

Terms and Conditions of Sale

These standard terms and conditions of sale ("T&Cs") apply to any and all orders placed by Purchaser ("Purchaser") for the purchases of products or services (together, "Products") from Pure Ground Ingredients, Inc ("Seller"), whether or not such purchase is subject to a signed purchase order or other agreement between Seller and Purchaser. Ordering Products from Seller constitutes acceptance of the terms set forth herein. Any different or additional terms in any purchase order or other writing from Purchaser shall be deemed a material alteration hereof and are hereby expressly objected to and rejected. Commencing to perform or ship shall not be construed as acceptance of any of Purchaser's terms.

ENTIRE AGREEMENT

This Agreement and accompanying quote constitute the entire agreement of all parties and supersedes all prior negotiations, proposals, agreements and understandings, whether oral or written, relating to the products to be purchased hereunder or otherwise relating to the subject matter of this Agreement. A quote is only nil or void if not accompanied by this Agreement, or if it is not accepted within the specified time stated in such document.

For Seller to prepare for extended contracts or blanket POs, such purchase periods do not commence until ninety (90) days after the date of the Agreement without prior written consent. The duration of shipments under extended contracts or blanket POs may not exceed twelve (12) months after the ninety day preparation period without prior written Seller consent. Any representation, warranty, course of dealing or trade usage not expressly contained or referenced herein shall not be binding on Seller.

ORDERS AND CHANGE ORDERS, REQUESTS TO HOLD OR DELAY

All orders must be placed in writing and delivered directly to Seller from the entity that will be liable for the payment of the order. Verbal orders or orders through a third party will not be accepted, and no order is final until accepted by Seller by written acknowledgement. Any subsequent requests to change the order must be submitted in writing to Seller. All such requests are subject to Seller approval prior to any processing, and are subject to any cost or expense incurred by Seller from such change. Such costs include, without limitation to, costs for work performed and/or materials purchased for the Seller's original order.

Postponement of deliveries at Purchaser's request for a period of more than ten (10) days require an officer's approval of the Seller. Purchaser shall pay any detention, storage, handling or auxiliary charges assessed by carriers or warehouses resulting from Purchaser's requirements for special service or Purchaser's failure to accept delivery in a timely manner. Procurement or production processes will not start, and delivery dates will not be provided without firm release dates.

ORDERS AND MINIMUM STOCK ON HAND REQUIREMENTS

Purchaser requirements for Seller to carry a minimum quantity of an item(s) shall be disclosed in advance of quote request. As such requirements commit additional Seller resources and capital, it is subject to the written approval of Seller's CEO or other Corporate officer. If Purchaser requires Seller to carry a stock level of a percentage of all contracted items to be purchased over a one (1) year period, Purchaser also agrees to purchase said stock quantity within a proportionate time period of the contract. For example, a Purchaser may require Seller to carry an equivalent of 25% of all items contracted to purchase over one year. In this case, Purchase shall also agree to purchase 25% of all items every (90) days (which is equal to 25% of the length of the contract). Carrying stock in excess of 25% of contract amount may require a guarantee instrument for payment at the Seller's sole discretion.

Purchaser also agrees that if it terminates a contract where minimum stock on hand requirements are stipulated, it has given advance authorization to Seller to immediately ship all of such goods held at the prices as quoted or in contract. This provision is solely to pay the Seller for goods held on behalf of Purchaser. Purchaser acknowledges that it may also be subject to adjustments and billing for a lesser quantity of goods taken prior to cancellation versus the pricing offered under contract for larger quantities.

PRICES

All prices represent those in effect at the time of quotation and are contingent upon the specified quantity, stated timing of delivery, and period of time that pricing may be requested to remain in effect. All prices are as stated in Seller's quote, and specifically override any prices referenced in Purchaser's purchase order, unless acknowledged in advance in writing by an officer of Seller. All prices and other terms are subject to correction for typographic or clerical errors.

TERMS OF PAYMENT

Unless Seller otherwise agrees in writing and so states on an invoice, terms of payment will be for orders of stock items, payable within the time as outlined in a written quote or proposal.

Seller shall have the right to require cash payments in advance, or an irrevocable Letter of Credit, or other assurance of satisfactory payment as a condition to acceptance of any order or shipment of Product. Unless otherwise agreed to by Seller, all payments by Purchaser shall be made in United States Dollars at a Bank so designated by Seller, without set-off, deduction or counterclaim.

