

# Distribution Agreement

This Distribution Agreement (this "**Agreement**") is entered into between 3rd Light LLC, a Nevada Limited Liability Company ("**Seller**") and the distributor signing this document ("**Distributor**"). ("**Distributor**," and together with Seller, the "**Parties**," and each, a "**Party**").

WHEREAS Seller is in the business of manufacturing, producing and selling the Goods (as defined below); and

WHEREAS Distributor is in the business of reselling Goods;

WHEREAS Seller desires to sell the Goods to Distributor and appoint Distributor as a non-exclusive distributor under the terms and conditions of this Agreement; and

WHEREAS Distributor desires to purchase the Goods from Seller and resell the Goods to customers, subject to the terms and conditions of this Agreement,

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set out herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

## 1. Definitions.

"**Agreement**" has the meaning set out in the preamble and includes all schedules and exhibits hereto.

"**Confidential Information**" has the meaning set out under [Section 11](#).

"**Customer**" means a purchaser that is an individual or entity located in the Territory and has acquired a Good from Distributor for (a) its own internal use or incorporation into its own products or (b) resale to a person or entity that purchases the Good for internal use or incorporation into such repurchaser's products.

"**Distributor**" has the meaning set out in the preamble.

"**Force Majeure Event**" has the meaning set out in [Section 36](#).

"**Good**" or "Product" means any good that is identified in Schedule 1, as it may be revised pursuant to [Section 4.4](#) from time to time.

"**Indemnified Party**" has the meaning set out under [Section 17.1](#).

"**Party**" has the meaning set out in the preamble.

"**Seller**" has the meaning set out in the preamble.

"**Term**" has the meaning set out under [Section 10](#).

"**Territory**" means the United States and Mexico.

## 2. Appointment.

2.1 Non-Exclusive Appointment. Seller hereby appoints Distributor, and Distributor hereby accepts the appointment, to act as a non-exclusive distributor of Goods to Customers during the Term in accordance with the terms and conditions of this Agreement. Distributor shall not sell or offer to sell Goods outside the Territory. Seller may in its sole discretion sell the Goods to any other person, including distributors, retailers, and customers in and outside the Territory. By accepting

this appointment, Distributor agrees to conform to all quality standards established from time to time by Seller for its distributors. These quality standards are subject to change by Seller on 30 days' prior notice to Distributor.

### 3. Facilities, Inventory, and Marketing Obligations.

#### 3.1 Distributor Obligations. Distributor shall:

(a) market, advertise, promote, and sell the Goods to Customers in a manner that reflects favorably at all times on Goods and the good name, goodwill and reputation of Seller and consistent with good business practice, in each case using its best efforts to maximize the sales volume of the Goods;

(b) maintain a place or places of business in the Territory, including adequate office, storage, and warehouse facilities and all other facilities as required for Distributor to perform its duties under this Agreement in a location or locations approved by Seller;

(c) purchase and maintain at all times a representative quantity of each Good sufficient for and consistent with the Distributor's Customers' sales needs;

(d) have sufficient knowledge of the industry and products competitive with each Good (including specifications, features, and benefits) so as to be able to explain in detail to Customers:

(i) the differences between the Good and competing products; and

(ii) information on standard protocols and features of each Good;

(e) observe all directions and instructions given to it by Seller in relation to the marketing, advertisement, and promotion of the Goods, including Seller's sales, marketing, and merchandising policies as they currently exist or as they may hereafter be changed by Seller including but not limited to Section 33 of this agreement;

(f) not use any promotional and marketing materials, whether prepared by Distributor or others, without the prior written consent of Seller.

(g) establish and maintain a sales and marketing organization sufficient to develop to the satisfaction of Seller the market potential for the sale of the Goods, and independent sales representatives, facilities, and a distribution organization sufficient to make the Goods available for shipment by Distributor to each Customer immediately on receipt of order;

(h) on request develop and execute a marketing plan sufficient to fulfill its obligations under this Agreement;

(i) not make any materially misleading or untrue statements concerning Seller or the Goods, including any product disparagement or "bait-and-switch" practices;

(j) promptly notify Seller of any complaint or adverse claim about any Good or its use of which Distributor becomes aware;

(k) on request submit to Seller complete and accurate monthly reports regarding inventory, marketing, and sales of the Goods in a computer-readable format and containing the scope of information acceptable to Seller, maintain

books, records, and accounts of all transactions and permit full examination thereof by Seller in accordance with [Section 9](#);

(l) not resell Goods to any federal, state, local, or foreign government or political subdivision or agency thereof, without express written approval from Seller; and

(m) on request, provide Seller with a written survey of the current and 6-month forecast of demand for the Goods in the Territory, especially in relation to similar or competing products; and

(n) only resell any accessories sold, bundled, or packaged with any Good on those terms and conditions as Seller may, from time to time, require.

(o) familiarize themselves and all of its employees with the safety warnings and product descriptions including those included in Exhibit A attached to this agreement.

(p) any and all product improvement and development ideas suggested by Distributor, as well as any other materials produced pursuant to this Agreement or created by Distributor with Seller for purposes of the services laid out in this Agreement shall be and shall remain the absolute property of Seller. Notwithstanding the foregoing, any photographs, posts, videos, or other such materials representing Distributor, and supplied by Distributor to Seller, shall remain the property of Distributor, as applicable, and Seller shall have a perpetual, non-exclusive license to use such materials at Seller's reasonable sole discretion. Seller shall have the right, at any time during the Term, to make any revisions or modifications of all or part of the commercial materials to conform to the requirements of individual markets as Seller may reasonably desire.

