

**INTERNATIONAL RUBBER PRODUCTS, INC.**  
Terms & Conditions

1. Definitions - As used hereunder, "COMPANY" refers to INTERNATIONAL RUBBER PRODUCTS, INC., a Nevada corporation, and "Buyer" refers to any person or entity who orders, purchases, acquires or obtains any goods from or through the COMPANY.
  2. Prices - All goods are billed at the COMPANY's quoted prices. Quotation prices expire thirty (30) days after the date of quotation. However, the COMPANY, in its sole discretion, reserves the right to honor expired quotation prices. All prices with the exception of quoted prices during the quotation period are subject to change without notice. Buyer shall accept the COMPANY's certification of prices applicable on each shipment until the order is completed. Prices do not include transportation costs, taxes, or other fees or duties, unless otherwise noted. If such charges are included in the specific terms of sale, any increase in specified rates becoming effective after the date hereof shall be paid by the Buyer.
  3. Taxes; Insurance - In addition to the prices stated herein, Buyer shall reimburse the COMPANY for all taxes, excises, fees, duties or other charges which the COMPANY may be required to pay to any government (National, State or Local) upon the sale, use, production or transportation of the goods sold hereunder. All shipments shall be insured at Buyer's expense.
  4. Tool Charges - Where special tools, dies, gauges and/or fixtures (collectively, "Tooling") is required and specifically paid for by Buyer, fifty percent (50%) of the quoted tooling charge must be paid when Buyer places the original order, the balance of the Tooling costs shall be paid no later than ten (10) days after dimensional acceptance of the First Articles. Tooling is an integral part of the manufacturing process and may be included in the COMPANY's Non Recurring Setup Charges ("NRSU"). Buyer shall be responsible for payment, when billed, (i) for the regular maintenance of Tooling and any charges incurred by Company in fixing the Tooling to achieve one hundred percent (100%) cavitation performance, (ii) a monthly rental fee of five percent (5%) of the cost of the tooling when such tooling must be maintained for subsequent orders and when such tooling has not been utilized during the preceding three hundred sixty-five (365) days, and (iii) any fees and costs associated with the Company's expense to pull the tooling from COMPANY'S stock and return Buyer owned tooling to the Buyer at the Buyer's request.
  5. Quantity - Due to conditions existing in manufacturing the goods, the COMPANY reserves the right to ship and bill ten (10) percent more or less than the exact quantity specified. Where blanket purchase orders are concerned, Buyer agrees to purchase within a twelve (12) month period the annual usage quantity referenced in the blanket purchase order against which said Buyer received special pricing. Failure to purchase said quantity will result in a retroactive upward price adjustment as determined by the COMPANY. Quantities will be invoiced based upon the COMPANY's counting scale, not the Buyer's. Buyer must accept all quantities ordered within the stated term of the quotation.
  6. Delivery - Estimates of delivery fees and costs are subject to revision when the complete and accurate ordering information is received by the COMPANY. Any Delivery or tender of delivery of any installment of any goods within fifteen (15) days after the date specified for delivery shall be deemed timely performance by the COMPANY. COMPANY reserves the right to deliver partial shipments of quantities ordered. There shall be no liability for failure or delay of delivery due to acts of God, acts of Buyer, Government action, fire, flood, war, accident, strike, casualty, lockout, boycott, embargo, terrorism, riot, labor trouble or shortage, machinery breakdowns, inability to obtain material equipment or transportation, or other causes beyond the reasonable control of the COMPANY. All freight, express, insurance, and delivery charges shall be paid by Buyer without discount. COMPANY reserves the right to invoice Buyer for the higher of (i) a minimum freight charge, ranging between \$100 to \$150, depending on shipment weight; or (ii) actual freight cost. Delivery or tender of ninety percent (90%) of the quantity specified for an installment shall constitute performance under this and/or any other contract, and installments shall be accepted by Buyer and paid for at contract prices and terms. The COMPANY does not normally pay for freight. The COMPANY will only pay for ground shipments associated with the return of rejected product and ONLY when the COMPANY has determined that the rejected product was in fact defective. However, in the unusual event that the COMPANY is required to pay for freight of any particular delivery the Buyer will be charged an additional thirty percent (30%) surcharge over and above the actual freight charge or pay the COMPANY'S minimum charges of \$100-\$150 charge depending on weight. Special shipping terms or overnight delivery will only be requested upon the COMPANY'S receipt of the Buyer's written request to do so.
