



Sales Terms and Conditions

1. INTERPRETATION:

(a) These terms and conditions are an integral part of the specific provisions set forth in Innovation Fuels, Inc.'s Sales Contract as referenced therein and must be deemed to be included, and made a part thereof (the "Agreement"). In the event of any conflict or inconsistency, the terms of the specific Sales Contract shall prevail over these terms.

(b) The Agreement is intended by the parties as a final expression of their understandings and agreements and as a complete and exclusive statement of the terms thereof. No course of prior dealing between the parties and no usage of trade shall be relevant to supplement or explain any terms used in this Agreement.

2. ACCEPTANCE:

Performance of any part of the Agreement by Buyer without written acceptance constitutes Buyer's acceptance of such Agreement including these terms and conditions.

3. TITLE, TERMS OF SALE AND RISK OF LOSS:

Interpretation of terms of sale shall be governed by INCOTERMS 1990 and all amendments thereto, except as otherwise specifically provided herein. Passage of title to all Product sold hereunder from Seller to Buyer shall be concurrent with transfer of risk of loss under the designated terms of sale, at which time Seller's responsibility for the Product shall cease. It is expressly understood that the passage of title and risk as aforesaid is not conditioned upon delivery of Bills of Lading.

4. PAYMENT TERMS:

(a) Net cash: as applicable to each transaction, payment will be due after receipt of invoice (fax or hardcopy acceptable) and independent inspector's report (as applicable) via wire transfer in same day funds into Seller's account at its designated bank.

(b) Prepay or Letter of Credit: Buyer agrees to prepay at least two working days prior to delivery or to open a clean irrevocable standby letter of credit in a form and at a bank acceptable to Seller, at least three working days prior to delivery. Buyer's declaration of prepayment or letter of credit option is to be received by Seller no later than five working days prior to delivery. If for any reason declaration cannot be made earlier than five working days prior to delivery, the prepayment option will automatically become effective. If letter of credit option is selected, payment will be due, as applicable to each transaction, after receipt of invoice (telex, fax, or hardcopy) and independent inspector's report (if applicable) via wire transfer in same day funds into Seller's account at its designated bank.

(c) Failure of Buyer to deliver to Seller the signed original letter of credit including all required amendments or make prepayment as specified above shall be considered a breach of contract. Upon such breach, Seller shall have the right upon written notice to Buyer to cancel the contract without in any way limiting any other remedies available to Seller.

5. WARRANTY:

Seller warrants good and marketable title to the Product, and that the quality of the Product will meet the specifications set forth in the Agreement. If no such specifications are stated, Seller warrants that the Product shall be the usual production/manufactured quality of the Product being sold by Seller or Seller's supplier at the time and place of shipment. THERE ARE NO GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE OR OTHERWISE, WHICH EXTEND BEYOND THE DESCRIPTION OF THE PRODUCT AND ANY SPECIFICATIONS THEREFORE STATED IN THE AGREEMENT.

6. MEASUREMENT AND SAMPLING:

The quantity and quality of the Product delivered hereunder shall be determined by Seller's personnel, as inspector, unless Buyer or Seller desires an independent inspector. In the latter case, such inspector shall be acceptable to both parties and the cost of his or her services shall be shared equally by the parties. The inspector's determination as to quantity and quality shall be conclusive and binding on both parties. Variations of less than one percent from invoice quantity of any shipment shall be disregarded.

7. ORDER QUANTITIES ARE APPROXIMATE:

Because of the conditions involved in the manufacture and/or containerization of certain Products, where an order calls for a certain quantity.

(a) A delivery of not less than 95% of the order will be considered a complete fulfillment of the order.

(b) In the case of an excess quantity, Seller may deliver and Buyer will accept any such excess up to 5% of the order.

