

FAIRMOUNT MINERALS
PURCHASE ORDER TERMS AND CONDITIONS

July 1, 2004

This Purchase Order ("Order"), together with the agreements, specifications or other documents noted herein, if any ("Additional Documents") and including these Purchase Order Terms and Conditions, constitutes the COMPLETE AND FINAL AGREEMENT of Fairmount Minerals ("Buyer") and the vendor or seller to whom this order is address ("Seller").

1. **AGREEMENT.** The company issuing this purchase order shall hereafter be referred to as Buyer and the company supplying goods or services hereunder ("Goods" or "Services") shall be referred to as Seller. As written, this order becomes a binding contract on the terms set forth herein, when accepted by Seller via a formal written acknowledgement to Buyer or by commencement of any of the work called for under this order. This order expressly limits acceptance to the terms and conditions stated herein and additional or different terms proposed by Seller, including an order acknowledgement, are rejected unless expressly agreed to in writing by Buyer.

Seller may not assign or subcontract any portion of this order without the prior written consent of Buyer. Seller, if any term or provision of this order or the application thereof shall be deemed invalid or unenforceable, the remaining portions shall not be affected thereby and shall be valid and enforced to the fullest extent permitted by law.

2. **PERFORMANCE.** Time is of the essence on this order and deliveries are to be made in quantities and at times specified in schedules furnished by Buyer. Buyer shall have no liability for payment for material or items delivered to Buyer which are in excess of quantities specified in the delivery schedule or the direct temporary suspension of scheduled shipments.

Seller acknowledges that it is aware that Buyer intends to use the Goods in connection with the manufacture of products for sale to Buyer's Customers under contracts that require timely delivery. In the event of default on the part of Seller to deliver conforming Goods to Buyer on time, Seller acknowledges that it shall be liable to Buyer for Buyer's incidental and consequential damages incurred by reason of such default. Acceptance by Buyer of late delivery of either the whole or part of the order shall not constitute a waiver of any claim for damages which Buyer may have arising from and out of such late delivery. Goods shipped to Buyer in advance of delivery schedule, without express written consent of Buyer, may be returned to Seller at Seller's expense.

3. **PACKAGING AND SHIPPING.** Unless otherwise specified on the face hereof, all charges for packing, crating, hauling, storage and transportation to the FOB Point (as defined in Section 7) are included in the purchase price. All shipments

must be accompanied by packing slips containing a description of the articles, Material Safety Data Sheets, the purchase order number, and the plant to which the shipment is consigned. Any unnecessary expense resulting from mis-routed shipment shall be charged to Seller.

4. **BILLING AND PAYMENT.** Invoices and shipping documents shall be mailed postage prepaid to the address shown on the face the Purchase Order. The Purchase Order number, Part Number, and Quantity must appear on all shipping documents, invoices and correspondence.
5. **INSPECTION & TEST.** All material shall be received subject to Buyer's inspection and acceptance or rejection. In case any of the material is found to be defective or otherwise not in conformity with the requirements of this order, Buyer shall have the right to reject the same or require that such material be corrected or replaced promptly with satisfactory material. If Buyer so rejects the material or if Seller, when requested by Buyer, fails to proceed promptly with the replacement or correction thereof, Buyer may either terminate this order for default or may replace or correct such material and, in either event, may charge Seller the cost of replacement, correction and all other damages incurred by Buyer thereby. Rejected, defective material or rejected material not in accordance with Buyers specifications shall be held for Seller's instruction and at Seller's risk, and if Seller so directs, shall be returned at Seller's expense. Unless Buyer, at its option notifies Seller to the contrary, no material returned as defective shall be replaced without a new order. Payment for material on this order prior to inspection shall not constitute an acceptance thereof.

Seller will submit to Buyer all production, functional and quality control test reports and other data and provide Buyer access to such personnel as may be requested by Buyer from time to time concerning the Goods, in order that Buyer can ensure quality control. Seller grants to Buyer the right to enter Seller's premises during any reasonable business hours to make such inspection and examination as Buyer may deem appropriate and agrees to fully cooperate with Buyer in effecting such an inspection.

6. **WARRANTIES.** Seller warrants that the Goods, including material and work, furnished hereunder shall be of the highest grade and quality unless otherwise specified by Buyer in writing; shall not be less than merchantable and fit for the particular purpose(s) known by or disclosed to Seller; shall be free from defects in material and workmanship; shall meet specifications, drawings, or standards agreed upon or samples submitted or approved by Buyer; and shall conform to any referenced additional documents. Seller warrants that the Goods shall comply with all applicable federal and state laws and shall be in compliance with all standards and agreements incorporated and made a part of this order. In the event that any Goods are not in compliance with any state or federal law or regulation or not in compliance with any agreement or standard incorporated herein, now existing or hereafter enacted or amended, or are otherwise defective hereunder,

Buyer may (at Buyer's option) return the defective Goods to Seller who shall refund to Buyer its cost, including all freight charges, or repair, correct or replace the defective Goods at Seller's cost and expense. Payment by Buyer shall not constitute an acceptance of Goods or a waiver of any rights of Buyer hereunder. All warranties granted hereunder shall extend to Buyer, its affiliates, successors, customers and other users of this material or equipment.

