

TAIT COMMUNICATIONS NORTH AMERICA INC.

Standard Equipment Terms & Conditions of Sale



1. DEFINITIONS

"Contract" means this Standard Equipment Terms & Conditions of Sale.

"Customer" means either a Customer or a Tait Authorized Reseller, as the case may be.

"Equipment" means all goods and services sold by Tait to the Customer.

2. QUOTES; PURCHASE ORDERS; ACCEPTANCE OF PURCHASE ORDERS

2.1 Quotes; Purchase Orders. Customers must submit all requests for an order, quote or equipment in writing. In response to a request for an order, quote or equipment, Tait will issue to Customer a written quote for the equipment (a "Quote"). To order equipment from Tait which are described in a Quote, Customer must then submit a Purchase Order ("Purchase Order").

2.2 Customer Purchase Order Without Initial Request for Quote or Equipment. Customer may submit a Purchase Order without first submitting a request for a quote or equipment. Such Purchase Order will be reviewed by Tait who will then issue a written response. No such Purchase Order shall be deemed accepted and binding on Tait unless Tait expressly confirms its acceptance in writing.

2.3 Acceptance of Purchase Orders. A Purchase Order shall be deemed accepted and binding on Tait without further action if: (i) it is received within 30 days of the date of the Quote and (ii) it contains no alteration of any term or condition stated in the Quote. Oral or written statements made by either party which conflict with or add terms or conditions to a Purchase Order shall not constitute a part of a Purchase Order unless confirmed in writing by both Customer and Tait. Any new terms or alterations will require Tait to issue a new Quote in accordance the process outlined herein.

3. ADDITIONAL TERMS

To the extent of any conflict or inconsistency between the terms described herein and any Purchase Order, or any of Customer's other order documentation, the terms of herein shall prevail. Notwithstanding any language to the contrary therein, no terms or conditions stated in Customer's Purchase Orders, or other order documentation, shall be incorporated into or form any part of these terms and conditions, and all such other terms or conditions shall be null and void and not form or become part of the agreement for Tait to provide services.

4. PRICES

4.1 The prices to be paid by Customers to Tait for each order of Equipment shall be Tait's prices in effect on the date said order for Equipment is accepted by Tait. Tait may change its prices for Equipment from time to time, however, no price change shall affect the prices of Equipment sold to Customer pursuant to orders placed by Customer and accepted by Tait prior to the effective date of such price change.

4.2 Prices for Equipment are exclusive of any taxes, if any. The Customer agrees to reimburse Tait where Tait pays the same or is responsible for payment of all such taxes

including penalties where Customer actions resulted in incurring such penalties.

4.3 Prices are inclusive of packing to full normal shipping standards. Prices are not inclusive of freight charges, which shall be billed to Customer.

4.4 If the Customer requires Tait to vary quantities, delivery dates or Equipment specifications from those against which prices were quoted; Tait shall have the right to adjust the quoted price.

4.5 Tariffs and Import Duties

The Parties acknowledge that tariffs, duties, and other import-related charges imposed by government entities (including but not limited to those enacted after the Effective Date of this Agreement) may substantially affect the cost of goods or materials covered under this Agreement. Unless otherwise expressly agreed in writing, any and all tariffs, duties, customs charges, or similar governmental assessments imposed on the goods from the Effective Date of this Agreement by any governmental entity shall be the sole responsibility of Client. If new tariffs or material changes to existing tariffs are enacted after the Effective Date, and such changes materially impact the cost of performance under this Agreement, the Parties agree to enter into good faith negotiations to equitably adjust the pricing, delivery schedule, or other affected terms. If the Parties cannot reach agreement within 30 days of notice by the affected Party, either Party may terminate the affected portion of the Agreement upon 30 days' written notice, without liability other than for amounts due for goods or services delivered prior to termination.

5. PAYMENT

5.1 Unless otherwise previously agreed in writing, the following payment terms will govern any and all Purchase Orders placed by the Customer: 100% of the total Purchase Order price will be due by Customer upon placing the order. Tait may, on a case-by-case basis and at its sole discretion, grant Customer a limit of credit, depending on Customer's financial status.