(q) not sell any product that is a replica of the Goods. To be clear and for the avoidance of doubt, Distributor may sell competing Goods, but may not sell any goods that have substantially similar or identical dimensions and overall design of the Goods.

### 3.2 Seller Obligations. Seller shall:

(a) provide any information and support that may be reasonably requested by Distributor regarding the marketing, advertising, promotion, and sale of Goods;

(b) allow Distributor to participate, at its own expense, in any marketing, advertising, promotion and sales programs or events that Seller may make generally available to its authorized distributors of Goods in the Territory, provided that Seller may alter or eliminate any program at any time;

(c) approve or reject, in its discretion, any promotional information or material submitted by Distributor for Seller's approval; and

(d) in Seller's discretion provide promotional information and for use by Distributor in accordance with this Agreement. Seller will provide a database of photographs and promotional material Distributor may use under a non-exclusive license. Seller expressly reserves all other rights to all of its marketing material

## 4. Agreement to Purchase and Sell Goods.

4.1 Terms of Sale; Orders. Seller shall make available and sell Goods to Distributor at the prices under [Section 4.2](#) and on the terms and conditions set out in this Agreement.

4.2 Price. The prices for Goods sold under this Agreement shall be as per Seller's then-current wholesale price list. Subject to [Section 6](#):

(a) all prices are exclusive of all sales, use and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any governmental authority on any amounts payable by Distributor under this Agreement;

(b) Distributor is responsible for all charges, costs, and taxes; and

(c) Distributor shall pay interest on all late payments, calculated daily and compounded monthly, at the lesser of the rate of 10% per month or the highest rate permissible under applicable Law.

Distributor shall perform its obligations under this Agreement without setoff, deduction, recoupment or withholding of any kind for amounts owed or payable by Seller, whether relating to Seller's or Seller's affiliates' breach, bankruptcy, or otherwise and whether under this Agreement, any purchase order, any other agreement between (i) Distributor or any of its affiliates and (ii) Seller or any of its affiliates, or otherwise.

4.3 Payment Terms. Seller shall issue invoices to Distributor for all Goods. Distributor shall pay all properly invoiced amounts due to Seller upon receipt of such invoice, except for any amounts disputed by Distributor in good faith.

Distributor shall make all payments in US dollars by check, wire transfer, or automated clearing house, in accordance with the following wire instructions:

| <b>Domestic Transfers</b>   | <b>International Transfers</b>                                   |
|---|--|
| ABA Routing Number: 084106768                                       | SWIFT Code: FRNAUS44   |
| Account Number 9562345678073433                                     | Bank Name: First National Banker's Bank                          |
| Bank Name: Evolve Bank & Trust                                      | Intl Bank Address: 7813 Office Park Blvd, Baton Rouge, LA, 70809 |
| Our Address: 3rd Light LLC, 860 Margaret St, Pahrump, Nevada, 89048 |  |

4.4 Availability/Changes in Goods. Seller may, in its sole discretion, add or make changes to Goods, or remove Goods from, Schedule 1 on notice to Distributor, in each case, without obligation to modify or change any Goods previously delivered or to supply new goods meeting earlier specifications.

4.5 Conditions of Sale at venue sites The sale of the Product to Customers is encouraged especially to paintball, airsoft or combat simulation players at fields who are participating in games. If Distributor has a field where it retails the Products, Distributor is advised to give an active demonstration to the players before sales or games commence so as to teach Customers the correct operation and use of the Products and to familiarize the Customer with effects produced by the product so that all Customers and other players in the area understand.

Each Product is labelled to ensure that users can use the product safely by following the instructions on the side of the unit.

Sale of certain products, such as smoke grenades and fragmentation grenades should only be sold and/or made available to people intending to use them on your field. NEVER sell or provide to Customers under the age or 18, nor sell or provide to Customers that will sell to or otherwise provide the products to persons under the age of 18.

5. Orders Procedure.

5.1 Orders. Distributor shall place orders through online portal at <https://wholesale.enolagaye.com>. Distributor may also issue purchase orders to Seller via e-mail or a phone call to a assigned sales rep with the company, however all orders not placed through the online portal cannot take advantage of any discounts or offers. By placing an order, Distributor makes an offer to purchase Goods under the following commercial terms listed in the purchase order and the terms and conditions of this Agreement, and on no other terms:

- (a) the listed Goods to be purchased, including make, model number, UPC, SKU, or
- (b) the quantities ordered; and
- (c) the requested delivery dates.

Any variations made to the terms and conditions of this Agreement by Distributor in any order are void and have no effect.

5.2 Seller's Right to Accept or Reject Orders. Seller may, in its sole discretion, accept or reject any order. Seller may accept any order by confirming the order (whether by written confirmation, invoice, or otherwise) or by delivering the Goods, whichever occurs first. If Seller does not accept the order under the terms of this [Section 5.2](#) within 7 days of Seller's receipt of the order, the order will lapse. No order is binding on Seller unless accepted by Seller as provided in this Agreement.

