

CARON GREEN BIOENERGY, L.L.C.
TERMS AND CONDITIONS FOR PURCHASES OF GOODS

1. **Scope.** These Terms and Conditions for Purchases of Goods (the “Terms and Conditions”) are expressly made a part of each Purchase Contract for Goods that Carbon Green BioEnergy, L.L.C. (“CGB”) (a “Buyer”) issues to the Seller. In these Terms and Conditions, (a) “Buyer” means CGB as specified in the Purchase Contract; (b) “Seller” means the Seller(s) named in the Purchase Contract; (c) “Goods” mean the goods that Buyer is to purchase from Seller, as described in the Purchase Contract; (d) “Agreement” means the entire agreement formed pursuant to a Purchase Contract, any written agreement issued or signed by Buyer pursuant to which the Purchase Contract is issued (if any), and these Terms and Conditions, including any documents incorporated by reference herein; (e) “Purchase Contract” means a written purchase contract.
2. **Acceptance.** Acceptance by Seller of any Proposal or other offer from Seller is expressly limited to these Terms and Conditions, the Purchase Contract, and the Agreement, and Buyer hereby objects to and shall not be bound by any additional, different or conflicting terms, whether printed or otherwise, in any other communication between the parties, it being understood that the terms of the Agreement shall prevail and that any such additional, different or conflicting terms shall be stricken from the Agreement in all cases. A Purchase Contract shall be deemed accepted by Seller on the earlier of (a) the shipment of Goods in whole or in part, (b) the written acceptance of the Purchase Contract by Seller, or (c) five (5) business days after issuance of a Purchase Contract.
3. **Pricing.** The price for the Goods shall be as set forth in the Purchase Contract. Under no circumstances shall Buyer be obligated to reimburse Seller for any of its expenses or other costs related to its provision of the Goods under any Purchase Contract unless expressly agreed to in advance by Buyer in writing. No increase in the price is effective, whether to due increase material, labor or transportation costs, or otherwise, without the prior written consent of Buyer.
4. **Payment/Discount Terms.** Unless otherwise identified in writing by both parties, payment shall be due upon final acceptance of the Goods by Buyer.
5. **Packaging and Delivery.** Unless Buyer agrees otherwise in writing, Seller shall deliver all Goods F.O.B. (as that term is defined in the Michigan Uniform Commercial Code) Buyer’s facility identified in the Purchase Contract and shall be made at Seller’s expense and risk of loss. All Goods shall be shipped in a manner acceptable to CGB and in accordance with its policies as may be amended from time to time, and in a manner sufficient to ensure that the Goods are delivered in undamaged condition.
6. **Timeliness.** Time is of the essence in fulfillment of the Purchase Contract. Seller shall deliver the Goods on the date(s) specified in the Purchase Contract or as otherwise agreed in writing by the parties. If the Goods are not adequately provided in accordance with a Purchase Contract within the time period set forth in the Purchase Contract or otherwise communicated by Buyer to Seller, Buyer may, at its option, and without limitation of any of its other rights, cancel any unfilled part of the Purchase Contract if complete, conforming delivery is not made within the times specified. Buyer is not required to accept partial or incomplete delivery of any Goods.

Acceptance of any part of the Purchase Contract shall not bind Buyer to accept the remaining Goods contemplated by a Purchase Contract.

7. **Changes; Cancellation.** No changes or cancellation to any Purchase Contract without joint written consent by both parties.

8. **Inspection.** Buyer shall have the right to inspect all Goods delivered under any Purchase Contract. Neither receipt nor payment for Goods shall constitute acceptance. Buyer may reject any or all items that are nonconforming, as determined by Buyer's sole reasonable judgment. Buyer's failure to inspect shall not relieve Seller of any of its responsibilities. Buyer reserves the right to accept damaged shipments and pay for such shipment in accordance with its discount schedule located at <http://www.cgbioenergy.com/UserFiles/Documents/discount-schedule.pdf> which is subject to change from time to time. Goods shipped in quantities in excess of Buyer's stated requirements may be returned at Seller's expense. If goods are rejected, they will be held at Seller's risk and expense and Seller shall bear the risk of loss or damage to such Goods until received by Seller. If Seller fails to timely deliver replacement Goods, Buyer may replace them with goods from a third party and charge Seller the cost thereof.

9. **Warranties.** Seller warrants that all Goods supplied under any Purchase Contract (a) shall strictly conform to all specifications or other descriptions furnished to or approved by Buyer, (b) shall be merchantable, of good quality and free from defects. Additionally, Seller warrants to Buyer that it will comply with all applicable Buyer policies or requirements and general health and safety practices and procedures. Neither receipt of Goods nor payment therefore shall constitute a waiver of this provision. If a breach of warranty occurs, Buyer may, in its sole discretion, and without waiving any other rights, return for credit or require prompt correction or replacement of the nonconforming goods or avail itself to any other remedy available to it under the Agreement or applicable law.

10. **Damages.** Without limiting Buyer's rights and remedies at law or in equity, Buyer reserves the right to charge Seller for any loss, expense (including reasonable attorneys' fees) or damage sustained as a result of Seller's failure to deliver conforming Goods or other breach of the Purchase Contract, including without limitation, expenses incurred in connection with Buyer's purchase of substitute goods, incidental damages and consequential damages resulting from Seller's failure or breach.

