

TERMS AND CONDITIONS

Redlands Manufacturing Company LLC (dba Baghouse.com)

The following terms and conditions shall apply with respect to all contracts between Redlands Manufacturing Company LLC dba Baghouse.com ("Buyer") for the purchase of equipment, machinery, materials, consumables or services (collectively the "Contract Goods") from California Blowpipe, hereafter called "Seller", and any contract made by and between the parties includes as part thereof these terms and conditions. No changes in, modifications of, or additions to the terms and conditions of this form shall be binding on Seller unless in writing and signed by a representative of Seller duly authorized for that purpose.

Quotations and Pricing: All quotations are subject to the terms and conditions stated herein as well as any additional terms and conditions that may appear on the face hereof. In the case of a conflict between the terms and conditions stated herein and those appearing on an estimate, quotation, or other document, the terms and conditions herein prevail.

Delivery: Seller shall provide a shipping schedule with notice of shipment at least four (4) weeks prior to the actual date of shipment ("Notice of Shipment"). Seller will give written notice of delivery to Buyer when the Equipment is delivered to the Delivery Point. Seller will provide Buyer all shipping documents in original via courier upon completion of delivery to the Delivery Point, including the commercial invoice, packing list, operation manuals, maintenance manuals, spare parts list, equipment drawings, bill of landing and any other documents that are necessary to release the Equipment to Buyer.

Delivery shall be made on the date specified on the purchase order. The lead time shall begin on the date that the PO is received. Buyer

Title, Risk of Loss and Insurance: Title to, and risk of loss or damage of, the Equipment shall pass from Seller to Buyer upon completion of delivery of the Equipment to the delivery point. Seller bears all risk of or damage to the Equipment until such Equipment is unloaded at the delivery point in accordance with this Agreement. Seller shall keep the Equipment insured against all risks of loss or damage during such period and for not less than the full replacement value and shall name Buyer as an additional insured.

Severability: If any part of the terms and conditions stated herein is held void or unenforceable, such part will be treated as severable, leaving valid the remainder of the terms and conditions notwithstanding the part or parts found void or unenforceable:

Disputes: All disputes under this or any other contract concerning Products, not otherwise resolved between Seller and Buyer, shall be resolved in a court of competent jurisdiction of the State of Nevada and in no other place provided that, in Buyer's sole discretion, such action may be heard in some other place designated by Buyer (if necessary to acquire jurisdiction over third persons), so that the dispute can be resolved in one action. Seller hereby consents to the jurisdiction of such court or courts and agrees to appear in any such action upon written notice thereof.

Acceptance: Buyer, or third party designated by Buyer, will have the right to perform reasonable inspection and acceptance test procedures at Site following delivery and installation to determine that the Equipment is in good working condition and otherwise complies with the terms of this Agreement. Buyer may reject all or any portion of the Equipment in its sole discretion if it determines as a result of such inspection or acceptance testing that any of the Equipment, including any parts thereof, have mechanical, design or workmanship defects. If Buyer rejects any portion of the Equipment, Buyer has the right, effective upon written notice to Seller, to: (a) accept the Equipment at a reasonably reduced price subject to the Performance Test Procedure in Exhibit C; (b) require Seller, at Seller's sole cost, repair or replace the rejected Equipment at the location specified by Buyer (which may include the Site); or (c) if Seller is unable to repair the Equipment within a reasonable duration, repair the Equipment itself, or have a third party repair the Equipment, at Seller's sole cost. In each case, Seller will pay for all related expenses, including, but not limited to, transportation charges for the return of the defective or nonconforming Equipment or parts to Seller and the delivery and installation of repaired or replacement Equipment or parts to Buyer. All returns of defective or nonconforming Equipment or parts to Seller are at Seller's sole risk and expense. All replaced or repaired Equipment, including parts, shall be new and warranted for the remainder of the term of the applicable warranty for the Equipment being replaced or repaired (or six (6) months, whichever is longer) and shall become the property of Buyer. If Seller fails to timely deliver replacement Equipment, Buyer may replace it with equipment from a third party and charge Seller the cost thereof and terminate this Agreement for cause pursuant to Termination Clause Any inspection or other action by Buyer under this Section shall not reduce or otherwise affect Seller's obligations under this Agreement, and Buyer will have the right to conduct further inspections and acceptance testing after Seller has carried out its

remedial actions. The Equipment shall be deemed accepted if it is not expressly rejected by Buyer in writing within sixty (60) days after installation at the Site.

Pre-Shipment Inspection: Seller will inspect, assess, and debug all of the Equipment at Seller's place of business prior to delivery to final destination ("Site"). Additionally, Seller will allow Buyer's representatives to inspect the Equipment at Seller's place of business at a mutually agreed upon time for at least seven (7) days prior to the scheduled shipping date for the purposes of: (a) inspecting the Equipment; and (b) making arrangements for acceptance of the Equipment to Site. Seller will use best efforts to coordinate with Buyer to enable Buyer's representatives to conduct such inspection at least seven (7) days prior to the date of shipment.

