

PURCHASE ORDER - TERMS AND CONDITIONS**Rev. April 1, 2015****1. Incorporation of Terms and Conditions in Purchase Order**

These terms and conditions apply to all orders of products ("Goods") and/or services ("Services") by VAC AERO International Inc. ("VAC AERO") and shall form a part of each purchase order issued by VAC AERO for Goods and/or Services ("Purchase Order").

2. Acceptance of Purchase Order

The Purchase Order and these terms and conditions constitute an offer by VAC AERO to purchase Goods and/or Services on the terms and conditions set out herein and not an acceptance of any offer to sell or provide such Goods and/or Services. The acceptance or commencement of performance of a Purchase Order by a supplier/vendor of Goods and/or Services (the "Vendor") shall constitute agreement to and acceptance of these terms and conditions.

3. Entire Contract & Exclusive Terms

The Purchase Order and these terms and conditions form the entire contract between VAC AERO and the Vendor (the "Contract") relating to the purchase and sale of the Goods and/or Services described in the Purchase Order. No conflicting, varying or additional terms or conditions which may appear in any prior or subsequent purchase order or other document of the Vendor shall be of any force or effect and VAC AERO hereby expressly rejects and objects to the same, the Contract being the complete agreement of the parties.

4. Modifying the Terms and Conditions

No modifications (whether they are deletions, additions or variations and whether they are proposed by VAC AERO or the Vendor) shall be made to the terms and conditions of the Contract nor shall any materials specified in the Contract be substituted unless expressly agreed to in writing by VAC AERO.

5. Prices

VAC AERO will pay the prices as specified in the Purchase Order for the Goods or Services and said price shall represent the total cost to VAC AERO including, without limitation, shipping, insurance, handling and storage, duties and sales, use excise or other applicable taxes. The prices as indicated are in Canadian funds unless otherwise specified in the Purchase Order or agreed upon writing by VAC AERO. If a price is not stated in the Purchase Order, the price must not exceed the last amount quoted by the Vendor to VAC AERO, for the same goods or services. The Vendor warrants that the prices for the Goods and Services do not exceed pricing offered by

it to other customers of the Vendor for similar quantities and quality.

6. Shipping Instructions

The Vendor must comply with best commercial practices to ensure that Goods arrive safely, in good condition and within the required delivery schedule at the destination. All Goods shall be securely packed for shipment with a packing slip enclosed. The Purchase Order number must be clearly marked on all packing and shipping documentation and all invoices. All Goods must be shipped freight prepaid, F.O.B. destination, unless otherwise stated. Until delivery to VAC AERO is complete, the Vendor shall have the risk of loss and the cost of insuring Goods during shipment. VAC AERO shall not be responsible for the cost of insuring the Goods during shipment unless expressly agreed to do so in writing by VAC AERO.

7. Delivery of Goods/Services

Subject to Section 8, time is of the essence in the delivery of Goods and/or performance of Services and delays shall be reported immediately by the Vendor to VAC AERO and VAC AERO shall have the right to terminate the Purchase Order and refuse acceptance of the Goods and/or Services in the event of delay. All Goods and Services delivered and/or performed will be subject to final inspection and acceptance by VAC AERO notwithstanding prior payment. VAC AERO may refuse to accept or reject any Goods or Services not complying with the terms of the Contract. Title to and risk in Goods shall pass to VAC AERO on delivery provided, however, that the risk of loss shall remain with the Vendor with respect to the Goods which are not accepted or are rejected by VAC AERO.

8. Delay or Suspension

By advising the Vendor in writing, VAC AERO may, at its sole option, from time to time, delay or suspend the delivery of Goods or the provision of Services under the Contract, in whole or in part, for such period of time as may, in the opinion of VAC AERO, be necessary. Where there is such a delay or suspension by VAC AERO, all terms and conditions of the Contract shall continue in full force and effect against the Vendor, except for scheduled performance or delivery dates which shall be postponed accordingly.

9. Payment

VAC AERO will remit payment to the Vendor via mailed cheque or Electronic Funds Transfer unless otherwise mutually agreed upon. Standard terms of "net 60 days" apply unless otherwise noted by VAC AERO in the Purchase Order. Payment for Goods

PURCHASE ORDER - TERMS AND CONDITIONS

Rev. April 1, 2015

and/or Services will only be made once accepted by VAC AERO in accordance with section 7.

