

# SALES TERMS AND CONDITIONS

1. ACCEPTANCE AND GOVERNING TERMS AND CONDITIONS. These Terms and Conditions shall be the only ones governing the sale of products from Tellurian Technologies, Inc. ("Seller") to Buyer and it is agreed that they supersede all prior communications including oral and written proposals. Seller shall not be bound by any of the terms and conditions in Buyers purchase order or elsewhere unless Seller specifically agrees otherwise in a written, signed document. **IN THE ABSENCE OF WRITTEN ACCEPTANCE OF BUYER'S TERMS BY SELLER, THE PLACING OF A PURCHASE ORDER, ACCEPTANCE OF OR PAYMENT FOR ANY PRODUCTS HEREUNDER BY BUYER OR ITS AGENT SHALL CONSTITUTE ACCEPTANCE OF THESE TERMS AND CONDITIONS.**

2. DELIVERY. Delivery will be made F.O.B. Point of Shipment. All stipulated delivery or shipment dates given by Seller are estimates only and may be subject to (a) Seller's receipt of order and negotiated specifications containing, where applicable, all quoted waivers and/or exceptions, and (b) successful, first-time passage of products submitted to environmental, life test, or other special testing or processing required by applicable specifications. Shipment of a quantity of products within five percent (5%) of the quantity ordered shall constitute delivery in full. Seller reserves the right to make deliveries in installments and the contract shall be severable as to any such installments. Delay in delivery or other default in any installment shall not relieve Buyer or its obligation to accept and pay for remaining deliveries. All claims for shipment shortage shall be deemed waived unless presented to Seller in writing within forty-five (45) days after delivery of each shipment. **IN NO EVENT SHALL SELLER BE LIABLE FOR INCREASED MANUFACTURING COSTS, LOSS OF PROFITS OR GOODWILL, OR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY CLAIMS FOR DELAY IN DELIVERY OR SHIPMENT SHORTAGE.** Buyer must schedule shipment of all products in its order within twelve (12) months from the date thereof with delivery within eighteen (18) months or Seller may readjust the purchase price to the price in effect on the date of shipment.

3. RESPONSIBILITY AND TITLE. Title to products sold hereunder shall pass from Seller to Buyer at the F O B Point. However, notwithstanding passage of title, Seller shall retain a security interest and right of possession in the products until Buyer has made payment in full. Buyer agrees to cooperate in whatever manner necessary to assist Seller in the protection of said security interest. Risk of loss and damage to products sold shall be borne by Buyer after the products are delivered to the F.O.B. point. Buyer shall be solely responsible for filing any necessary claims against the carrier.

4. WARRANTY. Seller warrants the products furnished hereunder to be free from defects in material and workmanship for a period of 12 months from the date of shipment to Buyer. Seller's obligation hereunder shall be limited to either, at Sellers' sole discretion, refunding the purchase price or repairing or replacing any product for which written notice of non conformance is received by Seller from Buyer within 12 months following the date of delivery, provided that such nonconforming products are returned F.O.B to Seller's plant within thirty (30) days after notice of non conformance. This warranty does not apply to any products which Seller determines have been subjected to testing, operating, manufacturing or environmental conditions in excess of the maximum values established in the applicable specifications or to products Seller determines have otherwise been subject to mishandling, misuse, neglect, improper testing, repair, alteration or damage or to products which have been subjected to assembly or processes which alter their physical or electrical properties. Seller assumes no responsibility for refund or replacement of products shipped at Buyer's request prior to successful completion of acceptance tests performed by Seller at Buyer's request, except those subject only to Buyer's incoming electrical inspection. Seller's warranty shall not be enlarged, diminished or affected by, and no obligation or liability shall arise out of, Seller's rendering of technical advice, facilities or service in connection with Buyer's order or the products furnished hereunder.

Notice of non conformance should be sent to:

Tellurian Technologies Inc.  
1801 Hicks Road Suite A  
Rolling Meadows, IL 60008

**BUYERS EXCLUSIVE REMEDY FOR BREACH OF WARRANTY IS LIMITED TO REPAIR OR REPLACEMENT, OR AT SELLER'S SOLE DISCRETION, TO REPAYMENT OF THE PURCHASE PRICE. IN NO EVENT WILL SELLER BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES. THIS WARRANTY DOES NOT EXTEND TO BUYER'S CUSTOMERS OR USERS OF BUYER'S PRODUCTS AND IS IN LIEU OF ALL OTHER WARRANTIES, EITHER EXPRESSED, IMPLIED OR STATUTORY INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS.**

5. PRICE AND PAYMENT. Unless otherwise agreed in writing all prices are those in effect on the date of shipment and shall be paid in full in U.S. Currency at Seller's factory within thirty (30) days of delivery. Seller may limit or terminate any credit extended to Buyer because of Buyers failure to pay for any products when due or for any other reason deemed good and sufficient by Seller, and Seller may require that all subsequent shipments be paid for in cash on delivery notwithstanding the terms of payment on the reverse hereof. In the event Seller learns of Buyer's bankruptcy insolvency, or receivership or if Seller reasonably believes Buyer will be financially unable to pay for products delivered under any credit arrangement, Seller shall have the right to rescind and cancel any pending orders, including those in transit, and retain title to such products without any liability to Buyer whatsoever.

