

## GENERAL SALES TERMS & CONDITIONS

### 1 - VALIDITY, ENTIRE AGREEMENT

- 1.1 These General Terms and Conditions apply to all purchases from Thunder Bay Aviation Ltd (“TBAL”) of the following goods and services:
  - (a) spare parts;
  - (b) repair & overhaul services,
  - (c) engineering services.
- 1.2 TBAL and the Buyer of the Goods and Services agree that these General Terms and Conditions supersede all prior representations or agreements, and any terms and conditions found on any order to purchase Goods and Services submitted by the Buyer to TBAL. Any additional or inconsistent terms and/or conditions have no force or effect unless agreed to in writing by both parties.
- 1.3 All quotations and Order acknowledgments made by TBAL are deemed to incorporate these General Terms and Conditions by reference.
- 1.4 TBAL’s acceptance of any offer to purchase Goods and Services is expressly conditional upon the Buyer’s full agreement to all the terms and conditions stated herein. The Buyer’s placement of an Order or receipt by the Buyer of Goods and Services constitutes full acknowledgement of and assent to the terms and conditions set out herein.

### 2 - PRICE, PAYMENT

- 2.1 All Orders must be submitted to TBAL in writing. TBAL will not accept verbal orders.
- 2.2 All prices are expressed and payable in U.S. dollars (“USD”), unless otherwise specified.
- 2.3 TBAL will invoice Orders at:
  - (a) the list price at the time an Order is accepted, subject to scheduled delivery of the within three (3) months of the date of the Order;
  - (b) the sum of actual hours required to perform Repair & overhaul or engineering services multiplied by TBAL’s hourly rate for performing that Repair & overhaul or engineering services;
  - (c) the quoted or estimated price, if a price was quoted or estimated within thirty (30) days of the date of invoicing; or
  - (d) such other price as the parties expressly agree upon.
- 2.4 No minimum order price applies.
- 2.5 TBAL reserves the right to alter all prices at any time without notice.
- 2.6 If a Buyer would like an estimate for the cost of purchasing repair & overhaul or engineering services, then:
  - (a) free of charge, TBAL will provide the Buyer with an estimate;
  - (b) the estimate will clearly indicate approximate costs for:
    - (i) investigation, research and preparation of the estimate; and
    - (ii) execution of the repair & overhaul or engineering services, including the number of hours required and TBAL’s hourly rate for performing the repair & overhaul or engineering services; and
    - (c) the actual cost for investigation, research and preparation of the Estimate shall be chargeable by TBAL and payable by the Buyer.
- 2.7 Where applicable, all prices include the cost of standard commercial packing generally in accordance with Air Transport Association (ATA) Specification 300. Costs of any other or additional packaging will be charged to the Buyer.
- 2.8 Upon notification to the Buyer, TBAL reserves the right to supply alternate or superseding Spares. Prices could vary on alternate or superseding Spares.
- 2.9 TBAL reserves the right to supply an alternative solution for repair & overhaul or engineering services in order to respect airworthiness regulations or Original Equipment Manufacturer (OEM) directives. Prices could vary on alternate repair & overhaul or engineering services.
- 2.10 In the case of any spares or repair & overhaul or engineering services required outside of regular business hours additional support charges of time and one half of the regular hourly rate will apply. This will only be done with the prior written knowledge of the Buyer.

### 3 - DELIVERY, METHOD OF SHIPMENT AND PACKING

- 3.1 TBAL may deliver Goods and Services via electronic format, if possible. Alternatively, delivery of Goods and Services will be FBO to the carrier nominated by the Buyer at TBAL’s specified premises. However, TBAL may, at its sole discretion, decline to use a specific carrier, in which event the Buyer shall nominate a different carrier.
- 3.2 The Buyer will select the method of shipment and carrier on an Order. However, if no method of shipment is specified by the Buyer, TBAL will ship via TBAL’s selected routing at the Buyer’s risk and expense.
- 3.3 If special crating is required for shipment, TBAL will invoice the Buyer for the cost of the crate manufacture and/or supply.
- 3.4 The Buyer must provide TBAL with written notice of short or incorrect shipment of Goods and Services within fifteen (15) days of the date of receipt at the Buyer’s facilities.
- 3.5 Delivery charges will be paid by the Buyer. TBAL reserves the right to require payment of delivery costs in advance of shipment.