7. **PRICE & TAXES.** All Goods shall be shipped to Buyer F.O.B. at the designated Buyer's location (the "FOB Point"), or to such other location as the parties hereto may agree from time to time. All prices shall be inclusive of applicable taxes, excises, duties, quotation fees or any other governmental impositions on or related to the production, sale or transportation of the Goods, ceiling or other limitation of price established by any governmental authority, and subject to increase only with prior written consent of Buyer. Title and all risk of loss associated with the Goods shall transfer to Buyer at the FOB Point.

Buyer and Seller will cooperate upon request in obtaining and furnishing such certificates or other evidence of inapplicability of or exemption from any sales, excise or other taxes to which either of the parties may be entitled.

8. **RECORDS.** Seller agrees to maintain on its premises for the life of the material and the design life of the equipment covered by this order and make available for inspection by Buyer during standard business hours, records pertaining to inspection, certification of material, test reports, qualification data, purchase order records and design data applying to this order; and when requested by Buyer, to furnish Buyer with copies thereof.
9. **FORCE MAJEURE.** Either Buyer or Seller may suspend performance during the occurrence of an excusable delay, which shall mean and include any delay not occasioned by the fault or negligence of the delayed party and which results from the acts of God or public enemy, restrictions, prohibitions, priorities, or allocations imposed by governmental authority, embargoes, floods, fires, typhoons, earthquakes, epidemics, unusually severe weather, delays of similar nature or governmental causes, and strikes or labor disputes (of or involving the delayed party's employees only). Excusable delays do not include lockout, shortage of labor, lack of inability to obtain raw materials, fuel or supplies or any other industrial disturbance. In the event that a force majeure causes a reduction, rather than elimination, of Seller's ability to manufacture, supply or otherwise produce Goods or Services hereunder, Seller's obligation to supply Goods or Services to Buyer shall continue and such reduced production shall be shared among Seller's customers who purchase the Goods or Services (including Buyer) pro rata in proportion to their respective dollar purchases as of the first day of the period in which the force majeure came into effect.

10. **INDEMNIFICATION.** Seller agrees to indemnify, save and hold harmless Buyer from and against any and all loss, damage, cost, charges or expenses, or

claims for same which Buyer may suffer or sustain or be in any way subjected to on account of injury to, or death of, any persons, or damage to or loss of property arising out of performance of this order by Seller, its employees, agents or representatives, or the use or sale of the Goods by Buyer or its customers.

11. **INSURANCE.** If the accomplishment of this order requires the performance of Services or labor in the plants or on the premises of Buyer, Seller agrees to provide and maintain insurance coverage until the work is completed and accepted by Buyer, and to furnish certificates to Buyer from its insurance carriers showing that it carries insurance with the following minimum limits:

Comprehensive General Liability	@ \$2,000,000 Per Occurrence
Pollution Liability Insurance	@ \$1,000,00 Occurrence
Workers Compensation	@ Statutory Limits
Employers Liability	@ \$1,000,000 Each accident for Bodily Injury by Accident
	@ \$1,000,000 policy limit for Bodily Injury by Disease
	@ \$1,000,000 each employee for Bodily Injury by Disease
Auto Liability for "any auto"	@ 2,000,000 Combined Single Limit if there is a hired and non-owned exposure

Fairmount Minerals and its affiliates must be listed as an Additional Insured on the contractor's/subcontractor's Comprehensive General Liability, Pollution, and Auto Liability insurance coverages.

12. **PATENTS.** Seller agrees to hold Buyer harmless from liability as well as from all costs and expenses relating to a claim of patent or trademark infringement by reason of the use or sale of the Goods by Buyer, or its customers, provided the Goods are used as normally intended and are not made to Buyer's own specifications.

13. **CHANGES.** Buyer reserves the right at any time to make written changes in any of the following: (a) specifications, drawings and data incorporated in this contract where the terms to be furnished are to be special manufactured for Buyer, (b) methods of shipment or packing, (c) place of delivery, (d) time of delivery, (e) manner of deliver, and (f) requested quantities. If any such change causes an increase or decrease in the cost or the time required for performance of this contact, an equitable adjustment shall be made in the contract price or delivery schedule or both. Any claim by Seller for adjustment under this clause must be approved by Buyer in writing before Seller proceeds with such change. Price increases shall not be binding on Buyer unless evidenced by a purchase or change notice or revision issued and signed by Buyer.

