

DETORONICS CORPORATION TERMS AND CONDITIONS OF SALE (DF-101)
THIS QUOTATION IS SUBJECT TO THE FOLLOWING CONDITIONS

Except where the context indicates otherwise, the term "Seller" represents DETORONICS CORPORATION and the term "Buyer" represent the legal entity contracting with the Seller.

1. ACCEPTANCE

All sales of product, parts, components or other goods by Detoronics Corporation are expressly conditional on Buyer's agreement to the terms and conditions contained herein, including those set forth on the face of this Quotation. This Quotation constitutes Seller's offer to Buyer, and becomes a binding contract on the terms set forth herein when it is accepted by Buyer either by acknowledgement or commencement of performance hereof. Any order or statement of intent to purchase any goods from Seller, or any direction to Seller to proceed with engineering, procurement of raw materials, manufacture or shipment of goods, or acceptance of all or part of goods from Seller or payment for all or part of such goods shall constitute assent to these terms and conditions. No revisions to this order shall be made valid unless in writing and signed by an authorized representative of Seller, and no conditions stated by Seller in accepting or acknowledging this order shall be binding upon Seller if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein unless expressly accepted in writing by the Seller. Any additional or different terms or conditions set forth in Buyer's purchase order, acceptance of this Quotation or similar communication are hereby objected to by Seller and will not be binding upon Seller unless assented to in writing by an officer of Seller. Buyer accepts that Seller is not listed under Qualified Parts List (QPL) and that Seller is providing commercial equivalent goods.

2. PRICES

Except as noted in this Quotation, all prices are valid for thirty (30) days after the date of this Quotation; provided, however, that all prices are subject to change due to fluctuation in material or component prices. Any deviations after placement of order, such as changes in quantity or partial releases or changes in specifications or drawings, are subject to a price increase and/or additional freight charges. Prices do not include any applicable state, local or federal sales, use, excise or similar taxes now or hereafter enacted. Unless stated otherwise in this Quotation, all prices are FOB Sellers factory in South El Monte California. Seller includes a Certification of Compliance (C of C) with each order. All other certifications, test or chemical reports, plating coupons, third party validations/tests, etc., will be subject to a service charge.

Blanket Order Contracts for goods or services are valid as specified in this Quotation but may not exceed more than one (1) year from the original purchase order date. After the order has expired beyond the original completion date on the original order, Seller reserves the right, at the Buyer's expense, to invoice and ship all remaining goods not yet obtained by Buyer per the order. In the absence of shipping instructions from the Buyer, Seller, on behalf of the Buyer, shall exercise its own discretion as to the method of shipment to be used and to the selection of the carrier but shall not be deemed thereby to assume any liability in connection with the shipment nor shall the carrier thereby be deemed an agent of the Seller. Transfer of title applies as per paragraph 5. In the event of Buyer cancellations or delays, paragraph 10 will apply.

3. TERMS OF PAYMENT

Terms of payment are as specified in this Quotation. Unless stated otherwise, Seller shall invoice Buyer for the exact quantity of each shipment of goods on the day it is shipped, or the day when ready for shipment if the goods are held at Seller by instruction of Buyer or for lack of shipping instructions by Buyer. Payment shall be made for invoices in accordance with such terms of payment. If payment is not made when due, Buyer agrees to pay a late charge on the amount past due at the rate of one and one-half percent (1.5%) per month or eighteen percent (18%) per annum. Nothing herein shall be deemed to extend or otherwise modify Buyer's obligation to make payment when due. Each shipment or delivery shall be deemed to have been sold under a separate and independent contract. Any order for goods by Buyer shall constitute a representation that Buyer is solvent. If, in the judgment of Seller, the financial condition of Buyer at the time of the manufacture or shipment does not justify the terms of payment specified, Seller reserves the right to require from Buyer full or partial payment or other adequate assurance of performance before manufacture or shipment. Seller further reserves the right to suspend its performance until such payment or adequate assurance of performance has been received. The prices specified are in U.S. currency, free of all expense to Seller for collection charges including attorney fees. Should shipments be held or stored beyond the requested delivery date, Buyer shall be responsible and liable for any and all storage charges assessed by Seller and/or Seller's suppliers.

