



Engine Production Position Deposit Agreement

Entered into between

Airmotive Technology (Pty) Ltd doing business as

ADEPT Airmotive

Company registration number 2014/081509/07 Registered office Top floor
Hangar 7, Virginia Airport, Durban North 4051, South Africa

Hereinafter referred to as **ADEPT**

And

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Hereinafter referred to as the **BUYER**

Residing at / Registered address:

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The above mentioned parties (PARTIES) agree to the following: ADEPT is a duly incorporated company in the Republic of South Africa and is in the business of manufacturing and selling a range of General Aviation aircraft engines. The BUYER is desirous of placing an order for a production position for an engine and/or engines and/or optional extras (OPTIONS) or related items, hereinafter referred to as the PRODUCT/S from ADEPT, and agrees to the following terms and conditions, hereinafter referred to as the POSITION AGREEMENT.

STAGEGATE 1 – INFORMATION REQUIRED:

To be completed by the BUYER:

BUYER's Name: _____

Engine Model required (280N or 320T): _____

Aircraft Type for Engine to be fitted to: _____

I wish to receive my ADEPT engine at:

The earliest available date - or - Requested delivery date: _____
(Subject to ADEPT S approval)

BUYER's Contact Details:

Address for Correspondence: _____

State/Province _____ Zip/Postal Code _____

Country: _____

e-mail: _____ Tel: _____

BY SIGNING, I AGREE TO THE TERMS AND CONDITIONS OF THIS POSITION AGREEMENT AND CONFIRM THAT I HAVE READ AND UNDERSTAND THE PURCHASE PROCESS.

BUYERS's signature:

Date:

To be completed by ADEPT within 30 days of receipt of US \$2000 into Escrow account:

Production Position Allocated: _____

Anticipated Delivery date: _____

Product Price as at Delivery date: US \$ _____

ADEPT signature:

Date:

Position accepted by the BUYER within 30 days of notification of allocated position.

BUYER's signature:

Date:

PURCHASE PROCEDURE, TERMS AND CONDITIONS

This POSITION AGREEMENT lays out procedures, terms and conditions for securing a production position and for the sale of the PRODUCT/S.

Indicative list price for available PRODUCT/S are published by ADEPT and available on ADEPT's website. Indicative list prices quoted are as at January 2015 and subject to periodic adjustment in line with the United States of America's Inflation Rates (CPI) at ADEPT's sole discretion.

PRODUCT Specifications are published by ADEPT and available on ADEPT's website and are subject to revision at any time at the sole discretion of ADEPT.

The Purchase procedure has three stagegates for payment to ADEPT by the BUYER for the PRODUCT/S. The PARTIES therefore agree as follows:

1. STAGEGATE 1 – SECURE A PRODUCTION POSITION

- 1.1 The BUYER agrees to pay into ADEPT's nominated Escrow account an initial refundable deposit of US\$ 2000 (the POSITION DEPOSIT). Upon confirmation by ADEPT of the receipt of the POSITION DEPOSIT into the Escrow account, ADEPT and the BUYER shall complete and sign this POSITION AGREEMENT.
- 1.2 ADEPT will within 30 calendar days of the payment of the POSITION DEPOSIT allocate and inform the BUYER in writing of the production position (POSITION) allocated and estimate the proposed delivery date (DELIVERY DATE) for the PRODUCT/S. POSITIONS are offered on a first-come, first-served basis and are subject to prior commitment and availability, as determined by ADEPT at its sole discretion. Production engines designated for ADEPT'S marketing campaigns, factory or dealer demonstrators, flight testing, or any other of ADEPT'S related activities regarding aircraft not intended for sale to the general public, are not considered part of the POSITION list.
- 1.3 This POSITION DEPOSIT will be held in an independently administered Escrow account and is refundable to the BUYER should the BUYER decline to accept the assigned POSITION within 30 calendar days of notification of the POSITION being communicated to the BUYER. If the transaction is cancelled by the BUYER, the BUYER will be refunded the POSITION DEPOSIT net of any prevailing Escrow transaction fees (approximately \$200).
- 1.4 ADEPT has the sole right to issue instructions to the independent Escrow service provider holding the POSITION DEPOSIT, and, should the transaction be completed, ADEPT is responsible for the Escrow transaction fees. Should the Escrow service provider place the escrow funds in an interest bearing account then such interest shall accrue to ADEPT. Should the BUYER fail to timely cancel or execute a POSITION or the POSITION AGREEMENT, ADEPT will notify the BUYER that should such failure not be rectified within 30 calendar days of such notice being given, the POSITION DEPOSIT will become the property of ADEPT.
- 1.5 The DELIVERY DATE shall be determined by ADEPT, who undertakes to provide the BUYER with periodic updates on the estimated delivery schedule based on current production and manufacturing planning and progress.

