



**STANDARD TERMS AND CONDITIONS
OF PURCHASE**

WHEREAS, KP Aviation, LLC (“KPA” or “Buyer”) offers leasing, distribution and technical support for aviation assets, components and solutions; and

WHEREAS, subject to the Standard Terms and Conditions of Purchase set forth herein (the “Agreement”), vendor (“Seller”) has agreed to sell certain items and/or services to Buyer and Buyer has agreed to purchase such items and/or services from Seller;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

- 1) **Purchase.** The Seller agrees to sell, and the Buyer agrees to buy, the items and services (“Goods and Services”) specified in any Order issued by the Buyer. The total purchase price for the Goods and Services (“Purchase Price”) shall be as set forth in the applicable Order. The Purchase Price is all inclusive, including, but not limited to, taxes, the cost of packing, crating and materials. The Purchase Price is not subject to revision. The Buyer shall initiate payment of the Purchase Price after receipt and satisfactory inspection of the Goods and Services subject to Article [10], Inspection and Acceptance, of this Agreement.
- 2) **Orders.** These Standard Terms and Conditions of Purchase apply to all purchase orders (“Order”) issued by Buyer if there is no valid contract signed by both parties covering the Goods and Services. These Standard Terms and Conditions of Purchase prevail over any other standard terms of business suggested by the Seller. Any conflicting terms in any of the Seller’s documents given to Buyer at any time are null and void. This Agreement shall not be amended unless both parties do so in writing.
- 3) **No PMA or DER Parts.** Unless approved in writing by Buyer, the Seller shall not provide/supply/sell any Part Manufacturer Approval (“PMA”) parts nor subject the Goods & Services to any Designated Engineering Representative (“DER”) repairs. The use of any repair specification developed by the Seller that is outside the scope of the Original Equipment Manufacturer (“OEM”) or Buyer specification, whether or not FAA or EASA approved, shall be subject to prior written authorization by Buyer. Non-conforming parts or components can result in either replacement, return credit or order cancelation solely at Buyer’s discretion.

- 4) **Certification, Traceability and Quality.** All items must be traceable to a certified source, OEM, last operator (*e.g.*, a Part 121, 129, or 145 operator or a foreign operator) unless approved by Buyer prior to shipment. Supporting trace documentation must include complete back to birth trace for all LLP(s), NIS, removal tag(s) and/or teardown manifests, shop visit reports, shop packing slips and/or repair order to the shop and Material Certification naming the above mentioned source and the following: seller company name, source, condition, part number, serial number (if applicable), quantity, NIS, signed and dated. In addition to the forgoing, the Seller shall comply with all other minimum certification and documentation standards set forth in the document entitled “Quality: Traceability Guidelines,” attached hereto as **Attachment A**, and incorporated herein by reference.

Acceptance of the trace is at the discretion of the Buyer, who retains the right to reject any Order not meeting required standards. This may result in either replacement, return credit or Order cancelation solely at Buyer’s discretion.

- 5) **Supply Chain and Compliance.** Sellers must have a documented process to prevent acceptance and report information of unapproved or counterfeit parts into their quality system in accordance with AC 21 29, AC20 154, AS5553, AS6174 and DFAR 252.246 7007 as applicable.

In accordance with Buyers’s standards, all products purchased or repaired from the Seller shall comply with the following requirements:

- a) Notify Buyer of any nonconforming product,
 - b) obtain Buyer's approval for nonconforming product disposition,
 - c) notify Buyer of changes in product and/or process definition,
 - d) changes of suppliers, change of manufacturing facility location, and where required, obtain Buyer 's approval,
 - e) flow down to the supply chain the applicable requirements including customer requirements,
 - f) ensure records are maintained for 7 years or as mutually agreed upon or dictated, and
 - g) providing the Buyer, its customer and regulatory authorities with the right of access to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records
- 6) **Warranties.** Warranties are as follows unless different terms are agreed in writing with Buyer.

