

CONDITIONS OF PURCHASE

These conditions shall apply to all purchases by Lamex Foods Inc., hereinafter designated "Purchaser".

1. Acceptance. Seller shall be deemed to have accepted this Purchase Order upon (a) Seller's signing and returning to Purchaser the acknowledgement copy of this Purchase Order or (b) Seller's shipment of the goods subject to this Purchase Order or (c) the Seller deems to have accepted the purchase order after 48 hours without any response specifically advising any issues in the Purchase Order, whichever occurs first. Any acceptance of this Purchase Order is limited to acceptance of the express terms of the offer contained on the face and back hereof. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of this offer in Seller's acceptance is hereby objected to and rejected; but such proposals shall not operate as a rejection to this offer unless such variances are in the terms of the description, quantity, price or delivery schedule of the goods. Variances in the items of the description, quantity, price or delivery schedule of the goods shall constitute a rejection of this offer. Variances in other items shall constitute an acceptance of all terms of this offer and a request for variances thereof which shall not become part of the contract of the parties unless specifically consented to in writing signed by the Purchaser.

2. Warranties. Seller expressly warrants that all goods purchased hereunder shall be merchantable in the trade as goods strictly of the kind and quality described on the face hereof, shall be of good quality and free from defects, shall conform to the specifications established on the face hereof, and unless otherwise specified on the face hereof if the goods are frozen meat or poultry, shall be the fresh frozen product of animals slaughtered not more than ninety (90) days prior to delivery hereunder and shall be guaranteed to pass sanitary inspection of M.I.D. and country of destination. Seller guarantees and warrants that any materials sold by it shall at the time of delivery to Purchaser or when used as intended by Purchaser's customers, not be altered or misbranded within the meaning of the Federal Food, Drug, and Cosmetic Act, as amended, the Food and Safety Modernization Act, and any similar state laws. Seller guarantees and warrants that any materials sold by it shall comply in all respects with all applicable laws and notices provided by the United States Department of Agriculture and the Food and Drug Administration. Seller guarantees and warrants that any and all pesticide applications and pesticide residues comply with the Federal Food, Drug, and Cosmetic Act, the current laws and regulations of the country that the product is being imported to, or is ultimately destined to. Seller guarantees and warrants that the product sold is produced from the most recent crop cycle, and shipped within 2 months of the processing / fill date, unless expressly agreed to by both parties. Seller guarantees and warrants that product be food grade and fit for human consumption in accordance with all applicable government statutes, regulations, and notices of the FDA, USDA / FSIS, and EPA. If Seller knows or has reason to know the particular purpose for which Purchaser intends to use the goods, Seller warrants that such goods will be fit for such particular purpose. Seller warrants that all goods will conform to any statements made on the containers or labels or advertising material or pamphlets for such goods, and that the goods will be adequately contained, packaged, marked and labeled. Seller warrants that it has good and marketable title to any goods provided under this Purchase Order. Seller warrants that the goods furnished hereunder will conform, in all respects, to samples. Inspection, acceptance or use of the goods furnished hereunder shall not affect Seller's obligations under this warranty, and this warranty shall survive inspection, test, acceptance and use. Seller's warranty shall run to Purchaser, its successors and assigns, customers and users of the goods sold by Purchaser, and Seller expressly permits Purchaser's assignment of this warranty to such persons. Notwithstanding any language in Seller's forms, this warranty shall control insofar as the same may conflict with any warranty or limitation on warranty set forth in Seller's forms. At Purchaser's option, Seller shall at Seller's expense replace or refund the full purchase price for any goods for which a breach of warranty exists. Seller shall also be liable for all expenses and damages, including shipping, receiving and storage costs of Purchaser, damages to Purchaser's customers and their subcustomers, and all other incidental and consequential damages of Purchaser for any breach of warranty.

3. Indemnity.

a. Seller agrees to indemnify and hold harmless Purchaser (and its agents, servants, employees, officers, directors, customers, and any other third party to whom the Purchaser may owe a similar obligation by contract, lease agreement or operation of law, herein referred to as "Purchaser's Indemnitee") from, and shall at Seller's expense and at Purchaser's option, defend against the following:

- (1) Each and every demand, action, suit, claim or proceeding brought or commenced by any federal, state or local governmental authority or agency against the Purchaser and/or Purchaser's Indemnitee alleging that any merchandise manufactured, packed, warehoused, distributed, or sold by Seller to or on the order of Purchaser was adulterated, misbranded, falsely advertised or otherwise not in compliance with any foreign, federal, state or local laws, rules or regulations;
- (2) Each and every demand, action, suit, claim or proceeding brought or commenced by any person, firm, corporation or other entity against the Purchaser and/or Purchaser's Indemnitee for the recovery of damages resulting from or relating in any way to merchandise manufactured, packed, warehoused, distributed, or sold by Seller to or on the order of Purchaser; and
- (3) Each and every demand, action, suit, claim or proceeding against Purchaser and/or Purchaser's Indemnitee for property damage, bodily injury, or death caused by any act or omission of Seller, its agents and employees.