2. STAGEGATE 2 – FINALIZE PURCHASE AND PAY PRODUCTION DEPOSIT

- 2.1 Upon acceptance, in writing, of the POSITION by the BUYER, and Four (4) months prior to the DELIVERY date, a written agreement (AGREEMENT OF SALE) shall be entered into by both PARTIES recording specifications, options, delivery method and confirming agreed purchase price and the DELIVERY date.

- 2.2 Upon concluding the AGREEMENT OF SALE, a production deposit (PRODUCTION DEPOSIT) of 35% of the list price of the PRODUCT plus 35% of the value of any additional available optional equipment or services (OPTIONS) shall become due and payable into ADEPT's bank account three (3) months prior to DELIVERY date. Upon receipt of the PRODUCTION DEPOSIT, an engine number will be allocated and communicated to the BUYER.
- 2.3 If at the time of paying the PRODUCTION DEPOSIT, the BUYER has not selected OPTIONS that he may wish to include in the PRODUCT/S, the BUYER may within twenty-one (21) calendar days of the payment of the PRODUCTION DEPOSIT select any OPTIONS required. Upon notification to ADEPT by the BUYER of such OPTIONS, the BUYER shall within seven (7) days pay into ADEPT'S Bank Account a further payment of 35% of the invoiced value (OPTIONS DEPOSIT) of the OPTIONS selected.
- 2.4 An example of the information required to conclude the AGREEMENT OF SALE is reflected below:

EXAMPLE: STAGEGATE 2 - TOTAL PRICE	
To be completed by the BUYER:	
I will arrange my own shipping / delivery and in transit insurance: <input type="checkbox"/>	
Or	
Please arrange and bill me for shipping / delivery and in transit insurance by:	
Airfreight <input type="checkbox"/>	Ocean freight <input type="checkbox"/> Other: _____ <input type="checkbox"/>
Shipping Address:	_____

Agreed Product Purchase price:	US\$ _____
Price of selected OPTIONS:	US\$ _____
Additions (E.g Shipping and Insurance):	US\$ _____
TOTAL PRICE:	US\$ _____
PAYMENT SCHEDULE:	
Stagegate 1:	US\$ 2000-00
Stagegate 2: (35% of LIST PRICE)	US\$ _____
(35% of OPTIONS selected)	US\$ _____
Stagegate 3: Price of additions (E.g Shipping):	US\$ _____
FINAL PAYMENT (TOTAL PRICE less deposits paid):	US\$ _____

3. STAGGATE 3 - FINAL PAYMENT AND DELIVERY

- 3.1 The total amount due and payable (the TOTAL PRICE) shall be as recorded in the AGREEMENT OF SALE which shall list and reflect the total value of all PRODUCT/S and OPTIONS exclusive of any taxes applicable thereto, and will be the price F.O.B. the Port of Durban, South Africa, or King Shaka International Airport, Durban, South Africa.
- 3.1.1 Shipping and delivery costs are for the account of the BUYER, and by arrangement with ADEPT, may be added to the TOTAL PRICE.
- 3.1.2 It is the BUYERS's responsibility to arrange all necessary insurances while the products are in transit. Such responsibility will become the responsibility of the BUYER as soon as ADEPT is in receipt of the relevant Bill of Lading or Consignment Note. The BUYER may request ADEPT to arrange such insurance and this will be added to the TOTAL PRICE.
- 3.2 ADEPT will notify the BUYER 30 days prior to the actual date (DELIVERY DATE) the PRODUCTS will be ready for delivery, and shall request payment of, and invoice the BUYER in the outstanding amount (the FINAL PAYMENT), net of any progress payments and deposits received, that make up the TOTAL PRICE, which will be due and payable in full prior to despatch of the PRODUCTS.
- 3.3 Upon receipt of the PRODUCT, the BUYER shall have a period of 10 Calendar days to inspect the PRODUCT. Upon confirmation that the PRODUCT has been supplied by ADEPT to the BUYER as agreed, the POSITION DEPOSIT that is held in Escrow shall be released to ADEPT less the value of any prevailing Escrow fees.