Seller warrants that;

- a) all goods and services when delivered will be merchantable and free from defects in workmanship and material, will conform strictly to the specifications, drawings, samples, or other description specified herein or furnished by Seller, and will be fit for their ordinary intended purposes and any special purpose specified by Buyer. All warranties shall run to Buyer, its successors, assigns, and all persons to whom the goods may be resold.
- b) All Serviceable material will carry a minimum of a six (6) month warranty from ship date with current Authorized Release Certificate ("**ARC**").
- c) All New, New Surplus and Overhauled material will carry a minimum of a one (1) year warranty from ship date with current ARC.
- d) All As Removed ("**AR**") material is guaranteed repairable ("**AR/GR**") unless approved in writing by Buyer's authorized purchaser and will be returned to Seller at Seller's cost if repair exceeds agreed upon repair cap and/or is determined Unserviceable/Beyond Economical Repair ("**BER**").

7) Cancellation. Buyer has the right to cancel the Order at any time, for any reason, in whole or in part, by written or verbal notice confirmed in writing to Seller. Buyer reserves the right to refuse any fees associated with the cancellation of an Order.

8) Indemnification.

Seller hereby agrees to release, Indemnify, defend and hold Buyer, its subsidiaries, affiliates and shareholders, and all of their respective officers, directors, members, managers, employees, agents, successors and assigns (collectively referred to as the "**Buyer Indemnitees**") harmless against any and all losses, liabilities, damages, costs, expenses, judgments, actions, proceedings, claims, damages, compensation, penalties or other liabilities (including reasonable attorneys' fees) ("**Claims**") resulting or arising (directly or indirectly) from: (a) property damage or injury to or death of any person and any other direct, indirect, incidental, consequential, economic, or statutory civil damages any of which arise out of or are in any way related to the provision of Services or the sale of any Goods by the Seller, and/or (b) the use, operation, repair, maintenance, or disposition of Goods provided under any Order, whether or not arising from breach of contract, strict liability, or tort (including negligence), and/or (c) as a result of the breach by Seller of any of its obligations, representations, warranties or covenants made in connection with the transactions contemplated by this Agreement; *provided however*, Seller shall not be required to indemnify the Buyer Indemnitees for claims or liabilities arising from the gross negligence or willful misconduct of any Buyer Indemnitee. This indemnity shall survive and continue in full notwithstanding the termination of this Agreement.

9) Shipping.

- a) Approval. No Goods specified in any Order are to be shipped to Buyer until such time as the Buyer has approved all trace and associated documentation and records provide by the Seller.
- b) Costs. Buyer will arrange and pay for shipping the Goods and Services to the Buyer's designated facility, unless otherwise agreed in the order.
- c) Risk of Loss. The Seller bears responsibility for the Goods and Services, including responsibility for the risk of loss of or damage to the Goods and Services, until such time as the they arrive at the Buyer's designated facility. Notwithstanding that Buyer arranges and pays for shipping, Buyer shall provide Seller with reasonable prior notice of the shipment arrangements to allow Seller to obtain appropriate insurance coverage, if desired. Seller is solely responsible for procuring such insurance at its own expense.
- d) Packaging. All Goods will be packed and marked in accordance with industry standards (including notice of hazardous materials) and will comply with applicable laws and carrier requirements. Goods will be packed in accordance with ATA Spec 300. Each container will be marked with the applicable Order number and be accompanied by one copy of the shipping documents.
- e) Additional Fees. Buyer reserves the right to charge Seller any additional costs/fees accrued due to Seller not following Buyer's shipping instructions.

10) Inspection and Acceptance.

