FORM 10SB12G

Form for initial registration of a class of securities for small business issuers pursuant to Section 12(g)

Filing Date: **1999-07-27**
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FILER

INDUSTRIAL RUBBER INNOVATIONS INC

CIK:**1091882**| IRS No.: **911922981** | State of Incorp.:**FL** | Fiscal Year End: **1031**
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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-SB

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS UNDER SECTION
12(B) OR (G) OF THE SECURITIES EXCHANGE ACT OF 1934

INDUSTRIAL RUBBER INNOVATIONS, INC.
(Name of small business issuer in its charter)

FLORIDA	91-1922981
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
6801 MCDIVITT DRIVE BAKERSFIELD, CALIFORNIA	93313
(Address of Principal Executive Offices)	(Zip Code)

(661) 833-8188
(Registrant's Telephone Number, Including Area Code)

SECURITIES TO BE REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:
(None)

SECURITIES TO BE REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
Common Stock, par value $0.001
Title of Class

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PART I

ITEM 1 - DESCRIPTION OF BUSINESS

Industrial Rubber Innovations, Inc. (the "Company" or "IRI") develops, manufactures, and markets specialty synthetic rubber molded products from its synthetic rubber compounds. The Company was organized as a Florida corporation on August 7, 1986 and is currently based in Bakersfield, California.

On April 26, 1999, IRI (which at the time was designated EPL Ventures Corp., a Florida corporation ("EPL")) acquired all of the outstanding common stock of Industrial Rubber Innovations, Inc., a Nevada corporation ("IRI-Nevada") in a business combination described as a "reverse acquisition." For accounting purposes, the acquisition has been treated as the acquisition of EPL (the Registrant) by IRI-Nevada. As part of the acquisition, EPL changed its name to Industrial Rubber Innovations, Inc. ("IRI"). Immediately prior to the acquisition, and following the effectiveness of a 1-for-5 reverse stock split which was part of the acquisition, EPL had 3,444,000 shares of common stock outstanding.

As part of EPL's reorganization with IRI-Nevada, EPL issued 3,800,000 shares of its common stock to the shareholders of IRI-Nevada in exchange for 3,800 shares of IRI-Nevada common stock. In addition, the Company issued warrants, exercisable until May 1, 2001 and containing registration rights, to purchase an aggregate of 2,000,000 shares of its common stock, one-half at an exercise price of $0.50 and one-half at an exercise price of $0.75, to the IRI-Nevada shareholders. EPL had no significant operations prior to the merger. The Company's common stock currently trades on the NASD OTC Bulletin Board under the symbol "IRIB."

BUSINESS OF ISSUER

There are two types of rubber: natural rubber and synthetic rubber. According to 1998 statistics, synthetic rubber accounted for approximately sixty percent (60%) of the world rubber production, while natural rubber accounted for forty percent (40%) of the market. Fifty percent (50%) of the world's synthetic rubber production is from the United States and Europe.

Natural rubber deteriorates when exposed to the heat, pressure, and corrosive chemicals encountered in many applications. The synthetic rubber industry produces rubber compounds and products that have substantially expanded rubber capabilities. These synthetic rubber attributes, developed in numerous classes of synthetic rubber compounds, are used extensively in aerospace and defense, construction, chemical processing, refineries, oil and gas recovery, and the semiconductor industry. Major research efforts are directed at, among other things, continuing to improve the ability of synthetic rubber to withstand applications in increasingly hostile environments.

Under the terms of a royalty-free license agreement with Century Rubber, LLC which gives the Company the exclusive right to manufacture, market, sell and distribute products using a proprietary rubber compound formula, the Company develops, manufactures, and markets specialty synthetic rubber molded products. The attributes of the Company's initial synthetic rubber product IRI-500, used in oil and gas production wells such as

packing, rings, and cones, include unusual resistance to heat, wear, and oils. In its production process, the Company blends readily available raw materials to produce the required product characteristics. The raw rubber material is then molded into a specific product. The Company's products have been used primarily in the top of wells in the oil and gas recovery industry, and products manufactured from the IRI-500 product line continue to outperform products made from competitive synthetic rubbers. The Company has a limited supply of IRI-500 in its inventory, estimated to be sufficient for approximately four (4) months of the Company's present client demands, and will begin marketing a new product line as soon as the existing inventory is exhausted.

The Company's new product line, Veraton(TM), will substantially extend the capabilities of the Company's product line beyond that of products manufactured with IRI-500. Based on preliminary test results, Veraton appears to exceed many of the high performance characteristics of DuPont's top perfluoroelastomer, Kalrez(TM). Applications using Kalrez(TM) are among the most demanding and highest priced synthetic rubber products.

DISTRIBUTION METHODS

Currently, the Company is leveraging the contacts of its management team to generate sales of its products. The Company recently entered into non-exclusive agreements with Petro-Rep Co., an oil field supply company located in Kern County, California, and Gencon Capital Resources of Ottawa, Canada to market the Company's products. The Company is currently in discussions with several other independent representative firms to market the Company's products on a non-exclusive basis.

COMPETITION

The Synthetic Rubber Industry as a Whole

The synthetic rubber industry is primarily made up of large, industrial chemical companies located throughout the world. The industry is capital intensive for both production and research and development. Most of the competitive companies have substantially greater financial resources than the Company, and typically a significant portion of their revenues are reinvested into research and development. In addition, many competitive companies have historic business relationships with their customers or have some form of mutual ownership or financial relationships.

The Company intends to establish itself as a manufacturer of high end, high performance synthetic rubber products that can be used in many of today's demanding process and environmental applications. It is a highly competitive market. The Company does not intend to compete in the high volume segment of the industry, where price, capacity, and production efficiencies control the marketplace. Instead, the Company intends to differentiate itself by the fact that its rubber compounds provide customers with products that have necessary application characteristics that cannot be obtained elsewhere. The competition is based on the tested capabilities of their rubber products, manufacturing qualifications, and process verification. Many of these advanced product applications require long lead times for extensive testing and development work with customers. In order to build an initial sales and earnings base to expand, the Company will introduce Veraton(TM) products for the oil and gas recovery markets. The oil and gas recovery industry has a much shorter product introduction cycle, and does not require the extensive product development phase required in other high tech applications.

Major competitors include DuPont, which manufactures synthetic rubber compounds known as Viton(TM) and Kalrez(TM).
Oil and Gas Well Producers

In contrast to the synthetic rubber industry as a whole, the oil and industry uses large volumes of high performance rubber products and is extremely fragmented. In most cases, petroleum companies have ceased to stock parts inventories for their field operating leases, and the parts inventory function has fallen to stocking distributors. Although there is powerful competition for sales to this industry, the decentralization of the buying decision to the

lease engineer and the ability to sell to stocking distributors who will market the product based on its capabilities creates an opportunity for the Company to generate sales. For these reasons, this market is currently the Company's primary target.

The five largest competitors currently selling molded rubber products for oil and gas production wells in California are Skinner Brothers, Ratigan, Huber, Utex, and E.M. Berry.

RAW MATERIALS AND PRINCIPAL SUPPLIERS

The Company uses readily available chemicals and carbon black in the production of its rubber compounds. The chemicals are manufactured by several of the world's large chemical companies in plants located in the United States and in other countries. These manufacturers include Dow, Chevron and Mobil, and are available in most countries through various distributors.

DEPENDENCE ON KEY CUSTOMERS

The Company is not dependent presently on any one or several customers for the sale of its rubber compound. Sales of its IRI-500 rubber compound is to many individual oil and gas well operators and is not dependent on their parent companies for the purchase decision.

PATENTS, TRADEMARKS, LICENSES

The Company's products are currently made from a formula made available to the Company through a royalty-free license agreement with Century Rubber, LLC, whose principal members include members of the Company's management, namely John Proulx, David H. Foran, Steven Tieu, Benny Hun and Nancy Sheo. See "Certain Relationships and Related Transactions". Under the terms of the license, the Company has the unrestricted right to manufacture, market, sell, and distribute worldwide all products made from or derived from the licensed formula for an indefinite period of time. The Company also has an option to acquire a license for all new and future formulas and/or products developed by Century Rubber, LLC on terms to be individually negotiated, as well as a right of first refusal to match the terms of any license agreements negotiated by Century Rubber, LLC.

The Company currently provides research and development and office space to Century Rubber, LLC without charge, but does not otherwise contribute financially to the research and/or development of formulas by Century Rubber, LLC. In the future, the Company may enter into agreements with Century Rubber, LLC which provide for the payment or reimbursement of certain expenses and other research and development costs in exchange for license rights.

Neither Century Rubber, LLC nor the Company generally relies upon patent protection for their formulas and/or products, believing instead that treating them as trade secrets affords better protection. To date, competitors have been unable to reverse engineer the chemical composition of the Company's IRI-500 or Veraton(TM) products. Based on the chemical reactions that take place during the proprietary mixing phase of production, Management believes that there is a very small likelihood that the trade secrets will ever be reverse engineered. There can be no assurance that competitors of the Company do not have competing patents which may preclude certain aspects of the Company's formulas or designs, that competitors may reverse engineer and create competitive products to those of the Company or that other technological protection can be obtained for the Company's products. No assurance can be given that patents will be granted on future patent applications. The Company has one trademark application pending, that for the trade name "Veraton".

GOVERNMENTAL APPROVALS AND REGULATION

The Company believes it is in compliance with federal, state and local regulations with respect to environmental protection. The Company does not anticipate that costs of compliance with such regulations will have a material effect on its capital expenditures, earnings or competitive position.

RESEARCH AND DEVELOPMENT

During the past twelve months, the Company has made substantial improvements to its rubber compounds. Research efforts have resulted in a rubber compound capable of withstanding continuous temperatures of up to 1,000 degrees Fahrenheit. The product development efforts have led to the addition of capabilities to withstand corrosive materials, such as Silicone Oil. Other product development efforts have resulted in Veraton(TM) compound characteristics that include resistance to radiation.

As a result of its license with Century Rubber, LLC, the Company has not engaged in a significant amount of research and development to date. All of the research efforts have been undertaken by Management at no direct cost to the Company. As such, no research and development costs have been directly borne by customers. Although not currently contemplated by the Company, it may undertake significant research and development projects in the future.

COST OF COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

The Company's manufacturing facility in Bakersfield, California is located in an area zoned appropriately for the mixing of chemicals and carbon black. Other than requirements for the handling and storage of chemicals, the only manufacturing requirements that must be addressed by the Company is installation of an air filtration system its manufacturing facility, expected to cost approximately $50,000.

NUMBER OF EMPLOYEES

As of July 20, 1999, the Company employed approximately 7 people on a full time basis.

ITEM 2 - PLAN OF OPERATION

The following discussion contains certain forward-looking statements that are subject to business and economic risks and uncertainties, and the Company's actual results could differ materially from those forward-looking statements. The following discussion regarding the financial statements of the Company should be read in conjunction with the financial statements and notes thereto.

The Company's prior full fiscal year ending October 31, 1998 is not indicative of the Company's current business plan and operations. During the periods ending October 31, 1997, October 31, 1998 and March 31, 1999, the Company had no revenues and was in its development stages. After the Company's merger with IRI-Nevada, as previously discussed, the current business plan was implemented. Therefore, this plan of operation will focus on the Company's current business plan and operations. For information concerning the Company's prior full fiscal years, the Company refers the reader to the financial statements provided herewith.

In order to fulfill orders for products, the Company is currently using its existing supply of products in inventory. During the next twelve months, the Company intends to equip its newly leased facility with the necessary equipment to begin manufacturing its products in Bakersfield. Once fully operational, it is anticipated that the manufacturing facility will employ approximately 12 - 15 people on a full time basis.

Liquidity

The Company is currently in negotiations with a limited number of funding sources to provide the working capital necessary for operations during the next twelve months. The Company currently has a minimal amount of capital available to it and anticipates the need for at least $1,000,000 during the next twelve months. It is anticipated that the Company will undertake a private placement of its common stock in order to raise the necessary capital. In addition, the Company is in negotiations for equipment leasing financing in order to complete the build-out of its newly leased facility.

It is not currently contemplated that the Company will perform any substantial product research or development during the next twelve months.

Capital Expenditures

The Company expects to finance the purchase of the equipment necessary to build-out its newly leased facility through equipment leasing financing presently being negotiated.

YEAR 2000 DISCLOSURE

The Company has completed a review of its computer systems and non-information technology ("non-IT") systems to identify all systems that could be affected by the inability of many existing computer and microcomputer systems to process time-sensitive data accurately beyond the year 1999, referred to as the Year 2000 or Y2K issue. The Company is dependent to a limited extent on third-party computer systems and applications. The Company also relies on its own computer and non-IT systems (which consist of personal computers, internal telephone systems, internal network server, Internet server and associated software and operating systems). In conducting the Company's review of its internal systems, the Company performed operational tests of its systems which revealed no Y2K problems. As a result of its review, the Company has discovered no problems with its systems relating to the Y2K issue and believes that such systems are Y2K compliant. The Company has not obtained written assurances from any suppliers regarding the status of those suppliers with respect to the Y2K issue, and the Company does not currently have any plans to obtain such assurances. Because the Company has not completed its manufacturing facility, a review for Y2K compliance has not been conducted with respect to manufacturing. Costs associated with the Company's review were not material to its results of operations and are not anticipated to be material in the future.