4. SPECIFICATIONS

- 4.1 The Standard Engine Specification are published by ADEPT and available on ADEPT's website. The detailed specifications of the PRODUCT/S to be supplied to the BUYER shall be recorded on the AGREEMENT OF SALE, which will include the items supplied as standard for the engine model ordered, and any OPTIONS chosen by the BUYER. Any specifications referred on our website, or otherwise in any material or information provided by ADEPT are preliminary only and ADEPT reserves the right to revise specifications at any time for the purposes of upgrading or improving the PRODUCT/S, ensuring compliance with any recognised Regulatory Authority, or for any other reason that does not make them unfit for purpose.
- 4.2 The BUYER expressly acknowledges that the BUYER has not relied on any oral or written representations except as specifically stated in the POSITION AGREEMENT and that ADEPT has made no representations as to the suitability of the Engine for any particular purpose of the BUYER.
- 4.3 The BUYER acknowledges that this is a purchase of a Non-Type Certified engine, and that this engine must be operated in compliance with the relevant Aviation Authority's rules regarding this category of operation, and that it is not suited for Commercial Transport and/or not intended for advanced aerobatic and sustained inverted flight. The Engine shall only be used, installed and operated in terms of the applicable regulatory Authority's rules and regulations.
- 4.4 It is the responsibility of the BUYER to be aware of, and to act in compliance with, any Regulations and any Operations, Training, Instruction, or any other Manuals pertaining to the operation, maintenance and appropriate training required to operate the aircraft in a safe manner, and to obtain and keep current the necessary categories of Licence to operate the aircraft.
- 4.5 An example of the typical standard equipment and available options is reflected below:

EXAMPLE: STANDARD EQUIPMENT AND OPTIONS

The engine (PRODUCT) is supplied with all items required for the safe running of the engine, including all essential electronic components and sensors. Certain items will be specific to certain airframe applications, and these may be supplied as options. Where items are not supplied, but are required to be of a specific design or standard of manufacture, and the BUYER wishes to have these items supplied and or fabricated or manufactured, then such items must have the approval from ADEPT with regard to quality and fitness for purpose. Certain entities may be delegated the rights to produce or manufacture or supply such items at the sole discretion of ADEPT. A supplied engine includes:

STANDARD EQUIPMENT

- Starter motor
- 70A alternator with standard mounting bracket
- Alternator Pulley and Alternator Drive Belt
- Oil Tank and Ventilation Canister
- Coolant radiator, Header tank and pressure cap
- Oil pump
- 13 row Oil cooler
- Oil filter and Oil filter mounting
- Engine breather
- Propeller D flange
- 2.078:1 PSRU Reduction Ratio
- Intercooler and turbocharger on T models
- Air filter
- Induction system Pop-off valve
- Fuel pressure regulator
- Fuel rails
- Fuel Injectors
- CSU Pad

STANDARD DOCUMENTATION

- Engine operating limits and operating handbook
- Running-in and power test report
- Specifications for water and oil reticulation
- Specifications for exhaust system
- Warranty agreement
- Access to the Technical Support section on our website.