Each of the aforesaid agreements to indemnify and defend, and hold Purchaser and Purchaser's Indemnitee harmless, shall include indemnification for all fines, costs and expenses, including reasonable attorney's fees, incurred by Purchaser and/or Purchaser's Indemnitee in connection with or as a result of any such demand, action, suit, claim, or proceeding (whether such demand, action, suit, claim or proceeding proves meritorious or not), provided that the Seller received reasonable notification of any such demand, action, suit, claim or proceeding against Purchaser and/or Purchaser's Indemnitee.

b. Seller further agrees to maintain such insurance as will protect Seller, Purchaser and Purchaser's Indemnitee from any and all claims for personal injury (including death) and property damage, which may be made by or on behalf of customers of the Purchaser or the general public and which are based on the subject matter of the contract evidenced by this Purchase Order. Not in limitation of the foregoing, Seller agrees to maintain product liability insurance coverage with the following terms: (1) a minimum of \$1,000,000 combined single limit, bodily injury/property damage coverage; (2) the policy must name as additional insured "Lamex Foods Inc. and its officers, directors, agents and employees"; and (3) the policy must provide for thirty days' prior written notice to Purchaser of cancellation. Upon Purchaser's request, Seller shall promptly provide Purchaser with evidence satisfactory to Purchaser of all such insurance coverage.

c. The terms and conditions of this paragraph are continuing and shall be in full force and effect and shall be binding upon Seller with respect to each and every article shipped or delivered to Purchaser by Seller before the receipt by purchaser of written notice of revocation hereof.

4. Inspection and Rejection of Non-Conforming Goods. Payment for goods delivered hereunder shall not constitute acceptance of the goods. Certification of the goods by the U.S. Department of Agriculture, Meat Inspection Division, the U.S. Food and Drug Administration or any other similar foreign, federal, state or local government authority or agency shall not constitute proof that such goods are sound or otherwise acceptable. Purchaser shall have the right to inspect the goods before or after payment (without regard to the manner of shipment or any shipping or price terms contained herein) and to reject any or all goods which are in Purchaser's judgment defective or nonconforming. Goods ordered are subject to inspection at time of delivery to final customer. If any goods are defective or otherwise not in conformity with the requirements of this order, Purchaser may reject the goods in their entirety or require price adjustments to compensate for expenses incurred to meet the required specifications. Purchaser may reject all or part of any shipment which contains nonconforming goods. Seller will be subject to a \$250.00 rejection fee for administrative costs if goods are rejected. In the case of full rejection, the goods shall be removed immediately. Seller shall pay or reimburse Purchaser within 30 days of rejection notification for expenses and damages incurred from goods not in conformity with this order. Goods rejected and

goods supplied in excess of quantities called for herein may be returned to Seller at Seller's expense and, in addition to Purchaser's other rights, Purchaser may charge Seller all expenses of unpacking, examining, repacking and reshipping such goods. For a period of ninety (90) days after delivery to Purchaser (such period being deemed reasonable by the parties), Purchaser reserves the right to revoke any acceptance of nonconforming goods, the nonconformity of which was not perceptible upon initial inspection. Seller acknowledges that Purchaser may act as a broker of the goods and may resell the goods to a buyer who will inspect such goods for defects and nonconformity; accordingly, Seller agrees that Purchaser may exercise its right of rejection for defects or nonconformity at the request of, and for the benefit of, Purchaser's buyer. Seller will not substitute nonconforming goods or back order such goods without Purchaser's prior approval.

5. Security Interest. Seller hereby grants to Purchaser a security interest in the goods described on the face hereof as security for the payment and performance of Seller's obligations hereunder. Further, if Purchaser shall pay for the goods prior to the shipment by Seller, Seller shall hold the goods in trust for the benefit of the Purchaser.

6. Price. The price or prices for the goods set forth on the face hereof are firm and unless otherwise provided on the face hereof, Seller shall (a) be responsible for the prompt payment of all charges imposed or payable on any of the goods including, without limitation, state and local taxes, customs duties and tariffs, freight and insurance, and (b) pay and bear the risk of any increase in the cost of freight or other shipping costs, insurance or other charges imposed or payable on any of the goods.

7. Shipment. Shipments must equal amounts ordered unless otherwise agreed by Purchaser. Partial shipments against this Purchase Order are not authorized except as may be specifically stated or indicated under the delivery date specified on the face hereof, or unless authorization is obtained from Purchaser in writing.

8. Changes. Purchaser shall have the right at any time prior to shipment to make changes in specifications, packaging and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost, an equitable adjustment shall be made and this Purchase Order shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.

