



**API TECHNOLOGIES CORP. -
WEINSCHEL, PURCHASE ORDER TERMS &
CONDITIONS**

1. **ACCEPTANCE** - Acceptance of this Order is expressly limited to the terms and conditions contained herein, including all terms and conditions set forth on the face hereof. Acceptance of this Order by Seller may be made by signing and returning the attached acknowledgment copy hereof, by other express acceptance, or by shipment of Goods hereunder. If Seller uses its own order acknowledgment or other form to accept this Order, it is understood that said form shall be used for convenience only and any terms or conditions contained therein inconsistent with or in addition to those contained herein shall be of no force or effect whatsoever between the parties hereto.

2. **PRICE** - This Order shall not be filled at prices higher than those shown on this Order, unless the Buyer has authorized such increased prices in writing. Seller warrants that the prices to be charged for articles or services ordered herein are not in excess of prices charged to other customers similarly situated for similar quantities of Goods of like quality. Except as may be otherwise provided in this Order, the contract price shall include all applicable Federal, State and local taxes of any kind in effect on the contract date.

3. **DELIVERY** - Time is of the essence in this instrument. To make delivery prior to the date shown on this instrument, the Seller is required to obtain the prior written consent of the Buyer. In the absence of such consent the date of the invoice shall be not prior to the date shown on this instrument. Delay beyond the agreed schedule will be excused only if due to unforeseeable causes beyond the control and without the fault or negligence of the Seller and if Seller notifies the Buyer in writing of the cause of such delay immediately from the beginning thereof.

4. **PAYMENTS** - Unless agreed to in writing Seller shall issue a separate invoice for each delivery and shall not issue any invoice prior to the Order schedule date or actual delivery date whichever is later. API Technologies Corp. - Weinschel may deduct from any payment due to Seller or set-off against any claim by Seller any amount which is due to API Technologies Corp. -Weinschel by Seller for any reason, including, among other reasons any excess transportation charges caused by deviations from API Technologies Corp. -Weinschel's shipping instructions or the shipping of partial shipments. Payment due date, including discount periods, will be computed from the date of receipt of Goods or correct invoice, whichever is later, to the date Buyer's check is mailed or otherwise tendered. Buyer's production schedules

are based upon materials being delivered to Buyer at the agreed time. Shipments or deliveries as specified in this Order shall be strictly in accordance with the quantities and schedule specified. Buyer will be liable for payment only for quantities ordered and delivered. Over shipments or materials delivered early shall be held solely at Seller's risk and expense for a reasonable time awaiting return shipping instructions or disposition and will be returned at Seller's expense. If requested by Buyer, Seller shall, at Seller's expense, ship via air or other fast transportation to avoid or minimize the delay to the maximum extent possible due to late shipments.

5. **WARRANTY** - The Seller warrants that all materials or services delivered hereunder shall conform strictly to the requirements of this Order including specifications, drawings, samples or other descriptions referred to in this Order. Seller warrants that the Goods shall be free and clear of any lien or other adverse claim against title, and to the extent not manufactured to detailed designs furnished by API Technologies Corp. -Weinschel, shall be free from defects in design, material, and workmanship. All warranties contained herein shall survive any inspection, delivery, acceptance, or payment by the Buyer of the materials or services for a period of one year following date of Buyer's acceptance, unless otherwise specified herein. Seller agrees, at its own costs and expense, to defend and hold API Technologies Corp. -Weinschel harmless from and against any and all claims made against API Technologies Corp. -Weinschel based upon, relating to, or arising out of any claimed defects in the Goods or services ordered hereunder.

6. **CHANGES** - Buyer shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller shall make available for Buyer examination relevant books and records to verify Seller's claim for adjustment. Seller agrees to accept any such changes subject to this paragraph. This right to an adjustment shall be deemed waived unless asserted within thirty (30) days after the change is ordered. All material including tools and proprietary data, furnished or specifically paid for by Buyer unless otherwise specified herein, shall be the property of the Buyer, shall be subject to removal at any time without additional cost upon demand by



the Buyer, shall be used only in filling orders from the Buyer, shall be kept separate from other materials or tools, and shall be clearly identified as the property of the Buyer. Seller assumes all liability for loss or damage with the exception of normal wear and tear and agrees to supply detailed statements of inventory promptly upon request.

7. **INSPECTION AND REJECTION** - Final inspection shall be on Buyer's premises unless otherwise agreed in writing. No inspection (including source inspection), test approval (including design approval) or acceptance of Goods ordered shall relieve Seller from responsibility for defects or other failures to meet the requirements of this Order. Rights granted to Buyer herein are in addition to any other rights or remedies provided at law. Seller agrees to pay all expenses, including demurrage, handling and storage charges and freight both ways in respect of rejected Goods.

8. **PATENT, TRADEMARK, COPYRIGHT INDEMNITY** - Seller shall defend Buyer and Customers against all claims and proceedings based upon actual or alleged infringement of any patent or copyright by any Goods or based upon actual or alleged misappropriation or wrongful use of any proprietary or confidential information involving any Goods, and Seller shall hold them harmless from any resulting losses, liabilities, damages, costs and expenses. Seller shall be notified of such claims or proceedings with reasonable promptness. Seller's obligations under this clause shall not apply to the extent any Goods are manufactured pursuant to detailed designs furnished by Buyer or to any infringement arising from the use or sale of Goods in combination with items not furnished by Seller if such infringement would not have occurred from the use or sale of such Goods solely for the purpose for which they were designed or delivered to Buyer. Seller's obligation under this paragraph shall extend to the U.S. Government only if and to the extent Buyer is obligated or liable to the U.S. Government.