While the Company believes that its procedures have been designed to be successful, because of the complexity of the Year 2000 issue and the interdependence of organizations using computer systems, there can be no assurances that the Company's efforts, or those of third parties with whom the Company interacts, have fully resolved all possible Year 2000 issues. Failure to satisfactorily address the Year 2000 issue could have a material adverse effect on the Company. The most likely worst case Y2K scenario which management has identified to date is that, due to unanticipated Y2K compliance problems, the Company may be unable to obtain raw materials from its suppliers, in whole or in part. Should this occur, it would result in a material loss of some or all gross revenue for an indeterminable amount of time, which could cause the Company to cease operations. In the event of failure of one or more of its suppliers due to Y2K issues, the Company's only recourse for any damages suffered would be through litigation. The Company has not yet developed a contingency plan to address this worst case Y2K scenario, and does not intend to develop such a plan in the future.

ITEM 3 - DESCRIPTION OF PROPERTY

On June 3, 1999, the Company entered into a lease for an approximately 29,300 square foot facility located at 6801 McDivitt Drive, Bakersfield, California 93313. The lease term begins on September 1, 1999 and is effective through August 31, 2004. The monthly base rent shall be equal to $8,500 in year one, $8,775 in year two, $9,038 in year three, $9,309 in year four, and $9,589 in year five of the lease. Under the terms of the lease, the Company has a right of first refusal to purchase the premises and an option to renew the lease for an additional five (5) year term beginning at $9,877 per month and increasing at the end of each twelve (12) month period at a rate of 3% per annum.

The Company is currently in negotiations with equipment suppliers to provide the necessary equipment to manufacture in its Bakersfield facility.

ITEM 4 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of July 20, 1999, certain information with respect to the Company's equity securities owned of record or beneficially by (i) each Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all

Directors and Executive Officers as a group.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	John Proulx 4525 New Horizon Blvd., Suite 7, Bakersfield, CA 93313	310,000 (1)	4.1 %
Common Stock	David H. Foran 4525 New Horizon Blvd., Suite 7, Bakersfield, CA 93313	210,000 (2)	2.9 %
Common Stock	Steven Tieu 4525 New Horizon Blvd., Suite 7, Bakersfield, CA 93313	270,000 (3)	3.6 %
Common Stock	Benny Hun 4525 New Horizon Blvd., Suite 7, Bakersfield, CA 93313	350,000	4.8 %
Common Stock	Nancy Sheo 4525 New Horizon Blvd., Suite 7, Bakersfield, CA 93313	250,000 (4)	3.4 %
Common Stock	Dale Paruk 701-555 Jervis Street Vancouver, BC V6E 4NI	400,000	5.5 %
All Officers and Directors as a Group (5 Persons)		1,390,000 (1)(2)(3)(4)	17.5 %

(1) Includes warrants to acquire 200,000 shares of common stock, exercisable until May 1, 2001 at an exercise price of $0.75 per share.

(2) Includes warrants to acquire 100,000 shares of common stock, exercisable until May 1, 2001 at an exercise price of $0.50 per share.

(3) Includes warrants to acquire 200,000 shares of common stock, exercisable until May 1, 2001 at an exercise price of $0.75 per share.

(4) Includes warrants to acquire 200,000 shares of common stock, exercisable until May 1, 2001 at an exercise price of $0.75 per share.

The Company believes that the beneficial owners of securities listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the Commission and generally includes voting or investment power with respect to securities. Shares of stock subject to options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage of any other person.

ITEM 5 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The following table sets forth the names and ages of the current directors and executive officers of the Company, the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. The executive officers of the Company are elected annually by the Board of Directors. The directors serve one year terms until their successors are elected. The executive officers serve terms of

one year or until their death, resignation or removal by the Board of Directors. Other than the relationship between Mr. Tieu, who is the son of Ms. Sheo, there are no family relationships between any of the directors and executive officers. In addition, there was no arrangement or understanding between any executive officer and any other person pursuant to which any person was selected as an executive officer.

The directors and executive officers of the Company are as follows:

Name	Age	Positions
John Proulx	52	President, Chief Executive Officer, Director (1999)
David H. Foran	51	Chief Financial Officer, Secretary, Director (1999)
Steven Tieu	32	Vice President of Technical Support, Director (1999)
Benny Hun	35	Vice President of Production, Director (1999)
Nancy Sheo	42	Vice President of Development (1999)

JOHN PROULX started his career in Canadian provincial and municipal law enforcement. Prior to retirement therefrom in 1978, he was in charge of major crime investigation. After retirement, Mr. Proulx entered the optical field. He joined Vanier Optical in 1979, where he ultimately became manager. In 1989, he formed and operated his own design and manufacturing firm, Na-Do Optical, Inc., which together with Vanier was awarded contracts by the Canadian Armed Forces to supply one hundred percent (100%) of their eyeglass requirements. He sold Na-Do Optical, Inc. in 1993. From 1993 to the present, Mr. Proulx formed and operated a new international optical firm, Opti-Plus Eyewear, Inc., which works closely with the Canadian government's Export Development Corporation. Among other achievements, Opti-Plus Eyewear, Inc. has recently instructed and trained employees and management of an optical company in North Africa (Tunisia) to grind and produce quality plastic eyeglasses. Opti-Plus Eyewear, Inc. has also received contracts to supply eyeglasses for the Canadian Armed Forces in British Columbia.

DAVID H. FORAN has served in numerous financial positions in the mortgage banking industry, including terms with Associates Financial Services from 1970 to 1974, Citibank from 1974 to 1976, and Nova Financial Services from 1990 to 1996. His responsibilities have included structuring and funding transactions, and accounting and reporting. Most recently, Mr. Foran worked in the formation and funding of venture capital projects in the United States and Canada.

STEVEN TIEU learned rubber development and production at his family's rubber plant in Vietnam, which also manufactured motorcycles for Honda. Since moving to the United States in the 1980's, Mr. Tieu has used his experience, additional education, and training to continue as a sole proprietor in the rubber industry and in the import-export business.

BENNY HUN started his career in rubber production with the Tieu family business in Vietnam. Before moving to Canada in the 1980's, he was responsible for production at a rubber plant in Vietnam. After moving to Canada, Mr. Hun held positions in plant management and production for several companies in Vancouver, including Haida Optical Lab from 1992 to 1997, and Smart Tech Optical Lab, Inc. from 1997 to 1999.

NANCY SHEO, Steven Tieu's mother, has been involved in all phases of the Tieu family rubber business since the 1960's. Although she holds no formal higher education degrees, she has years of practical experience in the research and development and use of rubber compounds and the manufacture of rubber products.

ITEM 6 - EXECUTIVE COMPENSATION

On May 15, 1999, the Company entered into a two (2) year Employment Agreement with John Proulx, the Company's President and CEO, whereby

the Company will pay Mr. Proulx an annual salary of $60,000. The Agreement can be terminated at any time for cause, as defined therein, without penalty or severance. The Agreement can be terminated by Mr. Proulx at any time for good reason, as defined therein, in which case Mr. Proulx would be entitled to one-year's compensation as severance. The Agreement may be terminated by the Company after the first year for good reason, as defined therein, in which case Mr. Proulx would be entitled to one-year's compensation as severance.

On May 15, 1999, the Company entered into a two (2) year Employment Agreement with David H. Foran, the Company's Chief Financial Officer and Secretary, whereby the Company will pay Mr. Foran an annual salary of $60,000. The Agreement can be terminated at any time for cause, as defined therein, without penalty or severance. The Agreement can be terminated by Mr. Foran at any time for good reason, as defined therein, in which case Mr. Foran would be entitled to one-year's compensation as severance. The Agreement may be terminated by the Company after the first year for good reason, as defined therein, in which case Mr. Foran would be entitled to one-year's compensation as severance.

On May 15, 1999, the Company entered into a two (2) year Employment Agreement with Steven Tieu, the Company's Vice President of Technical Support, whereby the Company will pay Mr. Tieu an annual salary of $60,000. The Agreement can be terminated at any time for cause, as defined therein, without penalty or severance. The Agreement can be terminated by Mr. Tieu at any time for good reason, as defined therein, in which case Mr. Tieu would be entitled to one-year's compensation as severance. The Agreement may be terminated by the Company after the first year for good reason, as defined therein, in which case Mr. Tieu would be entitled to one-year's compensation as severance.

On May 15, 1999, the Company entered into a two (2) year Employment Agreement with Benny Hun, the Company's Vice President of Production, whereby the Company will pay Mr. Hunn an annual salary of $60,000. The Agreement can be terminated at any time for cause, as defined therein, without penalty or severance. The Agreement can be terminated by Mr. Hunn at any time for good reason, as defined therein, in which case Mr. Hunn would be entitled to one-year's compensation as severance. The Agreement may be terminated by the Company after the first year for good reason, as defined therein, in which case Mr. Hunn would be entitled to one-year's compensation as severance.

On May 15, 1999, the Company entered into a two (2) year Employment Agreement with Nancy Sheo, the Company's Vice President of Development, whereby the Company will pay Ms. Sheo an annual salary of $60,000. The Agreement can be terminated at any time for cause, as defined therein, without penalty or severance. The Agreement can be terminated by Ms. Sheo at any time for good reason, as defined therein, in which case Ms. Sheo would be entitled to one-year's compensation as severance. The Agreement may be terminated by the Company after the first year for good reason, as defined therein, in which case Ms. Sheo would be entitled to one-year's compensation as severance.

On June 3, 1999, the Company's Board of Directors and a majority of its shareholders approved the Industrial Rubber Innovations, Inc. Omnibus Stock Option Plan (the "Option Plan"), effective July 1, 1999. Under the terms of the Option Plan, the Board of Directors has the sole authority to determine which of the eligible persons shall receive options, the number of shares which may be issued upon exercise of an option, and other terms and conditions of the options granted under the Plan to the extent they don't conflict with the terms of the Plan. An aggregate of 750,000 shares of common stock are reserved for issuance under the Plan during the year July 1, 1999 to June 30, 2000. For each subsequent year beginning July 1, 2000, there shall be reserved for issuance under the Plan that number of shares equal to 10% of the outstanding shares of common stock on July 1 of that year. The exercise price for all options granted under the Plan shall be 100% of the fair market value of the Company's common stock on the date of grant, unless the recipient is the holder of more than 10% of the already outstanding securities of the Company, in which case the exercise price shall be 110% of the fair market value of the Company's common stock on the date of grant. All options shall vest equally over a period of five years from the date of issuance. Currently, the Board of Directors has

not issued any options under the terms of the Plan.

SUMMARY COMPENSATION TABLE

The Summary Compensation Table shows certain compensation information for services rendered in all capacities for the fiscal year ended October 31, 1998 and the five months ended March 31, 1999. Other than as set forth herein, no executive officer's salary and bonus exceeded $100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation, if any, whether paid or deferred.

<TABLE>

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Name and Principal Position	Year	Salary $	Bonus $	Other Annual Compensation $	Restricted Stock Awards $	Securities Underlying Options SARs (#)	LTIP Payouts $	All Other Compensation $
John Proulx (President,CEO)	1998 (10/31)	-	-	-	-	-	-	-
	1999 (3/31)	-	-	-	-	-	-	-

</TABLE>

<TABLE>

OPTION/SAR GRANTS IN LAST FISCAL YEAR
(Individual Grants)

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/SAR'S GRANTED (#)	PERCENT OF TOTAL OPTIONS/SAR'S GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OF BASE PRICE ($/SH)	EXPIRATION DATE
<S>	<C>	<C>	<C>	<C>
John Proulx	--	--	--	--

</TABLE>

<TABLE>

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND FY-END OPTION/SAR VALUES

Name	Shares Acquired On Exercise (#)	Value Realized ($)	Number of Unexercised Securities Underlying Options/SARs At FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-The-Money Option/SARs At FY-End ($) Exercisable/Unexercisable
<S>	<C>	<C>	<C>	<C>
John Proulx	-	-	-	-

</TABLE>

COMPENSATION OF DIRECTORS

The Directors have not received any compensation for serving in such capacity, and the Company does not currently contemplate compensating its Directors in the future for serving in such capacity.

ITEM 7 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On April 26, 1999, IRI (which at the time was designated EPL Ventures Corp., a Florida corporation ("EPL")) acquired all of the outstanding common stock of Industrial Rubber Innovations, Inc., a Nevada corporation ("IRI-Nevada") in a business combination described as a "reverse acquisition." For accounting purposes, the acquisition has been treated as the acquisition of EPL (the Registrant) by IRI-Nevada. As part of the acquisition, EPL changed its name to Industrial Rubber Innovations, Inc. ("IRI"). Immediately prior to the acquisition, and following the effectiveness of a 1-for-5 reverse stock split which was part of the acquisition, EPL had 3,444,000 shares of common stock outstanding.

As part of EPL's reorganization with IRI-Nevada, EPL issued 3,800,000 shares of its common stock to the shareholders of IRI-Nevada in exchange for 3,800 shares of IRI-Nevada common stock. In addition, the Company issued warrants, exercisable until May 1, 2001 and containing registration rights, to purchase an aggregate of 2,000,000 shares of its common stock, one-half at an exercise price of $0.50 and one-half at an exercise price of $0.75, to the IRI-Nevada shareholders. EPL had no significant operations prior to the merger. The Company's common stock currently trades on the NASD OTC Bulletin Board under the symbol "IRIB."

Effective June 25, 1999, the Company entered into a royalty-free license agreement with Century Rubber, LLC, a California Limited Liability Company. Under the terms of the license, the Company has the exclusive, unlimited right to manufacture, market, sell and distribute products made from or derived from a single licensed formula. The license is for an indefinite period, unless terminated by Century Rubber, LLC due to a breach of the Agreement by the Company. The members of Century Rubber, LLC are Messrs. Proulx, Foran, Hun and Tieu, and Ms. Sheo, each a member of the Company's management. As a result of the transaction, there exists a potential conflict of interest between Century Rubber, LLC, the Company, and members of the Company's management.

