

**BeStar Technologies Inc., Terms and Conditions of Sale**  
**May 17, 2007**

1. Parties. BeStar Technologies Inc. an Arizona corporation, will be referred to as "Seller", and the person or company purchasing as indicated on the front hereof will be referred to as "Buyer". All materials, goods, or work described on the front hereof, regardless of type, will be referred to as "Products".
2. Price Adjustments; Payments. The prices stated herein do not include any sales, use, or other taxes unless so stated specifically. Such taxes will be added to invoice prices in those instances in which Seller is required to collect them from Buyer; provided, however, that if Seller does not collect any such taxes and is later asked by or required to pay the same to any taxing authority, Buyer will make such payment to Seller or, if requested by Seller, directly to the taxing authority. At Seller's option, prices may be adjusted to reflect any increase in the costs of Seller resulting from state, federal or local legislation, or any change in the rate, charge, or classification of any carrier. Unless otherwise specified by Seller, all prices are F.O.B. Seller's warehouse from which shipment is made, and payment will be net/cash 30 days from date of invoice. Invoices unpaid and past due will be subject to a service charge on the unpaid balance at an interest rate equal to the lesser of eighteen percent (18%) per annum or the maximum allowable interest rate under applicable law, and Buyer shall be responsible and liable for all expenses incurred by Seller in collection, including reasonable attorneys' fees.
3. Delivery Dates; Title and Risk; Shipment. All delivery dates are approximate, and Seller shall not be responsible for any damages of any kind resulting from any delay. Regardless of the manner of shipment, title to any Products and risk of loss or damage thereto shall pass to Buyer upon tender to the carrier at the factory or warehouse of Seller, except in those instances in which delivery is made by Seller's vehicles. Unless otherwise stated herein, Buyer may exercise its judgment in choosing the carrier and means of delivery. No deferment of shipment at Buyer's request beyond the respective dates indicated will be made except on terms that will indemnify Seller against all loss and additional expense, including, but not limited to demurrage, handling, storage and insurance charges.
4. Warranty. Seller warrants its Audio Products to be free from defects in material and workmanship, for a period of 12 months from the date of delivery to Buyer, or 100 hours of operation, whichever is less, under normal and proper use in accordance with instructions of Seller. Seller's liability under such warranty or in connection with any other claim relating to the Products shall be limited to the repair, or at Seller's option, the replacement or refund of the purchase price, of any Products or parts or components thereof which are returned to Seller freight prepaid and which are defective in material or workmanship. Products or parts or components thereof which are repaired or replaced by Seller will be returned to Buyer freight collect.  
This warranty is not intended to cover consumer products, as defined in the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act, 15 U.S.C. §§ 2301-12, which are purchased by Buyer for purposes other than resale. If Buyer is not intended to resell the Products, and if the Products are consumer products as defined in the Magnuson-Moss Act, the foregoing warranty, but not the limitation of Seller's liability, shall be null and void. EXCEPT AS EXPRESSLY STATED ABOVE, SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE OR OTHERWISE, ON THE PRODUCTS, OR ON ANY PARTS OR LABOR FURNISHED DURING THE SALE, DELIVERY OR SERVICING OF THE PRODUCTS.
5. Claims; Commencement of Actions. Buyer shall promptly inspect all Products upon delivery. No claims for shortages will be allowed unless such shortages are reported to Seller within 10 days after delivery. No other claims against Seller will be allowed unless asserted in writing within 60 days after delivery or, in the case of an alleged breach of warranty, within 60 days after the date within the warranty period on which the defect is or should have been discovered by Buyer. Any lawsuit or other action based upon breach of this contract or upon any other claim arising out of this sale (other than an action by Seller for any amount due to Seller by Buyer) must be commenced within one year from the date of the tender of delivery by Seller or, in the case of a cause of action based upon an alleged breach of warranty, within one year from the date within the warranty period on which the defect is or should have been discovered by Buyer.
6. LIMITATION OF LIABILITY. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR AS THE RESULT OF, THE SALE, DELIVERY, NON-DELIVERY, SERVICING, USE OR LOSS OF USE OF THE PRODUCTS OR ANY PART THEREOF, OR FOR ANY CHARGES OR EXPENSES OF ANY NATURE INCURRED WITHOUT SELLER'S WRITTEN CONSENT, EVEN THOUGH SELLER HAS BEEN NEGLIGENT. IN NO EVENT SHALL SELLER'S LIABILITY UNDER ANY CLAIM MADE BY BUYER EXCEED THE PURCHASE PRICE OF THE PRODUCTS IN RESPECT OF WHICH DAMAGES ARE CLAIMED.
7. Contingencies. Seller shall not be liable for any default or delay in performance if caused, directly or indirectly, by acts of God; war; force of arms; fire; the elements; riot; labor disputes; picketing or other labor controversies; sabotage; civil commotion; accidents; any governmental action, prohibition or regulation; delay in transportation facilities; shortage or breakdown of or inability to obtain or non-arrival of any labor, material or equipment used in the manufacture of the Products; failure of any party to perform any contract with Seller relative to the production of the Products; or from any cause whatsoever beyond Seller's control, whether or not such cause be similar or dissimilar to those enumerated. Seller shall promptly notify Buyer of the happening of any such contingency and of, the contemplated effect thereof on the manufacture and delivery of the Products.
8. Loss to Buyer's Property; Patent, Trademark, or Copyright Infringement, Etc. Seller shall not be liable for, and shall have no duty to provide insurance against, any damage or loss to any goods or materials of Buyer which are used by Seller in connection with this order. Where any Product is manufactured from patterns, plans, drawings, or specifications furnished by Buyer, Buyer shall indemnify Seller against and save Seller harmless from all loss, damage, and expense arising out of any suit or claim against Seller for infringement of any patent, trademark, or copyright because of Seller's manufacture of such Product or because of the use or sale of such Product by any person. Upon Seller's request, Buyer shall appear in and assume the defense of the litigation.
9. Seller's Specifications, Technical Data, Etc. Any specifications, drawings, plans, notes, instructions, engineering notices, or technical data of Seller furnished to Buyer shall be deemed to be incorporated herein by reference the same as if fully set forth. Seller shall at all times retain title to all such documents, and Buyer shall not disclose any of the same to any party other than Seller or a party duly authorized by Seller. Upon Seller's request, Buyer shall promptly return to Seller all such documents and copies thereof.
10. Buyer's Obligation; Rights of Seller. If Seller shall at any time doubt Buyer's financial responsibility, Seller may demand adequate assurance of due performance or decline to make any further shipments except upon receipt of cash payment in advance or security. If Seller demands adequate assurance of due performance and the same is not forthcoming within 10 days after the date of Seller's demand, Seller may, at its option, (i) continue to defer further shipments under this order and/or any other order from Buyer which has been accepted by Seller until adequate assurance is received, or (ii) cancel this order and/or any other orders from Buyer which have been accepted by Seller and recover damages. If Buyer fails in any way to fulfill the terms and conditions on the front or the back hereof, Seller may defer further shipments until such default is corrected or cancel this order and recover damages. Seller shall have a security interest in, and lien upon, any property of Buyer in Seller's possession as security for the payment of any amounts owing to Seller by Buyer.
11. Cancellations. After acceptance by Seller, orders shall not be subject to cancellation by Buyer except with Seller's consent and upon terms that will indemnify Seller against all direct, incidental and consequential loss or damage.
12. Limitation on Assignment. Neither party may assign any of its rights or obligations hereunder without the prior written consent of the other except that Seller shall have the right to assign to any company with which it is affiliated or to any corporation into which it shall be merged, with which it shall be consolidated, or by which it, or all or substantially all of its assets, shall be acquired.
13. Export. If the Products are to be exported, this order is subject to Seller's ability to obtain export licenses and other necessary papers within a reasonable period. Buyer will furnish all Consular and Custom declarations and will accept and bear all responsibility for penalties resulting from errors or omissions thereon. Buyer shall not re-export the Products or any goods or items which incorporate the Products if the re-export would violate United States export laws.
14. FLSA, OSHA Compliance. Seller certifies that any Products which are manufactured by Seller will be produced in compliance with all applicable requirements of Section 12 of the Fair Labor Standards Act, as amended, of Sections 204(c), (d), 301-305, 401-403 and 501 of the Fair Labor Standards Act Amendments of 1966, and of regulations and orders of the United States Department of Labor issued under Section 501 thereof, and of Section 5(a) of the Occupational Safety and Health Act of 1970, as applicable to the manufacture of such Products.
15. Equal Opportunity Clause. This clause applies only in the event that the Products are to be used in whole or in part for the performance of government contracts and where the dollar value of said Products exceeds, or may in any one year exceed, \$10,000: "In connection with the performance of work under this contract, the contractor (subcontractor) agrees not to discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor (subcontractor) agrees to post hereafter in

conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause." "The provisions of the Equal Opportunity Clause, as promulgated by Executive Order 11246 dated September 24, 1965, as amended, are incorporated herein by reference"

16. Other Rights or Remedies. Except as otherwise provided herein, any rights or remedies granted hereunder to either party shall be in addition to, and not in lieu of, any other rights or remedies of such party at law or in equity.

17. Entire Agreement. This document contains the entire agreement between Seller and Buyer and constitutes the final, complete and exclusive expression of the terms of the agreement, all prior or contemporaneous written or oral agreements or negotiations with respect to the subject matter hereof being merged herein. By way of illustration and not limitation, Buyer's order shall be deemed to incorporate, without exception, all the terms and conditions hereof notwithstanding any order form of Buyer containing additional or contrary terms or conditions, unless Buyer shall have expressly advised Seller to the contrary in a writing apart from such order form, and no acknowledgment by Seller of, or reference by Seller to, or performance by Seller under, an order of Buyer shall be deemed to be an acceptance by Seller of any such additional or contrary terms or conditions. In the event of a written request by Buyer for additional or contrary terms or conditions, then such modifications may be made in these terms and conditions only by a written instrument signed by one of Seller's officers.

18. Severability. In the event that any provision hereof shall violate any applicable statute, ordinance, or rule of law, such provision shall be ineffective to the extent of such violation without invalidating any other provision hereof.

19. Governing Law. This document and the sale of all Products shall be governed by and construed in accordance with the laws of the State of Arizona, as applicable to contracts executed and wholly performed therein.

20. Quotations. Quotations furnished by Seller are not intended as and shall not be construed as constituting an offer to Buyer. Any quotation of Seller is subject to, and shall not become binding upon Seller until (i) actual receipt by Seller of Buyer's written order based on all the terms and conditions stated herein, without qualification, with 30 days after the date hereof, and (ii) Seller's written acceptance of such order at its main office in Sierra Vista, Arizona.