5.2 To the maximum extent permitted by law, Tait reserves the right: (a) to determine the requirements for granting, extending or revoking Customer's limit of credit; (b) to evaluate the Customer's financial status to determine its limit of credit; (c) to grant, extend or revoke the Customer limit of credit, if any; and (d) to change the payment terms of this Agreement or of a particular Purchase Order based on the Customer limit of credit. Customer must furnish Tait with all financial statements and additional information as Tait may deem necessary to assess Customer's financial status.

5.3 A payment will be considered late, if paid later than 30 days from invoice date. A late payment charge of 1.25% may be added to all past due accounts. This late payment charge is due 30 days after it is added to the trade account. This charge is, in part, to cover the cost of recordkeeping requirements arising from failure to make timely payments.

5.4 Separate invoice(s) may be submitted in respect of any installation or labour charges. These invoices are to be paid no later than 30 days from the date of invoice.

- 5.5 No payment may be withheld by the Customer by way of set-off (legal, equitable or otherwise) against any sums owed to Tait.

6. DELIVERY & RETURN OF INVENTORY

6.1 Delivery

- 6.1.1 Unless otherwise agreed by the parties, in writing, all sales of Equipment shall be shipped CIP to the Reseller or Customer address specified in the Purchase Order (INCOTERMS 2010).
- 6.1.2 No claim for shortage, out of box failures or damage in respect of Equipment delivered will be considered unless notice is received in writing by Tait within 7 days from the earlier of the date of receipt of the Equipment by the Customer or by a third party on the Customer's behalf.

6.2 Return of Inventory

- 6.2.1 Products or equipment purchased under condition of Sale or Return, if not sold or purchased by the Customer within the first 30 days, may be returned without penalty. Freight for products returned under this condition will be paid by Tait.
- 6.2.2 If under any other circumstances, Tait, at its sole discretion, agrees to accept the return of products for credit, a restocking fee of 20% of the invoiced value may apply.
- 6.2.3 No products or equipment will be accepted for credit after 30 days from the time of delivery of goods under any circumstances.

6.3 Quoted delivery periods are calculated from the last to occur of:

- a) Tait's acceptance of the Customer's order, or
- b) provision by the Customer to Tait of all engineering and configuration details and Customer supplied parts and materials necessary to enable Tait to manufacture and supply the Equipment; or
- c) receipt of any necessary letter of credit, in the agreed form or a form acceptable to Tait, and other required documentation (including any confirmation or guarantee).

6.4 In the event where Tait drop ships equipment at the Customer's request, the Customer shall indemnify Tait for all losses and costs incurred by Tait if Customs Service refuses or fails to accept delivery of the Equipment including storage charges incurred by Tait with any third party warehouse. In those circumstances, delivery to a warehouse shall be deemed to be a completed delivery by Tait.

6.5 Shipments for accounts which exceed the credit limit, as determined by Tait, or for accounts with outstanding balances more than 30 days old are subject to credit hold at the discretion of Tait.

7. DELAYS

In the event Tait's performance of work is delayed by acts of the Customer, Tait shall be entitled to an adjustment for time and expenses resulting therefrom in addition to extension of the time and of performance. Under no circumstances will either party be responsible for delays or lack of performance resulting from events beyond the reasonable control of that party ("See Article 17 Force Majeure").

8. CANCELLATION

Customer cancellation of any order without liability will be by written mutual agreement of the parties only. If Customer unilaterally cancels all or part of any purchase order, work on such orders shall be stopped as quickly as is practical upon receipt of written notification of cancellation. Customer will make payment to Tait in an amount equal to:

- a) For work in process, a percentage of the sales price based on work completed up to the time of cancellation and work is stopped.
- b) For custom work and/or work that includes unique materials that cannot be reasonably be used in normal production or sold to other Tait customers in a reasonable period of time, then the cancellation fee may be up to 100% of the order value of the custom work and or materials.
- c) For work completed at the time of cancellation and the equipment is standard Tait product and can be sold to other Tait customers in a reasonable period of time, the Tait restocking policy shall apply. For custom work completed and/or work that includes unique materials that cannot be sold to other Tait customers in a reasonable period of time, then the cancellation fee may be 100%.