## 6. Shipment and Delivery.

6.1 Shipment and Delivery. Unless expressly agreed to by the Parties in writing, Seller shall:

- (a) Select the method of shipment of and the carrier for the Goods. Seller may, in its sole discretion, without liability or penalty, make partial shipments of Goods, each of which constitutes a separate sale and Distributor shall pay for the units shipped.
- (b) Deliver the Goods to agreed location using Seller's or manufacturer's standard methods for packaging and shipping. All prices are exclusive of shipping. Any time quoted for delivery is an estimate only. The destination and delivery address would need to be suitable for receiving and storing hazmat goods. Distributor is responsible for ensuring all local restrictions followed and that all appropriate licenses are obtained.

6.2 Title and Risk of Loss. Title and risk of loss passes to Distributor upon delivery of the Goods at agreed location. As collateral security for the payment of the purchase price of the Goods, Distributor hereby grants to Seller a lien on and security interest in and to all of the right, title and interest of Distributor in, to and under the Goods, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this provision constitutes a purchase money security interest under the Nevada Uniform Commercial Code.

6.3 Inspection and Acceptance of Goods. Distributor shall inspect Goods received under this Agreement. On the fifth day after delivery of the Goods, Distributor shall be deemed to have accepted the Goods unless it earlier notifies Seller in writing and furnishes written evidence or other documentation as required by Seller that the Goods:

- (a) are damaged, defective, or otherwise do not conform to the make, model number, UPC, or SKU listed in the applicable purchase order; or

(b) were delivered to Distributor as a result of Seller's error.

If Distributor notifies Seller pursuant to this [Section 6.3](#), then Seller shall determine, in its sole discretion, whether to repair or replace the Goods or refund the price for the Goods.

Distributor shall ship at its expense and risk of loss, all goods to be returned, repaired, or replaced under this [Section 6.3](#) to Seller's facility located at 800 S Margaret St Ste 1, Pahrump, Nevada, 89048. If Seller exercises its option to replace the Goods, Seller shall, after receiving Distributor's shipment of the Goods under this provision, ship to Distributor, at Seller's expense and risk of loss, the replacement Goods to agreed location. Distributor acknowledges and agrees that the remedies set out in this [Section 6.3](#) are exclusive of all other remedies, subject to Distributor's rights under [Section 12](#) regarding any Goods for which Distributor has accepted delivery under this [Section 6.3](#).

Except as provided under this [Section 6.3](#) and [Section 12](#), all sales of Goods to Distributor under this Agreement are made on a one-way basis and Distributor has no other right to return Goods purchased under this Agreement.

#### 6.4 Shipment Advisement. \_\_\_\_\_

If Distributor sales extend further than the end user in the same physical location as Distributor; Distributor is limited by law as to how Distributor may distribute and ship this type of product. Seller's Goods have been classified, authorized, and approved by U.S. Department of Transportation to ship HAZMAT ONLY. In the event Distributor ships the Goods to a Customer then all local and Federal shipping rules for HAZMAT products and the mode of transport being used (Road, Railway, Boat or Plane) MUST be adhered to regardless of any inconvenience or expense. If Distributor has any questions regarding proper shipping procedures, Seller encourages Distributor to contact Seller for assistance and guidance on HAZMAT shipping.

Most Seller Products are exempt from ATF regulation by the Department of Justice under the proviso that they do not become a nuisance to the general public and are used for the specific purposes for which they are distributed. Seller will provide a copy of the exemption if requested by Seller.

Distributor is reminded of the following:

- o DO NOT Send the Products through the United States Postal Service.
- o DO NOT allow the Products on Aircraft or Ferries.
- o DO NOT take the Products on Public Transport.
- o USE a PROPER HAZMAT Courier (e.g., FedEx) and set up a LEGAL HAZMAT Shipping Account when

shipping

Distributors in violation of this guidance or fail to adhere to the above limitations of distribution will have their dealership status suspended and/or removed and will not be supplied products.

Products can only be shipped in UN approved cartons that are correctly marked and labelled. Evidence of Hazmat training will need to be supplied and maintained to EG to achieve retailer status that can ship products.

7. Seller's Trademark License Grant. Subject to Seller's trademark policy as posted on Seller's website, which may be amended from time to time in Seller's sole discretion, and the terms and conditions of this Agreement, Seller hereby grants to Distributor a non-exclusive, non-transferable, and non-sublicensable license in the Territory during the Term solely on or in connection with the promotion, advertising, and resale of the Goods in accordance with the terms and conditions of this Agreement to use all Seller's trademark and/or service marks set forth on Schedule 2, whether registered or unregistered, including the listed registrations and applications and any registrations, which may be granted pursuant to such applications. On expiration or earlier termination of this Agreement or upon Seller request, Distributor shall promptly discontinue the display or use of any trademark or service mark or change the manner in which it is displayed or used with regard to the Goods. Upon expiration or earlier termination of this Agreement, Distributor's rights under this [Section 7](#) shall cease immediately. Other than

the express licenses granted by this [Section 7](#), Seller grants no right or license to Distributor, by implication, estoppels, or otherwise, to the Goods or any intellectual property rights of Seller or its affiliates.

