

DISTRIBUTION AGREEMENT

between

Universal Corrosion Stop (Pty) Ltd
("the Supplier")

and

("the Distributor")

WHEREAS

- A The Supplier manufactures or otherwise deals in, and is able to supply, the products (as herein defined) which it wishes to sell to the Distributor.
- B The Distributor wishes to purchase such Products from the Supplier and to market such Products to the consuming public thereof and the Supplier has agreed thereto.

IT IS HEREBY AGREED AS FOLLOWS

1. INTERPRETATION

In this Agreement, unless the context clearly indicates a contrary intention:

- 1.1. The headnotes are for reference purposes only and shall not affect the interpretation of any part hereof;
- 1.2. The singular includes the plural and vice versa;
- 1.3. Words importing one gender include the other genders;
- 1.4. A reference to a firm or body corporate includes a natural person and vice versa;
- 1.5. The following words bear the meaning set out opposite them below and cognate expressions bear a like meaning:
- | | | |
|--------|-----------------|---|
| 1.5.1. | "Products" | The Products set out in Schedule 1; |
| 1.5.2. | "Territory" | The area set out in Schedule 2; |
| 1.5.3. | "Special Terms" | The terms and conditions set out in Schedule 3. |
- 1.6 Effective date is

2. DURATION

Subject to the provisions of 10. this Agreement shall commence on the Effective Date and shall continue until terminated upon not less than 3 (THREE) months prior written notice in writing by either party to the other, provided that such notice shall only be given so as to cause this Agreement to expire on an anniversary of the Effective Date.

3. SALE AND SUPPLY

- 3.1. The Supplier undertakes at all times to manufacture and supply as a preferential distributor for and to the Distributor, or to procure the supply to the Distributor, of a sufficient quantity of the Products as will meet the demand for them made on it by the Distributor, and to sell same to the Distributor on the terms and conditions set out herein and in the Special Terms.
- 3.2. The Supplier warrants that the Products it supplies to the Distributor from time to time, will be in a good and proper condition suitable for use in the marketing thereof to the consuming public.
- 3.3. The Supplier has the right to terminate this agreement within one months written notice, not with standing the termination clause contained in clause 2, subject to any non performance by the Distributor, in terms of expected sales by the Supplier from the Distributor. Such expected sales shall be agreed in writing by the Distributor and the Supplier on an annual basis and shall not be overly onerous or unrealistic.
- 3.4. The Distributor shall also be required to supply the Supplier with a marketing plan as to how the expected sales will be obtained and maintained.

4. ORDER AND DELIVER

- 4.1. The Distributor shall give written notice to the Supplier of its requirements for the Products, specifying:
 - 4.1.1. the quantity required;
 - 4.1.2. the date or dates on which they are to be delivered.
- 4.2. That notice shall be not less than,
 - 4.2.1. 10 days for quantities up to 20 units of the Products Corrosion Block 12oz, 32oz, 4litre; 6 units of the products Corrosion Block 20litres;
 - 4.2.2. 10 days for quantities up to 20 units of Corrosion Block grease in 2oz, 14oz, 16oz and 35lbs units of the Products;
 - 4.2.3. 30 days for quantities above those mentioned above;and the Supplier undertakes to deliver the Products so ordered in a properly crated and manageable form, by not later than the aforesaid date on which they are to be delivered, to the Distributor's premises at:
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- 4.3. The Distributor shall, without prejudice to any other rights which it may have, be entitled to refuse to take delivery of and reject Products not delivered timeously or which do not otherwise conform to the Distributor's order or which conflict with the provisions of the Agreement.
- 4.4. All Products rejected by the Distributor in terms of 4.3. will, at the option of the Supplier, either be held at the Supplier's risk and disposal, or be returned at the Supplier's risk and expense, provided that the Distributor shall on rejecting such Products notify the Supplier thereof per telephone and in writing within 10 (TEN) days of such rejection.

- 4.5. The ownership and risk in the Products shall, save for rejected Products, pass to the Distributor on delivery in terms of 4.2.

