

MHD-ROCKLAND INC.
("MHD-ROCKLAND")
Terms and Conditions of Purchases

1. Complete Agreement

All purchase orders issued by MHD-ROCKLAND ("Purchase Order(s)") to another party (the "Seller") shall include all provisions incorporated herein and the whole shall constitute the full and final Agreement between MHD-ROCKLAND and the Seller with respect to a given purchases by MHD-ROCKLAND and no other agreements, representations or understandings purporting to add or modify the terms and conditions hereof shall be binding upon MHD-ROCKLAND.

A Purchase Order constitutes MHD-ROCKLAND's offer to purchase from the Seller the goods described therein pursuant to the terms and conditions stated therein and in this Agreement. It shall become a binding Agreement when accepted by the Seller either by the earlier of signing or returning an acknowledgment to MHD-ROCKLAND or the shipment of conforming goods to MHD-ROCKLAND. The Seller's acceptance shall be limited to these terms and conditions of purchase and those provided for in the Purchase Order. 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.

2. Variance

Any variance or amendment to any of these terms and conditions (including any supplements, specifications or other documents incorporated herein by reference) issued by the Seller is hereby objected to and not accepted by MHD-ROCKLAND unless MHD-ROCKLAND expressly states otherwise in writing. MHD-ROCKLAND shall not be deemed to have waived any provisions of this Agreement and its Purchase Order by failing to object to provisions which may appear on, be incorporated by reference in or be attached to any document issued by the Seller in connection with any order. MHD-ROCKLAND shall not be deemed to have accepted any offer of the Seller and shall not be responsible for goods shipped to MHD-ROCKLAND thereunder except in accordance with the terms and conditions herein. **The failure of the Seller to deliver written notification of express objection to these terms and conditions of purchase at least 10 days prior to the delivery of said goods shall be deemed to constitute a confirmation hereof and the terms and conditions provided for in the Purchase Order.**

3. Revised or Follow-up Orders

Any revised or follow-up orders shall be subject to the terms and conditions of purchase herein and the provisions of the Purchase Order, where applicable.

4. Delivery

The Seller shall deliver the goods as per the delivery terms which are stipulated in a given Purchase Order. For greater certainty, failure to deliver goods on a delivery date shall constitute a default on the part of the Seller to respect its obligations.

5. Cancellation

MHD-ROCKLAND may cancel any Purchase Order at its sole discretion, in whole or in part, upon the issuance of a 5 (five)-day written notice prior to the agreed upon or scheduled delivery date and in such an event, MHD-ROCKLAND shall be entitled to refuse delivery. Said notice shall be effective when communicated to the Seller. With respect to any Purchase Order cancelled by MHD-ROCKLAND, any claim of the Seller shall be limited to the reasonable costs, excluding profits and general administration costs, Seller has incurred to fulfill said Purchase Order at the time of receipt of MHD-ROCKLAND's cancellation notice. In such an eventuality, the Seller shall forward to MHD-Rockland all invoices and supporting documentation in support of its claim.

6. Acceptance of Goods

In the event the goods do not comply with the terms, conditions and specifications of purchase, MHD-ROCKLAND shall notify the Seller. In such an event, MHD-ROCKLAND shall be entitled, at its sole option, to request that the Seller repair or replace any or all non-conforming goods within a specified delay in which case the Seller shall proceed accordingly, or MHD-ROCKLAND may cancel the order. In such an event, any monies paid in advance by MHD-ROCKLAND on account of said order shall immediately be reimbursed by the Seller. In the event of non-conforming goods, all transportation costs to ship the goods back and forth for inspections and eventual delivery following rectification shall be borne solely by the Seller.

7. Invoices

The Seller shall issue an invoice at the time of shipping, indicating the Purchase Order number, the part number(s) and description(s) of the goods, and delivery location. The method of shipment shall be stated in the Purchase Order and confirmed in the Seller's invoice. The calculation of the payment term shall begin no sooner than the date of receipt of an acceptable invoice from the Seller and of the delivery of conforming goods. On collect shipments, the Seller shall attach a copy of the Bill of Lading or transportation receipt to the invoice and retain the original copy of such documents in its records.