  7. Shipments - F.O.B. point of shipment. Title and risk of loss or damage passes to Buyer on delivery to carrier.
  8. Terms of Payment - The terms for payment herein are subject to change without notice at the discretion of the COMPANY. If by the terms of sale, credit is extended to Buyer, the COMPANY reserves the right, at any time and from time to time, in its sole discretion, to limit, alter or cancel the credit of Buyer and, as a consequence, may declare payment due immediately in cash before delivery or any unfilled portion of this and/or any other contract. Failure to make timely payment shall void any and all warranties provided herein. Unless otherwise noted, invoices are due for payment on the 30th day following date of invoice. Buyer agrees to pay and shall be liable for a service charge of one and one-half percent (1 1/2 %) per month (18% per year) computed for each day payment is delayed beyond the due date.
  9. Materials Provided by Buyer - If goods are to include or incorporate items or other materials to be provided by Buyer (or by any third party on behalf of Buyer), the COMPANY'S performance, and any prices quoted by the COMPANY, are conditioned upon such items or other materials being received by the COMPANY upon agreed times, in such quantities and condition specified and with all freight, transportation and all other charges related thereto prepaid by Buyer. Buyer shall be responsible for all defects contained in or relating to all items or other materials to be provided by Buyer (or by any third party on behalf of Buyer). Buyer shall pay the COMPANY for all time, labor and expense incurred by the COMPANY, including, but not limited to, work or labor spent, or materials used, in producing or attempting to produce any goods, by reason of or caused by any items or other material to be provided by Buyer (or by any third party on behalf of Buyer) which are defective.
  10. Changes and Cancellation - Orders accepted by the COMPANY are not subject to change or cancellation by Buyer, except for the COMPANY'S written consent, which consent the COMPANY may withhold in its sole discretion. Buyer shall take all completed goods at full price and all goods in process at cost plus pro-rata profit as determined by the COMPANY based on the quoted price, and Buyer shall reimburse the COMPANY for any loss of materials purchased or on contract for the filling of the order. Changes and cancellations accepted by the COMPANY may be subject to additional fees.
  11. Installments/Release Dates - The COMPANY will accommodate, to the best of its ability, all Buyer requested modified ship dates within a 45-day window of the expected installment due date. However, the COMPANY'S ability to successfully accommodate any changes may be subject to additional fees or expenses which will be reimbursed by the Buyer on a case-by-case basis. On all blanket purchase orders, Buyer shall be required to a minimum quarterly shipment equal to no less than twelve and a half percent (12.5%) of the total annual quantity purchased, until all goods have been delivered. Buyer agrees to accept all goods purchased on the blanket purchase order no later than the twelve months commencing the date of the COMPANY'S acceptance of the blanket purchase order. Buyer's failure to pay for any installment when due shall excuse the COMPANY from making further deliveries unless the COMPANY receives satisfactory assurance of payment.
  12. Limited Warranty - The COMPANY warrants for a period of one (1) year that all products specially manufactured by the COMPANY are free from manufacturing defects which are under the control of the COMPANY. Each product has been specially manufactured with the requisite quality and standard of care required of such products to ensure that such products do not create an unreasonable risk of injury to others. However, the COMPANY does not warrant or guarantee the design, application or use of the product in conjunction with other intended uses or products. The COMPANY does warrant and certify that the products manufactured by the COMPANY will comply with the plans and specifications and are within the specified limitations and tolerances for the products as submitted by the Buyer.
