



**GENERAL TERMS AND CONDITIONS
GTC-200**

GENERAL TERMS AND CONDITIONS

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1. MRO Services Terms and Conditions

1.1. Preamble

WHEREAS, M1 Composites Technology, Inc. (M1) is a Transport Canada approved Maintenance Repair Organization (MRO) providing certain aircrafts and components maintenance, repair, overhaul and modification services for which it is rated and other ancillary goods and services.

WHEREAS, CUSTOMER desires M1 to provide certain goods and services on aircraft components owned, operated or managed by CUSTOMER as may be requested by CUSTOMER from time to time.

WHEREAS, M1 desires to provide such goods and services under the terms and conditions set forth herein. All terms and conditions are governed by the laws of Quebec.

1.2. Definitions

In this Agreement the following definitions shall have the meanings set out below.

"Agreement" means this Component Service Agreement General Terms and Conditions including any Appendices and other attachments, and amendments either now existing or later added in accordance with the terms herein.

"BER" (Beyond Economical Repair) means the state of a Component for which the estimated Service cost is considered too expensive by the customer and they choose to no longer move forward with the repair.

"Component(s)" means the parts and/or assemblies as requested in writing by CUSTOMER to be serviced by M1 under this Agreement.

"CUSTOMER" means any person or entity issuing an Order requesting Service(s).

"DDP" means Delivery Duty Paid (INCOTERMS 2010 wherein CUSTOMER shall mean "Seller" and M1 shall mean "Buyer").

"Ex Works" means Ex Works (INCOTERMS 2010 wherein CUSTOMER shall mean "Buyer" and M1 shall mean "Seller").

"Inspect" or "Inspected" or "Inspection" means the performance of an examination, bench check or test of a Component necessary to determine its condition.

"Non-Repairable" means Component(s), which have defects, or discrepancies, considered to be beyond established and approved repair criteria.

"Order" means a CUSTOMER issued order to initiate Inspection, Repair or Overhaul Services pursuant to this Agreement.

"Overhaul" means a full refurbishment of a Component in accordance with the manufacturer's Overhaul manual or other approved data.

"Repair" means the correction of discrepancies to the extent that a Component can be tagged airworthy, time continued, by M1 without performing an Overhaul.

"Service(s)" means goods and services provided to CUSTOMER by M1, including Inspection, Repair, Modification and Overhaul of Components, pursuant to this Agreement.

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1.3. Agreement

This agreement (“Agreement”) is entered into between Company and Customer (hereinafter each a “Party” and, collectively, the “Parties”). This Agreement supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral between the Parties. No course of prior dealings between the parties and no usage of the trade shall be relevant to determine the meaning of this Agreement.

All acknowledgements, sales, acceptances, and services by company are expressly limited to and made conditional upon the terms and conditions contained herein and no others, and any of customer’s terms and conditions which are in addition to, or different those contained herein are hereby objected to in advance and not included in this agreement. As such, fulfillment of customer’s order does not constitute acceptance of customer’s terms and conditions and does not serve to modify or amend this agreement, unless specific and explicit reference to changes to this agreement are made in writing by an authorized representative of the company.

1.4. Delivery to M1

CUSTOMER shall deliver the Component(s) for Service to the M1 facility DDP as specified by M1. CUSTOMER will bear all costs incurred to ship the Components to the shipping destination (including costs of freight and transit insurance) and will prepay all such shipping costs. If CUSTOMER ships Components to M1 facilities from outside Canada, CUSTOMER will list itself as importer and nominate a customs broker. CUSTOMER is responsible for payment of all customs duties, taxes and other charges. CUSTOMER shall include applicable Service requirements for each Component in the Order.

CUSTOMER shall pack the Component(s) in accordance with ATA 300 and good commercial practices for protection against damage and deterioration during shipment and storage. CUSTOMER shall be liable for any damage to Component(s) due to improper packing by CUSTOMER. CUSTOMER and its insurers, if any, will relieve M1 of responsibility for all risks of loss or damage up until the delivery of the Component(s) to M1’s designated facility.

Upon completion of Service, or return of non-repairable and BER components, M1 shall ship the Component(s) Ex Works M1’s facilities.

M1 shall pack the Component(s) in accordance with ATA 300 and good commercial practice.