10. Changes

VAC AERO may at any time make changes to the Goods or Services requisitioned in a Purchase Order, including changes to quantities, specifications delivery schedule or place of delivery, and will notify the Vendor of such changes in writing. If the changes affect the cost of the Goods or Services, or the time required for the Goods or Services to be delivered or performed, the Vendor must request an adjustment in writing before the Vendor ships or delivers the Goods or begins to provide the Services. If no adjustment has been requested by the Vendor within 5 days after having received VAC AERO's written notice, VAC AERO will deem the Vendor to have agreed to make the changes without any adjustment to the price, delivery dates or schedule. If the Vendor requests an adjustment to pricing or timing in relation to VAC AERO's requested changes, VAC AERO shall have the right to accept such amended pricing and dates or has the option to terminate the remaining purchase obligations under the Purchase Order.

11. Warranties

The Vendor expressly warrants that all Goods and Services purchased under the Contract are new and conform to the Purchase Order and all applicable specifications and are free from defects in material, workmanship and design, and are of a quality satisfactory to VAC AERO. The Vendor warrants that the Goods and Services supplied under the Contract have been produced and supplied in compliance with all applicable federal, provincial and local or municipal laws, orders, rules and regulations. If the Goods have a manufacturer's warranty, VAC AERO will be entitled to the benefit of the warranty. The Vendor will provide VAC AERO with a copy of such warranty upon delivery of the Goods. The Vendor will assign and extend all warranties relating to the Goods and/or Services that it receives from its vendors to VAC AERO and to VAC AERO's customers.

12. Services or Work

Where the Contract requires Services to be performed and/or Goods to be installed by the Vendor ("Work"), the following additional terms apply:

- (i) The Vendor must take precautions to protect all property and persons from damage or injury arising out of the Work. The Vendor must comply with all applicable laws and regulations prescribed by any relevant governmental authority, including (without

limitation) all fire, health, safety, employment, labour, workplace safety and insurance and other applicable laws and regulations, and must obtain all necessary permits at its own cost unless the Purchase Order specifies that VAC AERO will obtain them.

(ii) All Work must be performed in accordance with current, prudent and generally accepted industry practices by qualified personnel, trained and experienced in the appropriate fields.

(iii) The Vendor must carry on its Work so that the premises are at all times clean, orderly and free from debris. Upon completion of the Work, the Vendor must remove all equipment and unused materials from the project, clean up all refuse and debris, and leave the Work site clean, orderly and in good condition.

(iv) Whenever Work is performed on VAC AERO's premises or on premises under VAC AERO's control, the Vendor must comply with all reasonable directions and requests of VAC AERO and with VAC AERO's work and safety rules, and must require its employees, agents, contractors and subcontractors to so comply. VAC AERO has the right to exclude personnel from VAC AERO's premises who do not comply with such directions, requests or rules and, at VAC AERO's option, to terminate the Contract if the Vendor or its employees, agents, contractors or subcontractors fail to comply with this provision.

(v) All tools, equipment, dies, gauges, models, drawings or other materials paid for or furnished by VAC AERO for the purpose of performing the Work are and remain exclusively the property of VAC AERO. The Vendor must safeguard all such property while it is in the Vendor's custody or control and will be liable for any loss or damage to such property. VAC AERO may require the Vendor to insure the property. The Vendor must use the property only for the purposes of performing the Work, and return it to VAC AERO promptly upon request. Any such property described above may be removed by VAC AERO from the Vendor's premises. The Vendor agrees to waive and does hereby waive any lien it may have in regard to such property.

13. Insurance

PURCHASE ORDER - TERMS AND CONDITIONS

Rev. April 1, 2015

The Vendor shall effect prior to the commencement of any Work, and shall keep in force during the carrying out of the Work (at the Vendor's expense) the following insurance:

- (i) Workers' Compensation insurance in accordance with the requirements of the *Workplace Safety and Insurance Act* (Ontario);
- (ii) professional liability insurance coverage for all professionals employed by the Vendor who will be working in their designated professional capacity in providing the Services, such coverage to be provided through their membership in a professional association or by a separate professional liability insurance policy, in an amount of at least two million dollars (\$2,000,000.00) per occurrence or claim; and VAC AERO may request to be named as an additional insured.
- (iii) Commercial general liability insurance against claims for personal and bodily injury, death or damage to property of others arising out of any Work conducted under the Contract. Such insurance must provide for coverage of not less than two million dollars (\$2,000,000.00) per occurrence and name VAC AERO, its officers, employees and agents as additional insured.