- a) Returns. Buyer may, in its sole discretion, at any time and from time to time, after acceptance of the Goods, return to Seller any part or all of the goods and receive full credit for such returns.
- b) Inspection and Acceptance. After receipt of the Goods and Services, the Buyer will within the Warranty Period inspect the Goods and Services to ensure that all the items listed or described in any order are included, and that the Goods and Services are in the same condition as noted in the master packing list and as agreed to in the Buyer's Order. A significant discrepancy in the inventory and/or condition of the Goods and Services, if unresolved by the parties, is grounds for refusal of the Goods and Services by the Buyer and withholding of payment. The term "significant discrepancy" includes but is not limited to, nonconforming Goods and Services, Goods and Services of inferior quality, damaged or expired parts, missing or incorrect certification documents (e.g., FAA Form 8130-3, EASA Form 1, Certificate of Conformance), suspected counterfeit parts, or inadequate packaging that could compromise the integrity of the Goods and Services. In the event that such a discrepancy exists, the Goods and Services will be returned to the Seller at the Seller's expense, unless the Seller cures the discrepancy no later than 30 days after the Buyer provides written notice of the discrepancy, or such later time as may be agreed upon by the parties. The Buyer will indicate its acceptance or rejection of the Goods and Services in writing. The Buyer will reduce payment on a

unit-price or *pro rata* basis per each rejected or missing item, or may, at the Buyer's discretion, accept as replacements different items from the Seller.

- c) All material received by Buyer is subject to form, fit and function inspection at final receipt. Any damage or perceived parts out of conditional scope can be rejected solely at Buyers discretion unless otherwise agreed.

11) Delays. Time is of the essence for performance of the Order. If any goods or services are not delivered within the time specified, Buyer in addition to any other remedies provided by law, may refuse to accept all or any part of such goods or services and cancel the Order; *provided, however,* neither party will be liable for delays in delivery caused by force majeure pursuant to Article [18(d)], Force Majeure, of this Agreement.

12) Title and Authority to Enter into Agreement.

- a) The Seller represents and warrants that the Seller is the true and lawful owner of the property conveyed by this agreement and has full power to convey such property, and the title so conveyed is free, clear, and unencumbered.
- b) Title and risk of loss of goods purchased hereunder will be borne by Supplier until goods are received, in accordance with the terms hereof.
- c) The Seller hereby warrants that the Seller has the authority necessary to enter into this Agreement.

13) Export Compliance; Sanctions

- a) The export and re-export of goods and related technical information under this Agreement are subject to the export laws of the United States of America. Seller shall be responsible for applying for, obtaining and maintaining all required export licenses and approvals and complying with all applicable export reporting requirements. Buyer does not guarantee the issuance of such licenses or their continuation in effect once issued. Seller covenants that it will not, directly or indirectly, export or re-export any goods or technical information received from Buyer to any destination if such export or re-export would violate the laws of the United States of America.
- b) Further, Seller covenants that it will comply in all respects with all applicable laws, ordinances, rules, regulations and orders of all governmental authorities relating to the ownership, installation, operation, movement, marketing and maintenance of the Goods and technical information related thereto. To this effect, Seller acknowledges that the Goods and their technical information are subject to U.S. Trade Control Laws¹

¹ "U.S. Trade Control Laws" means all applicable sanctions laws, including the U.S. economic sanctions laws administered by the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC"), and all applicable laws relating to economic sanctions administered by the European Union or any member state thereof, (iii) all applicable export control Laws, including the Export Administration Regulations administered by the U.S.

and Seller shall not source, purchase, sell, transfer or lease the Goods and technical information from or to any person that is (and represents and warrants that Seller itself is not): (i) a target of U.S., European Union, United Kingdom, or other economic, financial or trade sanctions in force from time to time; (ii) named, identified or described on any blocked persons list, specially designated nationals list, prohibited persons list, or other official list of restricted persons with whom U.S., European Union or United Kingdom persons, or persons otherwise subject to the jurisdiction of the United States, the European Union or the United Kingdom may not conduct business, including, but not limited to, restricted party lists published or maintained by (A) OFAC, (B) the U.S. Department of Commerce, (C) the U.S. Department of State, (D) the European Union or (E) His Majesty's Treasury of the United Kingdom; or (iii) owned 50% or more in the aggregate or controlled by, or an actor on behalf of, any person or persons described in clauses (i) or (ii).

