

ITRES HYPERSPECTRAL SYSTEM ADMINISTRATION 2017

CONTRACTOR

Name	ITRES Research Limited		
Registered office	Unit 8, 2121 29 th Street NE, Calgary, AB T1Y 7H8, CANADA		
Comp. ID No (IČ)	202196473	202196473	202196473
Represented by	Steven Mah	Vice President	Business Development

and

CUSTOMER

Name	Global Change Research Institute CAS Ústav výzkumu globální změny AV ČR, v. v. i.		
Registered office	Bělidla 986/4a, 603 00 Brno, CZECH REPUBLIC		
Comp. ID No (IČ)	86652079	Tax ID No (DIČ)	CZ86652079
Registered in	Register of public research institutions		
Represented by	prof. RNDr. Ing. Michal V. Marek, DrSc., dr. h. c., Director		

Pursuant to section 1746 (2) of Civil code, the above parties conclude a contract of the following wording.

I. PREAMBLE

1. On the basis of the contract on the supply of aviation imaging hyperspectral systems dated 20 December 2013, the contractor supplied to the customer hyperspectral sensors TASI 600 (serial number: 5507), CASI 1500 (serial number: 2531) and SASI 600 (serial number: 3209)

II. SUBJECT MATTER OF CONTRACT

1. The contractor undertakes to perform the following services for the customer:
 - a. Update of the current control and processing software, until 31 August 2018, of the TASI 600, CASI 1500 and SASI 600 hyperspectral sensors, which includes the following:
 1. SPARCAL Support
 2. RCX Support
 3. GCSS Support
 4. Calibration Support

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5. Telephone/Email support
6. Future software updates
- b. Enter into a service contract to maintain the hardware and software of the TASI 600, CASI 1500 and SASI 600 sensors and their maintenance, until 31 August 2018. The obligations include the following:
 1. Incoming System Inspection
 2. Operational System Check
 3. Hardware Diagnostics
 4. System Gain/Noise Measurement
 5. Radiometric Calibration Checks
 6. Focus/Alignment
 7. System Refurbishment as Required
 8. System Cleaning
 9. Spectral Calibration
 10. Radiometric Calibration
 11. Telephone/Email support (Hardware and Software)
 12. Software Updates
 13. Hardware Repairs (as required at ITRES facilities)
 14. Communication Protocol Support and Development
2. The contractor also undertakes to provide cooperation in technical support to the customer during installation of the control software updates if the customer asks for it to a reasonable limit of 150 hours.

III. DEADLINE OF FULFILMENT AND PLACE OF FULFILMENT

1. The parties agreed on the following deadlines of fulfilment:
 - a) The Contractor will maintain the software updates according to article II letter a) until 31 August 2018.
 - b) The service contract of the sensors listed according to article II letter b) will be in place until 31 August 2018.
2. The customer will have up to 5 working days from the day the sensors are made available to the customer in order to determine the operational status of each sensor.
3. The contractor undertakes to perform the services pursuant to article II. letter a) of this contract duly, in time and without any legal or material defects, in the form of sending of installation CDs/DVDs or a data file including the licence key, as appropriate to the address of the registered office of the contractor or to the e-mail address specified in article IX. par. 1.
4. The effects of the handover of the subject matter of the contract do not occur before the moment when the customer can handle the subject matter of the contract in the place of the registered office of the customer.