9. Time. Seller acknowledges that the goods purchased hereunder are purchased for resale and that Purchaser has promised deliveries to its customers based on the delivery date(s) specified herein. Time is, therefore, of the essence on this purchase order. If deliveries are not made by the date(s) specified on the face hereof, Purchaser reserves the right without liability and in addition to its other rights and remedies hereunder to terminate the Purchase Order by notice as to goods not yet received and to purchase substitute items elsewhere and charge Seller with any loss incurred.

10. Transportation. If in order to comply with Purchaser's required delivery date it becomes necessary for Seller to ship by a more expensive way than specified in this Purchase Order, any increased transportation cost resulting therefrom shall be paid for by Seller unless the necessity for such rerouting or expedited handling has been caused by Purchaser.

11. Compliance with Laws. Both Seller's performance under this Purchase Order, and the Product shall comply in all respects with all applicable international, federal, state, national, municipal and local laws, statutes, rules, regulations, ordinances, directives, orders, and other requirements ("Laws"), including without limitation the Laws of the jurisdiction to which the Product will be shipped, as well as all applicable import and export laws and requirements. Without limiting the foregoing: (a) the Product shall comply with all Laws that prescribe manufacturing or testing specifications for the Product or warnings with respect to the Product contents or in relation to product safety, environmental protection, human health, labor, industry, and sale of the Product (including without limitation: California Proposition 65, United States Federal Trade Commission labeling requirements, United States Customs and Border Protection foreign country of origin regulations, EPA regulations, OSHA and Consumer Product Safety Act standards); (b) the Product shall comply with all United States Food and Drug Administration applicable Laws including, but not limited to, the Federal Food, Drug, and Cosmetic Act, as amended, and the Food and Safety Modernization Act, and shall not be altered or misbranded within the meaning of these Acts; (c) the Product shall comply with all Laws and notices provided for by the United States Department of Agriculture; (d) the Product shall carry all necessary approvals, certifications, and releases for sale in the United States and any other jurisdictions in which the Product is to be sold; (e) the Product shall be processed, packed, stored, and transported under clean and sanitary conditions, in compliance with all FDA, USDA, state and local regulations; (f) Seller shall conduct all necessary testing for such approvals at its sole cost and expense; (g) the Seller shall comply with all United States Food and Drug Administration applicable Laws including, but not limited to, the Federal Food, Drug, and Cosmetic Act, as amended, and the Food and Safety Modernization Act, and, in accordance, register Seller's food facilities with the FDA, comply with any and all inspection requests, and adhere to all safety requirements; (h) Seller is responsible for ensuring compliance with all applicable food safety laws and good manufacturing requirements, as well as obtaining and maintaining all required licenses, registrations, and approvals to maintain its food manufacturing facility and to enable it to sell products into the United States.

12. Mitigation of Damages. Seller agrees to use its best efforts to minimize any damage to goods for which a breach of contract exists. In furtherance and not in limitation of the foregoing, Seller agrees to make a reasonable effort to sell such goods for Purchaser's account and pending such sale, to store such goods under proper refrigeration or provide any other necessary temperature or climate controlled conditions, to fumigate the goods as necessary, to store the goods in a dry place if the goods are canned goods and take any and all other such actions as may be reasonably necessary to maintain the goods in a good and saleable condition for goods of such type.

13. Termination. Purchaser reserves the right to terminate this Purchase Order in whole or in part by giving Seller notice, in writing, at any time prior to Seller's shipment of the goods. Upon receipt of such notice, Seller agrees to stop all work hereunder except as Purchaser may otherwise direct.

14. Force Majeure. Purchaser shall not be liable for delaying delivery and/or acceptance of the goods, for its failure to accept any goods or for its failure to perform hereunder or breach hereof due to strike, labor trouble, war, insurrection, civil commotion, the public enemy, fire, explosion, accident, flood, storm, act of God, act of any governmental authority, executive or administrative orders or other legal restrictions, riot, embargo, blockade, quarantine, wrecks or delay in transportation or any cause beyond the control of Purchaser which renders Purchaser's acceptance of the goods impossible or impracticable, renders Purchaser unable to transport the goods to its customer(s) in a commercially reasonable manner, or which renders Purchaser performance impossible or impracticable or causes Purchaser's breach hereof.

15. Default. If Seller (s) generally does not pay its debts as such debts become due, or admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of creditors, or any proceeding is instituted by or against Seller seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or (b) fails to comply with any of the terms and conditions hereof or with the terms and conditions of any other contract with Purchaser, then, the same shall amount to a breach hereof and a default hereunder. In the event of such breach or default, Purchaser shall be entitled to cancel any unfulfilled part of this Purchase Order without any liability whatsoever and shall have such other rights and remedies afforded to Purchaser for breach of contract under the Uniform Commercial Code as enacted in the State of Minnesota or under any applicable law, including but not limited to the remedies of incidental and consequential damages. Seller shall also be liable to Purchaser for Purchaser's attorney's fees and costs.