Buyer or Buyer's representative may reject all or any portion of the Equipment in its sole discretion if it determines that the Equipment or any portion thereof is nonconforming or defective. If Buyer rejects any portion of the Equipment, Buyer has the right, effective upon written notice to Seller, to (a) require that Seller, at Seller's sole cost, repair or replace the rejected Equipment at a location specified by Seller (which may include Seller's facilities pre-shipment or at the Site post-delivery), including without limitation before such Equipment is shipped or delivered; or (b) proceed with purchasing the Equipment at a reasonably reduced price. If Seller fails to timely procure and deliver repaired or replacement Equipment, Buyer has the right to (c) cancel the order for such Equipment in its entirety and/or cancel this Agreement without penalty and receive a refund from Seller of any portion of the Purchase Price that was pre-paid for the rejected Equipment. If Seller fails to timely procure and deliver repaired or replacement Equipment, Buyer may replace such Equipment with equipment from a third party and charge Seller the cost thereof and terminate this Agreement for cause. Any inspection or other action by Buyer under this Section shall not reduce or otherwise affect Seller's obligations under this Agreement, and Buyer shall have the right to conduct further inspections or acceptance testing after Seller has carried out its remedial actions.

Termination: In addition to any remedies that may be provided under this Agreement, Buyer may terminate this Agreement, in whole or in part, with immediate effect upon written notice to Seller either before or after the acceptance of the Equipment, if: (a) Seller has materially breached this Agreement and such breach remains uncured more than thirty (30)

days after notice thereof; or (b) Seller becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors or other similar proceedings under applicable local laws. If this Agreement is terminated for any reason before all of the Equipment has been delivered, then Seller will promptly refund to Buyer the pre-paid portion of the Purchase Price that is attributable to such undelivered Equipment. If this Agreement is terminated for any reason after delivery of any of the Equipment, then Seller's sole and exclusive remedy is payment of the Purchase Price for any such Equipment received and accepted by Buyer prior to the termination, minus any Late Delivery Damage or other amounts that Buyer is owed as a refund or otherwise entitled to offset under this Agreement. If Buyer terminates this Agreement without cause, Buyer agrees to provide Seller at least thirty (30) days' prior written notice of such termination and pay all actual and reasonable costs and expenses incurred by Seller as of the date of such notice and in accordance with the other provisions of this Agreement.

Delays/Rescheduling: Seller shall be liable for all costs incurred by Buyer due to Seller-caused delays, re-schedules, or termination of work to be performed by Seller, to include late delivery penalties incurred by Buyer from third parties and end users. If delivery is not completed within two weeks of the delivery date specified in the purchase order, Seller shall be liable for late delivery damages equal to 1.5% of the total purchase price for each week that the delivery is delayed.

Changes: No change to an existing order shall be valid unless provided in a written notice to Seller. Buyer shall be liable for all costs associated with changes including delays, rescheduling, cancellation and restocking, freight and shipping, packaging and other costs and expenses incurred by the Seller due to the change.

Warranties: (a) Seller represents, warrants, covenants, and agrees that: (i) it has good and marketable title to the Equipment and has the lawful right to sell the same; (ii) the Equipment will be provided to Buyer free from any lien, claim or encumbrance whatsoever; (iii) the Equipment will be new, merchantable and packed in a way that assures safe transportation to Buyer with the least amount of risk of possible damage to the Equipment; (iv) it will take all steps reasonably necessary to put Buyer, its successor or assigns, in actual possession and operating control of the Equipment; and (v) it has the full power to enter into this Agreement and carry out its obligations hereunder.

(b) For a period of the earlier of forty-two (42) months from the delivery date for each item of Equipment or thirty-six (36) months from the acceptance date for each item of Equipment, Seller represents warrants, covenants and agrees that such Equipment, including all parts and materials thereof will be free from any defects in workmanship, material and design; (ii) will conform to the applicable specifications, drawings, designs, samples and other requirements specified by Buyer or identified in the appendixes to engineering drawings and specifications (iii) will be fit for its intended purpose and operate as intended.

Indemnity: Seller shall defend, indemnify and hold harmless Buyer and its subsidiaries, affiliates, successors and assigns and its respective directors, officers, shareholders and employees (collectively, "Indemnitees") against any and all loss, injury, death, damage, liability, claim, deficiency, action, judgment, interest, award, penalty, fine, cost or expense, including reasonable attorney and professional fees and costs, and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers (collectively, "Losses") arising out of or occurring in connection with: (a) the Equipment purchased from Seller; (b) Seller's negligence, willful misconduct or breach of this Agreement. Seller shall not enter into any settlement without Buyer's or Indemnitee's prior written consent.