5. PRICE AND PAYMENT

- 5.1. The price for the Products purchased from time to time shall be the Supplier's list price as furnished to the Distributor at the Effective Date.
- 5.2. That list price may be varied by the Supplier upon not less than 30 days written notice to the Distributor provided that;
- 5.2.1. that list price may not be varied more than twice (except for any price variations from exchange rate differentials between the US Dollar and South African Rand, which variations must be in excess of 5% for each and every price change) during any consecutive 12 (TWELVE) month period calculated as from the later of the Effective Date or the date on which any previous variation was made to that list price;
- 5.2.2. the Distributor shall be entitled to cancel this Agreement at any time within three months of receipt of any variation to that list price, by giving written notice to that effect to the Supplier, subject to the cancellation as contained in clause 2.
- 5.3. Payment for the Products shall be within 30 days from date of statement.

6. WARRANTY

- 6.1. The Supplier warrants that all goods purchased from it hereunder shall conform to the specifications set out in the Special Terms and shall be free from defects in workmanship, design and materials.
- 6.2. The Supplier indemnifies the Distributor against all claims, costs and expenses arising from or incurred by reason of any infringement of any patents, designs or copyright in respect of the Products or any trade marks used in relation to the Products.

7. CONFIDENTIALITY

- 7.1. The Supplier and the Distributor both undertake that they will not at any time during this Agreement, or after termination hereof, disclose any information which comes to their knowledge as a result hereof, not being information which comes from an independent third person, which relates to,
- 7.1.1. any business or marketing method or practice or customers of the Supplier or the Distributor;
- 7.1.2. any technical information, know-how or process or method of the Supplier or the Distributor;
- save as provided in 7.2 to anyone.
- 7.2. The parties shall nevertheless be at liberty to disclose the information referred to in 7.1. to any of their employees to whom it shall be necessary to make such disclosure for the purpose of implementing this Agreement, provided that before making such disclosure, they shall ensure that all reasonable precautions are taken to ensure that any person to whom such disclosure is made shall at all times preserve strict secrecy.

8. RELATIONSHIP OF PARTIES

- 8.1. The parties are independent contractors in relation to one another and neither shall be deemed to be the representative or agent of the other for any purpose whatsoever and shall be done or deemed to be done by each party in its own name as principal. Accordingly, each party undertakes that it will, in all correspondence and dealings relating directly or indirectly to the sale or disposition of any goods hereunder, clearly indicate that it is acting as principal and it shall not act or attempt to assume or create any obligation on behalf of, or in the name of the other party, or in any pledge or purport to pledge the credit of the other party.
- 8.2. This Agreement and any rights hereunder may not be ceded, assigned, sub-licensed or otherwise transferred by either party, in whole or in part and shall not endure to the benefit of any trustee in bankruptcy, receiver or other successor of either party, whether by operation of law or otherwise, without the written consent of the other party and any sub-license, assignment or transfer without such written consent shall be null and void.

9. FORCE MAJEURE

Should either party (hereinafter referred as "the Invoking Party") be prevented from fulfilling any of its obligations in terms of this Agreement as a result of any Act of God, war, strike, lock-out or other labour dispute, fire, flood, legislation, insurrection, sanctions, trade embargo or any economic or other cause beyond the control of such party (any such event hereinafter called "Force Majeure"), then,

- 9.1. the Invoking Party shall give written notice to the other party,
 - 9.1.1. upon the Invoking Party wishing to rely on the provisions of this paragraph 9 specifying the cause of Force Majeure;
 - 9.1.2. promptly upon termination of the Force Majeure, stating that Force Majeure has terminated.
- 9.2. performance of any such obligations shall be suspended from the date on which notice is given in terms of 9.1.1. until the date on which notice is given in terms of 9.1.2.
- 9.3. the Invoking Party shall not be liable for any delay or failure in the performance of any obligations hereunder due to or resulting from the Force Majeure during the period referred to in 9.2.,
provided that,
- 9.4. if the Force Majeure continues for more than two months the other party shall be entitled to cancel this Agreement on the expiry of such two month period, but shall not be entitled to claim damages against the Invoking Party as a result of such cancellation; and
- 9.5. the provisions of paragraph 15 hereof shall mutatis mutandis apply in respect of the termination of this Agreement during Force Majeure or as a result of Force Majeure, save that the party not invoking Force Majeure shall be entitled to elect, by giving written notice within 10 (TEN) days of such termination, as to whether or not it requires the Invoking Party to perform any obligations, incurred prior to Force Majeure, on the expiry of Force Majeure.