ITEM 8 - DESCRIPTION OF SECURITIES

COMMON STOCK

The Company's Articles of Incorporation authorize the issuance of 50,000,000 shares of common stock, $0.001 par value per share, of which 7,244,000 were outstanding as of July 20, 1999. Pursuant to the Agreement and Plan of Reorganization dated April 12, 1999, the Company approved a 1-for-5 reverse stock split of its common stock. All references to the numbers of shares of the Company's common stock are adjusted to reflect the 1-for-5 reverse split of the Company's common stock. Holders of shares of common stock are entitled to one vote for each share on all matters to be voted on by the stockholders. Holders of common stock have no cumulative voting rights. Holders of shares of common stock are entitled to share ratably in dividends, if any, as may be declared, from time to time by the Board of Directors in its discretion, from funds legally available therefor. In the event of a liquidation, dissolution or winding up of the Company, the holders of shares of common stock are entitled to share pro rata all assets remaining after payment in full of all liabilities. Holders of common stock have no preemptive rights to purchase the Company's common stock. There are no conversion rights or redemption or sinking fund provisions with respect to the common stock. All of the outstanding shares of common stock are fully paid and non-assessable.

PREFERRED STOCK

The Company's Articles of Incorporation authorize the issuance of 5,000,000 shares of preferred stock, $0.001 par value, none of which are issued and outstanding. The Company's Board of Directors has authority, without action by the shareholders, to issue all or any portion of the authorized but unissued preferred stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of such series. The issuance of preferred stock may also include restricting dividends on the common stock, dilute the voting power of the common stock, and/or impair the liquidation rights of the holders of common stock.

TRANSFER AGENT

The transfer agent for the common stock is Interwest Transfer Co., 1981 4800 South, Suite 100, Salt Lake City, Utah 84117.

PART II

ITEM 1 - MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS

MARKET INFORMATION

The following table sets forth the high and low bid prices for shares of the Company's common stock for the periods noted, as reported by the National Daily Quotation Service and the NASDAQ Bulletin Board. Quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. On November 21, 1997, the Company's common stock began listing on the NASDAQ exchange under the trading symbol EPLV. Effective on April 27, 1999, the trading symbol for the Company's common stock changed to IRIB.

<TABLE>

Year	Period	Bid Prices High	Bid Prices Low
1999	First Quarter	.07	.06
	Second Quarter	1.94	1.00
	Third Quarter	1.47	1.19
	(thru July 20,1999)		
1998	First Quarter	5.19	3.90
	Second Quarter	3.62	2.12
	Third Quarter	.44	.06
	Fourth Quarter	.10	.06

</TABLE>

NUMBER OF SHAREHOLDERS

The number of beneficial holders of record of the common stock of the company as of the close of business on July 20, 1999 was approximately 82. Many of the shares of the Company's common stock are held in "street name" and consequently reflect numerous additional beneficial owners.

DIVIDEND POLICY

To date, the Company has declared no cash dividends on its common stock, and does not expect to pay cash dividends in the next term. The Company intends to retain future earnings, if any, to provide funds for operation of its business.

ITEM 2 - LEGAL PROCEEDINGS

The Company may from time to time be involved in various claims, lawsuits, disputes with third parties, actions involving allegations of discrimination, or breach of contract actions incidental to the operation of its business. The Company is not currently involved in any such litigation which it believes could have a materially adverse effect on its financial condition or results of operations.

ITEM 3 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

Effective March 11, 1999, Davidson & Company, Chartered Accountants, were engaged by the Company as their principal accountant to audit the Company's financial statements. There have been no changes in accountants or disagreements of the type required to be reported under this Item 3 between the Company and its independent auditors since their date of engagement, nor during the Company's two most recent fiscal years or any later interim period.

ITEM 4 - RECENT SALES OF UNREGISTERED SECURITIES

In connection with a private offering of securities which was made by the Company in January 1998, the Company sold an aggregate of 2,200,000 units (the "Units") to sixteen (16) purchasers under Rule 504 of Regulation D of the Securities Act of 1933. Each Unit contained one (1) share of common stock and one (1) common stock purchase warrant (the "Warrants"). The Warrants were exercisable for a period of one year from the date of issuance at a price of $1.00 per share. Each Unit was sold at a price of $0.25 per unit, resulting in net proceeds to the Company of $550,000.

In connection with the exercise of the Warrants, an aggregate of 500,000 shares of common stock was issued to three (3) existing shareholders in February 1998, resulting in net proceeds to the Company of $500,000. The issuance was exempt from registration under Rule 504 of Regulation D in accordance with the sale of the Units in January 1998.

In connection with the exercise of the Warrants, an aggregate of 20,000 shares of common stock was issued to one (1) existing shareholder in May 1998, resulting in net proceeds to the Company of $20,000. The issuance was exempt from registration under Rule 506 of Regulation D.

In connection with a private offering of securities which was made by the Company in April 1999, the Company sold an aggregate of 13,500,000 shares of common stock to ten (10) accredited investors under Rule 504 of Regulation D of the Securities Act of 1933. Each share was sold at a price of $0.04 per share, resulting in net proceeds to the Company of $540,000.

On April 26, 1999, IRI (which at the time was designated EPL Ventures Corp., a Florida corporation ("EPL") acquired all of the outstanding common stock of Industrial Rubber Innovations, Inc., a Nevada corporation ("IRI-Nevada") in a business combination described as a "reverse acquisition." For accounting purposes, the acquisition has been treated as the acquisition of EPL (the Registrant) by IRI-Nevada. As part of the acquisition, EPL changed its name to Industrial Rubber Innovations, Inc. ("IRI"). Immediately prior to the acquisition, and following the effectiveness of a 1-for-5 reverse stock split which was part of the acquisition, EPL had 3,444,000 shares of common stock outstanding. As part of EPL's reorganization with IRI-Nevada, EPL issued 3,800,000 shares of its common stock to the shareholders of IRI-Nevada in exchange for 3,800 shares of IRI-Nevada common stock. In addition, the Company issued options to purchase an aggregate of 2,000,000 shares of its common stock to the IRI-Nevada shareholders. All of the issuances were exempt under Section 4(2) of the Securities Act of 1933.

On June 1, 1999, in exchange for consulting services the Company issued to Pegasus Consulting, an accredited entity, warrants to acquire 9,333 shares of common stock at a price of $0.75 per share, exercisable until June 1, 2000. The issuance was exempt under Section 4(2) of the Securities Act of 1933.

On January 18, 1999, IRI-Nevada entered into a loan agreement with Gencon Investments, Ltd. ("Gencon"), an accredited entity, whereby Gencon loaned to IRI-Nevada the sum of $37,500. In accordance with the terms of the agreement, on May 25, 1999, the Company issued to Gencon warrants to acquire 50,000 shares of common stock at a price of $0.75 per share, exercisable until May 21, 2000. In addition, and in accordance with the terms of the agreement, on May 25, 1999 the Company issued to two Gencon affiliates, Gordon Reid and Robert Dent, warrants to acquire 100,000 shares and 150,000 shares, respectively, of common stock at a price of $0.75 per share, exercisable until May 21, 2000. All of the issuances were exempt under Section 4(2) of the Securities Act of 1933.

ITEM 5 - INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation Laws of the State of Florida and the Company's Bylaws provide for indemnification of the Company's Directors for liabilities and expenses that they may incur in such capacities. In general, Directors and Officers are indemnified with respect to actions taken in good faith in a manner reasonably believed to be in, or not opposed to, the best interests of the Company, and with respect to any criminal action or proceeding, actions that the

indemnitee had no reasonable cause to believe were unlawful. Furthermore, the personal liability of the Directors is limited as provided in the Company's Articles of Incorporation.

The Company does not currently maintain a policy of directors and officers insurance.

PART F/S

FINANCIAL STATEMENTS

The Financial Statements required by this Item are included at the end of this report beginning on Page F-1.

PART III

ITEM 1 - INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
2	Agreement and Plan of Reorganization dated April 12, 1999
3.1	Articles of Incorporation of Henry Winkler, Inc. Filed August 7, 1986
3.2	Amendment to Articles of Incorporation Filed June 23, 1997
3.3	Amendment to Articles of Incorporation Filed November 3, 1997
3.4	Articles of Merger filed with the Florida Secretary of State on April 26, 1999
3.5	Bylaws
10.1	Loan Agreement with Gencon Investments, Ltd. dated January 18, 1999
10.2	License Agreement with Century Rubber, LLC dated June 25, 1999
10.3	Employment Agreement for John Proulx dated May 15, 1999
10.4	Employment Agreement for David H. Foran dated May 15, 1999
10.5	Employment Agreement for Benny Hun dated May 15, 1999
10.6	Employment Agreement for Steven Tieu dated May 15, 1999
10.7	Employment Agreement for Nancy Sheo dated May 15, 1999
10.8	Lease of Premises Located at 6801 McDivitt Drive, Bakersfield, CA
10.9	Omnibus Stock Option Plan adopted June 3, 1999
23	Consent of Davidson & Company, Chartered Accountants

ITEM 2 - DESCRIPTION OF EXHIBITS

Not applicable

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

INDUSTRIAL RUBBER INNOVATIONS, INC.

Date: July 26, 1999 By: /s/ John Proulx

John Proulx
President & Chief Executive Officer

EPL VENTURES CORP.

FINANCIAL STATEMENTS
(A DEVELOPMENT STAGE COMPANY)

MARCH 31, 1999

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
EPL Ventures Corp.
(A Development Stage Company)

We have audited the balance sheets of EPL Ventures Corp. as at March 31, 1999 and October 31, 1998 and the statements of operations, changes in shareholders' equity and cash flows for the five month period ended March 31, 1999, the year ended October 31, 1998 and the period from incorporation on August 7, 1986 to March 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EPL Ventures Corp. as at March 31, 1999 and October 31, 1998 and the results of its operations and its cash flows for the five month period ended March 31, 1999, the year ended October 31, 1998 and the period from incorporation on August 7, 1986 to March 31, 1999 in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming that EPL Ventures Corp. will continue as a going concern. As discussed in Note 2 to the financial statements, unless the Company attains future profitable operations and/or obtains additional financing, there is substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The audited financial statements as at October 31, 1997 and for the ten month period ended October 31, 1997 were examined by another auditor who expressed an opinion without reservation on those statements in his report dated November 6, 1997.

/s/ Davidson & Company

Vancouver, Canada Chartered Accountants

May 27, 1999

EPL VENTURES CORP.
(A Development Stage Company)
BALANCE SHEETS

	March 31, 1999	October 31, 1998
ASSETS		
CASH	$ -	$ 158
INVESTMENT (Note 4)	800,000	800,000
DUE FROM INDUSTRIAL RUBBER INNOVATIONS INC.	58,500	-
	$858,500	$800,158
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Bank indebtedness	$ 23	$ -
Accounts payable and accrued liabilities	108,931	80,424
	108,954	80,424
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized		
50,000,000 common shares with a par value of $0.001		
Issued and outstanding		
October 31, 1997 - 1,000,000 common shares with a par value of $0.001		
March 31, 1999 - 3,720,000 common shares with a par value of $0.001	3,720	3,720
Share subscriptions received	58,500	-
Additional paid-in capital	1,071,280	1,071,280
Deficit accumulated during the development stage	(383,954)	(355,266)
	749,546	719,734
	$ 858,500	$ 800,158

The accompanying notes are an integral part of these financial statements.

EPL VENTURES CORP.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	Incorporation on August 7, 1986 to March 31, 1999	Five Month Period Ended March 31, 1999	Year Ended October 31, 1998	Ten Month Period Ended October 31, 1997
EXPENSES				

Accounting and Legal fees	38,645	1,431	37,214	-
Administrative fees	19,000	-	19,000	-
Bank and interest charges	3,080	1,279	1,801	-
Consulting fees	59,842	20,700	39,142	-
Filing fees	697	-	697	-
Foreign exchange	2,291	(78)	2,369	-
Office expenses	16,139	3,158	6,161	1,820
Travel and entertainment	7,010	1,341	5,669	-
Telephone	7,250	857	6,393	-
	(153,954)	(28,688)	(118,446)	(1,820)
OTHER ITEM				
Write-down of investments (Note 4)	(230,000)	-	(230,000)	-
LOSS FOR THE PERIOD	$ (383,954)	$ (28,688)	$ (348,446)	$ (1,820)
LOSS PER SHARE		$ (0.01)	$ (0.14)	$ (0.0018)
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING		3,720,000	2,501,849	1,000,000

</TABLE>

The accompanying notes are an integral part of these financial statments.

EPL VENTURES CORP.
(A Development Stage Company)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	Common Stock		Additional Paid-in	Share Subscriptions Received		Deficit Accumulated During the Development	
	Shares	Amount	Capital	Shares	Amount	Stage	Total
Balance, December 31, 1995	10,000	$ 1,000	$ 4,000	-	$ -	$(5,000)	-
Loss for the year	-	-	-	-	-	-	-
Balance, December 31, 1996	10,000	1,000	4,000	-	-	(5,000)	-
On June 23, 1997, changed from $0.10 par value to $0.001 par value	-	(990)	990	-	-	-	-
On June 23, 1997, forward stock split 100:1	990,000	990	(990)	-	-	-	-
Loss for the period	-	-	-	-	-	(1,820)	(1,820)
Balance, October 31, 1997	1,000,000	1,000	4,000			(6,820)	(1,820)
Shares issued for cash	1,720,000	2,720	1,067,280	-	-	-	1,070,000
Loss for the year	-	-	-	-	-	(348,446)	(348,446)
Balance, October 31, 1998	3,720,000	3,720	1,071,280	-	-	(355,266)	719,734
Loss for the period	-	-	-	-	-	(28,688)	(28,688)
Shares subscription received (net of issuance cost)	-	-	-	-	58,500	-	58,500
Balance, March 31, 1999	3,720,000	$ 3,720	$ 1,071,280	-	$ 58,500	(383,954)	749,546

</TABLE>

The accompanying notes are an integral part of these financil statements.