IV. PRICE AND PAYMENT TERMS

1. The price for fulfilment of this contract was agreed:
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Item	Number	Price per item excl. VAT	Total price excl. VAT
1. Update of the control and processing software of the TASI 600, CASI 1500 and SASI 600 hyperspectral sensors to the current version	1 piece	5,400.00	\$5,400.00
2. Enter into a service contract for the TASI 600, CASI 1500 and SASI 600 sensors	1 piece	180,600.00	\$180,600.00
Total price excl. VAT			\$186,000.00 USD

2. The price is agreed based on unit prices as a sum of the priced items.
3. The customer is obliged to arrange and pay for transportation cost of the sensors to the place of servicing place in the registered office of the contractor, also the customer is obliged to provide and pay for transportation cost of the sensors from the registered office of the contractor back to the registered office of the customer.
4. All Canadian duties and taxes are the responsibility of the contractor; all Czech customs duties and taxes are the responsibility of the customer.
5. The price is agreed as the maximum price including all the costs of the contractor for fulfilment of this contract excluding shipping, duties and taxes regardless of the articles of consumption and price influences in the course of fulfilment of this contract.
6. The price will be paid on the basis of two invoices:
 - 6.1. The first invoice will be issued within 10 working days after signing this contract and its will correspond to the amount of 4 months of update of the control and processing software and 4 months of a service contract for all the sensors.
 - 6.2. The second invoice will be issued in February 2018 and it will for the amount corresponding to 8 months of the control and processing software update and 8 months of a service contract for all the sensors listed.
7. Within the due date, the customer is entitled to return an invoice with errors. The contractor is obliged to submit a new invoice with a new due date.
8. The due date of an invoice is 24 days from the day on which the invoice was issued.
9. Invoices will have particulars of a tax document.
10. The invoice is paid on the day when the corresponding amount is charged off the contractor's account.
11. No advance is provided. No deposit is provided.

V. LICENCE AGREEMENT

1. The contractor provides to the customer a non-exclusive unlimited licence for ITRES-generated software as regards the extent and way of use for all the fulfilments of the customer on the basis of this contract which are protected by copyright. Third party software such as Windows and IDL are restricted to existing licensing conditions.
2. The customer is mainly entitled to make backup copies of the protected work.
3. The customer is not obliged to use the licence.
4. The contractor declares that it is entitled to grant the licence in the specified extent.
5. The remuneration for the licence is included in the price for the contract fulfilment.

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6. Any bona-fide employee of the customer is permitted to use the licensed software in processing data generated by the listed instruments.
7. The licence is time unlimited.

VI. GUARANTEE OF QUALITY AND COMPLAINTS

1. The contractor provides a guarantee for quality of the subject matter of contract. For the whole duration of the service contract period, the subject matter of the contract:
 - a) will be fit for the use arising from this contract.
 - b) will be fit for the use for standard purposes.
 - c) will maintain its standard properties.
2. The guarantee period will start to run on the day when the takeover of the subject matter of contract is confirmed. The guarantee period is extended by the time starting from the day on which the complaint was lodged and finishing on the day when the defect was rectified.
3. The customer is not in delay with notification of a defect if a defect which the subject matter of the contract has at the time of its handover or a guarantee defect is notified in writing within 30 days from the moment when the customer finds out about the defect.
4. The contractor is not in delay with a defect rectification if it starts to perform activities or initiates the acquisition of necessary replacement components aimed at the defect rectification without any unnecessary delays and continues with due diligence in this activity and **latest within 20 working days after the defect is notified and diagnosed**. The defect will be rectified as quickly as reasonably possible. The period for defect rectification starts the first day when contractor can handle with defected subject; the end of the defect period is the day the item is shipped to the customer's registered office.

VII. INTERESTS ON OVERDUE PAYMENT AND CONTRACTUAL PENALTIES

1. The party that is in delay of payment of its legitimate debt can be asked to pay an interest on the overdue payment by the other party if it fulfils duly its contractual and statutory obligations and, if the other party is not responsible for the delay. The parties agreed on **interest on overdue payment** at the amount of **0.025 % of the due sum per day**.
2. The contractor will apply a **contractual penalty** at the amount of **USD 100 per day** in the following cases:
 - a) The contractor is in delay with return of the subject matter of contract.
 - b) Delay with rectification of the defect which the subject matter of the contract has at the time of its handover.
 - c) Delay with rectification of a diagnosed defect.
3. A separate invoice will be issued for the contractual penalty and its due date will be 25 days. The date of taxable supplies will be the day on which the invoice is issued.
4. ITRES is not responsible for any damages, consequential, direct, or indirect as a result of the failure of the instruments or its software.
5. The maximum accumulated penalty (for all instances) under this clause during the life of this contract is USD \$ 10000.00.