14. **TERMINATION.** Buyer may terminate work under this order in whole or in part at any time by letter or facsimile notice to Seller. Such notice shall state the extent and effective date of such termination and upon receipt thereof, Seller shall, as and to the extent directed by Buyer, stop work under this order and the placement of further orders or sub-contracts hereunder, terminate work under orders and sub-contracts hereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to Seller for such termination, Buyer, in addition to making prompt payment of the amounts due for material delivered or Services rendered prior to the effective date of termination, shall pay to Seller the following amounts without duplication; (a) the contract price for all material or Services which have been completed in accordance with this order and not previously paid for, or (b) the actual costs incurred by Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this order. In any case, the negotiated settlement amount shall not exceed the aggregate price specified in this order.
15. **ADVERTISING.** Seller shall not, without first obtaining the written consent of Buyer, in any manner, advertise, publish, or convey by word of mouth the fact that Seller has contracted to furnish Buyer the material herein ordered.
16. **HAZARDOUS SUBSTANCES IDENTIFICATION.** By acceptance of this order, Seller certifies that any hazardous substance(s) furnished pursuant to this order have been properly labeled and that proper information of the substance(s), (e.g. Material Safety Data Sheets) have been provided to Buyer, pursuant to any federal, state, or local laws and regulations.
17. **COMPLIANCE WITH LAWS.** Seller agrees that all equipment or materials produced under this order, or Services performed hereunder shall comply with all applicable federal, state and local laws, ordinances and regulation. Unless otherwise expressly set forth herein, the laws of the state in which Buyer is located shall apply to and govern the interpretation, performance and enforcement of this order.

Seller further guarantees that all equipment furnished by Seller in performance of this order shall comply fully with the Occupational Safety and Health Act, as amended, and state plans approved under such Act, and the regulations thereunder, to the extent applicable to such equipment, and Seller shall indemnify Buyer and its customers from and against any claims, loss or liability arising from failure of such equipment to comply therewith.

Without limiting the generality of the forgoing, Seller agrees to comply with the applicable provisions of the following laws and any regulations, rulings or executive orders (or any amendments thereof or successors thereto), including but not limited to the following: (a) The Wage Hour Act (40 U.S.C.), (b) The Fair

Labor Standards Act (29 U.S.C.), (c) The Federal Occupational Safety and Health Act (Pub. L. 91-596), (d) Non-discrimination in Employment (Executive orders as amended and the rules, regulations, and relevant orders of the secretary of Labor), (e) The Vietnam Era Veterans Readjustment Act of 1974 (38 U.S.C. 4212, and related public law as amended), (f) The Rehabilitations Act of 1973, and related public law as amended, (g) The Walsh Healy Public Contracts Act as amended, and (h) the applicable provisions of 41 C.F.R. 60-1.4(a)(1)-(7); 41 C.F.R. 60-250.4; and 41 C.F.R. 60-741.5(a).

18. **EQUAL EMPLOYMENT OPPORTUNITY.** Seller is on notice that Buyer may utilize the Goods specified in this order in the transaction of business with the U.S. Government. Seller is therefore deemed to have assumed the obligation of compliance with Executive Order 11246, and unless otherwise exempt under the rules, regulations and orders of the Secretary of Labor or pursuant to Federal Procurement Regulations (FPR 1-12.804) or the Armed Services Procurement Regulations (ASPR 12-802), this order is subject to the requirements of the Equal Employment Opportunity clause as set forth in FPR 1-12.803-2 and ASPR 12-802(a), said clause being herewith incorporated into this order by reference. Seller further agrees to furnish Buyer with a “Non-segregated Facilities Certification” as outlines in 41 C.F.R. 60-1.8(b).
19. **PROPRIETARY RIGHTS.** All technical information in the nature of design blueprints, specifications, engineering data for production, product know how or manufacturing technology which is supplied to Seller by Buyer to facilitate or assist in the performance of this contact shall, unless otherwise agreed, be considered and kept confidential at all times during the duration of this Agreement and thereafter by Seller. Upon Completion, cancellation or termination of this order, Seller shall return all proprietary information submitted by Buyer.
20. **BUYER’S PROPERTY.** Any and all job specific drawings, software programs, tools, dies, patterns, specialty equipment or information created and specifically paid for by Buyer under this order shall be the property of Buyer, used only to complete Buyer’s orders, and returned to Buyer when no longer required hereunder.