8. CREDIT:

All shipments of Product made hereunder shall be separately invoiced by Seller and paid by Buyer as billed without regard to subsequent shipments of Product from Seller to Buyer. Delay in delivery of any shipment of Product shall not relieve Buyer of its obligations to accept

subsequent shipments. Buyer's failure to pay for any shipment when due shall, at Seller's Option, excuse Seller from making further deliveries of Product hereunder. If, in Seller's sole opinion, there has been a material adverse change in Buyer's financial condition, Seller shall have the right, by giving written notice to Buyer, to declare invoices for all shipments of Product due and payable immediately. Seller further reserves the right to revoke any credit extended to Buyer, the right to change the terms of payment, and/or the right to require payment as a condition of shipment. Buyer agrees to pay a service charge of 1-1/2% per month or the maximum allowed by law of the unpaid balance on past due accounts. Seller retains a security interest in all Product shipped to Buyer until payment in full of all invoices hereunder. Buyer agrees to execute such financing statements and/or security agreements as Seller may from time to time require. Additionally, seller reserves the right to require Buyer to provide adequate insurance of performance of this Agreement within ten (10) days after receipt of written notification of Seller's reasonable grounds for insecurity of such performance.

9. TRANSPORTATION AND DEMURRAGE:

(a) Carriage at Buyer's Expense. If the terms of sale provide for payment by Buyer of Freight charges, Buyer shall select the means of transportation and give Seller timely advance notice of shipping instructions. Seller shall not be bound to tender delivery of any quantities for which Buyer has not given shipping instructions. Any loss or damage to the Product or to any property of Seller or any other person during loading caused by the carrier's fault shall, as between the parties hereto, be borne by Buyer.

(b) Carriage at Seller's Expense. If the terms of sale provide for payment by Seller of Freight charges, in whole or in part, Seller shall select the means of transportation. Any extra inconvenience relative to transportation of Product, including but not limited to delivery, discharge, handling, transportation, storage and/or unloading, shall be paid by Buyer. If the unloading time exceeds the allowed free time in the applicable contract or charter party, Buyer shall reimburse Seller for all demurrage properly payable by Seller for such time. In the case of seagoing vessels, Buyer specifically agrees to provide a suitable safe berth at the discharge port.

(c) Where applicable: If movement is made at a public facility over which Seller has no control, then loading / discharge will occur on a first come first serve basis subject to dock availability and Seller will not be responsible for any delays or demurrage incurred.

10. SELLER'S LIABILITY:

Seller's liability and Buyer's exclusive remedy for any cause of action arising out of the Agreement, including negligence, is expressly limited at Buyer's option to replacement of, or payment of the purchase price for, the goods with respect to which damages are claimed. All claims of whatsoever nature shall be deemed waived unless made in writing within seven (7) days of the date of delivery in the cases of European deliveries (including the United Kingdom, Ireland and Turkey); and, in all other cases within thirty days of buyer's receipt of the goods and before use of the goods or any part thereof by Buyer. Buyer shall inspect the goods furnished hereunder immediately after delivery. If any goods furnished are rejected because of nonconformity to specifications (this shall not apply to off-spec sales), Buyer shall only have the right to return same to Seller after inspection by Seller and receipt of definite shipping instructions from Seller, such inspection to be made and instruction given within sixty (60) days after notice of rejection by Buyer. NO CLAIM SHALL BE MADE HEREUNDER FOR INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES. If deliveries are deferred at Buyer's request, the risk and expense are the Buyer's and Buyer shall reimburse Seller promptly upon invoice for storage, re insurance, and other expenses undertaken by Seller in its discretion.

11. SHIPMENT:

The dates set forth for shipment of the Product are based on Seller's best estimate of the date the Product will be available and the time required to load the Product. No shipment shall be deemed late if made within thirty (30) days after specified shipment date. Seller shall not be liable to Buyer for damages claimed resulting from delay in shipment of Product after the date specified unless time of shipment is expressly stated to be "of the essence".

12. TAXES AND DUTIES:

All duties, licenses, tariffs, consular fees and charges, now or hereafter imposed with respect to the processing, manufacture, sale, delivery, transportation, importation, exportation or proceeds of the Product hereunder or in remittance of funds in payment for the Product shall be paid by Buyer, and if paid or required to be paid by Seller, the amount thereof shall be added to and become a part of the price payable by Buyer. taxes: Buyer and Seller each respectively warrant that they are properly licensed to buy/sell product hereunder in the state of intended title transfer in accordance with the delivery term of the Agreement (if such licensing is required by the state), exempt of tax, and, if required, shall furnish a valid license and/or registration number to the requesting party.