EPL VENTURES CORP.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

<TABLE>

<S>	<C> Cumulative Amounts From Incorporation on August 7, 1986 to March 31, 1999	<C> Five Month Period Ended March 31, 1999	<C> Year Ended October 31, 1998	<C> Ten Month Period Ended October 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (383,954)	$ (28,688)	$ (348,446)	$ (1,820)
Item not involving an outlay of cash: Write-down of investments	230,000	-	230,000	-
Increase in accounts payable	108,931	28,507	78,604	1,820
Net cash used in operating activities	(45,023)	(181)	(39,842)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common stock	1,075,000	-	1,070,000	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment	(1,030,000)	-	(1,030,000)	-
Change in cash (bank indebtedness) for the period	(23)	(181)	158	-
Cash (bank indebtedness), beginning of period	-	158	-	-
Cash (bank indebtedness) end of period	$ (23)	(23)	158	-
Supplemental disclosure with respect to cash flows				
Cash paid during the period for interest	-	-	-	-
Cash paid during the period for income taxes	-	-	-	-

</TABLE>

THERE WERE NO NON-CASH TRANSACTIONS FOR THE PERIODS ENDED MARCH 31, 1999, OCTOBER 31, 1998 AND OCTOBER 31, 1997.

The accompanying notes are an integral part of these financial statements.

EPL VENTURES CORP.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1999

1. HISTORY AND ORGANIZATION OF THE COMPANY

The Company was organized August 7, 1986, under the laws of the State of Florida as Henry Winkler, Inc. The Company currently has no operations and, in accordance with SFAS #7, is considered a

development stage company.

On August 14, 1986, the Company issued 10,000 shares of its $0.10 par value common stock for $5,000.

On June 23, 1997, the State of Florida approved the Company's restated Articles of Incorporation, which increased its capitalization from 10,000 common shares, $0.10 par value, to 50,000,000 common shares, $0.001 par value.

Effective June 23, 1997, the Board of Directors approved a forward stock split of 100:1. Thus increasing the number of common shares outstanding from 10,000 common shares to 1,000,000 common shares.

On October 21, 1997, the name of the Company was changed to EPL Ventures Corp.

2. GOING CONCERN

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the company has no current source of revenue. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. It is management's plan to seek additional capital through a merger with an existing operating company.

<TABLE>
<S>

	<C> March 31, 1999	<C> October 31, 1998
Deficit accumulated during the development stage	$ (383,954)	$ (355,266)
Working capital deficiency	(108,954)	(80,266)

</TABLE>

3. SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS

In May 1993, the Financial Accounting Standards Board issued Statement No. 115 ("SFAS 115"), Accounting for Certain Investments in Debt and Equity Securities, which is effective for years beginning after December 15, 1993. Under SFAS 115, the Company's investments are classified into available-for-sale or trading securities categories stated at their fair values. The fair market value of securities is determined through published market value quotations, obtained for the day of the valuation. Any unrealized holding gains or losses are to be reported as a separate component of shareholder's equity until realized for available-for-sale securities,and included in earnings for trading securities.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting standards Board issued Statements of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities"("SFAS 133") which establishes accounting an reporting standards for derivative instruments and for hedging activities. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company does not anticipate that the adoption of the statement will have a significant impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd ..)

REPORTING ON COSTS OF START-UP ACTIVITIES

In April 1998, the American Institute of Certified Public Accountant's issued Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") which provides guidance on the financial reporting of start-up costs and organization costs. It requires costs of start-up activities and organization costs to be expensed as incurred. SOP 98-5 is effective for fiscal years beginning after December 15, 1998 with initial adoption reported as the cumulative effect of a change in accounting principle. The Company has not yet determined the effect that the adoption of this statement will have on its financial statements.

LOSS PER SHARE

Loss per share is based on the weighted average number of common shares outstanding during the period.

COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the current year's presentation.

4. INVESTMENTS

During the year, the Company invested $850,000 in common shares of Savant Biomedical Inc. ("Savant"). In addition, the Company holds a note from Savant in the amount of $180,000. During the year, the Company wrote-down its investment by the amount of $230,000 due to a permanent decline in its market value, the amount of which has been included in the statement of operations.

5. SUBSEQUENT EVENTS

a) The Company issued 13,500,000 common shares in connection with a private placement offering at a price of $0.04 per common share, for proceeds totaling $540,000.

b) Effective April 26, 1999 the Company acquired all of the issued and outstanding share capital of Industrial Rubber Innovations, Inc. ("IRI"). As consideration, the Company issued 3,800,000 common shares of the Company. Immediately prior to the acquisition, the Company implemented a five for one reverse stock split, resulting in a total of 3,444,000 common shares outstanding. Post-acquisition number of shares outstanding totaled 7,244,000 common shares. As part of the acquisition agreement, the Company also issued warrants to acquire 2,000,000 common shares of the Company to the IRI shareholders.

Legally, the Company is the parent of IRI. However,as a result of the share exchange described above, control of the combined companies passed to the former shareholders of IRI. This type of share exchange, referred to as a "reverse acquisition", deems IRI to be the acquiror for accounting purposes. Accordingly, the net assets of the IRI will be included in the balance sheet at book values and the deemed acquisition of the Company will be accounted for by the purchase method with the net assets of the Company recorded at fair market value at the date of acquisition.

At April 26, 1999, the Company was inactive with a thin market for its shares,making it impossible to estimate the actual market value of the 3,800,000 common shares. Therefore, the cost of the acquisition will be determined by the fair value of the Company's net assets.

5. SUBSEQUENT EVENTS (cont'd ..)

c) The Company changed its name to Industrial Rubber

Innovations, Inc.

d) The Company entered into five two-year Employment Agreements with directors and an officer of the Company. Each director and officer will be paid an annual salary of $60,000. These agreements may be terminated by either party after the first year and would be subject to one year's compensation as severance.

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

MARCH 31, 1999

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Industrial Rubber Innovations, Inc.
(A Development Stage Company)

We have audited the balance sheet of Industrial Rubber Innovations, Inc. as at March 31, 1999 and the statements of operations, changes in shareholders' equity and cash flows for the period from incorporation on November 19, 1998 to March 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these statements present fairly, in all material respects, the financial position of the Company as at March 31, 1999 and the results of its operations and its cash flows for the period from incorporation on November 19, 1998 to March 31, 1999 in conformity with generally accepted accounting principles in the United States of America. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that Industrial Rubber Innovations, Inc. will continue as a going concern. As discussed in Note 2 to the financial statements, unless the Company attains future profitable operations and/or obtains additional financing, there is substantial doubt about the Company's ability to continue as a going

concern. Management's plans in regards to these matters are discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Davidson & Company

Vancouver, Canada

Chartered Accountants

May 27, 1999

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A Development Stage Company)
BALANCE SHEET
AS AT MARCH 31, 1999

<TABLE>

<S>	<C>
ASSETS	
Current	
Cash	$ 1,981
Accounts Receivable	4,381
Inventory	37,434
	43,796
Capital assets (Note 4)	15,477
	$ 59,273
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current	
Accounts payable and accrued liabilities	$ 24,328
Loan to shareholder	10,000
Loan payable (Note 5)	37,500
Due to EPL Ventures Corp.	58,500
	130,328
Shareholders' equity	
Capital stock	
Authorized	
200,000,000 common share with a par value of $0.001	
Issued and outstanding	4
Deficit accumulated during the development stage	(71,055)
	59,273

</TABLE>

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A Development Stage Company)
STATEMENT OF OPERATIONS
CUMULATIVE AMOUNTS FROM INCORPORATION ON NOVEMBER 19, 1998 TO MARCH 31, 1999

<TABLE>

<S>	<C>
REVENUE	
Sales	$ 4,381
Cost of goods sold	(2,066)
OPERATING EXPENSES	
Accounting and legal fees	11,250
Amortization	1,720
Automobile expenses	3,378

Bank and interest charges	465
Consulting fees	20,065
Office expenses	4,742
Travel and entertainment	24,856
Telephone and utilities	2,798
Testing mold	4,100
	73,374
Loss for the period	$ (71,059)
Loss per share	$ (18.70)
Weighted average number of shares of common stock outstanding	3,800

</TABLE>

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A Development Stage Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
CUMULATIVE AMOUNTS FROM INCORPORATION ON NOVEMBER 19, 1998 TO MARCH 31, 1999

<TABLE>

<S>	<C>	<C>	<C>	<C>
Balance November 19, 1998	-	$ -	$ -	$ -
Shares issued for cash	3,800	4	-	4
Loss for the period	-	-	(71,059)	(71,059)
Balance March 31, 1999	3,800	4	(71,059)	(71,055)

</TABLE>

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A Development Stage Company)
STATEMENT OF CASH FLOWS
CUMULATIVE AMOUNTS FROM INCORPORATION ON NOVEMBER 19, 1998 TO MARCH 31, 1999

<TABLE>

<S>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	$ (71,059)
Items not involving an outlay of cash:	
Amortization	1,720
Changes in non-cash working capital items:	
Increase in accounts receivable	(4,381)
Increase in inventory	(37,434)
Increase in accounts payable	24,328
Increase in loan to shareholder	10,000
Increase in loan payable	37,500
Increase in due to EPL Ventures Corp.	58,500
Net cash provided by operating activities	19,174
CASH FLOWS FROM FINANCING ACTIVITIES	
Purchase of capital assets	(17,197)
Change in cash for the period	1,981
Cash, beginning of period	-
Cash, end of period	$ 1,981
Supplemental disclosure with respect to cash flows	
Cash paid during the period for interest	$ 465

Cash paid during hte period for income taxes	-

</TABLE>

THERE WERE NO NON-CASH TRANSACTIONS FOR THE PERIOD ENDED MARCH 31, 1999.

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1999

1. HISTORY AND ORGANIZATION OF THE COMPANY

The Company was organized November 19, 1998, under the laws of the State of Nevada. The Company is in the business of selling specialty synthetic rubber molded products.

2. GOING CONCERN

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the company has minimal source of revenue. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. It is management's plan to seek additional capital through a merger with an existing operating company.

<TABLE>

<S>	<C>
	1999
Deficit accumulated during the development stage	$ (71,059)
Working capital deficiency	(86,532)

</TABLE>

3. SIGNIFICANT ACCOUNTING POLICIES

INVENTORY

Inventory is valued at the lower of cost and net realizable value.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the asset using the following methods:

Molds and dyes	5 year straight-line
Computer equipment	5 year straight-line

REVENUE RECOGNITION

Revenue is derived from the sales of speciality synthetic rubber molded products and compounds. Revenue from sales is recognized when the goods are shipped.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting standards Board issued Statements of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities"("SFAS 133") which establishes accounting an reporting standards for derivative instruments and for hedging activities. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company does not anticipate that the adoption of the statement will have a significant impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd ..)

REPORTING ON COSTS OF START-UP ACTIVITIES

In April 1998, the American Institute of Certified Public Accountant's issued Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") which provides guidance on the financial reporting of start-up costs and organization costs. It requires costs of start-up activities and organization costs to be expensed as incurred. SOP 98-5 is effective for fiscal years beginning after December 15, 1998 with initial adoption reported as the cumulative effect of a change in accounting principle. The Company has not yet determined the effect that the adoption of this statement will have on its financial statements.

LOSS PER SHARE

Loss per share is based on the weighted average number of common shares outstanding during the period.

4. CAPITAL ASSETS

	<C>	<C>	<C>
Molds and dyes	$ 16,415	$ 1,642	$ 14,773
Computer equipment	782	78	704
	17,197	1,720	15,477

5. LOAN PAYABLE

The Company entered into a Loan Agreement dated January 18, 1999, whereby the Company is obligated to pay $37,500 plus 20% interest by May 19, 1999. Pursuant to the terms of the agreement, the loan may be repaid by:

a) cash;

b) issuance of 10% of the issued shares of the Company; or

c) issuance of shares, warrants, and options in a new public company ("Pubco")to be created by or merged with the Company. Should the creditor elect to be repaid in the latter of the three choices described above, the Company shall cause Pubco to issue or grant the following shares, warrants and options:

i) 50,000 shares in Pubco at a cost of $0.75 per share totalling $37,500;

ii) 50,000 shares in Pubco at no additional cost;

iii) a warrant for 100,000 shares in Pubco, exercisable at a price of $0.75 per share expiring one year from the date of grant; and

iv) options to purchase 200,000 shares in Pubco, exercisable at a price of $0.75 per share expiring one year from the date of grant.

INDUSTRIAL RUBBER INNOVATIONS, INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1999

6. SUBSEQUENT EVENTS

The following events occurred subsequent to March 31, 1999:

a) Effective April 26, 1999, the Company was acquired by EPL Ventures Corp. ("EPL"). As consideration, EPL issued 3,800,000 of its common shares in exchange for all of the Company's issued and outstanding shares.

