

**General Terms and Conditions of Sales and Delivery
of KRS Recycling Systems Inc.
(KRS-GTC-200611)**

I. Scope of application / General stipulations

All deliveries and services of KRS Recycling Systems Inc. (KRS) are subject to these General Terms and Conditions. No deviation or modification from the General Terms and Conditions shall be effective without the express written consent of KRS. Delivery and/or payment of the purchase price shall not be construed as acceptance of customer terms that are inconsistent with the General Terms and Conditions set forth herein.

Unless otherwise expressly contained herein all issues related to the sale and delivery of goods and services by KRS shall be governed by the NYS Uniform Commercial Code and any and all disputes shall be governed by the laws of the State of New York.

II. Offers and conclusion of contract

No offer by KRS is binding unless expressly set forth in writing and specifically designated as a binding offer. A customer order submitted to KRS may result in a binding contract if KRS sends an order confirmation or delivers the ordered product within 16 weeks of receipt of the order. Illustrations, drawings, weights, measurements and any other documents describing an individual item, which forms part of the offer, shall also be non-binding, unless otherwise set forth in writing.

An order confirmation shall define the scope of services. Within three (3) business days of receipt of the order confirmation, the customer shall notify KRS of any deviations between the order and the order confirmation. Customer shall pay particular attention to matters related to type, measures, price and delivery time. Customer hereby releases KRS from any and all claims that may arise out of customer's failure to identify and communicate objections to such deviations in the time frame set forth herein.

III. Offer documents

KRS retains all property and intellectual property rights over illustrations, drawings, weights and measurements and any other document created by KRS, including, but not limited to, any and all written documents being designated as 'confidential'. The documents shall be returned to KRS on demand and shall not be disclosed and/or submitted to third parties without the prior written consent of KRS.

The customer shall not submit an order to KRS that contains plans or specification that violate the property right of third parties. Customer assumes sole and exclusive liability for such claims and will indemnify and hold KRS harmless from and against any and all claims commenced by such third parties.

IV. Prices and payment

Unless otherwise separately agreed, the prices shall be ex works including loading at the factory. However, customer shall be responsible for packaging, transport costs, freight and unloading. All prices are subject to statutory sales and/or value-added tax, if any, and duties in the respective statutory amount.

Unless otherwise agreed, payment to KRS shall be made without any deduction. The payment shall be deemed to have been effected once it has been irrevocably credited to the account of KRS. The payment to KRS shall be made as follows: 80% of the invoice amount shall be paid immediately with the order and 20% immediately upon notification of the readiness for delivery, but before execution of delivery/delivery approval.

Regardless of the means of payment used, settlement shall be deemed to have been made once the amount due has been irrevocably credited to the account of KRS.

Should a notice of defect or any counter-claim be asserted, the customer shall only be entitled to offset payments or to assert a right of retention, if such counterclaims have been established by court, have been recognized by KRS or are undisputed, and provided that the customer's counterclaim is based on the specific contract and/or order upon which KRS is seeking payment.

V. Delivery / Default in delivery

Any delivery deadlines and delivery dates given by KRS are non-binding, unless their binding nature has been expressly confirmed by KRS in writing. The starting date for a delivery deadline shall not commence until all technical and commercial details have been clarified and agreed to by the parties and all payment have been received by KRS. In case of any unanticipated delays, the delivery date shall be postponed, and the delivery period shall be extended at least for the same period. Further subsequent postponements and/or delays are also possible.

Compliance by KRS with respect to any agreed delivery date or delivery deadline is subject to and conditioned upon the receipt by KRS of the correct goods, materials and/or supplies being delivered on a timely basis.

In the event that KRS fails to make a delivery by the end of the second week following the agreed upon delivery date, as set forth in writing between the parties, and the delay is not related to external circumstances or parties, the customer may submit a claim for damages. Claims for damages related to delayed deliveries shall be limited 0.5% of the purchase price for each full week of delay, up to a maximum of 5%. These limits shall not apply if the delay is due to willful intent or gross negligence on the part of KRS. In other respects, figure XII shall apply.

In cases of force majeure and other unpredictable and unavoidable disruptive events that KRS cannot control; including, but not limited to operational or supply disruptions, labor disputes and civil unrest, all delivery periods shall be extended for the duration of the disruption, plus appropriate start times, commissioning, configuration trials and/ or other required testing. In the case of such disruptive events KRS shall immediately notify the customer of the nature of the event and how it will effect delivery times.

Customer requests for additional services or change orders will result in an extension of the delivery date for a period of time necessary for the handling of such requests.

KRS shall be entitled to make partial deliveries and provide partial services at any time, insofar as this is reasonable for the customer. These can be invoiced separately.