13. INDEMNIFICATION:

Buyer shall protect, indemnify and shall hold Seller harmless, and at Seller's option, shall defend Seller and its parent, subsidiaries, affiliates, or assigns from and all claims, demands, expenses (including reasonable attorney's fees), losses, damages, fines and causes of action which may be made, incurred or initiated by any person, including Buyer and its agents or affiliates or any governmental entities, arising from, caused by or resulting in any way from the resale, use, handling, or storing of the Product by Buyer or from the operation and conduct of Buyer's business, except to the extent such claims, demands, expenses, costs, losses, damages, fines or causes of action arise from, are caused by, or result from the sole gross negligence of Seller.

14. FORCE MAIEURE:

Neither party shall be liable for failure to perform their respective obligations under this Agreement to the extent that performances has been prevented, restricted or delayed by any of the following circumstances: fire; flood or any other act of God; war (declared or undeclared); riots, labor disputes; compliance, voluntary or involuntary, with a direction or request of any government or person purporting to act with governmental authority; destruction of the product, delays of carriers due to breakdown or adverse weather, perils of the seas, ice and embargoes, accidents, disruptions or breakdowns of production, storage, or other refinery facilities, installations of machinery whether by fire, explosion, freezing, breakage, the necessity of making repairs, alterations, enlargements, or connections thereto ; inability to obtain any government license or permit required for the transportation, sale or delivery of the Product; or any other event reasonably beyond the control of the Seller, Seller's supplier, or Buyer, as the case may be. If by reason of such causes, supplies of Product deliverable hereunder are curtailed or cut off, Seller may in its discretion, withhold, reduce or suspend deliveries to Buyer and Seller shall not be bound to

purchase or otherwise make good shortages resulting from any such cause. Deficiencies in deliveries resulting from causes hereunder shall be deemed to be canceled and no longer covered by the Agreement with no liability arising to either party to the Agreement. Prompt notice shall be given of force majeure and of its discontinuance by the party claiming reliance thereon. Notwithstanding the foregoing, this provision shall not act to relieve Buyer of its obligation to make timely payment in U.S. dollars or any other currency if so set forth by Seller, for all product delivered hereunder.

15. APPLICABLE LAW AND ARBITRATION:

This Agreement shall be governed by and construed according to the law of the State of New York. Any and all differences and disputes of any nature arising out of this Agreement shall be put to arbitration in the City of New York, the arbitrator will be appointed by the AAA in New York. Awards made pursuant to this clause may include specific performance, other equitable remedies, costs, including attorneys' fees and interest and judgment may be entered upon any award issued hereunder in any New York Court of competent jurisdiction. The parties agree to submit to the personal jurisdiction of the New York Courts whenever such Courts are involved in resolution of such differences or disputes.

16. GOVERNMENT CONTROLS/SAFETY REQUIREMENTS:

The Buyer and Seller agree to comply with applicable government regulations pertaining to the export of the product and to provide evidence of compliance upon request. Diversion of the product contrary to U.S. law is prohibited. In cases where Buyer selects the transportation, Seller will provide Buyer with Seller's transportation arrangements for FOB deliveries. Seller agrees to furnish buyer all relevant Material Safety Data Sheets (MSDS) for each shipment of product as part of the required documentation and such information may be accessed on Seller's web site.

17. NOTICE:

Any notice required or permitted to be given hereunder by one of the parties to the other shall be sufficiently given if delivered by hand, mail, facsimile, telex, telegram or cable to the other party at its address indicated in the specific terms and conditions of the Agreement, or such other address as the addressee shall have furnished in writing to the addressor for this purpose. Such notice shall be deemed delivered on the date of actual receipt by the addressee.

18. ASSIGNMENT:

This Agreement may be assigned by Seller to a subsidiary or affiliated company, but shall not otherwise be assignable by either party without the prior written consent of the other.

19. SEVERABILITY:

If any part, term or provision of this Agreement is by the courts held to be illegal or in conflict with any applicable law, the validity of the remaining portions of the provision or Agreement shall not be affected, and the rights and obligations of the parties shall be conclusive and enforced as if the Agreement did not contain the particular part, term, or provision held invalid.

20. MISCELLANEOUS:

(a) Enforcement of any provision of this Agreement shall not be affected by a previous waiver of any breach, and Seller's election of any particular remedy shall not be exclusive of any other.

(b) This Agreement can be modified only by a written instrument duly executed by both parties. (e) This Agreement constitutes the full understanding of the parties and there are no other understandings as to this transaction, either express or implied.