1.5. Service Order

CUSTOMER shall request Services by submitting Orders to M1. Each Order shall be subject to the terms and conditions of this Agreement and shall be governed by and deemed to include the provisions of this Agreement. M1 will, upon acceptance of a CUSTOMER Order, perform the ordered Services on Component(s). Specific requirements for the Component(s) Service may be described in attachments to this Agreement or the applicable Order. CUSTOMER must provide M1 with all required information regarding components.

1.6. Price and Delivery schedule

The Supplier agrees to maintain the pricing and delivery schedule as agreed on the purchase order or repair order.

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1.7. Invoicing, Payment, and Taxes

1.7.1. Invoicing

Unless otherwise agreed to between M1 and Customer, M1 shall invoice Services after completion of the Inspection, Repair Modification or Overhaul of the Component(s) and upon shipment of the applicable Component(s) to Customer for redelivery. All invoicing, payment and taxes are subject to Quebec law.

1.7.2. Payments

Payments are prior to shipment, unless other arrangements are made. Payment of the entire invoice amount shall be made in the currency agreed to by both parties.

Any sum due to M1 under this Agreement that is not paid when due shall thereafter bear interest until paid at the lesser of, (i) no less than one and one-half percent (1.5%) per month, or (ii) the maximum rate of interest allowed by applicable law. Any sum due M1 under this Agreement that is not paid will also accrue Storage fees. These fees will be charged on a per month basis depending on the actual crate size of the unit.

If CUSTOMER fails to pay any amount when due under this Agreement, M1 shall have the right upon notice to CUSTOMER to suspend performance of Services and to terminate this Agreement. No forbearance or course of dealing shall affect these rights of M1. In the event that the repair is not paid for a duration over 6 months, the units become the property of M1 Composites.

Should CUSTOMER dispute any invoice, CUSTOMER shall notify M1 within 10 days of the reasons that it disputes that invoice or any part of that invoice. Any adjustment of the invoice will be subject to mutual agreement. CUSTOMER shall not set off, withhold or deduct in whole or in part any undisputed portion of any invoice or any sums due on undisputed invoices in favor of disputed invoices.

CUSTOMER represents that it has all necessary authority to authorize the Services. Notwithstanding any agreements that CUSTOMER may have at any time with third parties, and without limiting M1's rights or remedies upon CUSTOMER's default, CUSTOMER shall at all times remain primarily liable to M1 for all payment and performance obligations of CUSTOMER under this Agreement. CUSTOMER shall hold harmless and defend M1 and its directors from and against any claims or charges asserted by any third parties claiming an interest in the Components or questioning the purchase of the Services by CUSTOMER from M1.

1.7.3. Taxes

The agreed prices and any other charges payable by CUSTOMER hereunder are exclusive of any sales tax, value added tax or similar charges, duties or taxes, which are or may be levied or assessed on the prices and charges hereunder. CUSTOMER shall be responsible for the amount of any Federal, Provincial, or local taxes that result from the delivery or performance of the Services or the purchase, sale, lease, exchange, transfer, replenishment or maintenance of parts and supplies and other personal property for use in connection with the Services as contemplated hereby, except for transactions for which an appropriate tax exemption certificate is furnished to M1 by CUSTOMER. The amount of any such taxes for which CUSTOMER is responsible, if paid by M1, shall be billed to Customer and CUSTOMER shall promptly pay the billed amount to M1.

1.8. Limitation of Liability

All risk of loss of or damage to each Component will remain with CUSTOMER at all times, including when any Component is in the possession, care, custody or control of M1, unless, when in the possession, care, custody or control of M1, any loss of or damage to the Component is caused solely by the negligence of M1.

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The maximum liability of M1 to customer under this agreement shall be limited to the aggregate fees paid to M1 for component(s) repaired under this agreement during the twelve months prior to when damages first arose. No action arising out of any claimed breach of this agreement may be brought more than one (1) year after the events giving rise to the cause of action have occurred.

1.9. Indemnity

CUSTOMER shall defend, indemnify and hold harmless M1, including, if applicable: affiliates and their respective officers, directors, employees, agents, successors, assigns and affiliates (and their respective officers, directors, employees and agents) from and against any claims, actions, damages, losses, liabilities, costs and expenses (including attorneys' fees) to the extent arising from a claim of (a) damage to any tangible personal property or fixtures, including any aircraft or injury, sickness or death to any person, including without limitation any CUSTOMER Representative or any subcontractor, employee or agent of CUSTOMER or M1, occurring as a result of the action or inactions (negligent or otherwise) of CUSTOMER, any CUSTOMER Representative, subcontractor, employee or agent of CUSTOMER, or (b) any infringement, misappropriation or violation of any proprietary right of any third party, including trade secrets, which results from any use by M1 of any technical data or other materials or information furnished to M1 by CUSTOMER, including without limitation information obtained in the process of M1's compliance with any of CUSTOMER's requirements, specifications or instructions by M1.