3.6 Items 3.6(a) – (e) below apply specifically to delivery, shipment and packing of Spares:

- (a) Availability of Spares is subject to their prior sale or commitment to third parties prior to acceptance of an Order by TBAL. TBAL reserves the right to allocate Spares on an equitable basis among the Buyer and other customers, as determined by TBAL in its sole discretion.
- (b) TBAL agrees that status reports of Orders for Spares will be made to the Buyer as necessary.
- (c) All Spares ordered shall receive standard commercial packing suitable for export shipment via airfreight. Such standard packing will generally be to ATA 300 standards, as amended from time to time.
- (d) In each shipment of Spares, TBAL will include a packing list/release note itemized to show:
  - (i) the contents of the shipment;
  - (ii) as required, the approved signature of TBAL's Transport Canada-designated authority attesting to the airworthiness of the Spares; and
  - (iii) the value of the shipment for customs clearance if required.
- (e) If TBAL gives the Buyer written notice that the Spares ordered by the Buyer are ready for shipment and shipment is delayed more than thirty (30) days at the Buyer's request or without TBAL's fault or responsibility, the Buyer will promptly reimburse TBAL upon demand for all costs and expenses, including but not limited to reasonable amounts for storage, handling, insurance and taxes incurred by TBAL as a result of such delay. After thirty (30) days of such a delay, TBAL may sell the Spares to another buyer.

#### 4 - EXPORT PERMITS

- 4.1 The Buyer agrees to fully comply with all applicable export laws and regulations and shall obtain and renew any necessary governmental export permits or similar authorizations which may be required for export of the Goods and Services. The Buyer will also provide all relevant supporting data, drawings, information and/or documentation.
- 4.2 Notwithstanding any other provision hereof, TBAL will have no liability (including no obligation to provide substitute goods or services), nor will it be in breach hereof, if any government fails, for any reason, to issue or renew any export license or other official authorization affecting any Goods and Services.

#### 5 - TAXES AND DUTIES

- 5.1 The Buyer is responsible for all taxes, duties and other charges of any nature whatsoever, including interest and penalties thereon, arising from the sale, delivery or use of the Goods and Services, or related repair & overhaul or engineering services under an Order, and will reimburse TBAL for any such charges TBAL may be required to pay directly to a government authority or to a designated facility which performs any of the support related to the Order.
- 5.2 In addition, the Buyer will pay to TBAL on demand the amount of any customs duties required to be paid by TBAL with respect to the importation by the Buyer of the Goods and Services, plus a fifteen percent (15%) administration fee.

#### 6 - PAYMENT TERMS

- 6.1 Payment from the Buyer is due within (30) calendar days of the date of TBAL's invoice, unless otherwise specified.
- 6.2 Any overdue amount will bear interest from the due date until the date actual payment is received by TBAL at an annual rate of interest equal to the Canadian prime interest rate as established from time to time by the National Bank of Canada, plus two percent (2%), calculated and compounded monthly. Interest will be automatically added to any and all outstanding accounts.
- 6.3 The Buyer will make payments in U.S. funds by one of the following methods:
  - (a) deposit or cheque delivered to:  
Thunder Bay Aviation Ltd  
350 Hector Dougall Way  
Thunder Bay, Ontario, Canada, P7E 6m6
  - (b) wire transfer to:  
TD Commercial Banking  
1039 Memorial Avenue, 2<sup>nd</sup> Floor  
Thunder Bay, Ontario  
P7B 4A4  
Canada  
US Funds Wires:  
Transit Number: 60537  
Account Number: 7302603  
ABA Number: 026009593  
Swift Number: TDOMCATTOR
  - (c) Visa, Mastercard or other credit card accepted by TBAL.
- 6.4 TBAL reserves the right to alter the terms of payment:
  - (a) at any time by giving the Buyer thirty (30) days prior written notice of the new terms; or
  - (b) without prior notice if the Buyer fails to pay, when due, an amount the Buyer otherwise owes under any agreement with TBAL.