**7.1 Prohibited Trademark Activity.** Seller prohibits any kind of white labelling activity. All Seller products must be listed and bear the correct product name as listed by Seller. Each Seller product must bear the Enola Gaye Trademark explained in [Section 7](#) above. For example, Wire Pull Smoke Grenades can only be listed as such. In cases where the Seller has multiple names for a product such as WP40 Smoke Grenades, Distributor may use either of the Seller's official approved names. Under no circumstances may the Distributor list or advertise Goods under an unlisted name or a name that is the Distributors name. Distributor further agrees to not dismantle, alter, or adapt the Goods, and agrees to NEVER remove any labels or otherwise sell or provide products that are not in their original, unaltered conditions.

**7.2 Warning System.** Notwithstanding anything to the contrary in the agreement, if for any reason Seller becomes aware of a violation of this [Section 7](#) or any other part of this agreement, Seller shall implement a three-part warning system. Notices under this section may be delivered by e-mail -- and shall be considered received when the email is sent without a notification of a delivery error – when sent to the email address of Distributor provided in [Section 19](#). The warning system shall be as follows:

7.2.1 First Written Warning. If Seller becomes aware of a violation, Seller may give a written notice, in accordance with [Section 19](#) of this Agreement or via e-mail, with a ten (10) daytime frame to cure the violation.

7.2.2 Second Written Warning. If Distributor fails to cure the violation in the first written warning, Seller may give a written notice, in accordance with [Section 19](#) of this Agreement or via e-mail or phone call from operations team. Seller, at its sole discretions, also reserves the right to restrict or suspend Distributor's ability to purchase additional Goods from Seller.

7.2.3 Third Written Warning. If Distributor fails to cure the violation after the second written warning, Seller may deliver a third and final written notice to Cease and Desist all sales of Goods delivered in accordance with [Section 19](#) of this Agreement or via e-mail. If seller fails to comply within fourteen (14) days of receipt of the Seller, Distributor agrees to pay the liquidated damages described below.

**7.3 Liquidated Damages.** Both Parties acknowledge that any violation in the sales of Goods per this Agreement would result in reputational harm and other damages to Seller that would be difficult to measure and calculate. The Parties further agree that injury to Seller is uncertain as of now. The Parties agree that the liquidated damages as established in this section are a reasonable estimate of the damages that Seller would suffer as a result of Distributor's violation of the terms of this agreement.

7.3.3 Liquidated Damages Details. Distributor's Violation of this agreement resulting in liquidated damages will result in the following payment:

(a) Distributor shall:

(i) Pay to Seller damages and other sanctions as a result of any such breach, including as a minimum liquidated damages in the total amount of \$100,000 (one hundred thousand dollars) for its past breaches of this Agreement.

(ii) Pay to Seller a total amount of \$10 (ten dollars) per unit for each unit of the Good sold in violation of this Agreement after receipt of the Third Written Warning.

(iii) Seller may seek additional damages for such violations upon proof that it has incurred harm that exceeds the above liquidated damages amounts and may also seek other remedies or sanctions as result of any breaches.

8. Resale Prices. Distributor unilaterally establishes its own resale prices and terms regarding products it sells, including Goods, respecting the Seller's minimum advertised price (MAP). Distributor is prohibited from, and agrees not to, selling any Product or Goods as a wholesaler or reseller without the express written consent of the Seller.

9. Audit and Inspection Rights. During the term of this Agreement, on request and during regular business hours, Seller or its representatives may at its own expense reasonably inspect Distributor's facility and audit Distributor's records, and other documents as necessary to verify compliance with the terms and conditions of this Agreement.

10. Term; Termination.

10.1 Term. The term of this Agreement commences on the date this Agreement is signed, and terminates on four years afterwards. The Agreement shall thereafter renew for additional successive four year terms unless and until either party provides notice of nonrenewal at least 30 days before the end of the then-current term, or unless and until earlier terminated as provided under this Agreement or applicable law (the "**Term**"). If either party provides timely notice of its intent not to renew this Agreement, then unless earlier terminated in accordance with its terms, this Agreement terminates on the expiration of the then-current Term.

10.2 Termination Rights. Notwithstanding anything to the contrary in this Agreement, either Party may terminate this Agreement and the appointment of Distributor under Section 2, for any or no reason, at any time upon written notice to the other Party, and said termination shall become effective 7 days following the delivery of such notice, except where a shorter period is provided for in this Agreement. In addition to any remedies that may be provided in this Agreement, Seller may immediately terminate this Agreement (including all related purchase orders pursuant to Section 10.3(a)), upon notice to Distributor if Distributor:

(a) fails to pay any amount when due under this Agreement;

(b) is in breach or violation of this Agreement and either the breach cannot be cured or, if the breach can be cured, it is not cured within 10 days following Seller's receipt of notice of such breach;

(c) if Distributor:

(i) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due;

(ii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law;

(iii) seeks reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts;

(iv) makes or seeks to make a general assignment for the benefit of its creditors; or

(v) applies for or has a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

10.3 Effect of Expiration or Termination. Upon the expiration or earlier termination of this Agreement:

(a) All related purchase orders are automatically terminated; and



(b) Distributor shall cease to represent itself as Seller's authorized distributor regarding the Goods and shall otherwise desist from all conduct or representations that might lead the public to believe that Distributor is authorized by Seller to sell the Goods.