Legally, EPL is the parent of the Company. However, as a result of the share exchange described above, control of the combined companies passed to the shareholders of the Company. This type of share exchange, referred to as a "reverse acquisition", deems the Company to be the acquiror for accounting purposes. Accordingly, the net assets of the Company will be included in the balance sheet at book values and the deemed acquisition of EPL will be accounted for by the purchase method with the net assets of EPL recorded at fair market value at the date of acquisition.

b) In accordance with terms of the Loan Agreement (Note 5), Pubco issued the shares, warrants, and options in full settlement of the loan.

EPL VENTURES CORP.

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1999

COMPILATION REPORT

To the Directors of
EPL Ventures Corp.

We have compiled the accompanying pro-forma consolidated balance sheet of EPL Ventures Corp. as at March 31, 1999, which has been prepared to include the Agreement and Plan of Reorganization. In our opinion, the pro-forma consolidated financial statements have been properly compiled to give effect to the proposed transaction and assumptions in the notes thereto.

The pro-forma consolidated balance sheet as at March 31, 1999 has been compiled from the audited financial statements of the Company and the audited financial statements of Industrial Rubber Innovations, Inc.

/s/ Davidson & Company

Vancouver, Canada

Chartered Accountants

May 27, 1999

EPL VENTURES CORP.
PRO-FORMA CONSOLIDATED BALANCE SHEET
(Unaudited)
AS AT MARCH 31, 1999

<TABLE>
<S>

	<C> EPL Ventures Corp.	<C> Industrial Rubber Innovations, Inc.	<C> Pro-forma Adjustments	<C> Pro-forma Adjustments	<C> Pro-forma Consolidation
ASSETS					
Current					
Cash	$ -	$ 1,981	$ 540,000	$ -	$ 541,981
Accounts receivable	-	4,381	-	-	4,381
Inventory	-	37,434	-	-	37,434
	-	43,796	540,000	-	583,796
Capital assets	-	15,477	-	-	15,477
Investment	800,000	-	-	-	800,000
Due from Industrial Rubber Innovations, Inc.	58,500	-	(58,500)	-	-
	$858,500	$ 59,273	$ 481,500	$ -	$ 1,399,273
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Bank indebtedness	$ 23	$ -	$ -	$ -	$ 23
Accounts payable and accrued liabilities	108,931	24,328	-	-	133,259
Loan payable	-	10,000	-	-	10,000
Due to related parties	-	37,500	-	-	37,500
Due to EPL Ventures Corp.	-	58,500	(58,500)	-	-
	108,954	130,328	(58,500)	-	180,782
Shareholders' equity					
Capital stock	3,720	4	540,000	745,826	1,289,550
Shares subscriptions received	58,500	-	-	(58,500)	-
Additional paid-in capital	1,071,280	-	-	(1,071,280)	-
Deficit	(383,954)	(71,059)	-	383,954	(71,059)
	749,546	(71,055)	540,000	-	1,218,491
	$ 858,500	$ 59,273	$ 481,500	$ -	$ 1,399,273

</TABLE>

EPL VENTURES CORP.
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
MARCH 31, 1999

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated financial statements of EPL Ventures Corp. have been compiled from and include:

a) the audited balance sheet of EPL Ventures Corp. ("EPL") as at March 31, 1999;

b) the audited balance sheet of Industrial Rubber Innovations, Inc. ("IRI") as at March 31, 1999; and

c) the additional information set out in Note 2.

2. PRO-FORMA TRANSACTIONS

The pro-forma consolidated financial statement was prepared on the

assumption that the following transactions occurred:

a) EPL issued 13,500,000 common shares at a price of $0.04 per share, and received proceeds totalling $540,000.

b) The share capital of EPL was consolidated on a basis of five old common shares for one new common share.

c) EPL issued 3,800,000 common shares in exchange for all of the issued and outstanding common shares (3,800 common shares) of IRI.

d) IRI shall be merged with and into EPL. The separate corporate existence of IRI will cease and EPL shall continue as the surviving corporation.

e) The merger has been accounted for by the purchase method whereby IRI has been identified as the acquiror. The net assets of IRI will be included in the balance sheet at book values and the deemed acquisition of EPL will be recorded at the fair value of EPL's net assets at the date of acquisition.

f) At the time of the merger, EPL will issue warrants to acquire 2,000,000 shares of EPL common shares ("Warrants"). One half of the Warrants shall be exercisable for a period of 24 months at an exercise price of $0.50 per share and the balance shall be exercisable for a period of 24 months at an exercise price of $0.75 per share.

g) EPL changed its name to Industrial Rubber Innovations, Inc.

- CONTINUED -

3. CAPITAL STOCK

Capital stock as at March 31, 1999 in the pro-forma consolidated balance sheet is comprised of the following:

<TABLE>
<S>

	<C> Number of shares	<C> Amount
Capital stock as set out in the audited financial statements of IRI as referred to in Note 1.	-	$ 4
Capital stock as set out in the audited financial statement of EPL as referred to in Note 1.	3,720,000	3,720
Shares subscriptions received as set out in the audited financial statement of EPL as referred to in Note 1.	-	58,500
Additional paid-in capital received as set out in the audited financial statement of EPL as referred to in Note 1.	-	1,071,280
Capital stock issued for cash	13,500,000	540,000
Share consolidation (5:1)	(13,766,000)	-
Issued by EPL pursuant to the acquisition of IRI	3,800,000	-
Deficit of EPL at March 31, 1999	-	(383,954)
	7,244,000	$ 1,289,550

</TABLE>

AGREEMENT AND
PLAN OF REORGANIZATION
DATED APRIL 12, 1999
BETWEEN
EPL VENTURES CORP
AND
INDUSTRIAL RUBBER INNOVATIONS, INC.

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (this "Agreement") is entered into this 12th day of April, 1999 by and between EPL VENTURES CORP, a Florida corporation ("EPL" and "Surviving Corporation") and INDUSTRIAL RUBBER INNOVATIONS, INC., a Nevada corporation ("IRI").

RECITALS

A. Subject to and in accordance with the terms and conditions of this Agreement and pursuant to the Certificate of Merger attached hereto as Exhibit A ("Certificate of Merger"), the parties intend that IRI will merge with and into EPL (the "Merger"), whereby at the Effective Time (and after giving effect to the Reverse Stock Split described in Section 2.1(a) hereof), all of the IRI Common Stock will be converted into three million eight hundred thousand (3,800,000) shares of common stock of EPL (the "EPL Common Stock").

B. For federal income tax purposes, it is intended that

the Merger shall qualify as a tax free reorganization within the meaning of Section368(a)(1)(A) of the Code.

C. The parties hereto desire to set forth certain representations, warranties and covenants made by each to the other as an inducement to the consummation of the Merger.

AGREEMENT

NOW, THEREFORE, in reliance on the foregoing recitals and in and for the consideration and mutual covenants set forth herein, the parties agree as follows:

1. CERTAIN DEFINITIONS.

1.1 "AFFILIATE" shall have the meaning set forth in the rules and regulations promulgated by the Commission pursuant to the Securities Act.

1.2 "CLOSING" shall mean the closing of the transactions contemplated by this Agreement.

1.3 "CLOSING DATE" shall mean the date of the Closing.

1.4 "CODE" shall mean the United States Internal Revenue Code of 1986, as amended.

1.5 "COMMISSION" shall mean the United States Securities and Exchange Commission.

1.6 "DISSENTING SHARES" shall mean those shares held by holders who perfect their appraisal rights under the applicable state laws.

1.7 "EFFECTIVE TIME" shall mean the date and time of the effectiveness of the Merger under Florida law.

1.8 "GAAP" shall mean generally accepted accounting principles.

1.9 "IRI COMMON STOCK" shall mean all of the outstanding shares of Common Stock of IRI.

1.10 "MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on the operations, assets or financial condition (financial or otherwise) of an entity considered as a whole.

1.11 "SECURITIES ACT" shall mean the Securities Act of 1933, as amended, or any similar federal statute and the rules and

regulations thereunder, all as the same shall be in effect at the time.

1.12 "TRANSACTION DOCUMENTS" shall mean all documents or agreements attached as an exhibit or schedule hereto, and set forth on the Table of Contents.

2. PLAN OF REORGANIZATION.

2.1 THE MERGER. Subject to the terms and conditions of this Agreement and the Certificate of Merger, IRI shall be merged with and into EPL in accordance with the applicable provisions of the laws of the States of Florida and Nevada, and with the terms and conditions of this Agreement and the Certificate of Merger, so that:

(A) At the Effective Time (as defined in Section 2.5 (below)), IRI shall be merged with and into EPL. As a result of the Merger, the separate corporate existence of IRI shall cease, and EPL shall continue as the surviving corporation, and shall succeed to and assume all of the rights and obligations of IRI in accordance with the laws of Florida. In addition, at the Effective Time, the outstanding shares of common stock of EPL will undergo a 1 for 5 reverse stock split, resulting in an aggregate of 3,444,000 shares of common stock issued and outstanding (without giving effect to the shares issued to IRI hereunder).

(B) The Bylaws of EPL in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation after the Effective Time unless and until further amended as provided by law. The Certificate of Incorporation of EPL shall be amended as provided in the Certificate of Merger attached hereto as Exhibit A.

(C) Subject to the terms of this Agreement, the directors and officers of IRI immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation after the Effective Time. Such directors and officers shall hold their position until the election and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the Bylaws of the Surviving Corporation.

(D) At the Effective Time, EPL shall cause to be issued to the IRI shareholders (the "Warrant Holders"), pro-rata in accordance with their stock ownership prior to the merger, warrants to acquire an aggregate of 2,000,000 shares of EPL common stock (the "Warrants"). One half (1/2) of the Warrants held by each Warrant Holder shall be exercisable for a period of 24 months at an exercise price of $0.50 per share, and the balance shall be exercisable for a period of 24 months at an exercise price of $0.75 per share. Upon the exercise of any or all of the Warrants, the Warrant Holders shall receive shares of common stock which are "restricted" in

accordance with Rule 144 of the Securities Act of 1933.

2.2 CONVERSION OF SHARES. Each share of IRI Common Stock, issued and outstanding immediately prior to the Effective Time, will, by virtue of the Merger, and at the Effective Time, and without further action on the part of any holder thereof, be converted into 1,000 shares of fully paid and nonassessable shares of EPL Common Stock.

2.3 FRACTIONAL SHARES. No fractional shares of EPL Common Stock will be issued in connection with the Merger.

2.4 THE CLOSING. Subject to termination of this Agreement as provided in Section 10 (below), the Closing shall take place at the offices of M. Richard Cutler, 610 Newport Center Drive, Suite 800, Newport Beach, CA 92660, as soon as possible upon the satisfaction or waiver of all conditions set forth in Sections 8 and 9 hereof, or such other time and place as is mutually agreeable to the parties.

2.5 EFFECTIVE TIME. Simultaneously with the Closing, the Certificate of Merger shall be filed in the office of the Secretary of State of the State of Florida. The Merger shall become effective immediately upon the filing of the Certificate of Merger with such office.

2.6 TAX FREE REORGANIZATION. The parties intend to adopt this Agreement as a tax-free plan of reorganization and to consummate the Merger in accordance with the provisions of Section368(a)(1)(A) of the Code. Each party agrees that it will not take or assert any position on any tax return, report or otherwise which is inconsistent with the qualification of the Merger as a reorganization within the meaning of Section368(a) of the Code. EPL represents now, and as of the Closing Date, that it presently intends to continue IRI's historic business or use a significant portion of IRI's business assets in a business.

3. REPRESENTATIONS AND WARRANTIES OF IRI. IRI represents and warrants to EPL as set forth below. No fact or circumstance disclosed shall constitute an exception to these representations and warranties except as may mutually be agreed upon in writing by the parties hereto.

3.1 ORGANIZATION. IRI is a corporation duly organized, validly existing and in good standing under the laws of the state of Nevada and has the corporate power and authority to carry on its business as it is now being conducted. IRI is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or properties makes such

qualification or licensing necessary except where the failure to be so qualified would not have a Material Adverse Effect on IRI.

3.2 CAPITALIZATION.

(A) The authorized capital of IRI consists of 200,000,000 shares of Common Stock, par value $0.001 per share, of which 3,800 shares are issued and outstanding.

(B) IRI does not have outstanding any preemptive rights, subscription rights, options, warrants, rights to convert or exchange, capital stock equivalents, or other rights to purchase or otherwise acquire any IRI capital stock or other securities.

(C) All of the issued and outstanding shares of IRI capital stock have been duly authorized, validly issued, are fully paid and nonassessable, and such capital stock has been issued in full compliance with all applicable federal and state securities laws. None of IRI's issued and outstanding shares of capital stock are subject to repurchase or redemption rights.

(D) Except for any restrictions imposed by applicable state and federal securities laws, there is no right of first refusal, option, or other restriction on transfer applicable to any shares of IRI's capital stock.

(E) IRI is not a party or subject to any agreement or understanding (and, to IRI's actual knowledge, there is no agreement or understanding between or among any persons) that affects or relates to the voting or giving of written consent with respect to any security.

3.3 POWER, AUTHORITY AND VALIDITY. IRI has the corporate power to enter into this Agreement and the other Transaction Documents to which it is a party and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Board of Directors of IRI and no other corporate proceedings on the part of IRI are necessary to authorize this Agreement, the other Transaction Documents and the transactions contemplated herein and therein. IRI is not subject to, or obligated under, any charter, bylaw or contract provision or any license, franchise or permit, or subject to any order or decree, which would be breached or violated by or in conflict with its executing and carrying out this Agreement and the transactions contemplated hereunder and under the Transaction Documents. Except for (i) the filing of the Certificate of Merger with the Secretary of State of the State of Nevada and appropriate documents with the

relevant authorities of other states in which IRI is qualified to do business, and (ii) filings under applicable securities laws, no consent of any person who is a party to a contract which is material to IRI's business, nor consent of any governmental authority, is required to be obtained on the part of IRI to permit the transactions contemplated herein and to permit IRI to continue the business activities of IRI as previously conducted by IRI without a Material Adverse Effect. This Agreement is, and the other Transaction Documents when executed and delivered by IRI shall be, the valid and binding obligations of IRI, enforceable in accordance with their respective terms.

