accordance with the applicable barcode requirements for the location.
 - 5.9. **COUNTRY OF ORIGIN MARKING:** Seller shall mark Goods and/or its packaging with the country of origin in accordance with US Customs regulations as well as the regulations of the country of import if applicable.
 - 5.10. **NAFTA CERTIFICATE:** Seller shall provide to Arnprior (even if the Arnprior delivery point is located in the same North American country as Seller) the necessary product information to determine free trade program eligibility and export compliance matters. This may include but is not limited to harmonized tariff number, Export Control Classification Number, U.S. Munitions List category or Export Control List group, country of origin, free trade program eligibility and preference criteria.
 - 5.11. **UNITED STATES CUSTOMS AND BORDER PROTECTION'S CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT) AND CANADA BORDER SERVICES AGENCY, ENFORCEMENT BRANCH, PARTNERS IN PROTECTION (PIP)**
 - 5.11.1. C-TPAT is an initiative between business and government to protect global commerce from terrorism and increase the efficiencies of global transportation. The program calls for importers, carriers and brokers to establish policies to enhance their own security practices and those of their business partners involved in their supply chain. PIP is a Canada Border Services Agency (CBSA) security program designed to ensure importers, carriers, brokers and other program applicants that own or operate facilities in Canada directly involved in the importation or exportation of commercial goods, implement effective security practices to secure their supply chain and mitigate the risk of contraband smuggling.
 - 5.11.2. Seller agrees to work with Arnprior and appropriate industry and governmental agencies, as necessary, to develop and implement policies and processes consistent with the C-TPAT and PIP initiatives to ensure the safe and secure transport of Goods under this Purchase Order. Such practices may include but are not limited to the following:
 - a. Procedural Security – procedures in place to protect against un-manifested material being introduced into the supply chain;
 - b. Physical Security – buildings constructed to resist intrusion, perimeter fences, locking devices and adequate lighting;
 - c. Access Controls – positive identification of all employees, visitors and suppliers;
 - d. Personnel Security – employment screening, background checks and application verifications;
 - e. Security Training and Awareness – security awareness training and incentives for participation in security controls.
6. **WARRANTY:**
- 6.1. **PRODUCT.** Seller expressly warrants that all Goods and/or Services furnished under this Purchase Order will (i) be free from defect in materials and workmanship, conform strictly to all specifications and requirements of this Purchase Order, (ii) not infringe or misappropriate any third party's patent or other intellectual property rights, and (iii) be free from design defects for a period of four (4) years from date of delivery by Arnprior's customer to its customer. This warranty is in addition to all warranties implied in fact or at law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. Any applicable statute of limitation runs from the date of Arnprior's discovery of the noncompliance of the Goods with the foregoing warranties.

If there is a breach of this warranty, Arnprior may return such Goods, at Seller's expense, for repair, replacement, refund or credit at Arnprior's sole option. Refund or credit amounts will include the price of the Good and the amount of any costs associated with uninstalling or otherwise isolating the defective part.

Seller shall be responsible for any and all costs incurred by Arnprior and arising out of the breach of this warranty.

Any refund, credit or other amounts due to Arnprior by Seller related to Warranty shall be paid within sixty (60) days.

Nothing in this Section 6 shall be construed as restricting or limiting any rights or remedies of Arnprior under this Purchase Order, at law or in equity. All warranties shall run to Arnprior and its customers, and shall survive acceptance, subsequent use and/or resale or other disposition of the Goods or Services, as well as payment therefore, by Arnprior.

