



Product Purchase Terms and Conditions

PURCHASE ORDER: The following terms and conditions apply to the purchase of products and/or services per Priority Metals Inc. (PMI) verbal, electronic, or hardcopy purchase orders. Please note that some requirements are specified on the purchase order while other information is contained within this document.

APPROVALS: Suppliers shall be approved and comply with prime contractor specifications, when noted on purchase orders. Disbarred or disapproved suppliers to any OEMs must notify PMI prior to supplying any product/service.

QUALIFICATION OF PERSONNEL: The Supplier shall ensure that all personnel performing work affecting, product quality shall be competent on the basis of appropriate education, training, skills and experience. Records shall be maintained to provide evidence of employee qualifications.

QUALITY MANAGEMENT SYSTEM: Suppliers shall have a quality management system, including an inspection system, compliant with their industry standard specification and must be in good standing with the applicable regulatory body. The requirements herein shall be incorporated into the procedures of the supplier to the extent required for the product and services rendered.

TECHNICAL DATA / SPECIFICATIONS / DRAWINGS: When specifications, drawings, process requirements, inspection instructions and other relevant technical data are required, the identification and revision status of specifications, drawings, process requirements, standard industry requirements, and inspection/verification instructions as well as other relevant and technical data shall be supplied. The supplier shall be responsible for complying with PMI requirements, customer and / or prime contractor specifications and drawings, as well as all applicable regulatory requirements. Product or process supplied shall be to the latest revisions unless specifically authorized by a PMI purchase order or other written communication.

TEST, INSPECTION AND IDENTIFICATION: When requirements for design, test, examination, inspection and related instructions for acceptance are required, PMI will specify such information on the Purchase Order. The supplier shall ensure that Serial numbers, heat numbers, and other part identifications are maintained through all production process steps.

TEST SPECIMENS: When requirements for test specimens for design approval, inspection investigation or auditing are required, PMI will specify such information on the Purchase Order.

CERTIFICATES OF CONFORMANCE, TEST REPORTS, AIR WORTHINESS CERTIFICATE: Suppliers shall provide written Certificates of Conformance/Conformity for all products / services provided to PMI. In the case of raw material mills, Suppliers shall properly identify material to clearly indicate the alloy and applicable specifications. All products or processes supplied on this purchase order must have the true and actual date of manufacture or process performed and a true and accurate copy of the manufacturer's certifications, test results, statistical techniques and related instructions must be supplied together with the material or process purchased. Supplier shall provide an Airworthiness certificate when requested by PMI on a purchase order.

NOTIFICATION OF NON-CONFORMANCES: Suppliers shall immediately notify PMI in the event a nonconformance (i.e. discrepancy) is discovered. Suppliers shall obtain approval for non-conformance product disposition. Suppliers shall perform this notification if the non-conformance is discovered during processing or after the product / service has been delivered to PMI. Suppliers shall clearly identify nonconforming material and shall segregate the nonconforming material from acceptable product. In the event of nonconforming material supplier will institute corrective and preventative action and document. Supplier is responsible for notifying PMI in writing of any changes in product, process and/or process definition or other pertinent changes.

RIGHT OF ACCESS: The Supplier shall allow right of entry, including access to applicable records, for inspection, audit or other quality evaluation purposes, to PMI, customers of PMI, and all Government agencies. This is for any level of the supply chain.

FLOW DOWN OF REQUIREMENTS TO SUB-TIER SUPPLIERS: Flow down requirements are not limited in any way. In the event a customer requirement overlaps an existing specification or procedure, the customer's provision on requirement shall take precedence. Customer must be notified should this occur. Flow down clause also includes customers' right of entry of any facility used in preparation of process of this purchase order.

RECORDS RETENTION: Supplier will retain all records pertaining to this order for a period of 10 years. If the supplier cannot do this for any reason, the supplier is to forward all records to PMI. Companies that have changed names, merged with, or been sold to another company or individual are still responsible for maintaining the quality records for the past ten years from the current date. A name change, merger or sale does not release the company acquiring the assets from the responsibilities of the previously owned company; this includes any notification of non-conformances or non-conforming product.

ETHICAL BEHAVIOR: Supplier shall ensure that all persons performing work on products for PMI are aware of their contribution to product or service conformity; as well as their contribution to product safety and the importance of ethical behavior.