4. DELIVERY

Delivery will be F.O.B. shipping point (South El Monte, California). Unless otherwise directed by Buyer, Seller will pre-pay the freight and bill Buyer for the shipping and handling charges. Seller offers Best Commercial Packaging. All other special packaging required by Buyer is subject to additional charges. Buyer assumes all risk of loss during delivery of products or materials by Seller to the carrier. If the absence of direction or instructions to the contrary, Seller, on behalf of the Buyer, shall exercise its own discretion as to the method of shipment to be used and to the selection of the carrier but shall not be deemed thereby to assume any liability in connection with the shipment nor shall the carrier thereby be deemed an agent of the Seller. Every reasonable effort will be made by Seller to fulfill Buyer's order in the quantity and on the delivery date estimated; provided, however, all shipping or delivery dates provided are estimates and shall not be deemed to represent fixed or guaranteed dates. Seller shall have no liability for any failure to deliver or for delay in delivery or performance due to any cause beyond the reasonable control of Seller, including but not limited to fire, strike, accident, war condition, Government regulation or restriction, transportation difficulty, power or utility difficulty, labor or material difficulty, engineering, design or manufacturing difficulty, freight embargo, riot or civil disturbance, default of a supplier or prohibitions or events which render performance difficult or impossible. In the event of any such delay, the date of delivery or performance shall be extended for a period equal to the time lost by reason of such delay. No goods shall be returned for credit or replacement without prior consent and an approved Material Return Authorization (MRA) by Seller. All goods returned without such prior authorization will not be accepted by Seller and will be returned to the Buyer freight collect.

5. TITLE AND DELIVERY

Seller will deliver goods to a carrier of Buyer's choice (F.O.B. shipping point, South El Monte, California) per instructions as in its order or as Buyer may direct, shall constitute complete delivery to Buyer as well as transfer of title, ownership, possession and property in and to the goods to Buyer. Thereafter such carrier shall be deemed to be acting for Buyer and all risk of loss or damage to the goods shall be on Buyer.

6. CHANGES

Buyer shall have the right to make changes in, or additions to, the drawings and specifications, also to revise or issue additional instructions, to reduce or increase the quantity covered by this order. If such change causes an increase or decrease in Seller's cost or time for performance of this purchase order, an equitable adjustment in price or time for performance will be made and this purchase order will be modified in writing accordingly, provided any claim for adjustment must be made by Seller within 30 days, after the date this change is ordered. Seller will not accept cancellations, changes or modifications for goods due to ship within thirty (30) days of shipping schedule.

7. EQUIPMENT

Unless otherwise specified on this Quotation, any equipment (including fixtures, dies and tools) which Seller constructs or acquires for use exclusively in the production of goods for Buyer shall be and remain Seller's exclusive property and in Seller's possession and control. Charges, if any, therefore shall be for the design and engineering of such equipment only. All such equipment will be used exclusively for the manufacture of goods for Buyer. Such exclusive equipment must be specifically identified on Buyer purchase order and Seller's acknowledgment. If exclusion is not specifically stated in this Quotation, equipment will be deemed to be not exclusive. It is the policy of Seller to not sell equipment, tools or dies unless specifically stated otherwise on the Quotation and order acknowledgment. When for two (2) consecutive years no orders are received from Buyer for parts to be made with any equipment, fixtures, dies, or tools referred to in the first sentence of this paragraph, Seller may make such disposition thereof as Seller desires without liability to Buyer.

8. WARRANTY

Subject to the other provisions of this Quotation and these terms and conditions, Seller warrants all new goods manufactured and sold by Seller to be free from defects in material and workmanship under normal use and service for a period of three (3) months from the date of shipment to the original Buyer. All goods or services sold hereunder not manufactured by Seller are warranted by Seller only to the extent provided by and enforceable against the manufacturer of such goods or supplier of such services. Seller shall not be obligated or liable under this warranty for any goods that are modified, altered, misused, damaged, not properly handled or stored, normal wear, not properly packaged to prevent damage when shipping, or treated with abuse or negligence, or otherwise improperly treated. Seller's sole obligation and Buyer's exclusive remedy under the warranty contained in this paragraph shall be limited, at Seller's option, to either repair or replacement of goods, at Seller's factory, of non-conforming goods or to allow credit equal to the invoice value of such goods which may be utilized for purchase of other goods. Seller will require return of the non-conforming goods, transportation prepaid and packaged to prevent loss or damage to goods. No allowance will be made for repairs without Seller's written consent or approval. Any claim under this warranty must be made by Buyer to Seller in writing within fifteen (15) days of Buyer's discovery of the claimed defect, but in no event later than sixty (60) days from the delivery date to the original Buyer. Buyer's failure to notify Seller of such nonconformity as required herein shall bar Buyer from recovery under this warranty. Goods repaired or replaced under this warranty are warranted for the unexpired portion of the original warranty. Other than the liability set forth in any expressed warranty applicable to the products sold to the purchaser, Seller shall not be liable for the consequential, incidental or other type of damages and expressly excludes and disclaims such damages resulting from or caused by the use, operations, failure, malfunction or defects of any products sold to the Buyer under any order resulting from this quotation, it being understood that the products sold to the Buyer are not consumer goods. The foregoing shall constitute the exclusive remedy of Buyer and the sole obligation of Seller. The Buyer's sole and exclusive remedy, whether based upon warranty, contract or tort, including negligence, will be to proceed under this warranty. All liability of Seller shall terminate within the specified warranty period.