The above are minimum insurance requirements for intended to provide basic coverage for the Vendor. It is the responsibility of the Vendor and its insurance advisors to determine whether these amounts are sufficient or whether additional or other insurance coverage should be obtained. Evidence of such insurance shall be provided to VAC AERO upon request.

14. Indemnifications and Liability of Seller

The Vendor will indemnify and save harmless VAC AERO, its directors, officers, employees and agents, from and against all claims, losses, expenses, damages, causes of actions and liabilities of every kind and nature, arising from or out of:

- (i) any breach of any of the Vendor's obligations or warranties;
- (ii) any omissions/misrepresentation by the Vendor, its officers, employees, agents or subcontractors, whether negligent or otherwise;
- (iii) any actual or alleged infringement of patents, trademarks, copyrights or other

intellectual property with respect to any Goods or Services.

The Vendor is solely responsible for any personal injury, or loss of life, of its officers, employees, agents, contractors or subcontractors experienced by such persons in the course of performing the Work or Services or in any other way related to the requirements of the Contract. The Vendor is solely responsible for its officers, employees, agents, contractors and subcontractors while they are on VAC AERO's premises. The Vendor is solely responsible for any damage to, or loss of, its own property or property owned by VAC AERO or others caused in the course of the Work or Services being performed or in any other way related to the requirements of the Contract.

15. Force Majeure

The Vendor is not liable for default or delay due to causes beyond the Vendor's reasonable control and without fault or negligence on the part of the Vendor. The Vendor must give VAC AERO prompt notice in writing when any such cause appears likely to delay delivery of Goods or the performance of Services and must take appropriate action to avoid or minimize such delay. If any such default or delay threatens to impair the Vendor's ability to meet delivery requirements for its Goods or Services, VAC AERO is entitled to cancel the portion or portions of the Purchase Order so affected, without any liability to VAC AERO or the Vendor. VAC AERO is not liable for default or delay in performing its obligations due to causes beyond its reasonable control.

16. Default and Termination

In addition to VAC AERO's other rights under the Contract and without restricting any other remedies available, VAC AERO may, by written notice to the Vendor, immediately cancel the whole or any part of, the Contract in the event that the Vendor fails to perform any of its obligations under the Contract when due, or if bankruptcy or insolvency proceedings are instituted by or against the Vendor.

17. Survival

Notwithstanding the performance or termination of the Contract, the provisions and obligations which would be contemplated to survive a termination, including Sections 11 through 14 and 18 through 22 shall continue to apply.

18. Confidentiality

Vendor agrees not to disclose to others or to use any confidential or proprietary information and/or

PURCHASE ORDER - TERMS AND CONDITIONS

Rev. April 1, 2015

materials of VAC AERO acquired in connection with the performance of the Contract, and will protect the same using no less than reasonable care.

19. Non-Solicitation

While the Contract remains pending and for a period of one (1) year after performance of the Contract, the Vendor agrees that it shall not, directly or indirectly,:

- (i) solicit, interfere with or endeavour to entice away from VAC AERO any customer of VAC AERO, or supplier or other person in the habit of dealing with VAC AERO for the purpose of offering or providing products or services which are the same as, similar to or competitive with those offered by VAC AERO;
- (ii) employ or retain any employee or independent contractor to VAC AERO or solicit or induce any such person to terminate their relationship with or withdraw their services for VAC AERO.

For the purposes of this provision, the term “customer of VAC AERO” shall mean any person, firm or company in respect of whom at the time or at any time within the prior one (1) year period VAC AERO is providing or has provided products or services or made a proposal, provided a quote or otherwise identified as an active prospect.

20. Assignment & Binding

The Contract binds and enures to the benefit of the parties and their respective successors and assigns provided that Vendor may not transfer, assign or subcontract any of its rights or obligations hereunder, in whole or in part, without the prior written consent of VAC AERO which shall be in VAC AERO’s sole discretion. VAC AERO may transfer or assign the benefits of the Contract, in whole or in part, including the Vendor’s warranties and indemnities, without approval of the Vendor.

21. Waiver & Severability

Failure by VAC AERO to enforce any term hereof shall not be deemed a waiver of future enforcement of that or any other term. If any provision herein is held invalid, unlawful or unenforceable to any extent, such provision shall be severed from the remaining provisions which shall continue to be valid to the fullest extent permitted by law.

22. Governing Laws

The Contract shall be interpreted, performed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties irrevocably attorn to the jurisdiction of the courts of Ontario with respect to any matter arising under or related to the Agreement.