(c) Distributor shall promptly return or destroy (pursuant to Seller's instructions) all:

(i) documents and tangible materials (and any copies) containing, reflecting, incorporating or based on Confidential Information; and

(ii) products that Seller provided to Distributor that are not intended for resale.

10.4 Option to Repurchase. Within 30 days after the effective date of expiration or earlier termination, Distributor shall submit to Seller a written schedule reflecting all Goods then owned by Distributor or in the Distributor's possession. Upon notice within 30 days following its receipt of such schedule from Distributor, Seller shall have the right, but not the obligation, to buy back all or a portion of such Goods, free of all liens, claims or encumbrances, at a price equal to the lower of Distributor's cost therefor and the then-prevailing price minus a 15% restocking fee, pursuant to the following procedures. Distributor shall promptly deliver, at Seller's reasonable expense, the repurchased Goods in their original packaging (unopened and undamaged) to Seller's designated carrier for delivery to Seller. Seller has the right to set off or recoup any liability it owes to Distributor under this [Section 10.4](#) against any liability for which Distributor is liable to Seller, whether either liability is matured or unmatured, is liquidated or unliquidated or arises under this Agreement.

#### 11. Confidential Information.

11.1 All non-public, confidential or proprietary information of Seller, including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by Seller to Distributor, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with this Agreement is confidential, solely for the use of performing this Agreement and may not be disclosed or copied unless authorized by Seller in writing. Upon Seller's request, Distributor shall promptly return all documents and other materials received from Seller. Seller shall be entitled to injunctive relief for any violation of this Section. This Section shall not apply to information that is:

(a) in the public domain.

(b) known to Distributor at the time of disclosure; or

(c) rightfully obtained by Distributor on a non-confidential basis from a third party.

#### 12. Limited Product Warranty; Disclaimer.

12.1 Seller warrants that the Goods are free from defects in material and workmanship under normal use and service with proper maintenance for 12 months, providing they are stored in a cool and dry place. The term for such warranties shall begin upon Customer's receipt of the Good. Distributor or Customer shall promptly notify Seller of any known warranty claims and shall cooperate in the investigation of such claims. If any Good is proven to not conform with this warranty during the applicable warranty period, Seller shall, at its exclusive option, either repair or replace the Good or refund the purchase price paid by Distributor for each non-conforming Good.

12.2 Seller shall have no obligation under the warranty set forth above if Distributor or Customer:

(a) fails to notify Seller in writing during the warranty period of a non-conformity; or

(b) uses, misuses, or neglects the Good in a manner inconsistent with the Good's specifications or use or maintenance directions, modifies the Good or improperly installs, handles or maintains the Good.

(c) uses the products in dry or woodland game areas or in an area other than a dirt area away from flammable material.

12.3 Except as explicitly authorized in this Agreement or in a separate written agreement with Seller, Distributor shall not service, repair, modify, alter, replace, reverse engineer, or otherwise change the Goods it sells to Customers. Distributor shall not provide its own warranty regarding any Good.

12.4 EXCEPT FOR THE WARRANTIES SET OUT UNDER SECTION 12, NEITHER SELLER NOR ANY PERSON ON SELLER'S BEHALF HAS MADE OR MAKES FOR DISTRIBUTOR'S BENEFIT ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, INCLUDING ANY WARRANTIES OF: (i) MERCHANTABILITY; (ii) FITNESS FOR A PARTICULAR PURPOSE; (iii) TITLE; OR (iv) NON-INFRINGEMENT; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED. DISTRIBUTOR ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION OR WARRANTY MADE BY SELLER, OR ANY OTHER PERSON ON SELLER'S BEHALF.

13. Compliance With Laws. Distributor shall at all times comply with all federal, state and local laws, ordinances, regulations and orders that are applicable to the operation of its business, and this Agreement and its performance hereunder. Without limiting the generality of the foregoing, Distributor shall at all times, at its own expense, obtain and maintain all certifications, credentials, authorizations, licenses, and permits necessary to conduct its business relating to the exercise of its rights and the performance of its obligations under this Agreement. Compliance includes but is not limited to: not selling any product to anyone under the age of 18 or someone over the age of 18 appearing to purchase the product for those under the age of 18; purchasers that are not either paintball/airsoft players or photographers; are requesting specific colors of sports teams or appear to intend to misuse the product through use in an arena or otherwise; or anyone known to the Distributor as someone that exercises poor judgment.

#### 14. Indemnification.

14.1 Indemnification. Subject to the terms and conditions of this Agreement, Distributor shall indemnify, hold harmless, and defend Seller and its parent, officers, directors, partners, members, shareholders, employees, agents, affiliates, successors, and permitted assigns (collectively, "**Indemnified Party**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including attorneys' fees, fees, and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, relating to any claim of a third party or Seller arising out of or occurring in connection with:

(a) Distributor's acts or omissions as Distributor of the Goods, including breach of this Agreement;

(b) Distributor's advertising or representations that warrant performance of Goods beyond that provided by Seller's written warranty or based upon Distributor's business or trade practices;

(c) any failure by Distributor or its personnel to comply with any applicable Laws; or

(d) allegations that Distributor breached its agreement with a third party as a result of or in connection with entering into, performing under or terminating this Agreement.