- 6.2. **TITLE.** Seller expressly warrants that it will transfer good title in the Goods and any materials or property supplied under this Purchase Order, and that all Goods, material or property delivered under this Purchase Order will be free of any liens, security interests, charges, encumbrances or rights of others.
7. **ARNPRIOR'S PROPERTY:** All designs, tools, patterns, drawings, specifications, trademarks, patents, or other information and all reproductions thereof, and any other property furnished to Seller by Arnprior, or paid for by Arnprior, are proprietary and confidential and will be the property of Arnprior. Seller shall use Arnprior's property only for the purpose of performing work under this Purchase Order. Seller shall not reproduce, disclose, or use Arnprior's property in the production, manufacture or design of any items for any other purchaser or for the manufacture of larger quantities than those specified by Arnprior, except with the prior written consent of Arnprior. Arnprior may demand the return of Arnprior's property at any time. Arnprior or Arnprior's delegate may remove Arnprior's property from Seller's facility, or wherever the property is located including Seller's subcontractor's facility, at any time. Seller shall be liable for all loss of, damage to or destruction of Arnprior's property and Seller shall, unless otherwise directed in writing by Arnprior, insure such property at Seller's expense in the amount equal to the replacement cost thereof. Seller shall clearly mark and maintain an inventory of Arnprior's property; such property shall be segregated or otherwise identifiable as belonging to Arnprior.
8. **TAXES:**
Goods and Services Tax – EXTRA
a. GST/HST must be shown extra, i.e. disclosed clearly and separately, not included in the unit price.
b. Seller's nine-digit GST/HST Registration Number must appear on all invoices.
Ontario Retail Sales Tax – EXEMPT
a. Ontario Retail Sales Tax Permit No. 0834-2679.
9. **LABOUR NEGOTIATIONS:** Seller shall provide Arnprior with status on Seller's labour contracts and pending negotiations, including that of Seller's subcontractors, except as may be prohibited by law.
10. **REVIEW OF SELLER CREDIT AND FINANCIAL CONDITION:** Upon Arnprior's request, Seller shall provide Arnprior with a copy of Seller's financial data, which may include but is not limited to, balance sheets, schedule of accounts payable and receivable, major lines of credit, creditors, income statements (profit and loss), cash flow statements, firm backlog, and headcount. Arnprior will treat such information as confidential and will use such information for the sole purpose of conducting credit and financial condition reviews. Seller shall comply with Arnprior's request within three (3) business days.
11. **CONFIDENTIALITY / PROPRIETARY INFORMATION:** The Non-Disclosure Agreement between Arnprior and Seller ("NDA") is incorporated by reference, and will remain in effect for the term of this Purchase Order notwithstanding any termination date stated therein.
- 11.1. Seller shall keep confidential and protect from unauthorized disclosure all confidential, proprietary, and/or trade secret information provided by Arnprior, as well as all electronic or hard copy documents and tangible items derived from or containing such information ("Confidential Information and Items"). Seller shall use such Confidential Information and Items only for the purpose of performing its obligations under this Purchase Order.

Seller's obligation of confidentiality shall survive the completion or other termination of this Purchase Order, and shall survive in perpetuity.

11.2. Upon completion of this Purchase Order, or upon earlier request by Arnprior, Seller shall return or destroy such Confidential Information and Items. Seller shall provide written certification that the Confidential Information and Items have been destroyed or returned as instructed by Arnprior. Arnprior shall be entitled to injunctive relief for any violation by Seller of this Section 11.

11.3. Seller agrees that Arnprior will have the right to disclose Confidential and/or Proprietary Information of Seller to Arnprior's customer for the purposes of complying with customer requests and requirements. When appropriate, Arnprior shall mark such information as confidential.

12. **INSURANCE:** Seller shall, at its own expense, maintain in full force and effect the following types of insurance and minimum coverage amounts:

- a. Commercial General Liability: per occurrence limit of \$1,000,000 and \$2,000,000 in the aggregate
- b. Worker's Compensation: as required by applicable statute
- c. Employer's Liability: \$1,000,000 each accident and disease
- d. Commercial Automobile Liability: per occurrence limit of \$1,000,000 and \$2,000,000 in the annual aggregate
- e. Aviation Liability: per occurrence and policy aggregate limit of \$10,000,000

Upon written request from Arnprior, Seller shall provide certificates of insurance reflecting full compliance with the above requirements. The certificates of insurance shall name Arnprior Aerospace Inc. as an additional insured and contain the provision that the insurance shall not be materially changed or cancelled without at least thirty (30) days prior written notice to Arnprior. Nothing in this Section 12 limits Seller's liability to the extent of any insurance coverage procured by Seller. Arnprior has no obligation to review or verify the existence of Seller's insurance. The consent of Arnprior to the insurance and limits as shown above shall not be considered as a limitation of Seller's liability under this Purchase Order nor an agreement by Arnprior to assume liability in excess of said amounts or for risks not insured hereunder. Except where prohibited by law, Seller shall require its insurer to waive all rights of subrogation against Arnprior's insurers and Arnprior.