- THIS IS THE ONLY WARRANTY, EXPRESSED OR IMPLIED, AS TO THE GOODS, AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, ARE EXPRESSLY EXCLUDED AND DISCLAIMED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**
- Buyer shall be required to follow the COMPANY'S Return Goods Authorization ("RGA") procedure when a warranty claim arises. If the goods do not meet the plans and specifications, the COMPANY, in sole and absolute discretion and at its option, may (i) promptly replace the goods, (ii) repair the goods per industry standards, (iii) make a suitable adjustment in the price thereof, or (iv) in the last resort repurchase the goods from Buyer, provided that Buyer delivers written notice to the COMPANY within ten (10) days after the receipt of shipment and provided that the goods have not been processed or otherwise used in any manner. Any use, modification or change to the goods by Buyer shall void this warranty. The foregoing expresses the entire liability of the COMPANY regarding the properties or quality of the goods and the COMPANY shall not under any circumstances be liable for any special or consequential damages that may be caused by the use of the goods. Any and all liability of the COMPANY shall be limited to the price of the goods paid by Buyer. Even though samples or information as to observed properties of the goods may have been supplied to Buyer, other than the above warranties the COMPANY does not warrant the conformity of the goods delivered to the samples or the observed properties. The COMPANY shall not be liable for variations of any goods within recognized commercial industry standards. Buyer acknowledges that no COMPANY employee or representative has any authority to modify this warranty or bind the COMPANY to any other express warranty unless included within these Terms and Conditions.
13. Buyer's Testing - It is the Buyer's obligation, in advance of purchase, or before putting any goods into production or use, to determine in each case that the goods are satisfactory for Buyer's particular use. To meet Buyer's obligation, sample runs and tests of the goods in all processes should be made to the point that Buyer finds that the goods are satisfactory for Buyer's requirements, processes and production.
  14. Patents - No patent license is granted or implied from the COMPANY to Buyer, and no warranty is given by the COMPANY against infringement of the patents of others by reason of the use of the goods in combination with other goods or in the operation of any process. Buyer warrants to COMPANY that the specified designs, plans and/or products requested by Buyer to be manufactured by the COMPANY do not infringe upon the patents, copyrights, trademarks or other intellectual property of any third party. Buyer represents to COMPANY that as of the effective date of this and/or any other subsequent order that Buyer has not received notice, either oral or written, that Buyer's products infringe upon the patents, copyrights, trademarks or other intellectual property of any third party. In all events, Buyer agrees to indemnify, defend and hold the COMPANY harmless from and against all reasonable costs and expenses related to claims made by third parties against the COMPANY claiming that any of the products manufactured by the COMPANY which are based upon the Buyers designs, plans or specifications infringe upon the patents, trademarks copyrights, service marks or other intellectual property of such third parties. Further, Buyer agrees not to copy, or cause to be copied or reproduced, either directly or indirectly, any pattern or design of goods covered by this and/or any other contract with the COMPANY.
  15. Governing Law - This contract is to be governed by and construed in accordance with the laws of the State of California. The proper venue for any legal action shall be brought in the County of Los Angeles, California.
  16. Attorney's Fees - In the event any litigation is brought by either party in connection with this Agreement, the prevailing party shall be entitled to recover from the other party reasonable costs, expenses and attorney's fees.
  17. Assignment - No rights of Buyer under or arising out of this contract and/or out of any other contract with the COMPANY may be assigned, in whole or in part, without the express prior written consent of the COMPANY.
  18. Future Transactions - Except to the extent a future transaction is governed by a signed contract between the parties, the terms and conditions hereof shall govern all future transactions.
  19. Binding Effect - This contract shall be binding upon and inure to the benefit of the COMPANY and Buyer, and their respective heirs, executors, administrators, trustees, successors and assigns.
  20. Entire Contract; Conflict; No Oral Modification - These Terms and Conditions constitute the entire contract between Buyer and the COMPANY with respect to the subject matter hereof, transcending any oral arrangements, representations or purchase order of Buyer which may be inconsistent herewith. In the event of a conflict between these Terms and Conditions and any term, provision, or condition set forth in plans and specifications for the goods submitted by the Buyer, or in the Buyer's purchase order or acceptance documentation, these Terms and Conditions shall govern and control. These Terms and Conditions may not be modified or terminated orally. No claimed modification, termination or waiver of any provision hereof shall be valid unless in writing signed by the COMPANY'S duly authorized representative.