#### 15. Limitation of Liability.

15.1 EXCEPT FOR OBLIGATIONS TO MAKE PAYMENT UNDER THIS AGREEMENT, LIABILITY FOR INDEMNIFICATION, LIABILITY FOR BREACH OF CONFIDENTIALITY, OR LIABILITY FOR INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT:

(a) IS SELLER OR ANY SELLER REPRESENTATIVE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES, OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF:

(i) WHETHER THE DAMAGES WERE FORESEEABLE.

(ii) WHETHER OR NOT SELLER WAS ADVISED OF THE POSSIBILITY OF THE DAMAGES; AND

(iii) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) ON WHICH THE CLAIM IS BASED.

(b) SHALL SELLER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID AND AMOUNTS ACCRUED BUT NOT YET PAID TO SELLER UNDER THIS AGREEMENT 2 YEAR PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

15.2 THE FOREGOING LIMITATIONS APPLY EVEN IF THE DISTRIBUTOR'S REMEDIES UNDER THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE.

16. Insurance. Seller holds commercial liability insurance and product liability insurance. A copy of the Seller's insurance can be provided to the Distributor upon request.

17. Entire Agreement. This Agreement, including and together with any related exhibits, schedules, attachments and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter. The terms of this Agreement prevail over any terms or conditions contained in any other documentation related to the subject matter of this Agreement and expressly exclude any of Distributor's general terms and conditions contained in any purchase order or other document issued by Distributor (excluding the information set out in [Section 5.1\(a\)](#) - [Section 5.1\(c\)](#)).

18. Survival. Subject to the limitations and other provisions of this Agreement: (a) the representations and warranties of the Parties contained herein shall survive the expiration or earlier termination of this Agreement; and (b) Sections 3, 7, 8, 9, 11, 12, 13, 14, and 15 of this Agreement, as well as any other provision that, in order to give proper effect to its intent, should survive such expiration or termination, shall survive the expiration or earlier termination of this Agreement.

19. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested and postage prepaid). Except as otherwise provided in this Agreement, a notice is effective only (a) on receipt by the receiving Party, and (b) if the Party giving the notice has complied with the requirements of this Section.

Notice to Seller:

3rd Light LLC, 800 S Margaret St, Ste 1, Pahrump, Nevada,  
89048

Attention: Kristian Paananen

kristian@enolagaye.com

Notice to Distributor:

The Distributor's registered address and contact details

20. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction [; provided, however, that if any fundamental term or provision of this Agreement. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the court may modify this Agreement to give effect to the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

21. Amendments. No amendment to this Agreement is effective unless it is in writing and signed by an authorized representative of each Party.

22. Waiver. No waiver by any Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

23. Cumulative Remedies. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties, or otherwise. Notwithstanding the previous sentence, the Parties intend that Distributor's rights under [Section 6.3](#) and [Section 12](#) are Distributor's exclusive remedies for the events specified therein.

24. Assignment. Distributor shall not assign, transfer, delegate, or subcontract any of its rights or obligations under this Agreement without the prior written consent of Seller. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve Distributor of any of its obligations hereunder. Seller may at any time assign, transfer, or subcontract any or all of its rights or obligations under this Agreement without Distributor's prior written consent.

25. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.

26. No Third-Party Beneficiaries. Subject to the next sentence, this Agreement benefits solely the Parties to this Agreement and their respective permitted successors and assigns and nothing in this Agreement, express or implied, confers on any other person (including any Customer) any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement. The Parties hereby designate Indemnified Parties as third-party beneficiaries of [Section 14](#) with the right to enforce such Section 14.

27. Choice of Law. This Agreement, including all exhibits, schedules, attachments and appendices attached to this Agreement and thereto, and all matters arising out of or relating to this Agreement, are governed by, and construed in accordance with, the laws of the State of Nevada, United States of America, without regard to the conflict of law's provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Nevada.

28. Choice of Forum. Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including all exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions, including contract, equity, tort, fraud and statutory claims, in any forum other than the United States District Court for the District of Nevada or, if such court does not have subject matter jurisdiction, the courts of the State of Nevada sitting in Nye County or Clark County, and any appellate court from any thereof. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation, or proceeding only in than the United States District Court for the District of Nevada or, if such court does not have subject matter jurisdiction, the courts of the State of Nevada sitting in Nye County or Clark County. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

29. WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT, INCLUDING EXHIBITS, SCHEDULES, ATTACHMENTS, AND APPENDICES ATTACHED TO THIS AGREEMENT, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY EXHIBITS, SCHEDULES, ATTACHMENTS, OR APPENDICES ATTACHED TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

30. Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. Notwithstanding anything to the contrary in [Section 19](#), a signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

31. Force Majeure. No Party shall be liable or responsible to the other Party, or be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations of the Distributor to make payments to Seller hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the impacted Party's ("Impacted Party") [reasonable] control, including, without limitation, the following force majeure events ("Force Majeure Event(s)": (a) acts of God; (b) flood, fire, earthquake, epidemics, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns, or other industrial disturbances; (h) telecommunication breakdowns, power outages or shortages, inadequate transportation services, or inability or delay in obtaining supplies of adequate or suitable materials; and (i) other events beyond the control of the Impacted Party. The Impacted Party shall give notice within 10 days of the Force Majeure Event to the other Party, stating the period of time the occurrence is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. In the event that the Impacted Party's failure or delay remains uncured for a period of 14 consecutive days following written notice given by it under this Section, the other Party may thereafter terminate this Agreement upon 14 days' written notice.