OPTIONS – Specifications, Pricing and availability to be provided by ADEPT

- Air conditioner pulley
- Higher output alternator
- Engine mounting frame with mounting accessories
- Alternative radiator to suit specific airframe applications
- Propeller B Flange
- 2.441:1 PSRU Reduction Ratio
- Water hose kit
- Oil hose kit
- Exhaust system and silencer
- Catalytic converter
- Fuel lines from pressure regulator to firewall
- Fuel filter/s
- Fuel pumps

EXCLUDED ITEMS:

- Propeller
- Propeller Fasteners
- Constant speed unit
- Batteries

5. TOTAL PRICE

- 5.1 The TOTAL PRICE will be ADEPT'S agreed price for the PRODUCTS at the date of signing of the AGREEMENT OF SALE.
- 5.2 Any Indicative or Estimated Price specifically mentioned as such, herein or having been given verbally by ADEPT to the BUYER is subject to change at ADEPT'S sole discretion.
- 5.3 The agreed TOTAL PRICE is exclusive of any sales or use tax, value-added taxes, duties, registration fees, or any charges that may be levied by governmental or other authorities in connection with the purchase, sale, transfer, use, registration, export, import of the PRODUCTS (collectively TAXES). TAXES required by law to be charged at the point of sale will be calculated in addition to the FINAL PRICE. Payment of all other TAXES is the sole responsibility of the BUYER.

6. TERMINATION

- 6.1 The BUYER may cancel the POSITION AGREEMENT by providing written notice to ADEPT no later than thirty (30) calendar days after the receipt of the POSITION notification sent by ADEPT. In the event that the BUYER timely gives notice to reject the POSITION, or to mutually agree with ADEPT to accept an alternative POSITION, the POSITION DEPOSIT may be refundable net of any prevailing Escrow fees (Approximately \$200).
- 6.2 Should the BUYER and ADEPT not agree to a POSITION or to a mutually agreed variation from the initially agreed POSITION and/or DELIVERY DATE, then the POSITION AGREEMENT is deemed to be terminated. Should the BUYER fail to pay the agreed PRODUCTION DEPOSIT, or fail to pay the FINAL PAYMENT when due, then the POSITION AGREEMENT shall be deemed to be terminated.
- 6.3 ADEPT may terminate, on written notice the POSITION AGREEMENT for any of the following reasons, and if any of the following apply:
 - a. The POSITION has not been accepted or cancelled and the BUYER fails to complete acceptance of the POSITION AGREEMENT within thirty (30) days after the date of the POSITION notification by ADEPT; and/or
 - b. The BUYER fails to make any required payments in a timely manner or otherwise fails to comply with this POSITION AGREEMENT; and/or
 - c. A proceeding under any law of bankruptcy, insolvency or reorganization or relief of debtors is instituted by or against the BUYER.
- 6.4 ADEPT will use this POSITION AGREEMENT as an important measure of demand for the PRODUCTS and will commit to development and production costs accordingly. If this POSITION AGREEMENT is terminated in any manner in contravention of this POSITION AGREEMENT, ADEPT will be damaged in a manner that will be difficult to calculate. For these reasons, if the BUYER terminates this POSITION AGREEMENT, ADEPT may cancel the POSITION and retain all Deposits and any other pre-delivery payments made by BUYER as liquidated damages. If the BUYER is unable to enter into the AGREEMENT OF SALE for reasons that are beyond the BUYER'S control, then ADEPT, in its sole discretion, may refund all or a portion of any pre-delivery payments that have been received by ADEPT. The BUYER acknowledges that the foregoing liquidated damages provision is an important consideration to ADEPT'S willingness to enter into this POSITION AGREEMENT and is not a penalty.
- 6.5 No interest shall accrue, or be paid, to the BUYER on the refund of Deposits or other pre-delivery payments.

7. LIMITATION OF LIABILITY

Notwithstanding anything to the contrary, the maximum liability ADEPT shall have to the BUYER for any breach of this POSITION AGREEMENT or otherwise arising out of or relating to this POSITION AGREEMENT shall be a full refund of the deposit made by the buyer. In no event shall ADEPT be liable for consequential, indirect, punitive, incidental or special damages whatsoever arising out of or relating to this POSITION AGREEMENT.

8. COSTS

Should any litigation be commenced between the PARTIES in connection with the POSITION AGREEMENT or AGREEMENT OF SALE, the prevailing party in such proceeding, as determined by the court, will be entitled to reimbursement of its reasonable attorneys' fees, expenses, and court costs incurred in the litigation.

