

Terms and Conditions of Purchase



Agreement in whole: All purchase orders issued by Black Bay Aerospace LLC shall include all items incorporated herein contains and which shall constitute the full and final Agreement between Black Bay Aerospace LLC (Buyer) and Seller and no other Agreement or representations or understandings purporting to add or modify the terms and conditions hereof shall be binding upon the parties hereto.

A Black Bay Aerospace LLC Purchase Order constitutes Black Bay Aerospace LLC'S offer to purchase from Seller the goods described herein pursuant to the terms and conditions stated herein. It shall become a binding Agreement when accepted by Seller either by the earlier of signing or returning the acknowledgment copy to Black Bay Aerospace LLC Logistics or the shipment of conforming goods to Black Bay Aerospace LLC. Seller's acceptance shall be limited to the present terms and conditions of purchase. The terms and conditions of purchase herein prevail and supersede all previous communications, representations, or agreements, whether oral or written, between the parties with respect to the subject matter hereof.

Order of Precedence: The following descending order of precedence shall apply in the event of ambiguity, discrepancy or conflict in the documents comprising these terms and conditions: (a) the order; (b) these Terms and Conditions as may be amended or supplemented from time to time; and (c) any other documents relating to these Terms and Conditions. However, in the event of an ambiguity, discrepancy, or conflict in any of the technical requirements or drawings related to the Order, Seller shall immediately consult buyer for a resolution prior to proceeding with the performance of the Order.

Modification of Terms: This Order can be modified or rescinded only by a writing signed by both Parties or their duly authorized agents (Black Bay Aerospace LLC's President or Vice President).

Excusable Delays: Seller shall be excused from delays in delivery and performance of its obligations herein raised by government embargoes, blockades, or any act of any government, fires, earthquakes, floods, severe weather conditions, or any other Acts of God, quarantines, riots, strife, insurrections, and wars.

Quality: All Goods ordered will be supplied in accordance with AS9100, AS9110, AS9120 standards, or higher. Goods supplied shall meet the requirements in the applicable technical specifications and documentation (drawings, specifications, standards, etc.). It shall be the sole responsibility of Seller to monitor that the technical specifications regarding materials, methods, form, fitness, and function are observed, whether or not the Goods have been manufactured by Seller or by any of Seller's subcontractors. Where no specific requirements are stated, good industry and craftsman like practice shall be observed. Goods are to be manufactured in accordance with spares configuration guidelines. The following information shall be provided:

- a) The identification and revision status of specifications, drawings, and other relevant technical data when applicable
- b) Notification of non-conforming product prior or post-delivery with request for product disposition
- c) Notification of any change that will affect form, fit or function

Terms and Conditions of Purchase



d) Right of access to the buyer, their customer, and regulatory authorities to the applicable areas of the seller's facility and to all applicable documents

e) Record of Retention is 5 years unless otherwise specified

Packaging/Marking of Goods: Goods shall be packed in suitable containers for protection and labeled with Buyer's shipping marks to permit safe transportation. An itemized packing list shall be placed in each package. No charges are allowed for boxing, packing, or crating unless previously agreed to by Buyer. All Hazardous Materials/Dangerous Goods shipped must be packaged, labeled, and shipped in accordance with, and comply with the International Air Transportation Association (IATA) regulations, as well as any and all other applicable laws and regulations. Hazardous materials shipped in cans must have lid locking devices. A UN number is required with hazardous materials are per IATA regulations. Bearings must be individually packaged in original manufacturing packaged. All shelf life limited materials must have 80% of shelf life remaining at the time of delivery. A protective coating is required with sheet metal. If a MATERIAL SAFETY DATA SHEET (M.S.D.S.) is required for the Goods, the Seller shall include on copy of the M.S.D.S., and it shall be identifiable and provided with each shipment of the goods furnished under this Order. In addition, a Shipper's Declaration for Dangerous Goods shall also be provided with the material.