- 6.5 The Buyer will comply with all applicable monetary and exchange control regulations and will obtain any necessary authority from the governmental agencies administering such regulations to enable the Buyer to purchase and make payments at the time and place and in the manner specified herein.
- 6.6 The Buyer will not delay payment for the Goods and Services pending, or based on the results of, an inspection or acceptance.

#### 7 - TITLE / RIGHTS OF USE

- 7.1 Property and title to Spares will pass to the Buyer when the purchase price is paid in full to TBAL. Until the purchase price is paid to TBAL, TBAL retains a security interest in the Spares. Risk of loss of or damage to the Spares passes to the Buyer at the time of delivery. TBAL agrees to inform the Buyer of the date the Spares are shipped and the carrier's reference information.
- 7.2 The Buyer shall use engineering services solely for the purpose for which TBAL provided the engineering services.
- 7.3 TBAL is the owner of all intellectual property rights, including patent, copyright, trademark, industrial design and trade secrets in Spares and in repair & overhaul or engineering services documentation. Such intellectual property rights:
- (a) are confidential and proprietary to TBAL;
  - (b) will not be disclosed or transferred to any third party without TBAL's prior written consent; and
  - (c) remain the property of TBAL at all times, regardless of whether this agreement has expired or been terminated.
- 7.4 Under no circumstances does the Buyer have the right to manufacture, produce, reproduce or sell any aircraft parts, drawings, information, or documentation produced by TBAL, without TBAL's prior written authorization by an authorized TBAL Company Official.

#### 8 - WARRANTY / DISCLAIMER

- 8.1 Subject to the exceptions, conditions and limitations set forth in these General Terms and Conditions, TBAL warrants that at the date of delivery:
- (a) Spares manufactured by TBAL, shall be free from defects in material and/or workmanship;
  - (b) Spares manufactured by TBAL and engineering services provided by TBAL shall be free from defects in design; and
  - (c) repair & overhaul or engineering services shall be in conformity with the Buyer's requirements as confirmed by TBAL.
- 8.2 Item 8.1 sets out the warranty ("Warranty") TBAL provides with respect to Goods and Services. The Warranty does not apply to Spares that are not manufactured by TBAL or repair & overhaul services or engineering services that do not originate from TBAL or repair & overhaul or engineering services that are not provided by TBAL.
- 8.3 TBAL has no responsibility under the Warranty for:
- (a) normal wear and tear and the need for regular maintenance and overhaul;
  - (b) unapproved modifications or changes;
  - (c) use of unapproved and/or uncertified spare parts;
  - (d) operation beyond purpose for which Goods and Services have been certified;
  - (e) defect resulting from the misuse of Goods and Services;
  - (f) defect resulting from an accidental break of Goods and Services;
  - (g) costs associated with test and overhaul at times prescribed in applicable manuals.
- 8.4 The Warranty shall remain in effect for any defect covered by the Warranty ("Defect") that becomes apparent during the applicable warranty period set out below ("Warranty Period"):
- (a) 6 (six) months following delivery of Spares;
  - (b) 6 (six) months following delivery of repaired or overhauled goods or engineering services.
- 8.5 As to each matter covered by the Warranty, TBAL's sole obligation and liability under the Warranty is expressly limited to, at TBAL's sole election, either:
- (a) correction by the repair, replacement, revision, rework or adjustment of the defective Goods and Services or
  - (b) reimbursement of the purchase price by credit note.
- 8.6 Any repaired, replaced, revised, reworked or adjusted Goods and Services which is the subject of a warranty claim is warranted under the same terms and conditions as the originally delivered Goods and Services for the unexpired portion of the Warranty Period.
- 8.7 In replacing a defective Spare, TBAL may supply a repaired or overhauled unit modified to a status identical to, or higher than, the defective Spare.
- 8.8 TBAL's obligations hereunder are subject to submission of a warranty claim in writing to TBAL within the Warranty Period but no later than 30 days of the Defect becoming apparent, which warranty claim shall include but not be limited to the following information:
- (a) the identity of the Goods and Services involved, including, if applicable, part number, lot id, serial number, title, revision number, and the quantity claimed to be defective;
  - (b) the manufacturer's serial number of the aircraft with respect to which the Goods and Services was purchased, if applicable;
  - (c) the date the claimed Defect became apparent to the Buyer;
  - (d) a description of the claimed Defect and the circumstances pertaining thereto;
  - (e) the original documentation attached to the Goods and Services, if any and