3.4 TAX-FREE REORGANIZATION.

(A) IRI has not taken or agreed to take any action that would prevent the Merger from constituting a reorganization qualifying under the provisions of Section368(a) of the Code.

(B) IRI is not an investment company as defined in SectionSection368(a)(2)(F)(iii) and (iv) of the Code.

3.5 EXEMPT REORGANIZATION. For purposes of the transactions contemplated hereunder and in accordance with Section 25103(h) of the California Corporate Securities Code:

(A) IRI has 35 or fewer security holders, all of which are equity security holders.

(B) all equity security holders of IRI have either a preexisting personal or business relationship with EPL or any of its officers, directors, or controlling persons or by reason of their business or financial experience or the business and financial experience of their financial advisors could be reasonably assumed to have the capacity to protect their own interest in connection with the transaction.

(C) all equity security holders of IRI have consented in writing to the transaction.

(D) each equity security holder of IRI has represented that the acquisition of the EPL Common Stock in the transaction is for the equity security holder's own account and not with a view to or for sale in connection with any distribution of common stock.

3.6 NO BROKERS. IRI is not obligated for the payment of fees or expenses of any broker or finder in connection with the origin, negotiation or execution of this Agreement or the Certificate of Merger or in connection with any transaction

contemplated hereby or thereby.

4. REPRESENTATIONS AND WARRANTIES OF EPL. EPL represents and warrants to IRI as set forth below. No fact or circumstance disclosed to IRI shall constitute an exception to these representations and warranties except as may mutually be agreed upon in writing by IRI and EPL.

4.1 ORGANIZATION. EPL is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has the corporate power and authority to carry on its business as it is now being conducted. EPL is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its businesses or properties makes such qualification or licensing necessary except where the failure to be so qualified would not have a Material Adverse Effect on EPL.

4.2 CAPITALIZATION.

(A) The authorized capital of EPL consists of 50,000,000 shares of Common Stock, of which 17,220,000 shares are issued and outstanding (prior to the Reverse Stock Split described in Section 2.1(a) hereof and without giving effect to the shares issued to IRI hereunder). Immediately following the Merger and the other transactions contemplated herein, there shall be issued an outstanding an aggregate of 7,244,000 shares of common stock, plus warrants to acquire an additional 2,000,000 shares of common stock as described in Section 2.1(d) hereof.

(B) EPL has no outstanding preemptive rights, subscription rights, options, warrants, rights to convert or exchange, capital stock equivalents, or other rights to purchase or otherwise acquire any EPL capital stock or other securities.

(C) All of the issued and outstanding shares of EPL capital stock have been duly authorized, validly issued, are fully paid and nonassessable, and such capital stock has been issued in full compliance with all applicable federal and state securities laws. None of EPL's issued and outstanding shares of capital stock are subject to repurchase or redemption rights.

(D) Except for any restrictions imposed by applicable state and federal securities laws, there is no right of first refusal, option, or other restriction on transfer applicable to any shares of EPL capital stock.

(E) EPL is not a party or subject to any agreement or understanding (and, to EPL's actual knowledge, there is no agreement or understanding between or among any persons) that

affects or relates to the voting or giving of written consent with respect to any security.

4.3 POWER, AUTHORITY AND VALIDITY. EPL has the corporate power to enter into this Agreement and the other Transaction Documents to which they are parties and to carry out their obligations hereunder and thereunder. The execution and delivery of this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Board of Directors of EPL and no other corporate proceedings on the part of EPL are necessary to authorize this Agreement, the other Transaction Documents and the transactions contemplated herein and therein. EPL is not subject to, or obligated under, any charter, bylaw or contract provision or any license, franchise or permit, or subject to any order or decree, which would be breached or violated by or in conflict with its executing and carrying out this Agreement and the transactions contemplated hereunder and under the Transaction Documents. Except for (i) the filing of the Certificate of Merger with the Secretary of State of the State of Florida and appropriate documents with the relevant authorities of other states in which EPL is qualified to do business, and (ii) filings under applicable securities laws, no consent of any person who is a party to a contract which is material to EPL's business, nor consent of any governmental authority, is required to be obtained on the part of EPL to permit the transactions contemplated herein and to permit EPL to continue the business activities of EPL as previously conducted by EPL without a Material Adverse Effect. This Agreement is, and the other Transaction Documents when executed and delivered by EPL shall be, the valid and binding obligations of EPL, enforceable in accordance with their respective terms.

4.4 TAX-FREE REORGANIZATION.

(A) EPL has not taken or agreed to take any action that would prevent the Merger from constituting a reorganization qualifying under the provisions of Section368(a) of the Code.

(B) EPL is not an investment company as defined in SectionSection368(a)(2)(F)(iii) and (iv) of the Code.

4.5 EXEMPT REORGANIZATION. For purposes of the transactions contemplated hereunder and in accordance with Section 25103(h) of the California Corporate Securities Code:

(A) EPL has not earned a majority of its revenue from investments in the last four years.

(B) The transactions contemplated hereunder have

not been accomplished by the publication of any advertisement.

4.6 NO BROKERS. EPL is not obligated for the payment of fees or expenses of any broker or finder in connection with the origin, negotiation or execution of this Agreement or the Certificate of Merger or in connection with any transaction contemplated hereby or thereby.

5. PRECLOSING COVENANTS OF EPL.

5.1 NOTICES AND APPROVALS. EPL agrees: (a) to give all notices to third parties which may be necessary or deemed desirable by IRI in connection with this Agreement and the consummation of the transactions contemplated hereby; (b) to use its best efforts to obtain all federal and state governmental regulatory agency approvals, consents, permit, authorizations, and orders necessary or deemed desirable by IRI in connection with this Agreement and the consummation of the transaction contemplated hereby; and (c) to use its best efforts to obtain, and to cause EPL to obtain, all consents and authorizations of any other third parties necessary or deemed desirable by IRI in connection with this Agreement and the consummation of the transactions contemplated hereby.

5.2 INFORMATION FOR IRI S STATEMENTS AND APPLICATIONS. EPL and its employees, accountants and attorneys shall cooperate fully with IRI in the preparation of any statements or applications made by IRI to any federal or state governmental regulatory agency in connection with this Agreement and the transactions contemplated hereby and to furnish IRI with all information concerning EPL necessary or deemed desirable by IRI for inclusion in such statements and applications, including, without limitation, all requisite financial statements and schedules.

6. MUTUAL COVENANTS.

6.1 REGULATORY FILINGS; CONSENTS; REASONABLE EFFORTS. Subject to the terms and conditions of this Agreement, IRI and EPL shall use their respective best efforts to (i) make all necessary filings with respect to the Merger and this Agreement under the Securities Act, and applicable blue sky or similar securities laws and shall use all reasonable efforts to obtain required approvals and clearances with respect thereto and shall supply all additional information requested in connection therewith; (ii) make merger notification or other appropriate filings with federal, state or local governmental bodies or applicable foreign governmental agencies and shall use all reasonable efforts to obtain required approvals and clearances with respect thereto and shall supply all additional information requested in connection therewith; (iii) obtain all consents, waivers, approvals, authorizations and orders required in connection with the authorization, execution and delivery of this Agreement and the consummation of the Merger; and

(iv) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement.

6.2 FURTHER ASSURANCES. Prior to and following the Closing, each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances, as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

7. CLOSING MATTERS.

7.1 FILING OF CERTIFICATE OF MERGER. On the date of the Closing, but not prior to the Closing, the Certificate of Merger shall be filed with the offices of the Secretary of State of the State of Florida and the merger of IRI with and into EPL shall be consummated.

7.2 EXCHANGE OF CERTIFICATES. At or within 30 days of the Closing, EPL shall deliver and issue to each shareholder of IRI a certificate or certificates representing the EPL Common Stock issuable to such shareholder as consideration in this Merger.

7.3 DELIVERY OF DOCUMENTS. On or before the Closing, the parties shall deliver the documents, and shall perform the acts, which are set forth in Sections 8 and 9, as specified in such Sections, including delivery of the counterpart signature pages of the Transaction Documents executed by IRI and/or EPL, as the case may be. All documents which IRI shall deliver or cause to be delivered shall be in form and substance reasonably satisfactory to EPL. All documents which EPL shall deliver or cause to be delivered shall be in form and substance reasonably satisfactory to IRI.

8. TERMINATION OF AGREEMENT.

8.1 TERMINATION. This Agreement may be terminated at any time prior to the Closing by the mutual written consent of each of the parties hereto. This Agreement may also be terminated and abandoned by either IRI or EPL, if the Merger is not effected by April 30, 1999. Any termination of this Agreement under this Section 8.1 shall be effected by the delivery of written notice of the terminating party to the other parties hereto.

8.2 LIABILITY FOR TERMINATION. Any termination of this Agreement pursuant to this Section 8 shall be without further obligation or liability upon any party in favor of any other party

hereto; provided, that if such termination shall result from the willful failure of a party to carry out its obligations under this Agreement, then such party shall be liable for losses incurred by the other parties as set forth in Section 8.5. The provisions of this Section 8.2 shall survive termination.

8.3 CERTAIN EFFECTS OF TERMINATION. In the event of the termination of this Agreement as provided in Section herein, each party, if so requested by the other party, will (i) return promptly every document (other than documents publicly available) furnished to it by the other party (or any subsidiary, division, associate or affiliate of such other party) in connection with the transactions contemplated hereby, whether so obtained before or after the execution of this Agreement, and any copies thereof which may have been made, and will cause its representatives and any representatives of financial institutions and investors and others to whom such documents were furnished promptly to return such documents and any copies thereof any of them may have made; or (ii) destroy such documents and cause its representatives and such other representatives to destroy such documents, and such party shall deliver a certificate executed by its president or vice president stating to such effect.

8.4 REMEDIES. No party shall be limited to the termination right granted in Section 8.1 hereto by reason of the nonfulfillment of any condition to such party's closing obligations but may, in the alternative, elect to do one of the following:

(A) proceed to close despite the nonfulfillment of any closing condition, it being understood that consummation of the transactions contemplated hereby shall be deemed a waiver of any misrepresentation or breach of warranty or covenant and of any party's rights and remedies with respect thereto to the extent that the other party shall have actual knowledge of such misrepresentation or breach and the Closing shall nonetheless take place; or

(B) decline to close, terminate this Agreement as provided in Section 8.1 hereof, and thereafter seek damages to the extent permitted in Section 8.5 hereof.

8.5 ARBITRATION. Any dispute arising out of this Agreement, or its performance or breach, shall be resolved by binding arbitration conducted by JAMS/Endispute under the JAMS/Endispute Rules for Complex Arbitration (the "JAMS Rules"). This arbitration provision is expressly made pursuant to and shall be governed by the Federal Arbitration Act, 9 U.S.C. Sections 1-14. The parties hereto agree that pursuant to Section 9 of the Federal Arbitration Act, a judgment of the United States District Courts for

the Southern District of California shall be entered upon the award made pursuant to the arbitration. A single arbitrator, who shall have the authority to allocate the costs of any arbitration initiated under this paragraph, shall be selected according to the JAMS Rules within ten (10) days of the submission to JAMS/Endispute of the response to the statement of claim or the date on which any such response is due, whichever is earlier. The arbitrator shall conduct the arbitration in accordance with the Federal Rules of Evidence. The arbitrator shall decide the amount and extent of pre-hearing discovery which is appropriate. The arbitrator shall have the power to enter any award of monetary and/or injunctive relief (including the power issue permanent injunctive relief and also the power to reconsider any prior request for immediate injunctive relief by either of the parties and any order as to immediate injunctive relief previously granted or denied by a court in response to a request therefor by either of the parties), including the power to render an award as provided in Rule 43 of the JAMS Rules; provided, however, that the arbitrator shall not have the power to award punitive damages under any circumstances (whether styled as punitive, exemplary, or treble damages, or any penalty or punitive type of damages) regardless of whether such damages may be available under applicable law, the parties hereby waiving their rights to recover any such damages. The arbitrator shall award the prevailing party its costs and reasonable attorneys' fees, and the losing party shall bear the entire cost of the arbitration, including the arbitrator's fees. All arbitration shall be held in Orange County, California. In addition to the above court, the arbitration award may be enforced in any court having jurisdiction over the parties and the subject matter of the arbitration. Notwithstanding the foregoing, the parties irrevocably submit to the nonexclusive jurisdiction of the state and federal courts situated where the respondent is domiciled or resides as of the Effective Date in any action to enforce an arbitration award. With respect to any request for immediate injunctive relief, that state and federal courts in Orange County, California shall have exclusive jurisdiction and venue over any such disputes.

9. MISCELLANEOUS.

9.1 GOVERNING LAWS. It is the intention of the parties hereto that the internal laws of the State of California (irrespective of its choice of law principles) shall govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties hereto.

9.2 BINDING UPON SUCCESSORS AND ASSIGNS. Subject to, and unless otherwise provided in, this Agreement, each and all of the covenants, terms, provisions, and agreements contained herein shall

be binding upon, and inure to the benefit of, the permitted successors, executors, heirs, representatives, administrators and assigns of the parties hereto.