Shipment/Inspection of Goods: Goods shall be shipped to final end-user destination, and shall be received at such destination, subject to Buyer's and the final end-user's rights of inspection and rejection. Seller acknowledges that Buyer is purchasing the Goods for resale under the contract identified to this Order, that the final end-user has the right to inspect and reject the Goods, and that Buyer will not independently inspect the Goods. Rejection of the Goods by the final end-user shall be rejection of the Goods by Buyer. Buyer's right to inspect and reject the Goods shall not expire prior to the expiration of the period during which the final end-user may inspect and reject the Goods. Defective Goods not in accordance with Buyer's specifications, or Goods in excess of those specified will be held for Seller's direction at Seller's risk and cost. If Seller so directs, such defective Goods will be returned to Seller at Seller's expense. If inspection by Buyer and the final end-user discloses that part of the Goods are not in accordance with the Buyer's specifications, Buyer shall have the right to cancel any unshipped portion of the Order. Payment for Goods in this order prior to inspection by Buyer and the final end-user shall not constitute acceptance thereof and is without prejudice to any claims that the Buyer may have against the Seller. Buyer's or the final end-user's failure to specify the reasons for rejection in writing or otherwise is not a waiver of those reasons, which may be raised by the Buyer at any time before or after rejection. Risk of loss shall not pass to the Buyer until Goods are inspected and accepted by the Buyer and the final end-user. Inspection and acceptance by Buyer or the US Government or its Customer or the final end-user, shall not waive latent defects or express or implied warranties in the Goods, which shall survive delivery.

Control and Processing of Non-conforming Material and Corrective Action:

a) Seller shall implement and maintain a system, which provides for identification, documentation, segregation, and disposition of non- conforming material and shall ensure effective, positive corrective

Terms and Conditions of Purchase



action is taken to prevent, minimize or eliminate non-conformance. Seller's system shall ensure that non-conforming material is not used for production purposes.

b) Seller shall maintain records of all non-conforming material, dispositions, assignable causes, corrective actions, and effectiveness of corrective actions for the period specified in this PO.

c) Seller shall evaluate each non-conformance for its potential to exist in previously produced or delivered items. If a nonconformance exists, Seller shall notify Buyer, in writing, within 24 hours.

d) Buyer shall forward requests for corrective action, through the Supplier Corrective Action Request (SCAR) form if required, to Seller when unsatisfactory performance by Seller and/or any of its subcontractors is detected by Buyer. Seller shall respond to all Buyer requests for corrective action. When requested by Buyer, Seller shall provide on Seller's Company letterhead, a response showing action taken within their process to correct this non-conformity and action taken to preclude reoccurrences.

e) If Seller does not respond to Buyer's SCAR within 15 days of receipt of the nonconforming Item(s), the Seller shall be deemed to have accepted responsibility for the identified nonconformance. Payment is subject to be held until SCAR is answered and approved by Black Bay Aerospace LLC or refund, in full from the Seller if order was paid partial or paid in full up front.

Ownership and Clear Title: Seller warrants that Seller has legal title to the Goods, and the Goods are free from all liens and encumbrances.

Changes/Cancellation for Default: Buyer shall have the right, upon written notice to Seller, to require changes in the quantity, quality, or terms of delivery and shipment of the Goods sold by the Seller, and confirmed adjustments shall be made in the amount due or in time of delivery and shipment required. If Seller fails to make any delivery in accordance with the agreed delivery date or schedule (and time is of the essence to Buyer) or otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this Order, or fails to make progress so as to endanger performance of this Order, or in the event of any proceeding by or against Seller in bankruptcy or insolvency or appointment of a receiver or trustee or an assignment for the benefit of creditors, Buyer may in addition to any other right or remedy provided by this Order, or by law or equity, terminate all or any part of this Order by telegraphic or other written notice to Seller without any liability to Buyer to Seller on account thereof. In the event of such Cancellation for cause, Buyer may purchase supplies or services elsewhere on such terms of in such manner as Buyer may deem appropriate, and Seller shall be liable for any and all excess costs and expenses incurred by Buyer.

Invoices: Seller shall issue an invoice at the time of shipping, showing Purchase Order number, part number and description whether goods are sent prepaid or collect point of shipment, method of shipment in accordance with agreed conditions. Any time period applicable for Black Bay Aerospace LLC to pay shall begin on the day Black Bay Aerospace LLC Logistics is in receipt of an acceptable invoice of Seller and of conforming goods. On collect shipments, Seller shall attach a copy of the Bill of Lading or transportation receipt to the invoice and retain the original copy of such documents on file.

Terms and Conditions of Purchase



Confidentiality: Seller agrees that all drawing, specifications, samples, and/or written disclosures forming a part of this Order, either by reference or otherwise, are the property of Buyer, and if marked Proprietary, are submitted in confidence with the understanding and agreement by Seller that such drawings, specifications, samples and/or written disclosures so marked shall not be utilized, in whole or in part, by Seller, either for itself or by it on behalf of any other person, firm, or corporation, without written permission of Buyer, for copying or replication, program purposes, including procurement and manufacture of buyers products, or portions thereof.

Taxes: Buyer shall not be liable for any Federal, State, or local taxes, or Export or Import duties at destination for the Goods.