- c) It shall be a condition precedent to Seller's obligations under this Agreement that all necessary export licenses and approvals required in respect of Seller's business or the Delivery of any Goods and Services hereunder shall be timely granted and continue in effect during the term of this Agreement. Buyer reserves the right to withhold payment for any Goods and Services pursuant to this Agreement until such condition has been satisfied to Buyer's satisfaction.
- d) Seller agrees to indemnify and hold Buyer harmless against any liability arising from any breach of Seller's obligations under this Section.

14) Confidentiality.

Seller acknowledges that it will obtain confidential information provided as a result of this Agreement, including, without limitation, all provisions of this Agreement, the Order, drawings, specifications, schematics, formulae and any other information (whether oral, written or otherwise) delivered by Buyer to Seller during the course of performance of this Agreement (the "Confidential Information"). Confidential Information will not include information which is already in the public domain, or which is already in Seller's possession and not otherwise confidential or which was received from third parties having a right to disclose such information. Seller agrees to keep the Confidential Information strictly confidential and will not disclose nor permit the disclosure of nor use the Confidential Information for any purpose whatsoever, except as provided herein. Seller may disclose the Confidential Information to such of its officers, directors, attorneys, accountants, lenders, members, joint venture partners, or employees who are required to know the Confidential Information in the course of performance of this Agreement or their professional services

Department of Commerce, Bureau of Industry and Security, the Export Control Reform Act of 2018, the Arms Export Control Act of 1976, the International Traffic in Arms Regulations, and those export control Laws administered by the European Union or any member state thereof as applicable, and (iv) the anti-boycott regulations administered by U.S. Department of Commerce and the U.S. Department of the Treasury.

("Disclosees"). All Disclosees will be informed of the confidential nature of the Confidential Information and will, prior to obtaining access thereto, agree to keep this Confidential Information confidential in accordance with the terms of this Agreement. If so required, Seller may also disclose the Confidential Information in connection with the enforcement of this Agreement or pursuant to any valid court order, regulation or other lawful order or process compelling such disclosure but only after notifying Buyer of such disclosure prior to its occurrence and limiting the required disclosure of Confidential Information to the maximum extent possible.

15) Choice of Law and Venue.

- a) If Seller is an entity formed within the United States of America, this Agreement shall be governed and construed according to the laws of the State of Nevada and if Seller is an entity formed outside of the United States of America, this Agreement shall be governed and construed according to the laws of the State of New York, in each case without reference to conflict of laws principles.
- b) Any disputes or claims shall be referred to and finally settled by the exclusive jurisdiction of the federal and state courts of the State of Arizona or the State of New York, respectively, or as otherwise agreed to in writing by the Parties. Seller agrees to pay all costs and expenses, including reasonable attorney's fees incurred by Buyer in any action to enforce its rights hereunder.
- c) Seller hereby waives; (i) the right to jury trial in any and all proceedings; (ii) any and all objections to venue and inconvenient forum in the state and federal courts, referred to in this section and (iii) any and all objections to service of process by certified mail, return receipt requested.

16) Publicity. Seller shall obtain prior written approval from the Buyer prior to using the Buyer's trademarks or trade names, images or holdings (collectively, "Proprietary Marks"). This applies to all uses regardless of whether on the web, in print, or in any other media. Once approved, similar uses in the same context and format will not require additional approval. The contact at the Buyer for these reviews is the Brand Ambassador via email at sumerae.sisemore@kpaviation.net.

17) Notice. All notices required to be given hereunder shall be in writing and sent by prepaid courier or other similar services or by electronic mail to Vice President of USM Procurement via email at nickolas.connor@kpaviation.net.