TAXES AND GOVERNMENTAL CHARGES

If Seller is required to pay value-added, excise, sales, use or privileges taxes, required governmental withholdings or similar taxes any such tax or charge on behalf of Purchaser, Purchaser will reimburse Seller promptly on demand. Where the Seller is not authorized to collect such taxes, the remittance of applicable taxes shall be the responsibility of the Purchaser.

LATE CHARGES; COSTS

If Purchaser fails to pay in full without any set off or deduction any amount due to Seller when due, Seller may recover, in addition to the payment due, interest thereon at a rate of the lesser of 1-1/2% per month or the maximum rate of interest allowable under applicable Nevada law. The Purchaser shall be liable for all costs and expenses, including reasonable attorneys' fees, incurred by Seller in collecting or attempting to collect overdue accounts.

SALES MATERIALS; SPECIFICATIONS

Any product descriptions prepared by Seller is strictly for the convenience of the user. Products will be shipped in accordance with Seller's samples and specifications sheets. Purchaser's authorized representative shall acknowledge acceptance of such specifications at the time of accepting a quote or proposal. However, prior to processing and shipping any item not previously sold to Purchaser, a sample of the good shall be pre-approved by Purchaser's Quality Dept or Management Representative stated to have sole discretion to accept such product on behalf of Purchaser. In the event of a conflict between a customer's written order and a Seller specification sheet marked "approved" or the like, the Seller specification sheet shall prevail.

If Purchaser samples and/or specifications are intended to be used in lieu of Seller's, such items must be provided in advance of the quotation. Seller may accept the specifications in its sole discretion and so advise prior to accepting the quote or contract.

PACKAGING AND HANDLING

Seller shall determine the method of packaging for all Products. If Purchaser requires special packaging or handling, such request must be submitted in advance as part of requesting a quotation. Seller may accept or decline special packaging or handling requests at its sole discretion. Pricing for requests of special handling or packaging made after a quotation, if approved, shall be added to the price of the Products. Unless specifically agreed to in writing, Seller will not be responsible for the payment of any penalties or special handling charges relating to Seller's failure to comply with a customer's special requirement for order processing, handling, packaging, shipping or invoicing.

SHIPMENT, DELIVERY AND TITLE

Unless otherwise agreed upon in writing, Products will be tendered and shipped FOB Seller's plant or warehouse. Seller will select the carrier and routing and ship Products freight "prepaid and add" to the price of the Products. If a more expensive means of transportation or special delivery requirements are requested by Purchaser, Purchaser shall pay all additional costs. It is understood that the stated shipment date on Seller's quote or order acknowledgement, if any, is an approximate shipment date, and is not a fixed or guaranteed shipment date. Seller shall endeavor to ship by the estimated or requested shipping date, but it shall not be responsible for any delay or any damage arising there from. Seller assumes no liability from any delay tied to delivery.

PRODUCT ACCEPTANCE

All Products delivered hereunder shall be deemed accepted by Purchaser as conforming to this Agreement, and Purchaser shall have no right to revoke any acceptance, unless written notice of the claimed nonconformity is received by Seller within fifteen (15) days of delivery thereof. Any use of a product by Purchaser, its agents, employees, contractors or licensees, for any purpose, after delivery thereof, shall constitute acceptance of that product.

FORCE MAJEURE

Seller shall have no liability or obligation to any failure to manufacture or deliver due to causes beyond Seller's reasonable control. Such causes include, but not limited to strikes, lockouts, fires, riots, wars, acts of God, inability to obtain materials, components or supplies, failure or breakdown of machinery, production scheduling delays, government regulations, lack of or inability to obtain raw materials, or other conditions.

PRODUCT RETURNS

No item shall be returned without prior authorization from the Seller's Sales Representative for the order, a Return Material Authorization ("RMA") number, and shall be returned properly packaged and in good condition.

EXPORT CONTROL

Seller may be subject to export control laws and regulations ("Export Regulations"), which prohibit export or diversion of certain products to certain countries. Any and all obligations of Seller will be subject in all respects to such Export Regulations, which will from time to time govern the delivery of Products and abroad by persons subject to the jurisdiction of the relevant authorities. If the delivery of products, services and/or documentation are subject to the granting of an export or import license by certain governmental authorities, or other restrictions exist, Seller may suspend its obligations until such license is granted, or Seller may at its option terminate the relevant order without incurring any liability towards the Purchaser.