9. **TITLE TO SPECIFICATIONS** - Buyer shall at all times have title to all drawings and specifications furnished by Buyer to Seller and intended for use in connection with this Order. Seller shall consider all information furnished by API Technologies Corp. -Weinschel to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this Order unless Seller obtains written permission from API Technologies Corp. -Weinschel to do so. This confidential requirement shall also apply to drawings, specifications, or other documents prepared by Seller for API Technologies Corp. -Weinschel in connection with this Order. Seller shall provide confidential information only to those of its

agents, servants and employees who have been informed of the requirements of this paragraph and have agreed to be bound by them. Upon completion or termination of this Order, Seller shall make such disposition of all such information and items as may be directed by API Technologies Corp. -Weinschel. Seller shall not advertise or publish the fact that API Technologies Corp. -Weinschel has ordered x Goods from Seller nor shall any information relating to this Order be disclosed without API Technologies Corp. -Weinschel's written permission. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Seller to API Technologies Corp. -Weinschel shall be deemed secret or confidential and Seller shall have no rights against API Technologies Corp. -Weinschel with respect thereto except such rights as may exist under patent laws.

10. **ASSIGNMENT OF RIGHTS** - Seller shall not delegate any duties nor assign any rights or claims under this contract without the written consent of Buyer and no such attempted delegation or assignment shall be binding on Buyer. All claims for monies due or to become due from Buyer shall be subject to deduction by Buyer for any setoff or counterclaim arising out of this or any other of Buyer's transactions with Seller whether such setoff or counterclaim arose before or after such assignment by Seller. No Goods to be delivered under this Order shall be procured by Seller from a third party in completed or substantially completed form without Buyer's prior written consent. No assignment, delegation or subcontracting by Seller with or without Buyer's consent shall relieve Seller of any of its obligations under this Order.

11. **GOVERNING LAW** - The parties hereto agree that this Order and the acceptance thereof shall be a contract made in the State of Maryland and governed by the laws thereof.

12. **FAIR LABOR STANDARDS ACT** - All material and/or services covered by this Order must be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended. On its invoice or in other form satisfactory to Buyer, Seller shall submit certification that the Goods covered by this Order were produced in accordance with all applicable sections of the Fair Labor Standards Act, as amended, and orders of the U.S. Department of Labor issued there under.

13. **EEO REGULATIONS** - During the performance of this Purchase Order the Seller agrees to comply with Executive Order 11246 of September 24, 1965 (as may be amended) and with the rules, regulations and relevant orders of the Secretary of Labor, and with all other applicable laws and regulations. Seller will, upon request, execute API Technologies Corp. -Weinschel's standard certificates detailing required civil rights compliance including Equal Opportunity, Non Segregated



Facilities, Minority Business, Affirmative Action, Employment of Veterans and Employment of Handicapped Persons.

14. **CANCELLATION-DEFAULT** - API Technologies Corp. -Weinschel may terminate this Order or any part hereof for cause in the event of any default by the Seller or if the Seller fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of Goods which are defective or which do not conform to this Order, and failure to provide API Technologies Corp. - Weinschel, upon request, reasonable assurances of future performance shall all be causes allowing API Technologies Corp. -Weinschel to terminate this Order for cause. In the event of termination for cause, API Technologies Corp. - Weinschel shall not be liable to Seller for any amount including cancellation charges, increase in unit price, a back bill based on price break quantities and Seller shall be liable to API Technologies Corp. -Weinschel for any and all damage sustained by reason of the default which gave rise to the termination.

15. **OBJECTIVE QUALITY EVIDENCE** - Seller agrees to maintain a minimal, or equivalent Quality Control System and objective quality evidence for materials supplied hereunder in accordance with the current, and/or applicable revision of the requirements of the API Technologies Corp. - Weinschel Quality Procurement Specification 10.16.12-1, unless other specifications are called out or agreed to in this order. Seller shall supply evidence to Buyer upon request. Refer to QAI 10.16.2-2 for additional and required "Workmanship, General Guidelines".

16. **LABOR DISPUTES** - Seller agrees that whenever an actual or potential labor dispute delays or threatens to delay the timely performance of the Order, Seller will immediately give notice thereof to the Buyer.

17. **TITLE AND RISK OF LOSS** - Title and risk of loss shall pass to Buyer at the F.O.B. point, provided, however, that the risk of loss shall remain with Seller as to Goods which are not accepted by Buyer or which are rejected by Buyer.

18. **REMEDIES** - The rights and remedies provided by Buyer herein shall be cumulative and in addition to any other rights and remedies provided by law or equity (or provided under the Maryland Uniform Commercial code).

19. **WAIVER** - Waiver of a breach of any provision of this Purchase Order shall not constitute waiver of full compliance with such provision nor shall it be construed as a waiver of any other breach.

20. **TERMINATION-CONVENIENCE** -API Technologies Corp. -Weinschel reserves the right to terminate this Order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge consisting of a percentage of the Order price reflecting the percentage of the work performed prior to the notice of termination. Such charge shall be Seller's only remedy for such termination. Seller shall not be paid for any work done after receipt of the notice of termination nor for any work done by Seller's suppliers or subcontractors which Seller could reasonably have avoided.

21. **ENTIRE AGREEMENT** - This Order is a complete and exclusive statement of terms and supersedes any and all prior agreements, understandings or communications between Buyer and Seller related to the subject matter of this Order. No amendment or modification of this Order shall be binding upon Buyer unless set forth in writing and signed by Buyer.

22. **FORUM FOR DISPUTES** - As a condition precedent to the placing of this Order by Buyer, Seller hereby agrees that in the event Seller brings any legal action either in law or equity against Buyer, its employees or agents as a result of this Order, it specifically agrees to initiate and maintain such action within Federal, State, County and local statutes, ordinances, rules, regulations and orders.