8. Timely Performance

The Seller's timely performance is an essential element of this Agreement. Notwithstanding the Seller being delayed or hindered in or prevented, whether temporarily or permanently, from the performance of any term, obligation or act required hereunder by reason of superior force, strikes, lockouts, labour troubles, riots, accidents, inability to procure materials, restrictive governmental rules, regulations or orders, bankruptcy of contractors, or any other event whether of the foregoing nature or not which is beyond the reasonable control of the Seller, the performance of such term or obligation shall nevertheless not be excused and the Seller shall be held to the terms, including time limits, agreed to between the parties, with the consequence being that should the Seller not perform as agreed, then it shall be liable in damages to MHD-ROCKLAND.

9. Import-Export

Unless otherwise agreed in writing, the Seller shall be responsible for compliance with the import-export control laws and regulations applicable and when required by such laws and regulations, shall obtain validated import-export or re-export licenses required for goods transferred pursuant to this Purchase Order. MHD-ROCKLAND shall not be liable to the Seller for any failure to deliver goods as a result of any following government actions:

- Refusal to grant any import, export or re-export license;
- Cancellation of any import, export or re-export license;
- Any subsequent interpretation of a law or regulations after the date of this Agreement that adversely impacts or affects MHD-ROCKLAND's costs or ability to perform its obligations.

10. Warranties

The Seller warrants that all new goods conform to parties' agreed upon specifications and are free from defects in material and workmanship for a period of at least 12 months from the date of shipment. For overhauled (*O/H*) goods the warranty period shall be extended to a minimum of 12 months from the date of shipment and for repaired (*RP*) and/or serviceable (*SV*) goods the warranty period shall be at least ninety (90) days from date of shipment. The goods to be supplied pursuant to the Purchase Order are new (unless otherwise stated in the Purchase Order) and whether new or used, shall be fit and sufficient for the purpose intended and shall be of merchantable quality.

The Seller warrants that the goods have not been subject to extreme stress and/or heat, such as, but not limited to fire, failure or otherwise damaged. The Seller further warrants that it has good and merchantable title to the goods sold in connection herewith and, more particularly, that they are free and clear from any liens or encumbrances or any claims from third parties. The Seller also warrants that any services performed or products delivered in connection with any Purchase Order do not infringe or otherwise violate the intellectual property rights of any third party.

11. Independent Contractor

The parties agree and declare that they are independent contractors and neither Party is the agent or representative of the other.

12. Confidentiality and Proprietary Information

The Seller hereby acknowledges and recognizes that any information disclosed by MHD-ROCKLAND and relating to MHD-ROCKLAND's know-how, technical information, drawings, current and future product features and development plans, customers identification and customer lists, contracts, current and planned business relationships, pricing, price lists, costing information, operating procedures, business plans, financial information, production technologies, marketing and sales plans and methods, research data, documents, formulas, designs, specifications, protocols and process information shall constitute MHD-ROCKLAND's confidential and proprietary information and shall not be disclosed to any third party without first obtaining MHD-ROCKLAND's prior written authorization.

If the Seller becomes aware of any disclosure to any third party of information contemplated herein, the Seller shall immediately notify MHD-ROCKLAND in writing and take all appropriate and necessary actions to investigate the disclosure and contain any further disclosure. The Seller shall provide reasonable cooperation to MHD-ROCKLAND in any investigation it deems necessary regarding disclosure of confidential and proprietary information.

The provisions set forth in this section are in addition to and do not alter, change or supersede any obligations contained in any confidentiality agreements or provisions agreed to between the parties. Notwithstanding any other provision of this Agreement, this section, and all other provisions necessary to its interpretation or enforcement, will survive this Agreement indefinitely and will remain in full force and effect and be binding upon the parties.