13. **INDEMNITY:** Seller shall, at its own expense, defend, indemnify and hold harmless Arnprior, its parent company, subsidiaries, successor, assigns and affiliates, and their officers, directors, employees, shareholders and agents from and against all losses, injury, death, damages, liabilities, deficiencies, suits, claims, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance claims, arising from or occurring in connection with (i) the Goods; (ii) Seller's performance or nonperformance under this Purchase Order, or the performance of Seller's subcontractors or other third parties under Seller's control; or (iii) any claim that Arnprior's use or possession of the Goods infringe or misappropriates the patent, copyright, trade secret or other intellectual property right of any third party. In no event shall Seller enter into any settlement without Arnprior's prior written consent.

14. **INFRINGEMENT:** Seller shall, at its own expense, defend, indemnify and hold harmless Arnprior, its parent company, subsidiaries and affiliates, and their officers, directors, employees, shareholders and agents from and against all losses, damages, liabilities, deficiencies, suits, claims, actions, judgments, interest, awards (including, but not limited to, awards based on intentional infringement of patents known at the time of such infringement, exceeding actual damages, and/or including attorneys' fees and/or costs), penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees, related to the actual or alleged infringement of any United States or foreign intellectual property right (including, but not limited to, any right in a patent, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or documents) and arising out of the manufacture, sale or use of the Goods by either Arnprior, its customers or the end-users. Seller shall have no obligation under this Section 14 with regard to any infringement arising from: (i) Seller's compliance with formal specifications issued by Arnprior where infringement could not be avoided in complying with such specifications (this exception does not apply to specifications that reflect one or more industry standards); or (ii) the use or sale of Goods for other than their intended application.

15. **LIMITATION OF LIABILITY:** Except to the extent expressly provided for in this Purchase Order, Arnprior shall not be liable for any loss or damage arising from a termination pursuant to this Purchase Order. Should a termination for default pursuant to Section 18 be found as wrongful, such termination will be deemed to be a termination for convenience pursuant to Section 17, and Arnprior's liability will be limited to the extent provided for in that Section 17.

IN NO EVENT SHALL ARNPRIOR BE LIABLE TO SELLER FOR LOST PROFITS OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY NATURE ARISING IN CONNECTION WITH, OR OUT OF, THE PERFORMANCE UNDER OR TERMINATION OF THIS PURCHASE ORDER.

16. **CHANGES:** Arnprior may direct a change to the Purchase Order by providing Seller with written notice of the change. Such changes may include but are not limited to: (i) specifications, technical requirements and descriptions, drawings, engineering, and statement of work; (ii) shipment and packing instructions; (iii) place of delivery; (iv) quantities; (v) terms and conditions; and (vi) quality requirements.

Seller shall immediately comply with the change in accordance with the notice from Arnprior.

If Seller believes that Arnprior has directed a change through actions or instructions other than by providing written notice, Seller shall immediately notify Arnprior prior to complying with such change. Arnprior will advise Seller in writing if such actions are intended to constitute a change to the Purchase Order performance under this Section 16.

If such change results in an increase or decrease in cost or schedule, Seller and Arnprior shall negotiate an equitable adjustment. Seller must assert to Arnprior (i) any claim for adjustment within twenty (20) calendar days of Seller's receipt of the change notice; and (ii) all supporting documentation no later than fifty (50) calendar days after Seller's receipt of the change notice. The claim for equitable adjustment must include all information requested by Arnprior and must contain sufficient detail to support the amount requested by Seller. Arnprior may direct the disposition of any excess or obsolete materials, property, or Goods included in the adjustment.

17. **TERMINATION FOR CONVENIENCE:** Arnprior may terminate this Purchase Order, in whole or in part, at any time by written notice to Seller. Upon receipt of such notice or at the effective date specified in such notice, Seller shall: (i) immediately stop work as specified in the notice; (ii) immediately terminate its subcontracts and purchase orders related to the work terminated; (iii) incur no further costs of performance related to the work terminated; (iv) at Arnprior request, transfer title (to the extent not previously transferred) and deliver to Arnprior all partially or completed Goods, supplies, materials, work-in-process, tooling, and manufacturing drawings and data produced or acquired by Seller for the performance of this Purchase Order and all Confidential Information and Items; and (v) take such other action as may be necessary, and as directed by Arnprior, to facilitate the termination of the Purchase Order and reduce the costs of performance.