INDEMNIFICATION

Notwithstanding, with respect to all Products manufactured by Seller, either in whole or in part, to Purchaser's designs, specifications or instructions, Purchaser shall defend and hold harmless Seller from all liability, loss, cost and expense (including attorney's fees) resulting from claims of alleged infringement of patents, designs, copyrights, trademarks, and other proprietary rights. Seller agrees to defend, indemnify and save harmless the Purchaser from any loss, damage, expense (including attorney's fees) liability, claims, demands, judgments and suits of law for actual or alleged infringement of any Seller patent, trademark or copyright rights arising

from the purchase, use or sale of items covered by this Order. However, Seller shall have the right to select Counsel, and has no liability whatsoever with respect to any settlement made by Purchaser without Seller's prior written consent.

CONFIDENTIALITY

Purchaser may acquire knowledge of Seller Confidential Information and/or its performance hereunder. Purchaser agrees to keep such information confidential following termination or expiry of this Agreement. Seller Confidential Information includes, but is not limited to, all information in any form, relating to the research, development, methods of manufacture, trade secrets, suppliers, Work Product, pricing, and other information considered as proprietary to Seller. Purchaser agrees to only use Seller Confidential Information for the sole purpose of it's contract and will not use such information for it's own benefit or for the benefit of any third party.

Purchaser acknowledges and agrees not to disclose, directly or indirectly, to anyone, or to use or let other use, for any purpose whatsoever, any Confidential or Proprietary information of any type, whether or not so designated, acquired in the course of the purchase contract or order. Purchaser agrees to exercise the same degree of care and scrutiny to avoid use, disclosure, publication or dissemination of the Seller's Confidential and Proprietary information as it would with respect to their own confidential information. However, the exercise of such efforts shall not constitute a defense in the event that the Confidential and Proprietary Information is not kept confidential in accordance with the provisions of this Agreement.

CHANGES IN PRODUCT MANUFACTURE

Seller shall have right to discontinue or modify any of its products and to substitute material or product equal to or superior to that originally specified.

ASSIGNMENT

Purchaser may not assign, transfer or subcontract the performance of its services, or any of its rights and/or obligations hereunder, without Seller's prior written consent.

CANCELLATIONS

After acceptance of an order or contract, and notice to proceed with fulfilling the order, requests to cancel an order must be submitted in writing to Seller. Orders may not be cancelled unless Seller is reimbursed for work already performed, for special materials purchased, and for non-cancellable purchase orders issued but unfulfilled for materials required under subject order. If an order is cancelled after shipment, or if delivery is refused at destination, all storage or demurrage, delivery and return costs, and applicable re-stock charges are chargeable to the Purchaser. Special orders will not be accepted for re-stock.

DEFAULT AND TERMINATION

Purchaser shall be deemed in material default under this agreement if Purchaser fails to pay any amounts when due hereunder, cancels or attempts to cancel this agreement prior to delivery or refuses delivery, or otherwise fails to perform any of its obligations hereunder or fails to pay Seller any sums due under any other agreement or otherwise.

In the event of material default by Purchaser, Seller may, upon written notice Purchaser, suspend its performance and withhold shipments, in whole or in part. Seller may terminate this agreement, or declare all sums owing to Purchaser immediately due and payable, recall products in transit and retake same, and repossess any products held by Seller for Purchaser's account, without necessity of any other proceedings. The Purchaser agrees that all products so recalled, taken or repossessed shall be the property of Seller. Exercise of any of the foregoing remedies by Seller shall not preclude of any of the others, nor exercises of such remedies shall be construed as limiting, in any manner, any of the rights or remedies available to Seller under law.

APPLICABLE LAW

These terms and conditions shall be governed by and construed in accordance with the laws of the State of Nevada. If the Purchaser is incorporated in the United States, any claim or litigation arising out of relation to Products shall be brought exclusively in a court of competent jurisdiction in Washoe County, Nevada. If the Purchaser is incorporated outside of the United States, any dispute will be resolved by arbitration in Reno, Nevada, by three arbitrators and under the International Chamber of Commerce Rules of Arbitration. In all cases, Purchaser and Seller expressly exclude from application the United Nations Convention on Contracts for the International Sale of Goods.

SEVERABILITY

If any provision of these terms and conditions is determine to be illegal, invalid or unenforceable, the validity and enforceability of the remaining provisions of these terms and conditions will not be affected.