Law/Compliance: Seller agrees that in the performance of this order that it will comply with all applicable Federal, State, and local laws, Executive Orders, and procurement regulations. This Order is to be governed, performed, and construed in accordance with the laws of the State of Florida, except for its internal choice of law provisions.

Disputes: The venue for any dispute or legal action relating to this Order shall be in the Municipal or Superior Court, County of Sarasota, Florida U.S.A. Seller specifically waives and gives up any right to bring an action in or remove an action to the United States District Court. If any Party to this order brings an action relating to this order, the prevailing Party shall be entitled to recover from the other Party its costs, including reasonable attorney's fees, in addition to any other relief to which it may be entitled. Pending resolution of any such dispute, the Seller shall proceed in accordance with Buyer's written instructions.

Infringement: Seller shall indemnify and save harmless Buyer from any and all claims losses, liabilities, expenses and damages suffered, and shall settle or defend any such claim as a result of alleged or proved infringement of any patent, trademark or other intellectual property right with respect to the Goods supplied hereunder. Seller agrees to defend any such claims (whether judicial or administrative) at its sole cost and expense and to promptly pay and discharge any obligations imposed or agreed to in connection with the resolution thereof; provided, however, that Buyer reserves the right to employ its own legal counsel to protect its interest with respect to any such claim, at Buyer's expense; without diminishing or waiving the undertakings of Seller set forth above.

Indemnification: To the fullest extent permitted by law, Seller shall at all times indemnify, save, defend and hold harmless Buyer and its officers, directors, shareholders, employees and agents and buyer's customers, their parents and affiliates and all of their officers, directors, employees and agents, from and against all claims, causes of action, suits, injuries (including, without limitation, death) to persons and damage or loss to property, losses, liabilities, fines penalties, costs, expenses (including, without limitation, expenses of investigation and remediation) and detriments of every nature and description (including, without limitation, all expenses legal and otherwise, incidental to all such claims and actions) which are caused by, or the result of, or are in any way sustained by reason of:

(a) any breach of these Terms and Conditions by seller or its employees, agents, or subcontractors at any tier.

Terms and Conditions of Purchase



(b) any breach of express or implied warranty hereunder; (c) any defect in design or manufacture or the goods furnished in the performance of the order; and (d) any wrongful or negligent act, error or omission of the Seller or any of its suppliers, subcontractors, agents and anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable in the performance of the order; and

(e) any act or omission, while on or near the premises of Customer or Buyer, of seller or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be made liable. This indemnification obligation shall not be limited in any way by required, actual, or available insurance coverage.

Examination of Records: The Seller agrees that the Buyer (or a US Government representative) shall have the right to examine and audit the books and records of the Seller directly pertaining to this Order during the period of the Order, and until expiration three years after the final payment under the Order, if this Order is for \$5,000.00 or more.

Import/Export Control:

(a) Seller agrees to comply with all applicable U.S. export control laws and regulations, specifically including but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation ("ITAR"), 22 C.F.R. part 120 et seq.; and the Export Administration Act, 50 U.S.C. 2401-2420, including the Export Administration Regulations ("EAR"), 15 C.F.R. part 730-774, including, the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Seller agrees that it will not transfer and export-controlled item, data or services, to include transfer to foreign persons employed or associated with, or under contract to Seller or Seller's lower-tier subcontractors or suppliers without the authority of an export license, agreement, or applicable exemption or exceptions;

(b) Seller agrees to notify Buyer if any deliverable under the Order is restricted by export control laws or regulations.

(c) Seller shall immediately notify buyer if seller is, or becomes listed in any Denied Persons list issued by the Bureau of Industry and Security ("BIS") (or any successor agency) from time to time or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any US Government entity or agency;

(d) If Seller is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Seller represents and warrants that: (i) it is registered with the Directorate of Defense Trade Controls ("DDTC") as required by the ITAR, and (ii) it maintains an effective export/import compliance program in accordance with the ITAR; and

(e) Where Seller is a signatory under the Buyer export license or export agreement, Seller shall provide prompt notification to buyer in the event of changed circumstances, including, but not limited to, ineligibility, violation or potential violations of the ITAR, and the initiation or existence of a Government investigation, that could affect Seller's performance under the order Entire Agreement: This order is

Terms and Conditions of Purchase



intended by Buyer and Seller as a final expression of their agreement concerning the matters contained herein, and it intended as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Order. Acceptance or acquiescence in a course of performance rendered under this Order shall not be relevant to determine the meaning of this Order even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code (UCC) is used in this Order, the definition contained in the UCC shall control.