In the event of cancellation by Arnprior of the Purchase Order, Arnprior's liability will be limited to the work in process and the purchase price of components or raw materials that cannot be returned, canceled or reasonably utilized for other orders by Arnprior or other customers. Seller shall also make all attempts to return material for credit to minimize cancellation charges. Arnprior shall be liable for the purchase price for any previously finished Goods under the cancelled Purchase Order but in no event shall Arnprior be obligated to pay for the Good until it has been received, inspected and accepted or, at Arnprior's request, the Good has been rendered unusable and scrapped by Seller and confirmation has been sent to Arnprior.

Seller may submit a written termination claim to Arnprior. Seller must submit to Arnprior (i) the termination claim within twenty (20) calendar days of Seller's receipt of the termination notice; and (ii) all supporting documentation no later than fifty (50) calendar days after Seller's receipt of the termination notice. The termination claim must include all information requested by Arnprior and must contain sufficient detail to support the amount claimed by Seller. Arnprior may direct the disposition of any excess or obsolete materials, property, or Goods included in the termination claim.

18. **TERMINATION FOR DEFAULT:** The occurrence of one or more of the following events shall be considered an Event of Default:
- a. Seller fails to deliver any Good as required by this Purchase Order, except in the event of a Force Majeure as specified in Section 19;
 - b. approval of Seller's Quality Assurance System is revoked;
 - c. Seller fails to provide an acceptable Assurance of Performance within the time specified in Section 22;
 - d. (1) the suspension, dissolution or winding-up of Seller's business, (2) Seller becomes insolvent, or is unable to pay its debts, or its nonpayment of debts, as they become due, (3) the institution of reorganization, liquidation or other such proceedings by or against Seller or the appointment of a custodian, trustee, receiver or similar person for Seller's properties, assets or business, (4) an assignment by Seller for the benefit of its creditors, (5) any action of Seller for the purpose of effecting or facilitating any of the foregoing, or (6) the occurrence of any similar event; or
 - e. Seller fails to comply with any obligations set out in this Purchase Order other than those obligations set out above in paragraphs a) through d), and such failure is not remedied within ten (10) business days of Seller receiving notice from Arnprior identifying Seller's failure.

Upon the occurrence of an Event of Default, Arnprior may immediately cancel all or part of any Purchase Order. Following cancellation, Arnprior shall not be obligated to accept any further Goods under the cancelled Purchase Order. However, upon Arnprior's request, Seller shall transfer title to Arnprior and deliver to Arnprior or Arnprior's designee any or all: (1) tooling; (2) completed Goods; (3) manufacturing materials, raw material, incomplete or completed components and assemblies, work-in-process, and partially-completed Goods; (4) material and tooling furnished or paid for by Arnprior; and (5) Confidential Information and Items. Arnprior is not liable for Seller's costs on undelivered work. Seller shall be entitled to reasonable compensation for any delivered Goods or materials for which Seller was not already compensated; however, such compensation will not be paid directly to Seller but rather set off against any amounts owed by Seller to Arnprior.

Seller shall be liable to Arnprior for any damages, losses, costs or expenses incurred by Arnprior as a result of a termination by Arnprior under this Section 18, including any excess costs incurred by Arnprior in acquiring supplies, products or services similar or identical to those terminated for default. Nothing in this Section 18 limits or restricts Arnprior's rights, remedies or damages available under this Purchase Order, at law or in equity.

19. **FORCE MAJEURE:** If either Party is unable to perform any of its obligations under this Purchase Order by reason of fire, floods, earthquakes, explosion, epidemic, war, invasion, hostilities, terrorist acts, riots, embargoes or industrial disturbances or other casualty, act or order of a public authority, Act of God, or other cause beyond the reasonable control of such Party, without such party's fault or negligence (each, a "Force Majeure Event"), then such Party shall provide to the other party prompt written notice describing the nature and effect of such Force Majeure Event and such Party will be excused from such performance of the Purchase Order for the duration of such cause, provided however, that such party shall use all diligent efforts to end the failure or delay of its performance, ensure that the effects of any such Force Majeure Event are minimized. In the event such inability to perform continues longer than thirty (30) calendar days, either Party may terminate this Purchase Order without further obligation or liability by giving a ten (10) day written notice to the other Party. For the purposes of this Section 19, Seller's economic hardship, changes in market conditions, or a failure of Seller to obtain materials, parts, or services (unless such failure is caused by a Force Majeure Event or Arnprior was to supply such materials, parts, or services to Seller) are not considered Force Majeure Events.
20. **SUSPENSION OF WORK:** Arnprior may at any time issue a "stop-work order" to Seller requiring Seller to suspend all or any part of the work under this Purchase Order for a period of up to one hundred and fifty (150) days. Seller shall immediately take all steps necessary to comply with the terms of the "stop-work order" and minimize any additional costs.