SELLER DISCLAIMS ANY LIABILITY WHETHER UNDER THIS WARRANTY OR OTHERWISE FOR ANY FAILURE OF ITS PRODUCT WHICH IS CAUSED BY IN, WHOLE OR IN PART, THE USE IN OR WITH THAT PRODUCT OF COMPONENT PARTS NOT MANUFACTURED BY SELLER.

NOTWITHSTANDING ANY PROVISION OF THESE TERMS AND CONDITIONS, THE WARRANTY CONTAINED IN THIS PARAGRAPH AS LIMITED HEREIN IS THE ONLY WARRANTY EXTENDED BY SELLER IN CONNECTION WITH ANY SALE BY IT. SELLER DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT AND DOES NOT MAKE ANY WARRANTY TO BUYER'S CUSTOMERS OR AGENTS.

9. CLAIMS

Within fifteen (15) days after receipt of goods manufactured by Seller, Buyer shall notify Seller in writing of any claims for non-conformity, shortages, errors in shipment or errors in charges. Failure to so notify Seller shall constitute conclusive evidence that Seller has satisfactorily performed and that Buyer has accepted the goods and waived any right to reject the goods. Goods may be returned only upon Seller's prior written authorization. If Seller consents to the return of goods, those returned goods must be accompanied by the authorized Material Return Authorization (MRA) number, Invoice Number, Invoice Date, and Buyer's NCMR and any other documentation detailing the non-conformance. No parts will be returned to Seller after 30 days from date of shipment. Seller's liability is limited to repair or replacement, at its factory, non-conforming goods or to allow credit equal to the invoice value of such goods which may be utilized for purchase of other goods, at Seller's option. Seller shall be given reasonable opportunity and access to investigate the merits of any claim made under this paragraph. Seller will not accept goods that have been modified, altered, misused, damaged, not properly handled or stored, normal wear, not properly packaged to prevent damage when shipping, or treated with abuse or negligence, or otherwise improperly treated. If Seller finds goods not acceptable due to any of the above mentioned, goods will be returned to Buyer freight collect, Buyer remains responsible for open invoice, and Buyer will be assessed a service charge for any MRA process costs.

10. CANCELLATION OR DELAYS

Buyer shall not countermand or cancel the order or cause the work or shipment to be delayed or stopped, except with the consent of Seller and in any event with full reimbursement to Seller for all costs and expenses incurred by Seller, including but not limited to raw materials, labor, or stocking fees, plus fifteen percent (15%). If an order is delayed, stopped or placed on hold for any reason by the Buyer, the Seller reserves the right to invoice and ship all finished goods and/or work-in-process which is glass sealed or being plated. Seller will not accept cancellations, changes or modifications for goods due to ship within thirty (30) days of shipping schedule. In cases where goods are manufactured per the Buyer's print, drawing, sketch or specification, or where goods are Non-Standard to Seller and are Custom-Made, Special, or Modified for Buyer, Buyer is liable for the full monetary value (100%) of the order. Neither Seller's proposal or the order nor any provision or term thereof shall be modified, amended, rescinded or changed in any way except by written authorization and agreement from Seller.

11. INDEMNITY

Buyer shall indemnify, defend and hold Seller harmless from any claim, liability, damages, lawsuits and costs (including Buyer's fees), whether for personal injury, property damage or other, brought by or incurred by Buyer, Buyer's employees, Buyer's customers or any other person, arising out of the selection, application or other use of goods purchased from Seller.

12. INTELLECTUAL PROPERTY AND RIGHTS

Any intellectual property rights, improvements, trade secrets, trademarks and copyrightable materials, including, but not limited to, design, drawings, plans, specifications and computer programs, developed or otherwise acquired by Seller in connection with the production of goods or provision of services to Buyer shall be owned exclusively by Seller. Nothing in this quotation shall be deemed to grant a license to the intellectual property described in the foregoing sentence in favor of Buyer or any third party. Notwithstanding any contract provisions to the contrary, whether contained in Buyer's Standard Purchase Order terms and conditions or in any other additional terms and conditions, Detoronics Corporation does not confer any rights whatsoever upon Buyer or any other party with respect to Technical Data or Processes used on this order relating to Tooling, Manufacturing, Sealing, Assembling, or Cleaning. Buyer shall defend, protect and save Seller harmless from and against any loss or expense incident to any actual or claimed infringement of any patent of the United States or foreign country or other intellectual property rights arising out of the purchase, sale or use of goods designed by Buyer and manufactured by Seller.