13. Non-circumvention

In connection with each Purchase Order and for a period of two years following each Purchase Order, the Seller agrees not to, directly or indirectly, contact, speak to, negotiate with, attempt to do business with, do business with, deal with, transact, or otherwise be involved with any the end-clients that may be disclosed with MHD-ROCKLAND in connection with a Purchase Order without the knowledge and consent of MHD-ROCKLAND. The Seller also agrees that, in the above-mentioned time period, it will not otherwise circumvent, avoid or bypass the relationship between MHD-ROCKLAND and its end-clients.

14. Ethical Behavior

The Seller hereby acknowledges and recognizes that MHD-ROCKLAND has a zero-tolerance approach to unethical behavior, including, but not limited to, conflicts of interest, bribery, corruption, misrepresentation of products and/or services, fraud, etc. The Seller further agrees that it will conduct its own activities to the highest ethical standards and report any unethical activities/issues as they may arise to the attention of MHD-ROCKLAND. Depending upon the nature and/or severity of the violation, MHD-ROCKLAND may cancel any and all Purchase Orders and/or cease any and all business dealings, without any compensation to the Seller whatsoever.

The Seller warrants that it is not identified on the United-States' Office of Foreign Assets Control's (OFAC) Special Designated Nationals List (SDN). The Seller agrees and warrants that it is not involved in business arrangements or otherwise engaged in transactions with or involving sanctioned countries or SDNs in violation of the regulations maintained by OFAC. The Seller agrees that it will notify MHD-ROCKLAND promptly upon the occurrence of any event that may render this representation and warranty incorrect.

Moreover, the Seller shall not sell any product or engage in any other transaction in, to, or with (i) any country that is subject to sanctions imposed by the United-States Government, or (ii) any individual or entity that is listed in the following: (a) List of Specially Designated Nationals & Blocked Persons, Office of Foreign Assets Control, U.S. Treasury Department; (b) List of Debarred Parties, Directorate of Defense Trade Controls, U.S. State Department; (c) Denied Persons List, Bureau of Industry and Security, U.S. Department of Commerce; (d) Entity List, Bureau of Industry and Security, U.S. Department of Commerce; (e) Unverified List, Bureau of Industry and Security, U.S. Department of Commerce; or (f) the Palestinian Legislative Counsel (PLC) List, Office of Foreign Assets Control, U.S. Treasury Department.

15. Quality Program

- a) The Seller shall maintain an effective quality program based upon product complexity and contractual requirements.
- b) Responsibility for control of quality shall be clearly designated within the Seller's organizational structure. The program shall provide for placement and training of inspection and other personnel who have an effect upon or are responsible for determining product and service quality. Formal certification of personnel for processes, materials, or other operations requiring special skills or training shall be maintained.
- c) The Seller shall establish controls to prevent the use of non-certified materials when certified materials are required. The Seller shall provide and obtain for MHD-ROCKLAND, MHD-ROCKLAND's customers, and appropriate regulatory agencies access to any and all of its facilities, including those facilities of the Seller's subcontractors, where work on items is being performed or is scheduled to be performed under any Purchase Order. MHD-ROCKLAND shall have the right to perform in-process inspection, audits, and system surveillance at the Seller's and Seller's subcontractors' facilities as part of verification of conformance to the requirements of any Purchase Order at no cost to MHD-ROCKLAND.
- d) The Seller shall maintain complete records of all manufacturing, inspecting and testing in connection with the Items. At MHD-ROCKLAND's election, such records shall be made available to MHD-ROCKLAND, MHD-ROCKLAND's customers and/or appropriate regulatory agencies during the performance of any Purchase Order and for at least seven (7) years after completion of a given Purchase Order or for such longer periods, if any, as may be specified elsewhere in such Purchase Order. Upon MHD-ROCKLAND's request, The Seller shall forward such records to MHD-ROCKLAND at no cost to MHD-ROCKLAND. The Seller shall require control of quality at all points necessary to assure conformance to any Purchase Order's requirements, whether performed by the Seller or by the Seller's sub-contractors.
- e) The Seller's documented quality system shall provide for the review of all Purchase Orders to ensure that quality requirements are incorporated into manufacturing planning, and inspection and test instructions, as applicable, to assure compliance with all Purchase Orders. Unless otherwise agreed to by MHD-ROCKLAND in writing, upon request by MHD-ROCKLAND, the Seller shall provide all the Seller records, reports, specifications, drawings, inspection and test results and other documentation.
- f) MHD-ROCKLAND shall communicate to the Seller its requirements for, and the Seller is responsible for:
 - i) ensuring that persons are aware of:
 1. their contribution to product or service conformity;
 2. their contribution to product safety;
 3. the importance of ethical behavior;
 - ii) specific authority and customer requirements (as specified on Purchase Order);
 - iii) format and content of the external provider's delivery documentation package (as specified on a Purchase Order);
 - iv) conditions under which product malfunctions, defects, and unairworthy conditions have to be reported to the concerned stakeholders.
- g) The Seller shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements identified with this Purchase Order.