9.3 SEVERABILITY. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

9.4 ENTIRE AGREEMENT. This Agreement, the exhibits hereto, the documents referenced herein, and the exhibits thereto, constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto and thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

9.5 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears thereon and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as signatories.

9.6 EXPENSES. Except as provided to the contrary herein, each party shall pay all of its own costs and expenses incurred with respect to the negotiation, execution and delivery of this Agreement, the exhibits hereto, and the other Transaction Documents.

9.7 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof for default in payment of any amount due hereunder or default in the performance hereof shall not be deemed to constitute a waiver of any other default or any succeeding breach or default.

9.8 SURVIVAL OF AGREEMENTS. All covenants, agreements, representations and warranties made herein shall survive the

execution and delivery of this Agreement and the consummation of the transactions contemplated hereby notwithstanding any investigation of the parties hereto and shall terminate on the date one year after the Closing Date.

9.9 NO WAIVER. The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce such provisions.

9.10 ATTORNEYS' FEES. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal). The prevailing party shall be the party entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment. A party not entitled to recover its costs shall not be entitled to recover attorneys' fees. No sum for attorneys' fees shall be counted in calculating the amount of a judgment for purposes of determining if a party is entitled to recover costs or attorneys' fees.

9.11 NOTICES. Any notice provided for or permitted under this Agreement will be treated as having been given when (a) delivered personally, (b) sent by confirmed telex or telecopy, (c) sent by commercial overnight courier with written verification of receipt, or (d) mailed postage prepaid by certified or registered mail, return receipt requested, to the party to be notified, at the address set forth below, or at such other place of which the other party has been notified in accordance with the provisions of this Section 9.11.

IRI:

Industrial Rubber Innovations, Inc.
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Attn: John Proulx
Facsimile (805) 833-8088

with a copy to:

Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

EPL:

Such notice will be treated as having been received upon actual receipt.

9.12 TIME. Time is of the essence of this Agreement.

9.13 CONSTRUCTION OF AGREEMENT. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof shall not be construed for or against any party. The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement which shall be considered as a whole.

9.14 NO JOINT VENTURE. Nothing contained in this Agreement shall be deemed or construed as creating a joint venture or partnership between any of the parties hereto. No party is by virtue of this Agreement authorized as an agent, employee or legal representative of any other party. No party shall have the power to control the activities and operations of any other and their status is, and at all times, will continue to be, that of independent contractors with respect to each other. No party shall have any power or authority to bind or commit any other. No party shall hold itself out as having any authority or relationship in contravention of this Section 9.14.

9.15 PRONOUNS. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person, persons, entity or entities may require.

9.16 FURTHER ASSURANCES. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances, as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

9.17 ABSENCE OF THIRD-PARTY BENEFICIARY RIGHTS. No provisions of this Agreement are intended, nor shall be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any client, customer, affiliate, stockholder, partner of any party hereto or any other person or entity except employees and stockholders of IRI specifically referred to herein,

and, except as so provided, all provisions hereof shall be personal solely between the parties to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

INDUSTRIAL RUBBER INNOVATIONS, INC.

/s/ John Proulx
By: John Proulx
Its: President and CEO

EPL VENTURES CORP.

/s/ Nora Coccaro
By: Nora Coccaro
Its: President

ATTEST:

/s/ Dave Foran
By: Dave Foran
Its: Secretary

ATTEST:

/s/ Nora Coccaro
By: Nora Coccaro
Its: Secretary

Industrial Rubber Innovations, Inc.

Secretary's Certificate

The undersigned, Dave Foran, Secretary of Industrial Rubber Innovations, Inc., a Nevada corporation and one of the merging corporations mentioned in the foregoing Agreement and Plan of Reorganization (the "Agreement"), certifies that the Agreement has been adopted by the written consent of the shareholders of all of the outstanding stock of Industrial Rubber Innovations, Inc. entitled to vote thereon in accordance with the provisions of the General Corporation Law of the State of Nevada.

Dated: April 12, 1999

/s/ Dave Foran
Name:
Secretary of Industrial Rubber Innovations, Inc.

EPL Ventures Corp.

Secretary's Certificate

The undersigned, Nora Coccaro, Secretary of EPL Ventures

Corp, a Florida corporation and one of the merging corporations mentioned in the foregoing Agreement and Plan of Reorganization (the "Agreement"), certifies that the Agreement has been adopted by the affirmative vote of the holders of a majority of the outstanding Common Stock of EPL Ventures Corp entitled to vote thereon at a meeting held pursuant to notice in accordance with the provisions of the Florida General Corporation Law.

Dated: April 12, 1999

/s/ Nora Coccaro
Name:
Secretary of EPL Ventures Corp

EXHIBIT A

ARTICLES OF MERGER
OF
INDUSTRIAL RUBBER INNOVATIONS, INC.
(A NEVADA CORPORATION)
INTO
EPL VENTURES CORP
(A FLORIDA CORPORATION)

FLORIDA

ARTICLES OF MERGER
OF
INDUSTRIAL RUBBER INNOVATIONS, INC.
(A NEVADA CORPORATION)
INTO
EPL VENTURES CORP
(A FLORIDA CORPORATION)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, F.S.

FIRST: The name and jurisdiction of the SURVIVING corporation is:

EPL Ventures Corp, a Florida corporation

SECOND: The name and jurisdiction of each MERGING corporation is:

Industrial Rubber Innovations, Inc., a Nevada corporation

THIRD: The Plan of Merger is attached.

FOURTH: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

FIFTH: The Plan of Merger was adopted by the shareholders of the surviving corporation by written consent on April 12, 1999.

SIXTH: The Plan of Merger was adopted by the shareholders of the merging corporation by written consent on April 12, 1999.

EPL VENTURES CORP.,
A FLORIDA CORPORATION

_____

By: _____
Its: _____

INDUSTRIAL RUBBER
INNOVATIONS, INC.,
A NEVADA CORPORATION

_____

By: John Proulx
Its: President

PLAN OF MERGER

The following plan of merger is submitted in compliance with section 607.1101, F.S. and in accordance with the laws of any other applicable jurisdiction of incorporation.

FIRST: The name and jurisdiction of the SURVIVING corporation is:

EPL Ventures Corp, a Florida corporation

SECOND: The name and jurisdiction of each MERGING corporation is:

Industrial Rubber Innovations, Inc., a Nevada corporation

THIRD: The terms and conditions of the merger are as follows:

Effective on the date the Articles of Merger are filed with the State of Florida, the Merging Corporation will merge into the Surviving Corporation, and the existence of the Merging Corporation will cease. The shareholders

of the Merging Corporation (the "Merging Shareholders"), representing an aggregate of 3,800 shares, will exchange each of their shares in the Merging Corporation for 1,000 shares of common stock in the Surviving Corporation. In addition, the Merging Shareholders will receive an aggregate of 2,000,000 warrants to acquire common stock of the Surviving Corporation. Prior to the exchange by the Merging Shareholders as described above, the outstanding common stock of the Surviving Corporation will undergo a 1 for 5 reverse stock split so that there will then be issued and outstanding 3,444,000 shares of common stock. Subsequent to the transactions described herein, there will be issued and outstanding an aggregate of 7,244,000 shares of common stock issued and outstanding in the Surviving Corporation. Finally, on the Effective Date, the name of the Surviving Corporation will be changed to Industrial Rubber Innovations, Inc. A complete executed Plan and Agreement of Merger is on file at the Surviving Corporation's registered office or other place of business and shall be furnished, on request, to any owner of either the Merging Corporation or the Surviving Corporation.

FOURTH: The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property is as follows:

(1) At the time this Amendment becomes effective, each five shares of common stock, $.001 par value per share, of the Corporation issued and outstanding at such time shall be, and hereby is, changed and reclassified into one fully-paid and nonassessable share of common stock, $.001 par value per share, of the Corporation authorized by such Amendment, with the result that the number of shares of common stock of the Corporation issued and outstanding immediately prior to the taking of effect of this Amendment is 17,220,000 shares of common stock, $.001 par value per share, and the number of shares of common stock of the Corporation issued and outstanding immediately following the taking of effect of this Amendment is 3,444,000 shares of common stock, $.001 par value per share. At any time after this Amendment

becomes effective, each certificate representing any shares of common stock, $.001 par value per share, of the Corporation outstanding immediately prior to the taking of effect of this Amendment (collectively, the "Old Certificates") shall be exchangeable for a certificate representing shares of common stock, $.001 par value per share, of the Corporation authorized by such Amendment (collectively, the "New Certificates"), in the ratio for such reclassification stated above (i.e., 1 : 5) through the surrender of such Old Certificates by the holders of record thereof to the Secretary of this Corporation at the principal office of the Corporation.

(2) Upon surrender for exchange by each shareholder of an Old Certificate, the Corporation shall issue and deliver to each such shareholder a New Certificate representing one share of common stock, $.001 par value per share, of the Corporation for each five shares of common stock, $.001 par value per share, of the Corporation issued and outstanding immediately prior to the taking of effect of this Amendment. The reclassification of issued and outstanding shares of common stock, $.001 par value per share, of the Corporation into shares of common stock, $.001 par value per share, of the Corporation shall be deemed to occur when this Amendment becomes effective and neither the surrender of the Old Certificates nor the issuance of the New Certificates shall be a necessary condition for the effectiveness of such reclassification. Each Old Certificate shall be canceled upon its surrender and the issuance of a New Certificate evidencing such shares as so reclassified. Consequently, the stated capital of this Corporation shall remain unchanged following the taking of effect of this Amendment.

FIFTH: Amendments to the articles of incorporation of the surviving corporation are indicated below:

"Articles I - Name

The name of this corporation is Industrial Rubber Innovations, Inc.

Article IV - Capital Stock

This Corporation is authorized to issue two classes of shares of stock to be designated as "Common Stock" and "Preferred Stock". The total number of shares of Common Stock which this Corporation is authorized to issue is Fifty Million (50,000,000) shares, par value $0.001. The total number of shares of Preferred Stock which this Corporation is authorized to issue is Five Million (5,000,000) shares, par value $0.001.

The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the "Board of Directors") is expressly authorized to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designations, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issue of such shares (a "Preferred Stock Designation") and as may be permitted by the General Corporation Law of the State of Florida. The Board of Directors is also expressly authorized to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series. In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

The outstanding shares of common stock are subject to a 1 to 5 reverse stock split."

EXHIBIT B

ARTICLES AND AGREEMENT OF MERGER
OF
INDUSTRIAL RUBBER INNOVATIONS, INC.
(A NEVADA CORPORATION)
INTO
EPL VENTURES CORP

(A FLORIDA CORPORATION)

NEVADA

ARTICLES AND AGREEMENT OF MERGER
OF
INDUSTRIAL RUBBER INNOVATIONS, INC.
(A NEVADA CORPORATION)
INTO
EPL VENTURES CORP
(A FLORIDA CORPORATION)

The undersigned officers of Industrial Rubber Innovations, Inc., a Nevada corporation as the disappearing corporation, and of EPL Ventures Corp., a Florida corporation as the surviving corporation, pursuant to a Plan and Agreement of Merger submit these Articles and Agreement of Merger pursuant to the provisions of the Nevada Revised Statutes 92A.

Article I - Constituent Corporations

The name and place of organization and governing law of each constituent corporation is:

A. Industrial Rubber Innovations, Inc., a Nevada corporation
B. EPL Ventures Corp., a Florida corporation

The Address for Service of Process is 610 Newport Center Drive, Suite 800, Newport Beach, California 92660, Attention Brian A. Lebrecht, Esq.

Article II - Adoption of the Plan and Agreement of Merger

The respective Boards of Directors of the Surviving Corporation and the Disappearing corporation have adopted a Plan and Agreement of Merger.

Article III - Approval of the Plan and Agreement of Merger by the Owners

The Plan and Agreement of Merger was approved by the written consent of the owners of each class of interests of the Surviving Corporation and the Disappearing Corporation.

Article IV - Amendments to the Articles of Incorporation of the Surviving Corporation

The Articles of Incorporation of the Surviving Corporation shall not be amended by these Articles of Merger.

Article V - Plan and Agreement of Merger

A. The complete executed Plan and Agreement of Merger is on file at the Surviving Corporation's registered office or other place of business.

B. A copy of the Plan and Agreement of Merger shall be furnished, on request and without cost, to any owner of a corporation which is party to the merger.

Article VI - Effective Date of Merger

The merger of the Disappearing Corporation with and into the Surviving Corporation shall take effect on April ___, 1999, which date is not more than 90 days after the filing of these Articles and Agreement of Merger.

Dated this 12th day of April, 1999.

"DISAPPEARING CORPORATION"	"SURVIVING CORPORATION"
Industrial Rubber Innovations, Inc. 4525 New Horizon Boulevard, Suite 7 Bakersfield, CA 93313	EPL Ventures Corp. _____ _____
_____ By: John Proulx Its: President	_____ By: _____ Its: _____

STATE OF CALIFORNIA)
)ss.
COUNTY OF)

On _____, 1999, before me, _____, Notary Public, personally appeared John Proulx, ___ personally known to me, or ___ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity and that by their signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: _____

(This are for official notarial seal)

STATE OF)
)ss.
COUNTY OF)

On _____, 1999, before me, _____, Notary Public, personally appeared _____, ___ personally known to me, or ___ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity and that by their signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: _____

(This are for official notarial seal)

FILED
1986 AUG - 7 PM 12:27
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OF
HENRY WINKLER, INC.

Article 1 - Name

The name of this corporation is Henry Winkler, Inc.

Article II - Commencement

This corporation shall commence on the date of execution and acknowledgment of these Articles.