Prior to the expiration of the “stop-work order”, Arnprior shall:

- a. terminate the work affected by the “stop-work order” in accordance with Section 17 or 18, as applicable;
- b. cancel the “stop-work order”; or
- c. extend the period of the “stop-work order” as mutually agreed upon between Seller and Arnprior.

If the “stop-work order” is cancelled or expires, Seller shall promptly resume work. If the suspension of work has resulted in an increase or decrease in costs, Seller and Arnprior shall negotiate an equitable adjustment.

21. **ARNPRIOR TECHNICAL / MANUFACTURING ASSISTANCE REGARDING SELLER’S NONPERFORMANCE:** As required by Arnprior, Seller shall reimburse Arnprior for all Arnprior resources expended in providing Seller and/or Seller’s subcontractors with technical or manufacturing assistance in resolving Seller nonperformance issues as negotiated between Seller and Arnprior.

22. **ASSURANCE OF PERFORMANCE:** If Arnprior determines that it is not sufficiently assured of Seller’s full, timely, and continuing performance under this Purchase Order, or if Arnprior has other reasonable grounds for insecurity with respect to the performance of Seller, Arnprior may in writing demand adequate assurance of full, timely, and continuing performance from Seller (“Assurance of Performance”). Seller shall deliver each Assurance of Performance to Arnprior within five (5) business days following receipt of Arnprior’s request. Each Assurance of Performance must include all information reasonably requested by Arnprior. Except with respect to payment for accepted Goods, Arnprior may suspend all or any part of Arnprior’s performance under this Purchase Order until Arnprior receives an Assurance of Performance that is acceptable to Arnprior in form and substance.

Upon Arnprior’s request, Seller shall promptly make members of Seller’s senior management, and any other relevant employees, available to meet with Arnprior representatives in order to discuss any request for or submittal of an Assurance of Performance. Seller shall also provide any additional information, documents, or other materials that Arnprior may reasonably request.

23. **RESPONSIBILITY FOR PERFORMANCE:**

23.1. **FACILITIES AND EQUIPMENT.** Seller shall be responsible for all aspects of the performance of its obligations under this Purchase Order. Seller shall bear all risks of providing adequate facilities and equipment for performing its obligations hereunder. Should any facilities or equipment become unavailable, Seller shall be responsible for locating similar facilities and equipment at no cost to Arnprior. Failure to locate an alternate facility or equipment will not relieve Seller from its obligations hereunder. Prior to moving any work to an alternate facility, Seller must obtain written approval from Arnprior.

23.2. **SUBCONTRACTING.** Seller shall remain responsible for the actions and omissions of its subtiers providing products or services in support of this Purchase Order. No subcontracting by Seller shall relieve Seller from its obligations hereunder. Use of a source approved by Arnprior or Arnprior’s customer will not constitute a waiver of Seller’s obligations under this Purchase Order. Seller shall maintain complete and accurate records regarding all subcontracted items, processes and/or other services, and make those records available to Arnprior upon request and at no cost.

23.3. **RELIANCE.** Arnprior has issued this Purchase Order at least in part based upon Arnprior’s reliance on Seller’s ability, skill and expertise in performing its obligations hereunder with the awareness of the intended use of the Goods. Seller understands and agrees that Arnprior and Arnprior’s customers may rely on Seller as an expert, and Seller will not deny any responsibility or obligation hereunder to Arnprior or its customers on the grounds that Arnprior or its customers provided recommendations or assistance in any phase of the work performed under this Purchase Order, including but not limited to Arnprior’s acceptance of specifications or test data related to the Goods.

24. **FLOW-DOWNS:** Seller shall comply with all applicable customer flow-down requirements identified by Arnprior, which are hereby incorporated by reference. These flow-down requirements include any applicable individual customer flow-down documents provided by Arnprior.

25. **QUALITY REQUIREMENTS:** Seller shall comply with the quality requirements set forth in Arnprior document QR001, “Arnprior Aerospace Supplier Quality Requirements”, which is hereby incorporated by reference, as well as those quality requirements identified in any applicable flow-down documents.

26. **CONFLICT MINERALS:** As a supplier to customers publicly traded in the United States of America, Arnprior must comply with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the U.S. Securities and Exchange Commission (SEC) rules and regulations, by performing due diligence on, and making disclosures concerning, its use of conflict minerals originating in the Democratic Republic of Congo and adjoining countries. Arnprior requires Seller to similarly comply with these requirements.