16. Control and Processing Nonconforming Material and Corrective Action

- a) The Seller shall implement and maintain a system, which provides for identification, documentation, segregation and disposition of nonconforming material and shall ensure effective, positive corrective action is taken to prevent, minimize or eliminate non-conformance. The Seller's system shall ensure that non-conforming material is not used for production purposes.
- b) The Seller shall maintain records of all non-conforming material, dispositions, assignable causes, corrective actions, and effectiveness of corrective actions for the period specified in a Purchase Order.
- c) The Seller shall evaluate each non-conformance for its potential to exist in previously produced or delivered items. If a nonconformance exists, the Seller shall notify MHD-ROCKLAND, in writing, within 24 hours.
- d) MHD-ROCKLAND may forward requests for corrective action through the SCAR (*Supplier Corrective Action Request*) form if required, to the Seller when unsatisfactory performance by the Seller and/or any of its subcontractors is detected. The Seller shall respond to all requests for corrective action. When requested by MHD-ROCKLAND, the Seller shall provide, on the Seller's Company letterhead, a response showing action taken within their process to correct this non-conformance and action taken to preclude reoccurrences.
- e) If the Seller does not respond to MHD-ROCKLAND's SCAR request for corrective action within 30 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 the SCAR is answered and approved by MHD-ROCKLAND.

17. Assignment

Any Purchase Order and the rights and obligations thereunder shall enure to the sole benefit of MHD-ROCKLAND and shall be binding upon each of the parties hereto and their respective successors and assigns, but may not be assigned in whole or in part by the Seller without the prior written consent of MHD-ROCKLAND, which may be withheld at its sole discretion.;

18. Headings and Sections

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a section refers to the specified section of this Agreement

19. Severability

Should any article, sentence, section or other part of this Agreement be determined to be null and void by any competent court, regardless of the reason therefor, such a decision shall not alter or nullify the rest of the Agreement.

20. No Waiver

Any failure or delay of any of the parties to this Agreement to exercise a right, remedy or privilege hereunder shall not constitute a waiver of such right, remedy or privilege. Likewise, the fact that either party failed to exercise a right, remedy or privilege shall not prevent them from exercising all or part of such right, remedy or privilege in future

21. Notice

Notices sent in connection with this Agreement shall be deemed to have been duly sent, notified and/or served if delivered in person to director of the corporation for which it was intended, if delivered at or sent by registered or certified mail to the last business address known to the party giving notice or if delivered by email to the last known email address used by a representative of the party to whom the notice is sent.

22. Disputes

This Agreement shall be governed by the Laws of the Province of Quebec, Canada, and the parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the district of Montreal, with respect to any claims which may arise from the terms of this Agreement or the business relationship between the parties.