11. **Indemnification.** Seller agrees to indemnify, hold harmless and defend Buyer and its Affiliates, officers, directors, trustees, agents and employees from and against any and all claims, damages, liabilities, expenses, or losses (including attorneys' fees) arising out of or in connection with the Goods, the performance or breach of any Purchase Contract or Agreement by Seller, or the acts or omissions of Seller or its employees or agents.

12. **Compliance with Laws.** Seller represents and warrants that, in the production and sale of Goods to be delivered pursuant to any Purchase Contract, Seller will comply with all applicable federal, state, and municipal laws and regulations, including, without limitation, (a) all such laws and regulations pertaining to health, safety and environmental standards, (b) all such laws and regulations pertaining to design, manufacture, testing, labeling, and transportation of such Goods,

and (c) all such laws and regulations pertaining to affirmative action, nondiscrimination, and equal opportunity, including without limitation, the requirements of the Fair Labor Standards Act of 1938, as amended, and the rules and regulations of the Secretary of Labor issued pursuant to Executive Purchase Contract Number 11246 of September 24, 1965.

13. **Licenses and Permits.** Seller represents and warrants that it has obtained all licenses, authorizations, approvals, consents or permits required by applicable laws and regulations (including the rules and regulations of all authorities having jurisdiction over the manufacture and sale of the Goods) to conduct its business generally and to perform its obligations under this Agreement.

14. **No Exclusivity.** Each party acknowledges that no representation, inducement or condition not set forth in an Agreement has been made or relied upon by either party, and that no Purchase Contract or Agreement will in any way be construed or interpreted to be an exclusive arrangement between Buyer and Seller or to constitute any minimum commitment to order Goods by any Buyer except for the specific Goods set forth in the applicable Purchase Contract.

15. **Termination for Cause.** Buyer may, by written notice to Seller, terminate any Purchase Contract, or any part thereof, if Seller breaches any of the terms and conditions of a Purchase Contract or any Agreement, or if Seller becomes insolvent or files for bankruptcy protection. By way of example, (a) failure by Seller to make timely, complete and conforming delivery of Goods, or (b) breach of the representations or warranties set forth in any Agreement, shall entitle Buyer to terminate any Purchase Contract or Agreement for cause. If Buyer terminates for cause, Buyer shall have no payment obligations to Seller. A Buyer's election to terminate any Agreement, Purchase Contract or portion thereof under this Section shall have no effect on any other Purchase Contract or Agreement of Buyer or any other Affiliate with Seller, all of which shall remain in full force and effect unless terminated by the applicable Buyer.

16. **Termination for Convenience.** Buyer may, by written notice to Seller, terminate all or part of any Purchase Contract or Agreement, for any or no reason, for Buyer's convenience. Upon notice of termination, Seller shall immediately stop all work and cause its Sellers and/or subcontractors to stop all work in connection with the Purchase Contract. If Buyer terminates for convenience, Buyer shall pay Seller for Goods accepted as of the date of termination, and, for Seller's actual, reasonable, out of pocket costs incurred directly as a result of such termination (but under no circumstances shall Buyer's liability exceed the amount of the cancelled Purchase Contract. Buyer shall have no responsibility for work performed after Seller's receipt of notice of termination.

17. **Limitation of Buyer's Liability.** Buyer shall not be liable to Seller, its employees, representatives, agents, Sellers, or subcontractors for any anticipated profits, incidental, consequential, punitive or special damages of any kind. Without limiting the foregoing, Buyer's liability for any claim arising directly or indirectly under or in connection with the Purchase Contract shall in no event exceed the cost of the Goods giving rise to the claim.

18. **Choice of Law; Venue.** All matters arising under or related to any Purchase Contract or Agreement shall be construed and enforced in accordance with the laws of the State of Michigan,

without regard to its conflicts of law principles. The parties agree that any dispute involving any Purchase Contract or Agreement shall be properly brought and heard in the state or federal courts located in Kent County, Michigan and that, by virtue of their contractual relationship with Buyer under a Purchase Contract or Agreement are subject to the personal jurisdiction of such courts and venue is proper in such courts.

19. **Force Majeure.** Any delay or failure of Buyer to perform its obligations will be excused if and to the extent that it is caused by an event or occurrence beyond Buyer's reasonable control, such as: acts of God; governmental actions; embargoes; fires; explosions; natural disasters; riots; wars; sabotage; terrorist acts; utility interruptions; or court injunction or order.

20. **Entire Agreement.** The Agreement applicable to any Purchase Contract represents the entire agreement between Seller and Buyer with respect to the Goods described in the Purchase Contract.

21. **No Assignment.** Seller may not assign, transfer or subcontract any part of the Purchase Contract or any Agreement without the prior written consent of Buyer, and any assignment in violation of this provision shall be null and void.

22. **Remedies; No Waiver.** The remedies in this Agreement and any Purchase Contract shall be cumulative and in addition to any other remedies allowed to Buyer under applicable law. No waiver by Buyer of any provision of a Purchase Contract Agreement or any breach of these Terms and Conditions shall be deemed a waiver of any other provision or subsequent breach, nor shall any such waiver constitute a continuing waiver. Delay or failure of Buyer to insist on strict performance of any provision of any Purchase Contract or Agreement or to exercise any rights or remedies hereunder shall not be deemed a waiver.