Seller shall respond to information requests from Arnprior regarding the uses and sources of conflict minerals (tin, tungsten, tantalum and gold) in Seller’s Goods including information about minerals that are recycled or scrap. Arnprior is committed to responsible sourcing of conflict minerals. Arnprior strongly encourages its supply chain to develop a policy which addresses conflict minerals sourcing, and Arnprior requires its supply chain to (i) be DRC conflict-free as defined in the SEC conflict minerals final rule, (ii) source from smelters validated by an independent private sector audit firm, and (iii) provide Arnprior with its smelter names.

27. **CONTINUOUS COST IMPROVEMENT:** Seller and Arnprior shall strive to identify and implement cost reduction opportunities. Arnprior and Seller shall periodically review such opportunities, and work towards establishing targets. Where Arnprior and Seller identify cost improvements beyond those previously anticipated, identified and documented in the price, Seller and Arnprior will mutually agree upon the amount of savings and how those savings will be shared between the Parties.

At any time during the performance of this Purchase Order, Arnprior may offer Seller specific recommendations to reduce Seller’s costs or improve the performance of the Goods. Notwithstanding any other terms elsewhere in this Purchase Order, Seller agrees to reduce the price accordingly where a saving is identified and documented. Any recommendations by Arnprior will not relieve Seller of its obligations under this Purchase Order.

28. **STRATEGIC SUPPLY CHAIN ALIGNMENT:** Arnprior may assign all or part of this Purchase Order to a third party who is under an obligation to supply Arnprior with products that incorporate or otherwise require Seller’s Goods. Arnprior will notify Seller of the effective date of such assignment. As of the effective date of such assignment, Seller releases Arnprior from any and all claims, demands and rights which it has or may hereafter have against Arnprior in connection with the assigned Purchase Order. Arnprior will require that the assignee assume and perform all obligations owed to Seller under the assigned Purchase Order.

29. **NOTICE:** All notices required hereunder will be in writing and will be deemed to have been given: (a) when delivered by hand; (b) when received by the addressee if sent by an overnight courier; (c) on the date sent by facsimile or e-mail of a PDF document if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail. Such communications must be sent to the respective Parties at such address that may be designated by a Party from time to time in accordance with this Section 29. Arnprior’s address is as follows:

Director, Supply Chain
Arnprior Aerospace Inc.
107 Baskin Drive East
Arnprior, Ontario, Canada K7S 3M1
Telephone: (613) 623-1800
Email: GRPPurch@arnprioraerospace.com

30. **ORDER OF PRECEDENCE:** In the event of a conflict or inconsistency between any of the terms of the below documents, the order of precedence will be as follows:

1. Long Term Agreement and its Schedules (if applicable)
2. Written or typed Terms on Arnprior’s Purchase Order
3. Printed Terms and Conditions of Arnprior’s Purchase Order
4. These Terms & Conditions and the Arnprior Aerospace Supplier Quality Requirements

In no case will any of the preceding documents represent technical drawing or specification information, and should such information appear in any of these documents, the Arnprior drawing or specification in effect will supersede.

31. DISPUTES:

31.1. **NEGOTIATION.** The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Purchase Order promptly by negotiations between Party representatives who have authority to settle the controversy. If the matter has not been resolved within a reasonable time, either Party may initiate mediation of the dispute as provided hereinafter. All negotiations pursuant to this paragraph are confidential and will be treated as settlement communications and discussions.

31.2. **MEDIATION.** If the dispute has not been resolved by negotiation, the Parties shall endeavor to settle the dispute by mediation through a mutually acceptable mediation service. The fees and expenses of the mediator will be shared equally by both sides. The mediator will not have any authority to make any binding decisions nor any findings of fact or conclusions of law that may bind the Parties in any subsequent proceedings.