Tait will use commercially reasonable efforts to minimize cancellation charges by canceling orders and by using common industry components in its products when possible.

9. TITLE

9.1 Title of Equipment shall pass once Tait has received payment in full; however, title to software and the media on which it is embodied, together with copyright and other intellectual and industrial property rights in the software and in all data and information embodied in the hardware, shall at all times remain with Tait or its licensors. The rights of the Customer in software not produced by Tait but included in the Equipment may be subject to the Customer accepting conditions as a sub-licensee imposed by the owner of the software.

9.2 The Customer acknowledges this Agreement creates a security interest in favour of Tait in Products supplied by Tait to the Customer which have not been paid for in full, as security for payment of all monies payable from time to time to Tait by the Customer and for the performance of all the Customer's other obligations from time to time to Tait. The Customer agrees to do anything including signing and delivering any documents Tait reasonably requires to ensure Tait has a perfected security interest in goods supplied. The Customer waives any rights it may have to receive a statement regarding registration of the security interest.

10. EQUIPMENT SPECIFICATION AND QUALITY

10.1 Tait reserves the right to amend details of the technical specification of the Equipment in the Contract to improve the facilities or performance of the Equipment or to substitute items of equivalent performance where items referred to in the quotation are no longer available.

10.2 All specifications, particulars and descriptions set out in catalogues, brochures and similar documents, shipping specifications and particulars of weight and dimension are approximate and being intended for general guidance and shall not be binding.

10.3 Tait reserves the right to discontinue the sale of Equipment and to change the formula, contents or packaging thereof. Tait shall not incur any liability thereby or any obligation to change or repurchase Equipment previously sold by Tait to Customer.

11. INSPECTION AND TESTING

11.1 The Equipment will be submitted to Tait's standard tests

before shipment.

- 11.2 Any additional tests of the Equipment, which may be required by Customer, must be agreed to separately in writing and may be subject to additional charges.

12. WARRANTY

The Tait Limited Warranty is attached hereto as Exhibit A. Warranty repairs shall only be undertaken by an Authorized Tait Service Center unless specifically authorized in writing by Tait. In cases where Tait authorizes the customer to undertake warranty repairs, Tait will replace faulty components free of charge. No reimbursement will be made with respect to labour.

The Equipment is not designed, tested, manufactured or intended for operation or use in relation to any: a) on-line control of aircraft, air traffic, aircraft navigation or aircraft communications; b) potentially explosive environments (unless intrinsically safe equipment is specifically ordered and supplied and used in accordance with the supplied instructions); c) design, construction, operation or maintenance of any nuclear facility; or d) any inherently dangerous, life-endangering or life-support applications. If the customer (or the customer's users) uses the Equipment for any such use, then such use is at the customer's (or the customer's user's) own risk without any recourse against or with respect to Tait and the customer shall indemnify and hold Tait and its third party licensors harmless from any claims for loss, cost, damage, expense or liability arising out of or in connection with any such use and performance.

13. LIMITATION OF LIABILITY

NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS CONTRACT (INCLUDING LOSS OF BUSINESS, REVENUE, PROFITS, USE, DATA OR OTHER ECONOMIC ADVANTAGE), HOWEVER IT ARISES, WHETHER FOR BREACH OF CONTRACT OR IN TORT, EQUITY OR OTHERWISE.

UNLESS OTHERWISE PROVIDED BY APPLICABLE LAW, TAIT'S LIABILITY, IF ANY, FOR ANY ALLEGEDLY DEFECTIVE PRODUCT, PART OR SOFTWARE SHALL BE LIMITED TO REPAIR OR REPLACEMENT OF THE PRODUCT, PART OR SOFTWARE, AT TAIT'S OPTION, AND THE LIABILITY OF TAIT, IF ANY, FOR DAMAGES RELATING TO DEFECTIVE PRODUCT, PART OR SOFTWARE SHALL NOT EXCEED THE PURCHASE PRICE PAID FOR THE ITEM IN QUESTION.