32. No Franchise or Business Opportunity Agreement. The Parties to this Agreement are independent contractors and nothing in this Agreement shall be deemed or construed as creating a joint venture, partnership, agency relationship, franchise, or business opportunity between Seller and Distributor. Neither Party, by virtue of this Agreement, will have any right, power, or authority to act or create an obligation, express or implied, on behalf of the other Party. Each Party assumes responsibility for the actions of their personnel under this Agreement and will be solely responsible for their supervision, daily direction and control, wage rates, withholding income taxes, disability benefits, or the manner and means through which the work under this Agreement will be accomplished. Except as provided otherwise in this Agreement, Distributor has the sole discretion to determine

Distributor's methods of operation, Distributor's accounting practices, the types and amounts of insurance Distributor carries, Distributor's personnel practices, Distributor's advertising and promotion, its Customers, and Distributor's service areas and methods. The relationship created hereby between the Parties is solely that of seller and distributor. If any provision of this Agreement is deemed to create a franchise relationship between the Parties, then Seller may immediately terminate this Agreement.

33. Advertising Policy.

Distributor is permitted to run advertising campaigns in search engines and on social media websites. The following restrictions shall apply to any Distributor advertising campaign:

- a) Distributor shall not bid on any terms that, at the sole discretion of the Seller, are considered pure brand terms, including but not limited to "EG", "Enola Gaye", and "EG Grenade Co" or any other confusingly similar term or descriptor of the Seller's pure brand terms.
- b) Distributor shall not bid on any pure brand terms combined with generic or descriptive terms, including but not limited to : "EG smoke grenades", and "Enola Gaye smoke bombs".
- c) Distributor shall not bid on misspellings of the pure brand terms Including but not limited to "Enola Gay".
- d) Distributor shall not include any kind of indication of endorsement by seller or make any representations that the advertisement is from Seller. Distributor is specifically restricted from using any language that implies endorsement or approval from Seller and Distributor shall not use language that Distributor is an "Official Site" or "Official Reseller".
- e) Distributor shall take affirmative steps to avoid any confusion between Seller and Distributor's advertisement campaigns including but not limited to negatively matching pure brand terms.  
Distributor shall only use official product names and shall not ever represent Seller's Goods as white labelled or
- f) otherwise stemming from Distributor directly. For example, the following would be a prohibited advertising strategy: <Distributor's Brand> + smoke grenades.
- g) All Advertising copy must not be disparaging to Seller in any way.

## **SCHEDULE 1**

### **Goods**

Description of Goods: Smoke effect and pyrotechnic devices. Products include: WP40, TP40, EG25, EG18, EG18X, Twin Vent II, CM75, Mil-X, SD75, EG67, Wire Pull Paint Grenade.

## **SCHEDULE 2**

### **3rd Light LLC Trademarks and Service Marks**

**Trademarks: "Enola Gaye", **

**Service Marks: "EG Grenade Co.", "World Famous Smoke Grenades"**

## **[EXHIBIT [A]**

### **UNDERSTANDING THE PRODUCT**

'Cool burn' 'Cold burn' The term "cold burning" usually refers to the fact that there is no external flame produced and that the temperature of the cartridge is lower than the equivalent military and marine distress smokes (which get very hot) thus reducing the risk of fire. There is a possibility of fire with ANY smoke grenade and no smoke grenade should be used on or near easily flammable materials, so do not confuse the term cool or cold burn with no heat.

ALL smoke grenades that produce smoke from a wire/ring pull, friction fuse or similar ignition, produce smoke from a formula that burns without the need for atmospheric oxygen. Once ignited is very difficult to stop, until all composition within is burnt. Due to this, the grenade casing does get warm and the smoke within 6" of the grenade is hot.

Our smokes can produce sparks upon ignition. During the functioning of smoke and for 10 minutes afterwards, our products do produce heat therefore our devices although do get warm. In very rare circumstances a flame may be produced usually if the product has been dropped or badly handled during transportation. Should a flame be observed it usually disappears within one or two seconds.

'Burn Times' Burn times are approximate and smoke output and duration can vary with different weather conditions.

The color of smoke produced from Enola Gaye ("EG") smoke grenades may vary slightly from that shown in advertisements, photographs and illustrations shown on the product label.

### **RISKS TO PERSONS AND HEALTH**

Playing paintball and airsoft carries risks. However, follow the rules of the game and the correct instructions and you will always find yourself without injury. Enola Gaye products are no different, treat them with respect and use them as per the instructions and your game will be the richer for it. If accidents occur, they are always through improper use, storage or transport.

Nearly every scenario has been covered in this document to keep you and your customers safe, however no amount of paperwork can cover every eventuality. Below are some particularly important topics that you should be aware of.

**PERSONAL PROTECTIVE EQUIPMENT:** Due to the nature of the pyrotechnic effect some sparks may be given on ignition, we recommend the use of eye protection e.g. goggles or safety glasses and also hand protection e.g. non plastic gloves when using EG products.

**POCKETS:** We advise against smoke grenades carried in pockets. An EG pouch or similar carrying device that is easily removed from the body is advised; all of these products are available from Enola Gaye.