16. Setoff. Any claims for money due or to become due from Purchaser shall be subject to deduction or setoff by Purchaser by reason of any counterclaim arising out of this or any other transaction with Seller.

17. Additional Rights. The rights and remedies provided Purchaser herein shall be cumulative and in addition to any other rights and remedies provided at law or in equity.

18. Consequential Damages. IN NO EVENT SHALL PURCHASER BE LIABLE FOR ANTICIPATED PROFITS OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. PURCHASER'S LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM THE PURCHASE ORDER OR FROM THE PERFORMANCE OR BREACH THEREOF SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE GOODS OR UNIT THEREOF WHICH GIVES RISE TO THE CLAIM.

19. Limitations. Any action resulting from any breach on the part of Purchaser arising out of this Purchase Order must be commenced within one (1) year after the cause of action has accrued.

20. Arbitration. At the option of Purchaser, any controversy or claim arising out of or relating to this Purchase Order, or the breach thereof, shall be settled by arbitration in Minneapolis, Minnesota, to be conducted in the English language in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

21. Notices. All notices allowed or required under this Purchase Order shall be in writing and shall be deemed sufficient if sent by personal delivery, or by registered or certified mail, postage prepaid, or by first class airmail, postage prepaid (for international mail), or by facsimile, telex or telegraph, to the parties at the addresses given on the face hereof or to such other address as either party may notify. Notice shall be deemed given upon mailing.

22. Entire Agreement. This Purchase Order constitutes the entire agreement between Purchaser and Seller. This Purchase Order supersedes any and all understandings, representations, proposals or negotiations between the parties, including without limitation, any brokerage confirmation between the parties, whether oral or written. No oral agreements contradict or vary in any way, any provision contained herein.

23. Waiver. No waiver of any provision of or default under this Purchase Order shall affect Purchaser's rights thereafter to exercise any right or remedy in the event of any other default whether or not similar. No waiver shall in any event be effective unless in writing and signed by purchaser.

24. Modification. None of the terms and conditions contained in this Purchase Order may be modified, superseded or otherwise altered except by a written instrument signed by Purchaser and Seller.

25. Assignment. The rights and obligations of Seller hereunder may neither be assigned nor delegated without the prior written consent of Purchaser.

26. Interpretation. Wherever possible, each provision of this Purchase Order shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Purchase Order shall be prohibited by or invalid under applicable law, said provision shall be ineffective only to the extent of such prohibition or invalidity, whether invalidating the remainder of such provision or the remaining provisions of this Purchase Order.

27. Litigation. TO THE EXTENT PURCHASER DOES NOT SELECT ARBITRATION FOR THE RESOLUTION OF ANY CLAIM OR DISPUTE HEREUNDER, PURCHASER AND SELLER EACH HEREBY AGREE THAT THE FEDERAL COURT OF THE FOURTH DIVISION FOR THE STATE OF MINNESOTA, U.S.A., OR AT THE OPTION OF PURCHASER, ANY STATE COURT LOCATED IN HENNEPIN COUNTY, MINNESOTA, U.S.A. SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN PURCHASER AND SELLER PERTAINING DIRECTLY OR INDIRECTLY TO THIS PURCHASE ORDER OR ANY MATTER ARISING THEREFROM. SELLER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS, AND HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, OR BY FIRST CLASS AIR MAIL POSTAGE PREPAID FOR INTERNATIONAL MAIL, ADDRESSED TO SELLER AT THE ADDRESS OF SELLER SET FORTH ON THE FACE HEREOF. SHOULD SELLER FAIL TO APPEAR OR ANSWER ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THIRTY (30) DAYS AFTER THE MAILING THEREOF, SELLER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED AGAINST SELLER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF JURISDICTION SET FORTH IN THIS PARAGRAPH SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY PURCHASER OR THE ENFORCEMENT BY PURCHASER OF ANY JUDGMENT OBTAINED IN SUCH JURISDICTION IN ANY OTHER APPROPRIATE JURISDICTION.

28. Applicable Law. This Purchase Order shall be governed by and construed in accordance with the laws of the State of Minnesota, U.S.A.

Authorized Signature

Date of Signature

ALL OUR ORDERS ARE SUBJECT TO OUR CONDITIONS OF PURCHASE. PLEASE SIGN AND RETURN BY FAX OR E-MAIL. FAILURE TO SIGN AND RETURN DOES NOT INVALIDATE THIS PURCHASE ORDER WHICH WILL BE DEEMED ACCEPTED UPON SHIPMENT OF THE GOODS