14. INTELLECTUAL PROPERTY WARRANTY

- 14.1 Because of the complexity of manufacturing techniques for electronic components and of the intellectual property rights pertaining thereto including software, Tait is unable to declare that the Equipment does not infringe the intellectual property rights of third parties. In the event that a third party makes a claim alleging that the Equipment infringes such a third party's intellectual property rights, Tait undertakes at its option and expense to defend the claim or seek a compromise. If unfavourable judgment is rendered against Tait, Tait shall at its option take out a license from the said third party or shall modify the Equipment in such way as to avoid infringement or replace the components or software with components or software of equivalent quality, functionality and performance. If such solution shall be impractical for economic and/or technical reasons Tait shall accept the return of the Equipment and refund the Customer

the Customer's net book value for the Equipment deemed to infringe.

- 14.2 Tait's obligations under clause 14.1 shall only apply if the Customer promptly notifies Tait, permits Tait through its counsel to defend and if appropriate settle the claim at Tait's expense, gives Tait all available information, assistance and authority to enable Tait to defend or settle the claim at Tait's expense and has not settled or compromised such claim.
- 14.3 Tait's obligations under clause 14.1 shall not apply if Tait has followed a design or instruction furnished or given by the Customer or the Equipment has been modified without Tait's approval or used in a manner or for a purpose or in a country not specified by or disclosed to Tait prior to the Contract Date or the Equipment has been used in association with software or equipment not supplied by Tait.
- 14.4 Clause 14 states the entire liability of Tait and the exclusive remedies for the Customer for claims of infringement of third-party intellectual property rights.

15. CONFIDENTIAL INFORMATION

Customer will safeguard and treat as confidential all price lists and quotations, technical information and particulars and other information supplied by Tait.

16. SURVIVAL

All provisions of this Agreement (or any transaction resulting from it) which by their nature should apply beyond its term will remain in force after any termination or expiration of this Agreement (or any transaction resulting from it) including, but not limited to, those addressing the following subjects: Limitation of Liability, Intrinsically Safe Product Sales, Confidentiality, Relationship of The Parties, Governing Law, Dispute Resolution, Survival, Defined Terms and Payment.

17. FORCE MAJEURE

Tait shall not be liable for any delay, failure or non-performance of any of its obligations under this contract resulting from war, armed conflict, civil disturbance, Act of God, fire, explosion, accident, industrial dispute or any regulation, rule or act of any Government or Governmental agency, industry-wide disruptions to the supply or distribution chain, failure of third party suppliers to deliver parts and components, or any other cause beyond Tait's reasonable control.

18. INTRINSICALLY SAFE PRODUCT SALES

- 18.1. If the contract is for the purchase of Intrinsically Safe (IS) Products (both IS radios and IS accessories) the following terms shall apply:
- 18.1.1. Tait Intrinsically Safe portable radios are certified to the standards and ratings specified in the relevant IS Certificate as held by the Certification Body.
- 18.1.2. The customer confirms that the IS rating of the ordered IS Product is appropriate for the conditions of use required by the customer or end user as applicable. The customer further confirms that the functional requirements for the IS Products have been agreed with Tait and are as set out in the specification, statement of work or other agreed requirements document. Where no specification, statement of work or agreed requirements are specified then the customer acknowledges that the standard Tait product specification applies.
- 18.1.3. It is a condition of use of a Tait IS radio that the radio is only used with compatible IS accessories. Tait Compatible IS accessories must (i) comply with Tait interface entity parameters; and (ii) be certified to the applicable IS rating. Tait shall not be held liable for any loss or damage resulting from the incorrect use or servicing of Intrinsically Safe Products. An Intrinsically

Safe Product must be serviced in accordance with Tait repair policy and at Tait authorized facilities in order to maintain its IS rating.

- 18.1.4. Tait shall not be held liable for any loss or damage resulting from the incorrect use or servicing of IS Products.
- 18.1.5 If the customer is acquiring the IS Product under this contract for resale and is not the end user, the customer shall maintain accurate records of all Tait IS product sales made including product serial numbers and end user details for ten years. In the event that Tait identifies a safety critical defect the customer shall make such information available to Tait immediately upon request. In the event that customer ceases to conduct business it shall provide copies of its records relating to IS products sales to Tait.