- (f) unless the Defect is with respect to engineering services:
  - (i) the total flight hours (and cycles if applicable) accrued at the time the Defect became apparent to the Buyer and
  - (ii) visual evidence of the Defect acceptable to TBAL (e.g. photographs).
- 8.9 All warranty claims shall be subject to audit and approval by TBAL. TBAL will make reasonable efforts to advise the Buyer of the disposition of the Buyer's warranty claim within thirty (30) days of TBAL's receipt of the warranty claim and/or return of the defective Goods and Services to TBAL's designated facility at the Buyer's cost. TBAL shall notify the Buyer of TBAL's disposition of each warranty claim in writing.
- 8.10 If a warranty claim is recognized by TBAL, TBAL shall:
  - (a) reimburse all costs of transporting the defective Goods and Services from the Buyer to TBAL's designated facility and shall assume all costs of transportation of the repaired, corrected or replacement Spare back to the Buyer;
  - (b) assume all costs incurred for the repair, replacement, revision, rework or adjustment of the defective Goods and Services but will not include any of the Buyer's costs for installation or removal of the defective Goods and Services; and
  - (c) make the repair, replacement, revision, rework or adjustment of the defective Goods and Services with reasonable care and dispatch.
- 8.11 Title to Spares returned to TBAL under a warranty claim will at all times remain with the Buyer, except for title to a returned Spare that has been replaced, which passes to TBAL upon shipment to the Buyer of the replacement Spare.
- 8.12 TBAL shall be relieved of and shall have no obligation or liability under the Warranty if:
  - (a) the Defect did not become apparent within the Warranty Period;
  - (b) the Buyer did not report the Defect in writing to TBAL within the period provided in Item 8.8;
  - (c) the Buyer did not submit reasonable proof to TBAL within thirty (30) calendar days after the Defect becomes apparent that the Defect is due to a matter covered by the Warranty or
  - (d) the defective Goods and Services is a Spare, and:
    - (i) the Buyer did not return the Spare claimed to be defective to TBAL's designated facility (unless advised by TBAL to retain such Spare pending evaluation of the Buyer's claim); or
    - (ii) the Spare was not installed, operated or maintained in accordance with the manufacturer's documentation (including service bulletins and airworthiness directives), unless the Buyer furnishes reasonable evidence acceptable to TBAL that such installation, operation or maintenance was not a cause of the Defect.
- 8.13 In the event that a Spare returned under a warranty claim is established to be serviceable, then TBAL shall be entitled to charge and recover from the Buyer any reasonable costs incurred by TBAL, including transportation charges, in connection with such warranty claim. However, in the event that repetitive in-service failure occurs on the particular Spare, which is identified by TBAL on a repeated basis to be serviceable, then TBAL and the Buyer shall discuss and mutually agree on a course of further action to help identify the problem. In the event the defect is ultimately confirmed to be a legitimate warranty claim, then the above mentioned costs incurred by TBAL and charged to the Buyer shall be waived.
- 8.14 In the event that a Defect occurs on a repeated basis with a particular engineering service which is identified by TBAL to be acceptable, then TBAL and the Buyer shall discuss and mutually agree on a course of further action to help identify the problem. In the event the Defect is ultimately confirmed to be a legitimate warranty claim, then any costs incurred by TBAL and charged to the Buyer in respect of the Defect shall be waived.
- 8.15 Notwithstanding anything to the contrary:
  - (a) the warranty is given by TBAL and accepted by the Buyer in place of all other express, implied or statutory terms, representations, warranties or conditions, in contract or in tort, including without limitation, any warranty or condition of merchantability or fitness for a particular purpose, in connection with any defect in the goods and services, and all such other terms, representations, warranties or conditions are hereby expressly disclaimed and
  - (b) the only remedy for breach of the warranty is as set out herein. For greater certainty, in no event shall TBAL be responsible for any special, incidental or consequential damages arising out of or in connection with either a breach of such warranty, or any tortious or negligent act or omission by TBAL or its affiliates, special, incidental, or consequential damages include, without limitation: economic loss, loss or damage to any property or person, or any other exemplary, punitive or similar damages, as well as expenses incurred external to the goods and services.
- 8.16 No variation or extension of the Warranty shall be binding unless it is in writing and signed by a duly authorized representative of TBAL.
- 8.17 In no event shall TBAL's liability exceed the purchase price of the Goods and Services, whether based in contract, strict liability, fault, tort, or any other asserted right.
- 8.18 The Buyer's acceptance of the Warranty, or the making of any claim or receipt of any benefit thereunder, constitutes the Buyer's acceptance of all the foregoing terms, conditions and limitations.