9. GOVERNING LAW AND VENUE

The PARTIES agree that the Regional, Provincial and Supreme Courts, of South Africa, have exclusive jurisdiction and venue under this POSITION AGREEMENT and the PARTIES consent to, and hereby waive, any and all objections that they may have as to jurisdiction and/or venue in any of the above courts, including any claim that any action or proceeding has been brought in an inconvenient forum.

10. SEVERABILITY

In the event that any part of this POSITION AGREEMENT is declared by any court or other jurisdictional or administrative body to be null, void, or unenforceable, such provision shall be severed to the extent unenforceable under the applicable law, and all of the other provisions of the POSITION AGREEMENT shall remain in full force and effect.

11. TRANSFERABILITY

The BUYER shall not Transfer (as defined below) this POSITION AGREEMENT or any rights therein (including, without limitation, the DEPOSITS or the POSITION) without the prior written consent of ADEPT, which consent may be withheld in ADEPT'S sole discretion. "Transfer" means any sale, assignment, encumbrance, hypothecation, pledge, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, whether voluntary, involuntary or by operation of law, including, but not limited to, transfers pursuant to divorce or legal separation, transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors. Any purported or attempted Transfer without ADEPT's prior written consent shall be null and void. The BUYER shall indemnify and hold harmless ADEPT for all costs and expenses incurred (including, without limitation, reasonable attorney's fees and costs) related to or arising from any purported or attempted Transfer without ADEPT's prior written consent.

12. MODIFICATIONS

This POSITION AGREEMENT may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions may be waived, only by a written instrument executed by ADEPT, or in the case of a waiver, by the party waiving compliance. Any waiver by any PARTIES of any condition or breach shall not be deemed to be a further continuing waiver of any such condition

or breach, or of the breach of any other provision of this POSITION AGREEMENT. This POSITION AGREEMENT shall be binding upon and inure to the benefit of the PARTIES' successors, executors, and heirs and permitted assigns.

13. NOTICES

13.1 Any notice to be given under this POSITION AGREEMENT may be sent by email or by pre-paid courier delivery (FedEx, UPS, etc.) to the BUYER's address provided as the Address for Correspondence in this POSITION AGREEMENT. Each notice or demand shall be deemed to have been given or made when actually received or twenty-four (24) hours after being sent, whichever occurs first.

For correspondence with ADEPT, the following address shall be used by the BUYER:

Address: Airmotive Technology Pty (Ltd)
Second Floor, Hangar 7
Virginia Airport, Durban North, 4051
South Africa
email: info@adeptairmotive.com

13.2 The BUYER acknowledges that "documents" associated with this POSITION AGREEMENT may be digital and that such "documents" are agreed to be equivalent to "paper" documents. Also, communications to/from the email address specified by the BUYER shall constitute delivery of the equivalent of "signed" documents.

14. WARRANTIES

The BUYER agrees that, except as expressly set forth in the POSITION AGREEMENT, ADEPT makes no warranties, express or implied, and specifically excludes and disclaims the implied warranties of merchantability or fitness for a particular purpose or use. All other obligations or liabilities of ADEPT, whether under a theory of negligence or strict liability, contract, tort or otherwise, arising out of or relating to the sale, use or operation of the engine, or otherwise, are excluded by adept and hereby expressly waived by the BUYER.

15. BINDING

This POSITION AGREEMENT shall become binding upon ADEPT's acceptance (by return email to the BUYER confirming the execution and delivery of this POSITION AGREEMENT) and receipt by ADEPT of unconditional payment of the DEPOSIT/S. The BUYER acknowledges and agrees that it has read, understood and agrees to the provisions hereof. Prior to acceptance, this offering is subject to change in ADEPT's sole discretion at any time. There are no assurances by ADEPT that the terms and conditions of this POSITION AGREEMENT, including the Estimated Price, Final Purchase Price or Deposit amount, are or will be the same for all BUYERS. This POSITION AGREEMENT constitutes the entire agreement among the PARTIES and supersedes all prior written or oral understandings concerning its subject matter.