31.3. **BINDING ARBITRATION.** The Parties hereto agree that any claim, controversy or dispute arising out of or in connection with this Purchase Order, or in respect of any legal relationship associated with or derived from this Purchase Order (a "Dispute"), will be resolved through binding arbitration pursuant to the provisions of the *Arbitration Act, 1991*, S.O. 1991, c. 17 or any successor statute thereto (the "Arbitration Act"), as modified by the following provisions:

- a. The arbitration will be commenced by written notice demanding arbitration under this Purchase Order (the "Arbitration Notice") to each other Party that may be affected by the outcome of the Dispute and the Arbitration Notice must contain a reference to this Purchase Order and a brief statement identifying the issue(s) in dispute;
- b. The arbitration will be conducted by a single arbitrator located in the City of Ottawa, Province of Ontario, Canada. If the Parties cannot agree upon an arbitrator, an arbitrator will be appointed by a court of competent jurisdiction on the application of any Party hereto. The language to be used in the arbitral proceedings will be English;
- c. The decision arrived at by the arbitrator will be final and binding upon the Parties hereto and no appeal shall lie therefrom. An arbitral award may be entered in and enforced by any court of competent jurisdiction; and
- d. The unsuccessful Party will bear the costs of the arbitration, as well as the costs of the successful Party.

31.4. **EXCLUSIVE REMEDIES.** The procedures specified in this Section 31 will be the sole and exclusive procedures for the resolution of disputes between the Parties arising out or relating to this Purchase Order except for those disputes arising out of the NDA referred to in Section 11 of this Purchase Order, provided, however, that either Party may resort to judicial proceeding as specified herein if interim resort to the courts is necessary to prevent irreparable injury to a Party or to third parties. For the purposes of this paragraph 31.4, each Party to this Purchase Order submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario. Nothing in this Section 31 limits the dispute mechanism established in the NDA referred to in Section 11; in the event of a dispute arising out of that NDA, the dispute mechanism established in the NDA will apply. Each Party shall continue to perform its obligations under this Purchase Order pending final resolution of any Dispute. All applicable statutes of limitation and defences based upon the passage of time shall be tolled while the procedures specified in this Section 31 are being pursued.

32. **COMPLIANCE WITH LAWS:** Seller shall be responsible for complying with all applicable legal requirements, including but not limited to all federal, state, provincial, and local laws, statutes, regulations, ordinances, rules, decrees, judgments, orders, and/or registrations applicable to its performance under this Purchase Order.

32.1. ECONOMIC SANCTIONS. Arnprior cannot accept delivery of goods or services that originate, either directly or indirectly, from sources subject to economic sanctions, including but not limited to sanctions imposed by the U.S. Government or the Government of Canada. Details on existing Canadian sanctions can be found at: <http://www.international.gc.ca/sanctions/index.aspx>. Details on existing U.S. sanctions can be found at: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

It is a condition of this Purchase Order that Seller shall not supply to Arnprior any goods or services which are subject to economic sanctions.

By law, Seller must comply with changes to the regulations imposed during the term of this Purchase Order. During Seller's performance of this Purchase Order should the addition of a country to the list of sanctioned countries or the additions of any goods or services to the list of sanctioned goods or services cause an impossibility of performance for Seller, the situation will be treated by the Parties as a force majeure. Seller shall forthwith inform Arnprior of the situation; the procedures applicable to a Force Majeure Event as set forth in Section 19 will then apply.

32.2. EXPORT CONTROLS. Both Parties shall comply with all applicable export, import, and sanctions laws, regulations, orders, and authorizations, applicable to the export, re-export, transfer or import of goods, hardware, software, technology, or technical data ("Items") or services under this Purchase Order, including without limitation the U.S. Export Administration Regulations (EAR), the U.S. International Traffic in Arms Regulations (ITAR), the Canadian Export and Import Permits Act (EIPA), the Canadian Export Control List (ECL), and the Canadian Controlled Goods Regulations (CGR) (collectively, "Export/Import Laws").

The Party conducting the export, re-export, transfer or import shall obtain all required authorizations under the Export/Import Laws. Each Party shall reasonably cooperate with and support, at its own expense, the other Party in obtaining any necessary permits, licences or authorizations required to perform its obligations under this Purchase Order.

Upon request, the Party providing Items or services under this Purchase Order shall provide the other Party with the export classification category of the Items or services, including the export classification category of any components or parts thereof if they are different from that of the Item or service (e.g. the Export Control Classification Number under the EAR, the category under the U.S. Munitions List, or the Export Control List group).

33. ETHICS & CODE OF CONDUCT: Arnprior is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Arnprior's expectation is that Seller will also conduct its business fairly, impartially and in an ethical manner. Arnprior's further expectation is that Seller will have (or will develop) and adhere to a code of ethical standards. If Seller has cause to believe that Arnprior or any employee or agent of Arnprior has behaved improperly or unethically under this Purchase Order, Seller shall report such behaviour to the Arnprior Director of Supply Chain Management or the Arnprior Manager of Human Resources.