19. MISCELLANEOUS PROVISIONS

- 19.1 The Laws of the Province of British Columbia and the applicable laws of Canada, excluding those provisions relating to conflicts of laws, shall govern the validity, construction, and enforcement of this Contract and the rights and obligations of the parties hereunder. The parties designate the Province of British Columbia courts as having exclusive jurisdiction over any dispute arising out of or related to this Contract.
- 19.2 EXECUTIVE NEGOTIATIONS: The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Contract promptly by negotiations between a vice president of each party. Either Party may give the other Party written notice of any dispute which has not been resolved at a working level. Within 30 days after delivery of such notice, the executives shall meet at a mutually acceptable time and place (whether in person or through telecommunication channels), and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If the matter has not been resolved within 60 days of the first meeting of the executives, either Party at any time must thereafter request arbitration by written notice to the other Party.
- 19.3 Except for a Small-Claim (as defined below), any dispute or controversy arising out of or relating to this Agreement (including but not limited to its breach, termination or validity), or any transaction or relationship resulting from it ("Dispute"), will be finally resolved by arbitration administered by ICDR Canada in accordance with its Canadian Arbitration Rules. Judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof.

The arbitration will be conducted in English by a single arbitrator. The place of arbitration will be Vancouver, B.C., Canada. Any award will be payable in Canadian dollars.

Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the arbitrator's determination of the merits of the controversy.

If any dispute, or response to any dispute, includes an allegation that potentially concerns whether any intellectual

property right owned, controlled or licensable by either party is invalid, unenforceable or infringed or misappropriated, or is otherwise limited in scope or application, then either party may, in its sole discretion, elect to have that dispute adjudicated before a court of competent jurisdiction and this Clause will not be binding on either party with respect to that dispute in its entirety or any related dispute, including any portions of a dispute that do not concern intellectual property rights.

A party entitled to demand arbitration under the Agreement may bring a Small-Claim in a court, instead of arbitrating the claim. "Small-Claim" is defined as: a claim for, or related to, a debt collection against the Reseller or claim which the amount in controversy is no more than CAD 10,000.00. The court in which a Small-Claim is brought must: 1. have jurisdiction over the parties and the subject matter; and 2. not be precluded by a forum-selection provision of this Terms and Conditions.

- 19.4 This Contract shall inure to the benefit of and be binding upon Tait and its successors and assigns and upon Customer and its legal representatives.
- 19.5 In the event any provision of this Contract is found to be unenforceable or invalid, such provision shall be severable from this Contract and shall not affect the enforceability or validity of any other provision contained in this Contract.
- 19.6 The relationship between Customer and Tait is that of buyer and seller only. Nothing stated in this Contract shall be construed as creating the relationship of employer and employee, franchisor and franchisee, master and servant, principal and agent, partnership or joint venture between the parties. CUSTOMER SHALL BE DEEMED AN INDEPENDENT PARTY AT ALL TIMES, AND SHALL HAVE NO EXPRESS OR IMPLIED RIGHT OR AUTHORITY TO ASSUME OR CREATE ANY OBLIGATION ON BEHALF OF TAIT. Customer shall be solely responsible for its acts, conduct and expenses and for the acts, conduct and expenses of its employees and agents.
- 19.7 This Contract supersedes and cancels all prior discussions, Contracts and understandings with respect to the subject matter hereof between the parties, written, oral or implied.
- 19.8 This Contract, including Exhibit A, evidences the entire Contract of the parties.
- 19.9 Customer may not assign, transfer or sell all or any of its rights under this Contract without the advance written consent of Tait, which may be granted or withheld at Tait's sole discretion, except as provided for in this Clause 19.
- 19.10 Failure by either party to enforce or take advantage of any provision hereof shall not constitute a waiver of the right subsequently to enforce or take advantage of such provision. This Contract or any of the terms or provisions thereof may not be changed or amended or waived, in any way whatsoever, except by written agreement executed by the parties.
- 19.11 The paragraph headings are for reference only and shall not be considered substantive provisions of this Contract. The use of a singular or plural form shall include the other form and the use of the masculine, feminine or neuter gender shall include the other genders.

19. EXHIBITS

Exhibit A: Tait Limited Warranty
Exhibit B: Tait General Software License

END OF DOCUMENT