1.10. Warranty

Company warrants that all part(s) Serviced by Company will conform to the appropriate technical data referenced by the Transport Canada Form 1 release form and in accordance with all other Transport Canada requirements, and will be free from defects in workmanship.

Unless otherwise provided to Customer by Company, parts Serviced are subject to Company's standard warranty. M1's standard warranty is for a period of twelve (12) months or one thousand (1,000) flight hours, whichever occurs first, for repair, from the date of tagging. There shall be no warranty with respect to re-certifications and bench checks. Company's workmanship shall not be deemed defective if such workmanship complied with applicable manufacturer's operating and maintenance instructions, quality instructions provided by Customer or procedures or applicable governmental regulations for such Service in effect at the time of such Service.

This warranty shall not apply and Company shall bear no liability if: a) the part(s) are subjected to any further repair, maintenance, overhaul, installation, storage, operation, or use, handling or environment that is improper; b) the part(s) are subjected to any accident, misuse, neglect or negligence after delivery to Customer; c) Customer makes any further use of such parts after giving such notice; (d) the defect arises because Customer failed to follow Company's written instructions as to the storage, installation, use or maintenance of the parts; (e) the parts are altered, modified or repaired without the prior written consent of Company; or (f) Customer is in default with its payment obligations. (g) the warranty is not transferable to another customer upon sale of the aircraft or unit.

Any warranty claim must be raised by Customer within ten (10) days after the defect has or could have become reasonably apparent. Company shall not be liable for breach of warranty unless Company is given a reasonable opportunity after receiving the notice to examine such parts and Customer (if requested to do so by Company) returns such parts to Company's place of business at Company's cost for the examination to take place there, and Company reasonably verifies Customer's claim that the parts are defective. In the event of a defect of workmanship, Company will either, at its option, repair or replace the non-conforming part(s). In no event shall Company's total liability for any warranty repair or replacement cost exceed the original invoice amount for the Services.

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The warranty set forth in this Section shall be the exclusive and sole remedy for Customer in the event of any non-conforming part(s).

1.11. Force Majeure

Neither Party will be liable for, or be considered to be in breach of or default under this Agreement on account of any delay or failure to perform as required by this Agreement (other than with respect to the obligation to make payments hereunder) as a result of any cause or condition beyond such Party's reasonable control, including, but not limited to: fire, explosions, earthquakes, storms, flood, wind, drought and acts of God or the elements; court orders; acts, delays and failures to act by civil, military or other governmental authority; strikes, lockouts, labor interruptions or slowdowns, riots, terrorism or acts of terrorism, insurrections, sabotage and war; breakdown or destruction of, or damage or casualty to, any equipment, facilities or other property; interruption, suspension, curtailment or other disruption of utilities; unavailability of materials, supplies, parts, equipment, personnel or other necessary items; and, acts or omissions of persons or entities other than such Party (each such event being herein sometimes referred to as an event of "Force Majeure"). Upon the occurrence of an event or condition of Force Majeure affecting M1, M1 shall have reasonable opportunity to make alternative satisfactory arrangements to perform its obligations under this Agreement.