10. BREACH

Without prejudice to any other rights which it may have as to damages or otherwise, either party shall be entitled to cancel this Agreement forthwith should the other party breach any provisions hereof and fail to remedy same within 14 (FOURTEEN) days of receipt of written notice calling upon it to do so.

11. PROCEDURE ON TERMINATION

Upon termination of this Agreement for any reason whatsoever, at the election of the Distributor to be notified to the Supplier in writing within seven days of such termination, either

- 11.1. all products ordered by the Distributor prior to such termination shall be met and shall be paid for as set out herein as if this Agreement had not terminated;
or
- 11.2. the Distributor may cancel all orders placed for Products not yet supplied and may return all stocks of Products in its possession to the Supplier who shall reimburse the Distributor for any payments already made by the Distributor in respect of such Products. For this purpose, the Distributor shall be entitled to set off any monies owing by it to the Supplier.

12. **ARBITRATION**

- 12.1. Any dispute at any time between any of the parties hereto in regard to any matter arising out of this contract or its interpretation or rectification shall be submitted to and decided by arbitration.
- 12.2. The arbitration referred to in 12.1 shall be held,
 - 12.2.1. at Johannesburg;
 - 12.2.2. in a summary manner, ie. on the basis that it shall not be necessary to observe or carry out either;
 - 12.2.2.1. the usual formalities or procedure; or
 - 12.2.2.2. the strict rules of evidence.
 - 12.2.3. immediately and with a view to its being completed within 21 (TWENTY ONE) business days after it is demanded;
 - 12.2.4. otherwise (but subject to 12.1.1, 12.2.2 and 12.2.3) under the provisions of the Arbitration Act No. 42 of 1965 of the Republic of South Africa (as amended from time to time).
- 12.3. The arbitrator shall at all times act as an expert and shall be, if the question in issue is,
 - 12.3.1. primarily an accounting matter, an independent accountant agreed upon between the parties and failing agreement appointed by the President for the time being of the Gauteng Society of Chartered Accountants;
 - 12.3.2. primarily a legal matter, a practising Senior Counsel of not less than 5 (FIVE) years' standing as such agreed upon between the parties and failing agreement appointed by the President for the time being of the Bar Association of Johannesburg;
 - 12.3.3. any other matter, an independent person agreed upon between the parties and failing agreement appointed by the President for the time being of the Gauteng Society of Chartered Accountants.
- 12.4. If agreement cannot be reached within 7 (SEVEN) business days after the arbitration has been demanded as to whether the question in issue falls under 12.3.1, 12.3.2, 12.3.3, then a practising Senior Counsel of not less than 5 (FIVE) years' standing as such agreed upon between the parties, and failing agreement appointed by the President for the time being of the Bar Council of Johannesburg as soon as possible thereafter, shall determine whether the question in issue falls under 12.3.1, 12.3.2 or 12.3.3 so that an arbitrator can be appointed in terms of 12.3 and the arbitration can be held and concluded, if possible, within the prescribed period of 21 (TWENTY ONE) days.
- 12.5. The arbitrator shall decide the matter submitted to him according to what he considers just and equitable in the circumstances and, therefore, the strict rules of law need not be observed or be taken into account by him arriving at his decision.
- 12.6. The parties irrevocably agree that the decision in those arbitration proceedings,

- 12.6.1. shall be binding on them;
- 12.6.2. shall be carried into effect;
- 12.6.3. can be made an order of any court of competent jurisdiction.

13. **VARIATIONS NOT EFFECTIVE UNLESS IN WRITING**

No variation, modification, cancellation or waiver of any provision of this Agreement, or consent to any departure there from, shall in any event be of any force unless confirmed in writing and signed by the parties; and then such variation, modification, waiver or consent shall be effective only in the specific instance and for the purpose and to the extent for which made or given.