VIII. CONTRACT TERMINATION

1. The contract can be terminated by a written agreement.

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2. The customer can withdraw from the contract in case it is breached significantly by the contractor. A significant breach of the contract is considered to be mainly the following:
 - a) The contractor is in delay with fulfilment of a deadline for longer than 30 days.
 - b) Commencement of bankruptcy proceedings in which the contractor is the debtor.
3. The contractor can withdraw from the contract in the following cases:
 - a) Commencement of bankruptcy proceedings in which the customer is the debtor.
 - b) The customer is in delay with payment of an invoice for longer than 30 days.
4. The contract must be terminated in writing and it becomes effective on the day when it is delivered to the other party.
5. In case of withdrawal from the contract, the mutual sanction liability does not cease to exist.
6. Termination of the contract will result in a pro-rate adjustment of the contract price for the service agreement portion of the contract.

IX. RESPONSIBLE PERSONS OF THE PARTIES

1. The responsible person of the customer is Ing. Jan Hanuš, hanus.j@czechglobe.cz, +420 511 192 244. This responsible person is authorised to perform all the tasks pursuant to this contract on behalf of the customer, with the exception of disposal of the contract.
2. The responsible person of the contractor is Steven Mah, smah@itres.com , +1403-250-9944. This responsible person is authorised to perform all the tasks pursuant to this contract on behalf of the contractor, with the exception of disposal of the contract.

X. JOINT PROVISIONS

1. The ownership right to the subject matter of the contract is transferred at the moment when the subject matter of the contract is handed over to the customer and payment for the dual black body improvements are received.
2. Neither of the Contracting Parties shall assign a claim or debt arising from this Contract to a third party without the written consent of the other Contracting Party.
3. Each of the Contracting Parties shall take the risk of a change in circumstances upon themselves.
4. No rights or obligations of the Contracting Parties shall be inferred from the practice established between the Contracting Parties or general practice or in the sector relating to the subject of the Contract.
5. The Contractor acknowledges that it is obliged to cooperate in the exercising of financial control. The Contractor shall undertake to cooperate in the financial control of all of its subcontractors.
6. The Contracting Parties agree that the court with jurisdiction to hear and determine any and all disputes arising between the Contracting Parties hereunder or in connection herewith shall be the general London Court of International Arbitration.

XI. FINAL PROVISIONS

1. This Contract shall be governed by Czech law, with the exception of conflicting provisions. Any and all related negotiations shall be conducted in the English language and the interpretation of the contract shall be in English.
2. This Contract is not dependent on any another contract. This Contract does not depend on any another contract.
3. This Contract contains the entire understanding of this agreement and all of the formalities which the Contractual Parties have had and have wanted to negotiate herein, and that they consider

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important for the binding nature of this Contract. No statement made by the Contracting Parties during the negotiation of this Contract or statement made after the conclusion of this Contract shall be interpreted as being contrary to the provisions of this Contract or constituting an obligation of any of the Contractual Parties.

4. This Contract may only be amended in writing in the form of numbered addenda, hereto. The invalidity of the Contract or its addenda for breach of form may be argued by the Contracting Parties any time, even if the performance has begun.
5. This Contract shall be elaborated in two counterparts, with each of the Contracting Parties receiving one copy thereof.
6. This Contract shall become effective upon its signature by the last Contracting Party.

Calgary, on this day October 2, 2017

Brno, on this day 30. 10. 2017

Tyler Ivanco
President & Chief Executive Officer
ITRES Research Limited

prof. RNDr. Ing. Michal V. Marek, DrSc., dr. h. c.
Director of
Global Change Research Institute CAS