**BUNKERS & CONFINED SPACES:** Smoke in confined spaces can cause breathing problems; as a field owner make your staff aware of any potential hazard areas where players may encounter smoke in a confined space i.e., bunkers, tree houses, dug outs etc.

**STAINING:** Enola Gaye smoke grenades contain non-toxic dyes that may stain materials or surfaces. The further away the EG product is placed from vulnerable surfaces or materials then the less chance there is for staining. Approximately 2-3 meters downwind from a surface or material will normally prevent staining; however, no guarantee is given, and Enola Gaye take no responsibility for staining property from the use of EG smoke grenades.

### **STORAGE**

There will be some local and Federal rules and regulations that you will have to follow; these do change per state so YOU MUST check with the Fire Marshall's office in the State/town where you wish to store these smokes. In general, you can store up to 25 Kg Net Explosive Content (NEC) before any permit is required and in some states these products are exempt from regulation. The NEC of a device is printed on the product label and the NEC of a carton of devices is printed on the outer carton.

We are not experts on the local rules of every state within the USA, therefore it is the responsibility of the dealer to check local restrictions to ensure they are in line with local legislation. Smoke Grenades and all pyrotechnics should be stored in their original outer cartons/boxes that they were supplied; you must also reseal once opened.

### **RETAIL RESTRICTIONS & SUPPLY OF EG67 BALL GRENADE, WIRE PULL® PAINT GRENADE, OTHER EXPLODING & REPORT BASED PRODUCTS**

The supply of the EG67 Ball Grenade and the Wire Pull® Paint Grenade differs from our other pyrotechnic products (EG smoke grenades) with the way we have licensed them, which in turn changes how they can be supplied in the USA. If you are a retailer of these products or any of our other 'general use' exploding grenades it is important that you fully understand the supply regulations set out by Enola Gaye (3rd Light LLC).

A. The EG67 and Wire Pull® Paint Grenade are strictly for field use only. You may retail them and supply them to your customer, but the usage has to be kept on your own field, you cannot sell them on for use outside of your game field. These regulations form part of an agreement between 3rd Light LLC and the ATF.

B. Our EG67 & Wire Pull® Paint Grenade range cannot be retailed, sold, or distributed Online. Nor can it be sold across the counter at stores which are not located at the field location. Stores at the field location have to notify the customer that the grenade products purchased are for use at the field location where purchased. The products cannot be taken off field.

### **UNDERSTANDING THE EG67 FRAG GRENADE, WP PAINT GRENADE, OTHER EXPLODING & REPORT BASED PRODUCTS**

Our range of simulation grenades fragment with a small explosive charge. These have been designed specifically for use in combat simulation games such as airsoft and paintball. Each product is clearly labelled with instructions on how to use the grenade, the effect produced, safety distance and other warnings and safety information. The fragmentation produced by the EG67 Ball Grenade is a considerably lower than that of the projectile from a paintball marker or airsoft gun. Impact test videos are available online that were carried out by Enola Gaye. Each product batch is professionally sound tested and labelled with a maximum noise report that it will produce at the given safety distance. The storage requirements are the same as our smoke products.



## GENERAL & CONDITIONS OF ONLINE RETAIL SALES

Enola Gaye (3rd Light) reserves the right to change, modify or remove any of these terms without notice. Documentation from Enola Gaye (3rd Light) shall always prevail in the event of any discrepancy between these terms and conditions and dealers' documentation. Dealers must be 18 years minimum age; we reserve the right to demand proof of age. It is the dealer's responsibility to remain apprised of changes to this agreement and our terms and conditions. Enola Gaye (3rd Light) reserves the right to deny dealership status. Dealers must carry reasonable and adequate liability insurance and provide reasonable proof of insurance upon reasonable request from Enola Gaye. All dealer applications are subject to current and ongoing verification.

A Product Safety Data Sheet for each product is available on request from the Enola Gaye office or online at [www.enolagaye.com](http://www.enolagaye.com).

All colored smoke devices / smoke bombs regardless of manufacturer are either fireworks, pyrotechnics, or signal smokes of some kind and as such are governed by federal regulations for use and transport.

Products distributed in the USA by 3rd Light LLC under the brand name Enola Gaye or EG have been specifically approved and exempted from federal regulations by the ATF allowing for their legal use by general consumers. These approvals and exemptions are only valid to the products that are specifically listed by product name, part number, and brand name which link to the distributor and manufacturer. Therefore, all products need to be advertised with the correct names and part numbers under the brand of Enola Gaye or EG. Advertising or selling these products with different names, part numbers, or branding may void the approvals and breach the regulations on storage and use and may void any exemption as well as incur copyright issues.

Additionally, smokes and pyrotechnics distributed by 3rd light LLC have been approved for transport by the DOT as either 1.4S or 1.4G. Like all smoke devices/smoke bombs and fireworks classified as 1.4S or 1.4G they must only be shipped via certified hazmat/dangerous goods shipping only. Shipping these products in any other manner (i.e., USPS, UPS, or FedEx non-hazmat) will result in the violation of federal DOT explosive transport laws and regulations.

Displaying the following link clearly on your website will allow consumers to access the most up to date safety, approval and exemption information.

“Visit Enola Gaye for the most up-to-date product safety information”