1.12. Confidentiality

Except as otherwise expressly agreed in writing, each of M1 and CUSTOMER shall retain all of their own proprietary rights of any kind in and to their respective patents, trademarks, names, information, documents, procedures, methods or know-how that may be used or disclosed in respect of the Services. M1 will own all intellectual property and proprietary rights that it develops in connection with the performance of the Services. Any such items or information of a confidential or proprietary nature disclosed or made available by one Party to the other pursuant to this Agreement that are marked as confidential or otherwise would be understood by a reasonable person to be confidential ("Confidential Information") shall be held in confidence and shall not be disclosed or provided to any third party except as permitted herein without prior written approval of the disclosing Party, and neither Party shall reproduce any documents reflecting the same except for copies necessary for its own internal usage and the performance of the Services. The receiving Party shall restrict disclosure of the confidential information to its officers, employees, agents, contractors or its tax, legal or other advisors with a need to know and not disclose it to anyone else without the disclosing Party's prior written consent. The receiving Party will take reasonable measures to avoid disclosure, dissemination or unauthorized use of Confidential Information. The receiving Party may disclose confidential information as required to comply with orders of governmental entities that have jurisdiction over it or as otherwise required by law, provided that the receiving Party gives the disclosing Party reasonable written notice to allow the disclosing Party to seek a protective order or other appropriate remedy (except to the extent the receiving Party's compliance with the foregoing would cause it to violate a court order or other legal requirement). The term "Confidential Information" shall not include any information that (i) is generally publicly available to the public through no fault or action by the receiving Party or by its agents, (ii) is available to the receiving Party on a non-confidential basis from a source other than the disclosing Party or the disclosing party's agents, which is not prohibited in any way from disclosing such items, or (iii) was within the receiving Party's possession prior to its being furnished to the receiving Party by or on behalf of the disclosing Party, provided that the source of such information was not bound to confidentiality, or was not subject to any duty, contractual or otherwise, prohibiting disclosure to the disclosing Party.

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1.13. Termination

1.12.1 Termination for Cause

Either Party may terminate this Agreement, including any Order, for cause upon the other Party's material breach of this Agreement, provided that the breaching Party fails to cure such breach within thirty (30) days after receiving written notice specifying the breach. Notwithstanding the foregoing, the termination of this Agreement shall not relieve either Party of its obligations incurred up to and including the date of termination.

1.12.2 Additional Termination Rights

Either Party may also terminate this Agreement immediately upon written notice if:

- a. The other Party applies for, or consents to, the appointment of a receiver, custodian, trustee, or liquidator for itself or for all or a substantial part of its property;
- b. The other Party ceases to conduct business in the normal course, files voluntarily for bankruptcy or insolvency protection, is declared insolvent or bankrupt by a competent authority, or is subject to an involuntary bankruptcy or insolvency proceeding that is not dismissed within sixty (60) days;
- c. The other Party undergoes liquidation, dissolution, or winding-up.

1.12.3 Termination for Default (Purchaser Rights)

In the event the Supplier fails to perform any of its obligations under this Agreement or otherwise breaches any term or condition, the Purchaser may, at its sole discretion, terminate this Agreement, in whole or in part, by providing written notice to the Supplier.

1.12.4 Notice of Breach

The Purchaser shall provide written notice to the Supplier identifying the specific breach. The Supplier will have two (2) days from the receipt of such notice to cure the breach. If the breach is not cured within the specified timeframe, the Purchaser may terminate the Agreement without further notice.

1.12.5 Immediate Termination (Purchaser Rights)

Notwithstanding the cure period above, the Purchaser may immediately terminate this Agreement if:

- a. The Supplier becomes insolvent or subject to bankruptcy or insolvency proceedings;
- b. The Supplier engages in illegal or unethical conduct; or
- c. The Supplier's actions or performance compromise the safety, security, or reputation of the Purchaser or its operations.

1.12.6 Consequences of Termination

- a. Upon termination, the Purchaser shall pay the Supplier for goods or services delivered and accepted up to the effective date of termination, subject to any offsets or deductions for damages or losses caused by the Supplier's breach.
- b. The Supplier shall return to the Purchaser all property, materials, and confidential or proprietary information belonging to the Purchaser. Any intellectual property rights transferred or licensed to the Supplier under this Agreement shall revert to the Purchaser.

1.12.7 Cumulative Remedies

Termination of this Agreement shall be without prejudice to any other rights or remedies either Party may have under this Agreement, at law, or in equity.

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1.14. Insurance

Customer shall ensure, at its own expense and responsibility, to maintain and carry liability insurance in full force and effect which includes, but is not limited to, commercial general liability (including product liability) and for direct damages. Customer shall provide Company with thirty (30) days advance written notice in the event of a cancellation or material change in Customer's insurance policy. Except where prohibited by law, Customer shall require its insurer to waive all rights of recovery or subrogation against the Company, its subsidiaries and affiliated companies, and its and their respective officers, directors, shareholders, employees, and agents. Company liability is limited to damage resulting from negligence from the time the Customer property is received by Company until property is available for transport by the Customer.

1.15. Soliciting

The Supplier agree not to directly or indirectly, hire or Solicit, or in any way entice any employee of M1 to leave their employment with, or otherwise amend or terminate the terms of their relationship with, M1 or its affiliates. "Solicit" means any direct or indirect act of solicitation, of any nature, including those made without any element of persistence, insistence or pressure.