13. LIMITATION OF LIABILITY

Seller shall not under any circumstances be responsible for special, indirect, incidental, consequential, liquidated or penal damages resulting from the contract under this Quotation or the performance or breach thereof, or from the design, manufacture, sale, delivery, operation or use of any goods or equipment covered by or furnished under this contract. The liability of Seller shall in no case exceed the price paid by the Buyer for the goods. Seller disclaims all liability, whether in contract, tort (including negligence), warranty or other grounds, to any party other than the Buyer. The Buyer's sole and exclusive remedy, whether based upon warranty, contract or tort, will be to proceed under the warranty contained in paragraph 8.

14. SUCCESSORS AND ASSIGNS

Seller's Quotation, and these terms and conditions shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The delegation or assignment by Buyer of any or all of its duties or rights hereunder without the prior written consent of Seller shall be void.

15. DISPUTE RESOLUTION

Any controversy, claim or dispute arising out of or relating to this Agreement or the transactions contemplated by this Agreement, or the breach, termination, enforcement, interpretation or validity of this Agreement, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration to be conducted in the state of California before a sole arbitrator. The arbitration shall be administered by the American Arbitration Association ("AAA") pursuant to its commercial rules and, if applicable, their supplementary procedure for large complex disputes.

16. CHOICE OF LAW

This Agreement shall in all respects be interpreted, construed and governed by and in accordance with the laws of the State of California, disregarding any conflict of laws provision which may require the application of the laws of another jurisdiction.

17. NON-WAIVER

No waiver, alteration or modification of any of the provisions herein shall be binding upon Seller unless specifically agreed to in writing by an officer of Seller. Waiver by Seller of any breach of any provision herein shall not be considered a waiver of any other or future breach of the same provision or of other provisions.

18. HEADINGS

Headings and captions set forth in this order are for convenience of reference only and are not intended to, nor do they, alter the meaning, content or enforceability of any provision/Article hereof.

19. SEVERABILITY

In the event any provision of this order is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions of this order will not be affected and, in lieu of such invalid or unenforceable provision, there will be added automatically as part of this order one or more provisions as similar in terms as may be valid and enforceable under applicable law.

20. INSOLVENCY

Seller may cancel the whole or any part of an order resulting from the quotation in the event of the suspension of purchaser's business, insolvency of Buyer, the institution, by purchaser or others, of bankruptcy, reorganization, arrangement of liquidation proceedings involving or affecting the Buyer, or any assignment for the benefit of creditors of Buyer or receivership that Buyer places itself in or may be placed in. Such cancellation shall be deemed a cancellation for default of Buyer.

21. SET-OFF

Seller may setoff any amount due from Buyer to Seller, whether or not under this order, from any amounts due to Buyer under this order.

22. TAXES

Unless otherwise specifically designated on this quotation/agreement, Buyer shall pay any taxes or duties including but not limited to Federal, State, Municipal or other sales, use, excise or other taxes, assessments, import duties, or charges assessed or levied against the goods and/or services. Seller reserves the right to revise its quotation after the execution of this contract between Buyer and Seller to include any and all taxes and duties that may become due hereunder and Buyer agrees to pay Seller for said additional amount. Buyer shall provide Seller with a tax-exemption certificate acceptable to Seller or such taxes shall be billed by Seller and paid by Buyer.

23. EXPORT

Unless otherwise noted, this sale/quote may include Munitions List Items (MLI) or Commerce Controlled List Items (CCLI). MLI/CCLI property is controlled by the U.S. Government and in many cases cannot be transferred (exported, sold or given) to a foreign country, a non-U.S. Citizen/National or a non-Permanent U.S. Resident without a valid State Commerce Department export authorization. It is the responsibility of you (the Buyer) to determine what the applicable requirements may be and to obtain all necessary authorizations, licenses or approvals. The use, disposition, export and re-export of the property covered or included in this sale/quote is subject to the provisions of law referenced in End-Use Certificate DLA Form 1822, DEC 2001, including but not limited to, the Arms Export Control Act (22 USC 2751 et seq.); Export Administration Act of 1979 (50 USC App. 2401 et seq.) as contained under Executive Order 12924; International Traffic in Arms Regulations (22 CFR 120 et seq.); Export Administration Regulations (15 CFR 730 et seq.); Foreign Assets Control Regulations (31 CFR 500 et seq.) and the Espionage Act (18 USC 793 et seq.).

24. GENERAL

All orders are subject to acceptance by an officer of Seller. Any representation, affirmation of fact and course of dealings, promise or condition in connection therewith or usage of trade not incorporated herein, shall not be binding on either party. If any provision of this quotation is in violation of any Federal, State or local state or regulations, or is illegal for any reason, said provision shall be self deleting without affecting the validity of the remaining provisions. These terms and conditions and the terms set forth on the face of this Quotation represent the entire agreement of the parties as to purchases made by Buyer from Seller and supersede all previous oral and written representations, agreements and commitments.