34. PUBLICITY: Seller shall not use Arnprior's name, or otherwise identify Arnprior, in promotional material as part of any list of its customers or communicate that Seller's goods and/or services are used by Arnprior, without obtaining prior written consent from Arnprior for each such use or identification. Seller shall not disclose the details of this Purchase Order to any third party without the prior written approval of Arnprior. The restrictions in this Section 34 also apply to the name and other information of Arnprior's customers.

35. LEGAL RELATIONSHIP: Nothing herein contained shall be deemed to create an agency, joint venture, partnership or fiduciary relationship between the Parties hereto. Seller will be treated as an independent contractor of Arnprior for all purposes. Seller has no right or authority to assume or create any obligation on behalf of Arnprior nor shall Seller make any warranty to any third party with regard to the Goods. Seller has no right to sell Goods manufactured in accordance with Arnprior drawings and specifications to third parties.

36. NON-WAIVER AND SEVERABILITY: Any failures, delays or forbearances of Arnprior in insisting upon or enforcing any provisions of this Purchase Order, or in exercising any rights or remedies under this Purchase Order, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full

force and effect. If any provision of this Purchase Order is or becomes void or unenforceable by law, such provision shall be replaced by a provision that is valid and enforceable and that reflects, to the greatest extent possible, the Parties' intention of the void or unenforceable provision. All remaining provisions of this Purchase Order shall be valid and enforceable.

37. **GOVERNING LAW:** This Purchase Order is to be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein (excluding any conflict of laws rule or principle which might refer to the laws of another jurisdiction), without regard to principles of conflict of laws.
38. **ASSIGNMENT:** Seller shall not assign this Purchase Order or its obligations hereunder to any third party without prior written consent from Arnprior. Seller shall not subcontract all or substantially all of its performance under this Purchase Order without Arnprior's prior written consent. The prohibition against assignment includes:
- a. any merger, amalgamation, reorganization, consolidation or other transaction involving Seller and any other Person in which the Persons who were the shareholders of Seller immediately prior to such merger, amalgamation, reorganization, consolidation or other transaction own shares representing less than a majority of the power to vote for the election of any member of a board of directors or similar governing body of the surviving or continuing entity after such merger, amalgamation, reorganization, consolidation or other transaction;
 - b. the sale, exchange or transfer by Seller's shareholders, in a single transaction or series of related transactions, of shares representing not less than a majority of the power to vote for the election of any member of a board of directors or similar governing body attached to all the shares of Seller;
 - c. the sale, conveyance, transfer, lease, assignment, licence or other disposition of all or substantially all of the assets of Seller.
39. **NO MODIFICATION:** No provision of this Purchase Order shall be modified by any course of dealing or failure to insist on strict compliance therewith, but may only be modified by an authorized Arnprior representative in writing.
40. **SURVIVAL:** Without limiting any other survival provision in this Purchase Order, the following Sections and any remedies for the breach thereof will survive any cancellation, termination or expiration of this Purchase Order: Section 6 (Warranty); Section 7 (Arnprior's Property); Section 11 (Confidentiality / Proprietary Information); Section 12 (Insurance); Section 13 (Indemnity); Section 14 (Infringement); Section 15 (Limitation of Liability); Section 17 (Termination for Convenience); Section 18 (Termination for Default); Section 23 (Responsibility for Performance); Section 24 (Flow-Downs); Section 25 (Quality Requirements); Section 26 (Conflict Minerals); Section 29 (Notice); Section 31 (Disputes); Section 32 (Compliance with Laws); Section 33 (Publicity); Section 35 (Legal Relationship); Section 36 (Non-Waiver and Severability); Section 37 (Governing Law); Section 40 (Survival), and any other rights and obligations which, from the context thereof, are intended to survive the cancellation, termination or expiration of this Purchase Order.
41. **ENTIRE AGREEMENT:** This Purchase Order, including these terms and conditions, Arnprior's quality requirements, flow-downs, Long-Term Agreement, NDA, and any additional terms or documents that are referenced on this Purchase Order, constitutes the entire agreement between Arnprior and Seller with respect to the subject matter hereof and supersedes all prior understandings, written or oral.

AMENDMENT TABLE

Revision No.	Description of Amendment	Date
00	New	June 15, 2015