All prices are exclusive of all federal, state, local and foreign excise, sales, use, export, import, transit, and similar taxes and Seller reserves the right to require Buyer to reimburse Seller for any such taxes arising as a result of Buyers purchase hereunder.

6. CANCELLATION AND TERMINATION. (a) No cancellation by Buyer for default shall be effective unless and until Seller shall have failed to correct such alleged default within sixty (60) days after receipt by Seller of a written notice from Buyer specifying such default. (b) Seller shall not be liable for any delay in, or failure of performance resulting from fire, strike, insurrection, riot, flood, or inability to obtain necessary labor, materials, facilities or transportation. In the event Seller is unable wholly or partially to perform because of any cause beyond its control, Seller may terminate this order without any further liability to Buyer. **(c) EXCEPT AS SET FORTH ABOVE, BUYER MAY NOT MODIFY, CANCEL OR RESCHEDULE ANY ORDERS WITHOUT SELLER'S PRIOR WRITTEN CONSENT.**

7. PATENTS. Buyer shall indemnify Seller for any loss, cost, claim or damage which arises out of any claim of patent infringement resulting from Buyer's design, specifications, instructions or other information supplied to Seller by Buyer.

8. GOVERNMENT CONTRACT CONDITIONS.

(a) ASPR CLAUSES. If the products ordered hereunder relate to a contract with the U.S. Government the applicable Government contracts shall be subject to Seller's review and acceptance. If any Armed Services Procurement Regulation ("ASPR") is applicable, such ASPR shall prevail.

(b) AUDIT. No federal, state, private or other right to audit Seller's books and records is applicable or shall be incorporated by reference into the quotation unless Seller specifically agrees otherwise in a written, signed statement containing a detailed description of the specific portion of Seller's operations and organization which Seller agrees may be audited.

(c) DATA. If any technical data are specified to be delivered as a part of this contract the clause set forth in paragraph 7-1049 (a) of ASPR is incorporated herein and is a part hereof, except that reference in said clause to "the Contractor" shall mean Seller herein. Except as specified in said clauses, all rights in technical data owned by Seller and used in the manufacture, use and sale of Seller's products are hereby reserved. Seller shall not be obligated to safeguard or hold confidential any unclassified information or technical data relating to this order.

(d) EXPERIMENTAL WORK. Unless otherwise agreed in writing by Seller, it is agreed that this order does not involve any type of experimental, developmental or research work as one of its purposes.

(e) PROPERTY. All materials, tooling, facilities, production aids, drawings, and other data and other property required for performance hereunder, shall be furnished by and title thereto shall remain in Seller.

(f) INDEMNITY. Seller shall not have any obligation to indemnify Buyer for any costs, damages or expenses arising out of or related to this contract, its performance, or any products sold or work performed hereunder.

9. CONFIDENTIAL INFORMATION. All software, drawings, diagrams, specifications and other materials created or furnished by Seller relating to the manufacture, use and service of products furnished hereunder ("Confidential Information") are proprietary to Seller, have been developed at great expense and may be considered trade secrets of Seller. Buyer may not reproduce or distribute any Confidential Information except to Buyer's agents and employees who agree to be bound by the terms of this paragraph.

10. GENERAL. If any portion of these Terms and Conditions are held to be invalid under any applicable statute or rule of law, they are to that extent to be deemed omitted and all other terms shall remain in effect. Buyer acknowledges that he has read and understands these Terms and Conditions and agrees to be bound by them and further agrees that this is the complete and exclusive statement of the agreement between the parties and supersedes all proposals, whether oral or written, and all other communications between the parties relating to the subject matter hereof. No waiver or breach of any provision hereunder shall constitute a waiver of any other breach of such provision.

11. EXPORT - IMPORT LICENSES. Unless otherwise agreed to in writing, Seller will obtain and pay for all necessary export and import licenses and clearances and no contract shall be deemed in existence unless and until such licenses and clearances have been received by Seller.

12. EXPORT OF TECHNICAL DATA. Buyer agrees that it will not, without the prior authorization of Seller and the U.S. Department of Commerce, knowingly re-export, export, or ship, or cause to be re-exported, exported, or shipped directly or indirectly, any technical data obtained from Seller or from an associated company of Seller or any direct or indirect product thereof to any destination to which the U.S. Government prohibits export or re-export of the products made the subject of this order or any technical data relating thereto.

13. GOVERNING LAW AND VENUE. Any contract or dispute resulting from these Terms and Conditions shall be governed by and construed exclusively according to the law of the State of Illinois and venue for any dispute arising hereunder or involving any order between Buyer and Seller shall rest exclusively in the State or Federal Courts located in Cook County, Illinois.

14. LATE PAYMENTS. Payments that are more than thirty (30) days past due are subject to a finance charge of 1.5% per month on the unpaid balance. In addition, Buyer agrees to reimburse Seller for all costs and reasonable attorneys fees incurred by Seller in collecting any sums due hereunder.