## 9 - RETURN OF SPARES

- 9.1 All Spares returned to TBAL for any reason shall be subject to TBAL's Material Return Authorization procedure in effect at time of request for return. No liability for loss or damage to unauthorized returns will be accepted by TBAL for any reason whatsoever.
- 9.2 Returns must only consist of Spares accompanied by all original documentation, including original certification documents.

9.3 The Buyer will be charged a restocking fee of up to 20% of the purchase price of any returned Spares unless TBAL requests the return. The Buyer would then be credited the remainder of the purchase price to be used on subsequent orders.

9.4 The return of Spares, whether or not authorized, will be at the Buyer's expense, except as provided in Item 8 and under Item 15.

## 10 - SUBSTITUTIONS AND MODIFICATIONS

10.1 With respect to Spares:

- (a) TBAL reserves the right to make any necessary corrections or changes in the design, part number or nomenclature of Spares covered by an order, to substitute Spares and to adjust prices accordingly, provided that installation or interchange ability is not affected. TBAL shall promptly give the Buyer written notice of corrections, changes, substitutions and consequent price adjustments where an open order exists; and
- (b) Corrections, changes, substitutions and price adjustments which affect interchangeability or exceed the quoted price of Spares may be made only with the Buyer's consent, which consent will conclusively be deemed to have been given unless the Buyer gives TBAL written notice of objection within fifteen (15) days after receipt of TBAL's notice, giving the Buyer the right to cancel the order.

## 11 - ORDER CANCELLATION

11.1 If the Buyer cancels an order, TBAL, at its option, shall be entitled to recover any and all actual damages suffered, in an amount not less than 20% of the original purchase price.

## 12 - INSURANCE

12.1 TBAL does not insure Goods and Services during shipment. Transportation insurance and claims processing are the sole responsibility of the Buyer. The Buyer assumes all risk of loss and/or damage upon shipment by TBAL.

12.2 At TBAL's request, the Buyer shall provide TBAL with an insurance certificate as evidence of transportation insurance prior to shipment of the Goods and Services. The insurance certificate shall name TBAL as loss-payee to the extent of TBAL's financial interest in the Goods and Services.

## 13 - EXCUSABLE DELAY

13.1 TBAL shall not be liable for, nor be deemed to be in default under an Order or these General Terms and Conditions on account of, a delay in delivery of the Goods and Services or other performance resulting from causes beyond its reasonable control. These may include, but are not limited to, acts of government, court order, civil unrest, sabotage, adverse weather conditions, labor problems and shortage of materials or Support. TBAL shall use reasonable efforts to avoid or remove the cause and resume performance with minimum delay. The time for delivery will be extended accordingly.

## 14 - EXCLUSION OF LIABILITIES

14.1 TBAL shall have no obligation or liability (either in law or in equity). Whether arising in contract (including without limitation warranty), in tort (including the active, passive or imputed negligence or strict product liability of TBAL or its agents, Subsidiaries or affiliates) or otherwise, for any direct, indirect, incidental, consequential, special or punitive damages or losses of any kind or nature arising out of any lack or loss of use of any aircraft, equipment or goods and services, failure to warn, or for any failure by TBAL to perform any obligation under these general terms and conditions.

## 15 - INSPECTION

15.1 It is the responsibility of the Buyer to inspect all Goods and Services upon receipt at their destination. Use of Goods and Services, or failure of the Buyer to give written notice of short or incorrect shipment of Goods and Services within fifteen (15) days of the date of receipt at the Buyer's facilities, shall constitute acceptance. Acceptance shall be final and the Buyer waives the right to revoke acceptance for any reason, whether or not known to the Buyer at the time of acceptance, the Buyer's remedies for defects discovered before acceptance are exclusively provided for in Item 15.2 below.