Notice is effective when given in the case of an e-mail upon confirmation of receipt of such e-mail by the addressee provided the sender thereof has not received actual notice of failed delivery, and, in the case of a Notice delivered personally or by courier service, when

delivered (provided that if delivery is tendered but refused, such Notice shall be deemed effective upon such tender).

18) Miscellaneous.

- a) Nature of Relationship. Nothing in this agreement is intended or is to be deemed to create a partnership or joint venture between the Buyer and the Seller.
- b) No waiver. No waiver or modification of any of the terms of this agreement will be valid unless in writing. No waiver by either party of a breach hereof or default hereunder will be deemed a waiver by such party of any subsequent breach or default.
- c) Severability. If any particular term, covenant, or provision of this agreement is determined to be invalid or unenforceable, the invalidity or unenforceability thereof will not affect the remaining provisions of this agreement, which will nevertheless remain in full force and effect.
- d) Force Majeure. Performance by either party under this agreement is excused during the period such performance is prevented or delayed by government restrictions (whether with or without valid jurisdiction), war or warlike activity, insurrection or civil disorder, endemic, pandemic or any other causes similar or dissimilar to the foregoing that are beyond the control of either party and are not foreseeable at the time the Agreement is executed.
- e) Survivability. If this Agreement expires, is completed, or is terminated, Seller shall not be relieved of those obligations contained herein. All the provisions will survive the termination.
- f) Captions. Any captions or headings to the sections of this agreement are solely for the convenience of the parties hereto, are not part of this Agreement, and are not to be used for the interpretation or determination of the validity hereof.
- g) Assignment. Neither party hereto may assign this Agreement (or any Order) without the written consent of the other, such consent not to be unreasonably withheld.
- h) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and taken together with the Order, supersedes all pre-existing agreements and understandings between them with respect thereto.
- i) Expenses. Except as otherwise provided herein or in an Order, each of Buyer and Seller shall be responsible for the costs and expenses incurred by it in connection with the negotiating of the Order and the consummation of the transactions contemplated hereby, including attorneys' fees and technical and/or appraisal costs.
- j) Unenforceability. Any provision of the Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

**ATTACHMENT A
TO
STANDARD TERMS AND CONDITIONS OF PURCHASE**

Quality: Traceability Guidelines

These guidelines set forth the minimum certification and documentation standards required when selling, consigning, or supplying materials to KP Aviation, LLC. All materials supplied must be traceable to a regulated source, with additional or unique requirements specified on our purchase orders. Suppliers are expected to comply with all outlined requirements. Any deviations require prior approval from our Quality Department before shipment.

1. Regulated Sources

Regulated sources are defined as follows:

- Original Equipment Manufacturers (OEMs) holding Production Approval.
- Scheduled airlines and operators (including freight).
- Major certified repair stations (FAA, EASA, TCCA, UK CAA or CAAC) capable of performing C & D checks, structural modifications, or major engine and engine module repairs.
- Certified component repair stations (FAA, EASA, TCCA, UK CAA or CAAC) supplying materials within their certified repair capabilities.

2. Non-Regulated Sources

Sources not meeting the criteria for regulated sources are considered non-regulated. Examples include other surplus parts suppliers, dealers, brokers, leasing companies, or certified repair stations selling outside their repair capabilities.

The minimum certification for materials from non-regulated sources includes:

- The supplier's Material Certification ATA 106 form or equivalent, and the original or certified copy of the certificate from the regulated source.
- A non-incident, non-government, and non-military use statement from the last operator and regulated source (if used).

3. Certification and Traceability by Part Condition and Description

a. Factory New

- Original certification from the OEM, including one or more of the following: FAA Form 8130-3, EASA Form 1, JAA Form 1 (If manufactured before 2004), SEG VOO 003, TCCA Form 1, UK CAA Form 1, Certificate of Conformance, Packing Slip, Transfer Ticket, or Invoice.