VI. Acceptance

Unless otherwise agreed to in writing, full performance of the contract by KRS shall be presumed upon customer's receipt of delivery. Objections by the customer must be made within 14 days of receipt of the delivery.

VII. Modifications based on the unilateral right to determine the performance

With regard to order confirmations that have already been issued, KRS shall be entitled to unilaterally modify individual designs and order positions insofar as such modifications do not affect the performance of the delivery item.

VIII. Warranty

Except as otherwise agreed to in writing, the warranty period shall be 12 months commencing on the later of the day of the commissioning, or 6 months after delivery.

The warranty shall be limited to defects in devices and/or components delivered by KRS. The warranty does not cover: normal wear and tear; defects arising from wrong application; incorrect operation; excessive throughput; improper and irregular servicing; voltage peaks, or excessive operation of the purchase item. Wearing parts shall be defined by KRS and a list of such parts can be provided on request.

IX. Guarantees

Except as otherwise agreed to in writing, KRS does not provide guarantees and will not assume liability for any guarantees, promises, or other representations made by third-parties, including suppliers. Information brochures, data sheets and advertising statements shall not be construed as warranties or guarantees, unless KRS separately issues an individual guarantee in writing.

X. Retention of title

Any delivery item shall remain property of KRS until receipt of full payment, including payment of the commissioning works. The retention of title shall not affect the passing of risk according to the delivery conditions. In case of late payment, KRS reserves the right to charge additional costs for storage, handling, insurance and financing as well as for all other costs arising from the delay in payment.

XI. Resale / Assignment of delivery claim

The customer is prohibited from reselling the items and works purchased from KRS to third parties without the prior written consent of KRS.

The customer is prohibited from assigning any manufacturing or delivery claims against KRS to third parties.

XII. General limitation of liability

In the absence of willful intent or gross negligence, claims for legal damages, irrespective of their legal grounds, shall be excluded. The aforesaid exemption from liability shall not apply if the claim for damage compensation results from a culpable violation of essential contractual obligations. In the event that a court of law determines that KRS violated an essential contractual obligation by reason of negligence, the obligation to pay compensation shall be limited to the amount of compensation for the typical foreseeable damage.

Liability for damages arising from injury to life, body or health, as well as liability according to statutory product liability regulations shall be hereby unaffected.

As far as the liability of KRS has been excluded or limited, the same shall be applicable with regard to the personal liability of the people in its governing bodies, all other employees, as well as assistants and vicarious agents.

This liability limitation shall also apply in particular to damages caused by delay or with respect to loss of profit.

XIII. Product information, data, drawings and technical information

All data, drawings or designs created by KRS prior to the beginning of the contract execution shall remain property of KRS even after the settlement of the contract. This also applies to accrued copyrights of KRS. The customer shall supply or return the submitted data to KRS upon request. Without prior written consent of KRS, the customer is not permitted to transmit or disclose the submitted data to third parties.

XIV. Declaration of exemption

In the case where planning documents or data supplied by the customer are alleged to violate the rights of third parties, the customer will indemnify and hold KRS harmless with regard to any such claims alleged or commenced by such third-party.

XV. Passing of risk

The risk of accidental loss or accidental deterioration of the goods shall pass to the customer as soon as KRS has delivered the goods to the customer, or handed them over to the carrier, or if the customer is in default of acceptance. This provision shall apply even in cases where KRS and/or its employees provide the means of transportation, or if the goods are dispatched from a place other than the place of performance, and regardless of who bears the freight costs. KRS executes delivery according to the FCA provisions of the Incoterms 2010.

XVI. Other obligations of the customer

Except as otherwise agreed to in writing, the following aspects are not part of the services and works of KRS and the customer assumes solely responsibility and liability for:

- observation of required local authorizations and permits, if necessary
- required local taxes and / or duties
- protection of the delivery item against lightning and overvoltage appropriate to the local conditions
- weatherproof and vibration-free installation of the delivery item
- dust protection
- noise protection
- anti-freeze / water protection
- observation of required local safety regulations
- observation of required local environmental regulations
- observation of required local health and safety regulations

XVII. General, applicable law, legal venue

All business transactions comprising delivery from KRS to a customer are subject to the present General Terms and Conditions contained herein. The parties may negotiate terms and conditions that deviate from the General Terms and Conditions, but any such modification must be in writing. Oral modifications shall not be enforceable.

Except as otherwise specifically set forth herein, this Agreement shall be governed by the laws of the State of New York. Any action or proceeding commenced against KRS shall be venued in Niagara or Erie County, New York. KRS reserves the right to seek redress in any court of competent court.

Should any of provision contained herein be or become ineffective or unenforceable, this shall have no effect upon the validity of the remaining provisions. In case any provisions is wholly or partly ineffective or unenforceable, the parties hereto will undertake to replace such provision with a valid one coming as close as possible to the intended purpose of the ineffective provision.