14. **PARTIES NOT AFFECTED BY WAIVER OF BREACHES, ETC**

- 14.1. The waiver (whether express or implied) by any party of any breach of any of the terms of conditions of this Agreement by the other shall not prejudice any remedy of the waiving party in respect of any continuing or other breach of the terms and conditions hereof.
- 14.2. No favour, delay, relaxation or indulgence on the part of any party in exercising any power or right conferred on such party in terms of this Agreement shall operate as a waiver of such power or rights; nor shall any single or partial exercise of any such power or right preclude any other or further exercises thereof or the exercise of any power or right under this Agreement.
- 14.3. The expiry or termination of this Agreement shall not prejudice the rights of any party in respect of any antecedent breach or non-performance by any of the others of any of the terms or conditions hereof.

15. **SUPPORT**

The parties undertake at all times to do all such things, perform all such actions and take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions or import of this Agreement.

16. **SOLE AGREEMENT**

This Agreement constitutes the sole agreement between the parties and no representation not contained herein shall be of any force between the parties.

17. **CONFLICT**

If there is any conflict between the terms and conditions set out herein and the Special Terms, the provisions of the Special Terms shall prevail.

18. **DOMICILIUM**

The parties hereto respectively choose domicilium citandi et executandi for all purposes of and in connection with this Agreement as follows:

- 18.1. The Supplier at:
Nelspruit Airfield – c/o Leading Edge Aviation
Nelspruit
1200
- 18.2. The Distributor at:
.....
.....

The parties hereto shall be entitled to change their domicilium from time to time, provided that any such change shall only be effective upon receipt of notice in writing by the other party of such change.

All payments to be made pursuant to this Agreement, and all notices, demands or communications intended for either party, shall be made or given at such party's domicilium for the time being, and if forwarded by prepaid registered post, shall be deemed to have been made or given on the date of posting.

19. **GOVERNING LAW**

This Agreement shall in all respects be governed by and interpreted according to the laws of the Republic of South Africa.

THUS DONE AND EXECUTED AT THIS DAY OF IN THE PRESENCE OF THE UNDERSIGNED WITNESSES:

AS WITNESSES:

1.

For and on behalf of

2.

Universal Corrosion Stop (Pty) Ltd, by
MK Hill:

.....

The signatory warranting by his/her signature that he/she is duly authorised hereto.

THUS DONE AND EXECUTED AT THIS DAY OF IN THE
PRESENCE OF THE UNDERSIGNED WITNESSES:

AS WITNESSES:

1.

2.

The Distributor

SCHEDULE 1

LIST OF PRODUCTS WHICH APPLY TO THIS AGREEMENT

Corrosion Block Fluid as packaged in 4oz, 32oz, 4litre and 20litre containers.

Corrosion Block Grease as packaged in 2oz, 14oz, 16oz and 35lbs containers.

SCHEDULE 2

EXTENT OF THE TERRITORY WHICH APPLIES TO THIS AGREEMENT

SCHEDULE 3

SPECIAL TERMS AND CONDITIONS WHICH APPLY TO THIS AGREEMENT

20. The sale of Products by the Supplier to the Distributor is on a preferential but not exclusive basis, due to other marketing agents which may supply into the territory ie: via Verimark marketing agencies. Accordingly the Supplier undertakes,
 - 20.1. to sell and supply the Products exclusively to the Distributor in the Territory, other than to Verimark;
 - 20.2. not to sell or market any Products or goods similar to the Products to or through any other person in the Territory other than through Verimark;
 - 20.3. to use its best endeavours to ensure that no person to whom it sells or supplies Products, or goods similar to the Products, outside the Territory markets such goods, whether directly or indirectly, inside the Territory, other than Verimark.
21. The price for the Products excludes,
 - 21.1. all costs of carriage, insurance, freight and all other charges in the manufacture and delivery thereof to the premises of the Distributor at the chosen domicile. All risks pass to the distributor upon dispatch from the suppliers premises in Nelspruit.
22. The following discounts shall be allowed to the Distributor on the price of all Products purchased by it hereunder,
 - 22.1. a settlement discount of .2.5% when payment is made within 30 days from date of statement.
 - 22.2. a trade discount of% in respect of orders placed.
23. The Products must conform to the specifications as contained in the product datasheet as attached.