- New Surplus (Unused).
- Certification and traceability back to a regulated source, indicating the material is new. Documentation may include FAA Form 8130-3, EASA Form 1, JAA Form 1 (If manufactured before 2004), SEG VOO 003, TCCA Form 1, UK CAA Form 1, Certificate of Conformance, Packing Slip, Transfer Ticket, and an ATA Spec 106 material certification form.

b. Overhauled, Repaired, Inspected, or Modified.

- Certification and traceability back to the last operator and/or regulated source, including a non-incident/non-military statement.
- Original ATA Spec 106 material certification or equivalent, indicating the part's condition matches the authorized release certificate.
- Original FAA Form 8130-3, EASA Form 1, CAAC AAC-038, SEG VOO 003, UK CAA Form 1 or TCCA Form 1 (dual release) issued by an authorized repair facility that is approved to perform the repair by the relevant airworthiness regulatory authority.
- Details of work performed, including Service Bulletins (SB) number, modification number, Airworthiness Directives (AD) with revision dates, and service manual references.
- Any repairs incorporated into the part must be repairs listed in the OEM's service, repair or overhaul manual.
- FAA DER 8110-3, Internal Engineering Notices (IENs), Engineering Orders (EOs), Technical orders (TOs) Customer Departure Records (CDR's), or Departure records (DR'S) type repairs will not be accepted without prior written approval.
- The repair scheme numbers must be listed in Box 12 (Box 13 for CAAC) of the Authorized Release Certificate along with the Revision number of date. Copies of the repair scheme explanation must be included in the shipment.

c. Repairable/As Is/As Removed Material

- Certification and traceability back to the last operator and/or regulated source, including a non-incident/non-military statement.
- Original ATA Spec 106 material certification or equivalent which meets the requirements of the industry accepted standard, indicating the part's condition (repairable, as-is, where-is, or as removed).

4. Additional Requirements

- Incorrect, missing, or altered certification/traceability or if the condition of the part is not in accordance with the condition stated on the certification or the condition as stated on the purchase order, the part(s) will be rejected and returned for full credit, at the supplier's expense.

- The original Authorized Release Certificate (ARC) is required for each line item on the purchase order.
- For non-serialized parts supplied in quantities less than stated on the certificate, a certified true copy of the Authorized Release Certificate is acceptable.
- The Authorized Release Certificate or Certificate of Conformance must specify all ADs that are represented as having been accomplished, including the AD number(s), AD amendment number(s), and date(s) and method(s) of compliance.
- Hardware items (nuts, bolts, washers, etc.) will only be accepted if the parts are in new condition and in unopened OEM packaging.
- Multiple part numbers on a single Authorized Release Certificate are unacceptable.
- Parts involved in incidents, accidents, or traceable to military/government sources are not accepted.

5. Lot Purchases or Consignments

Certification for lot purchases or consignments must comply with contractual or purchase order requirements. A manifest detailing the contents, including:

- Seller/consignor's name.
- Purchase or contract number.
- Part number, serial or batch number, condition, quantity.
- Manifest pages must be numbered and signed by an authorized representative of the seller/consignor.

6. Aircraft/Engine Teardown Parts

For parts removed by a certified repair or teardown facility, a removal tag that must include manufacturer's part number, serial number (if applicable), part description, quantity, aircraft registration number and/or aircraft manufacturer's serial number or engine serial number and model number (as the case may be), date removed, reason for removal, and total time and total cycle of the airframe or engine (as the case may be) from which the part was removed

Removal tags must be signed/stamped and dated by the facility representative performing the disassembly.

7. Life Limited Parts

In addition to the documentation and certification requirements listed above, all life limited parts must include:

- A non-incident statement from the last operator. Engine LLP's require non-incident statement from all historical operators.
- Documentation detailing the part's history, including part numbers, serial numbers, total time/cycles, and relevant higher assembly information.
- Complete history of all modifications affecting part number, life limit, or re-inspection.
- FAA 8130-3, EASA Form 1, SEG VOO 003, PWA MRP, PWA Transfer Ticket, GE Database report, OEM build specification document, or similar.