15.2 Any written notice of rejection referred to in Item 15.1 above shall specify the reasons for rejection. If TBAL concurs with a rejection, TBAL shall, at its option, correct, repair, replace, revise or adjust the rejected Goods and Services.

15.3 The Buyer shall, upon receipt of TBAL's written instructions and Material Return Authorization, return a rejected Spare, along with all original documentation, to TBAL at its specified plant, or other destination as may be mutually agreeable.

15.4 The return of rejected Goods and Services to TBAL, and the return or delivery of corrected, repaired, rejected, replaced or revised Goods and Services or any replacement for any such Goods and Services, shall be at TBAL's expense.

15.5 All Goods and Services supplied by TBAL shall be certified and distributed in accordance with Canadian Department of Transport Certificate of Airworthiness.

## 16 - GENERAL PROVISIONS

16.1 These General Terms and Conditions and all related matters will be governed by, and construed in accordance with, the laws of Ontario, Canada, and the federal laws of Canada applicable therein. Any litigation arising from, connected with or relating to the

purchase of Goods and Services, or any related matters, must be resolved before the courts of the Queens Bench in the Province of Ontario.

16.3 Alternative dispute resolution is TBAL's preferred approach for settling issues with respect to the application and interpretation of these Terms and Conditions, and the Buyer hereby confirms its commitment to consider the use of this approach.

Notwithstanding the foregoing, nothing in these General Terms and Conditions shall be deemed to limit the rights and remedies of TBAL.

16.4 These General Terms and Conditions are for the benefit of and bind the parties and their respective successors and assigns.

Absent TBAL's prior written consent, any assignment or attempted assignment of an Order shall be wholly void, invalid and totally ineffective for all purposes. If consent is given, TBAL may charge an assignment fee.

16.5 TBAL may:

- (a) assign any Order to any of its affiliates; or
- (b) assign any of its rights to receive money under an Order to any party.

16.6 The benefit of the disclaimer in Item 8 and the exclusion of liabilities in Item 14 extends to all of the Thunder Bay Aviation Ltd entities, divisions and subsidiaries that are not TBAL, and to all of the respective officers, directors, employees and representatives of TBAL and the Thunder Bay Aviation Ltd entities, divisions and subsidiaries that are not TBAL.

16.7 Each provision of these General Terms and Conditions is independent of every other provision of these General Terms and Conditions. If any provision of these General Terms and Conditions is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way. It is the intention of the parties that this agreement will have been made without reference to any provision which may, for any reason, be held to be invalid or unenforceable.

16.8 A waiver of a breach or default under these General Terms and Conditions shall not be a waiver of any other breach or default.

The failure of a party to enforce compliance with any term or condition of these General Terms and Conditions shall not constitute a waiver of such term or condition.

16.9 TBAL may terminate the whole or part of an Order at any time by written notice to the Buyer if the Buyer is in default in carrying out any of its obligations under these General Terms and Conditions, or if the Buyer becomes insolvent or performs or permits any act of bankruptcy, liquidation, reorganization or if a receiver, trustee or custodian is appointed of the Buyer or a substantial part of the Buyer's assets. On termination, TBAL shall have no further obligation to the Buyer and the Buyer will reimburse TBAL for all legal fees and other expenses incurred by TBAL in recovering any sums due regardless of whether the order has been terminated or not.

16.10 If TBAL is in default in carrying out any of its obligations under these General Terms and Conditions, the Buyer shall, prior to termination of the whole or part of an Order, give TBAL written notice of such default. TBAL will have fourteen (14) calendar days (or more if authorized in writing from the Buyer) from the date of receipt of such notice in which to cure the default or to satisfy the Buyer that such default shall be cured within a period of time acceptable to the Buyer. If TBAL fails to cure the default within the applicable time frame, the Buyer may terminate the Order for default by giving written notice of termination to TBAL. The Buyer will be responsible for reimbursing TBAL for any costs or expenses incurred with respect to an Order up to and including the date on which TBAL receives written notice of termination.

16.11 Time is of the essence of any accepted Order and of these General Terms and Conditions.