Article III - Purpose

This corporation is organized for the purpose of transacting in any or all lawful business.

Article IV - Capital Stock

This corporation is authorized to issue 10,000 shares of $0.10 par value common stock.

Article V - Initial Registered Office and Agent

The street address of the initial registered office of this corporation is 1645 Palm Beach Lakes Blvd., Suite 500, West Palm Beach, Florida 33401 and the name and address of the initial registered agent is Michael D. Harris, 1645 Palm Beach Lakes Blvd., Suite 500, West Palm Beach, Florida 33401.

Article VI - Initial Board of Directors

This corporation shall have no directors initially. The number of directors shall be established by the bylaws and may be either increased or diminished from time to time as provided in the bylaws.

Article VII - Incorporator

The name and address of the person signing these articles is:

Michael D. Harris
Suite 500
1645 Palm Beach Lakes Boulevard
West Palm Beach, Florida 33401

Article VIII - Bylaws

The power to adopt, alter, amend or repeal bylaws shall be vested in the Board of Directors.

Article IX - Indemnification

Subject to the qualifications contained in Florida Statutes 607.014, the corporation shall indemnify its officers and directors and former officers and directors against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement arising out of his or her services as an officer or director of the corporation.

Article X - Amendment

The corporation reserves the right to amend or repeal any provisions contained in these articles of incorporation, or any

amendment hereto, and any rights conferred upon the shareholders is subject to this reservation.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 6th day of August, 1986.

/s/ Michael D. Harris
Incorporator

STATE OF FLORIDA)
) SS.
COUNTY OF PALM BEACH)

BEFORE ME, a notary public authorized to take acknowledgments in the state and county set forth above, personally appeared Michael D. Harris, known to me and known by me to be the person who executed the foregoing Articles of Incorporation, and he acknowledged before me that he executed those Articles of Incorporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 6th day of August, 1986.

/s/ NAME UNKNOWN

Notary Public
My commission expires: 11/7/88

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE SERVICE OF PROCESS WITHIN FLORIDA, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED.

IN COMPLIANCE WITH SECTION 48.091, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED:

FIRST THAT HENRY WINKLER, INC. DESIRING TO ORGANIZE OR QUALIFY UNDER THE LAWS OF THE STATE OF FLORIDA, WITH ITS PRINCIPAL PACE OF BUSINESS AT CITY OF WEST PALM BEACH, STATE OF FLORIDA, HAS NAMED MICHAEL D. HARRIS, LOCATED AT 1645 PALM BEACH LAKES BLVD., CITY OF WEST PALM BEACH, STATE OF FLORIDA, AS ITS AGENT TO ACCEPT SERVICE OF PROCESS WITHIN FLORIDA.

SIGNATURE: /s/ Michael D. Harris
TITLE: Incorporator
DATE: August 6, 1986

HAVING BEEN NAMED TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED CORPORATION, AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY AGREE TO ACT IN THIS CAPACITY, AND I FURTHER AGREE TO COMPLY WITH THE PROVISIONS OF ALL STATUTES RELATIVE TO THE PROPER AND COMPLETE PERFORMANCE OF MY DUTIES.

SIGNATURE: /s/ Michael D. Harris
Registered Agent

DATE: August 6, 1986

FILED
97 JUN 23 PM 2:58
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

AMENDMENT TO
ARTICLES OF INCORPORATION
OF
HENRY WINKLER, INC.

THE UNDERSIGNED, being the sole director of HENRY WINKLER, INC. does hereby amend the Articles of Incorporation of HENRY WINKLER, INC., as follows:

SHARES

The capital stock of this corporation shall consist of 50,000,000 shares of common stock, $.001 par value.

I hereby certify that the following was adopted by a majority unanimous vote of the shareholders and directors of the corporation on June 18, 1997 and that the number of votes cast was sufficient for approval.

IN WITNESS WHEREOF, I have hereunto subscribed to and executed this Amendment to Articles of Incorporation this on June 19, 1997.

/s/ Henry Winkler
Henry Winkler, President and Sole Director

Subscribed and Sworn on this 19th day of June, 1997,
Before me:

/s/ E.P. Littmann
Notary Public
My Commission Expires: [seal]

FILED
97 NOV - 3 PM 3:25
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

SECOND AMENDMENT TO ARTICLES OF INCORPORATION OF HENRY WINKLER, INC.

THE UNDERSIGNED, being the sole director of HENRY WINKLER, INC., does hereby amend the Articles of Incorporation of the Company as follows:

ARTICLE I
NAME

The name of this corporation shall be EPL VENTURES CORP.

ARTICLE II
PURPOSE

The Corporation shall be organized for any and all purposes authorized under the laws of the state of Florida.

ARTICLE III
PERIOD OF EXISTENCE

The period during which the Corporation shall continue is perpetual.

ARTICLE IV
SHARES

The capital stock of this corporation shall consist of 50,000,00 shares of common stock, $.001 par value.

ARTICLE V
PLACE OF BUSINESS

The address of the principal place of business of this corporation in the State of Florida shall be 7695 S.W. 104th Street, Offices at Pinecrest, Suite 210, Miami, FL 33156. The Board of Directors may at any time and from time to time move the principal office of this corporation.

ARTICLE VI
DIRECTORS AND OFFICERS

The business of this corporation shall be managed by its Board of Directors. The number of such directors shall be not less than one (1) and, subject to such minimum may be increased or decreased from time to time in the manner provided in the By-Laws.

ARTICLE VII
DENIAL OF PREEMPTIVE RIGHTS

No shareholder shall have any right to acquire shares or other securities of the Corporation except to the extent such right may be granted by an amendment to these Articles of Incorporation or by a resolution of the board of Directors.

ARTICLE VIII
AMENDMENT OF BYLAWS

Anything in these Articles of Incorporation, the Bylaws, or the Florida Corporation Act notwithstanding, bylaws shall not be adopted, modified, amended or repealed by the shareholders of the Corporation except upon the affirmative vote of a simple majority vote of the holders of all the issued and outstanding shares of the corporation entitled to vote thereon.

ARTICLE IX
SHAREHOLDERS

9.1 Inspection of Books. The board of directors shall make reasonable rules to determine at what times and places and under what conditions the books of the Corporation shall be open to inspection by shareholders or a duly appointed representative of a shareholder.

9.2 Control Share Acquisition. The provisions relating to any control share acquisition as contained in Florida Statutes now, or hereinafter amended, and any successor provision shall not apply to the Corporation.

9.3 Quorum. The holders of shares entitled to one-third of the votes at a meeting of shareholders shall constitute a quorum.

9.4 Required Vote. Acts of shareholders shall require the approval of holders of 50.01% of the outstanding votes of shareholders.

ARTICLE X
LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

Too the fullest extent permitted by law, no director or officer of the Corporation shall be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders. In addition, the Corporation shall have the power, in its By-Laws or in any resolution of its stockholders or directors, to undertake to indemnify the officers and directors of this corporation against any contingency or peril as may be determined to be in the best interests of this corporation, and in conjunction therewith, to procure, at this corporation's expense, policies of insurance.

ARTICLE XI
CONTRACTS

No contract or other transaction between this corporation and any person, firm or corporation shall be affected by the fact that any officer or director of this corporation is such other party or is, or at some time in the future becomes, an officer, director or partner of such other contracting party, or has now or hereafter a direct or indirect interest in such contract.

I hereby certify that the following was adopted by a majority vote of the shareholders and directors of the corporation on October 29, 1997 and that the number of votes cast was sufficient for approval.

IN WITNESS WHEREOF, I have hereunto subscribed to and executed this Amendment to Articles of Incorporation this on October 29, 1997.

/s/ Eric P. Littman
Eric P. Littman, President and Sole Director

The foregoing instrument was acknowledged before me on October 29, 1997 by Eric P. Littman, who is personally known to me, or who has produced _____ as identification.

/s/ Isabel J. Cantera
Notary Public
My commission expires: [seal]

FILED
99 APR 26 AM 11:36
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
OF
INDUSTRIAL RUBBER INNOVATIONS, INC.
(A NEVADA CORPORATION)
INTO
EPL VENTURES CORP
(A FLORIDA CORPORATION)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, F.S.

FIRST: The name and jurisdiction of the SURVIVING corporation is:

EPL Ventures Corp, a Florida corporation

SECOND: The name and jurisdiction of each MERGING corporation is:

Industrial Rubber Innovations, Inc., a Nevada corporation

THIRD: The Plan of Merger is attached.

FOURTH: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

FIFTH: The Plan of Merger was adopted by the shareholders of the surviving corporation by written consent on April 12, 1999.

SIXTH: The Plan of Merger was adopted by the shareholders of the merging corporation by written consent on April 12, 1999.

EPL VENTURES CORP.,
A FLORIDA CORPORATION

/s/ Nora Coccaro

INDUSTRIAL RUBBER
INNOVATIONS, INC.,
A NEVADA CORPORATION

/s/ John Proulx

By: Nora Coccaro
Its: President

By: John Proulx
Its: President

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

PLAN OF MERGER

The following plan of merger is submitted in compliance with section 607.1101, F.S. and in accordance with the laws of any other applicable jurisdiction of incorporation.

FIRST: The name and jurisdiction of the SURVIVING corporation is:

EPL Ventures Corp, a Florida corporation

SECOND: The name and jurisdiction of each MERGING corporation is:

Industrial Rubber Innovations, Inc., a Nevada corporation

THIRD: The terms and conditions of the merger are as follows:

Effective on the date the Articles of Merger are filed with the State of Florida, the Merging Corporation will merge into the Surviving Corporation, and the existence of the Merging Corporation will cease. The shareholders of the Merging Corporation (the "Merging Shareholders"), representing an aggregate of 3,800 shares, will exchange each of their shares in the Merging Corporation for 1,000 shares of common stock in the Surviving Corporation. In addition, the Merging Shareholders will receive an aggregate of 2,000,000 warrants to acquire common stock of the Surviving Corporation. Prior to the exchange by the Merging Shareholders as described above, the outstanding common stock of the Surviving Corporation will undergo a 1 for 5 reverse stock split so that there will then be issued and outstanding 3,444,000 shares of common stock. Subsequent to the transactions described herein, there will be issued and outstanding an aggregate of 7,244,000 shares of common stock issued and outstanding in the Surviving Corporation. Finally, on the Effective Date, the name of the Surviving Corporation will be changed to Industrial Rubber Innovations, Inc. A complete executed Plan and Agreement of Merger is on file at the Surviving

Corporation's registered office or other place of business and shall be furnished, on request, to any owner of either the Merging Corporation or the Surviving Corporation.

FOURTH: The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property is as follows:

(1) At the time this Amendment becomes effective, each five shares of common stock, $.001 par value per share, of the Corporation issued and outstanding at such time shall be, and hereby is, changed and reclassified into one fully-paid and nonassessable share of common stock, $.001 par value per share, of the Corporation authorized by such Amendment, with the result that the number of shares of common stock of the Corporation issued and outstanding immediately prior to the taking of

effect of this Amendment is 17,220,000 shares of common stock, $.001 par value per share, and the number of shares of common stock of the Corporation issued and outstanding immediately following the taking of effect of this Amendment is 3,444,000 shares of common stock, $.001 par value per share. At any time after this Amendment becomes effective, each certificate representing any shares of common stock, $.001 par value per share, of the Corporation outstanding immediately prior to the taking of effect of this Amendment (collectively, the "Old Certificates") shall be exchangeable for a certificate representing shares of common stock, $.001 par value per share, of the Corporation authorized by such Amendment (collectively, the "New Certificates"), in the ratio for such reclassification stated above (i.e., 1 : 5) through the surrender of such Old Certificates by the holders of record thereof to the Secretary of this Corporation at the principal office of the Corporation.

(2) Upon surrender for exchange by each shareholder of an Old Certificate, the Corporation shall issue and deliver to each such shareholder a New Certificate representing one share of common stock, $.001 par value per share, of the Corporation for each five shares of common stock, $.001 par value per share, of the Corporation issued and

outstanding immediately prior to the taking of effect of this Amendment. The reclassification of issued and outstanding shares of common stock, $.001 par value per share, of the Corporation into shares of common stock, $.001 par value per share, of the Corporation shall be deemed to occur when this Amendment becomes effective and neither the surrender of the Old Certificates nor the issuance of the New Certificates shall be a necessary condition for the effectiveness of such reclassification. Each Old Certificate shall be canceled upon its surrender and the issuance of a New Certificate evidencing such shares as so reclassified. Consequently, the stated capital of this Corporation shall remain unchanged following the taking of effect of this Amendment.

FIFTH: Amendments to the articles of incorporation of the surviving corporation are indicated below:

"Articles I - Name

The name of this corporation is Industrial Rubber Innovations, Inc.

Article IV - Capital Stock

This Corporation is authorized to issue two classes of shares of stock to be designated as "Common Stock" and "Preferred Stock". The total number of shares of Common Stock which this Corporation is authorized to issue is Fifty Million (50,000,000) shares, par value $0.001. The total number of shares of Preferred Stock which this Corporation is authorized to issue is Five Million (5,000,000) shares, par value $0.001.

The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the "Board of Directors") is expressly authorized to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no

voting powers, and such designations, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issue of such shares (a "Preferred Stock

Designation") and as may be permitted by the General Corporation Law of the State of Florida. The Board of Directors is also expressly authorized to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series. In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

The outstanding shares of common stock are subject to a 1 to 5 reverse stock split."

BYLAWS
OF
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(A FLORIDA CORPORATION)

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BYLAWS

OF

EPL VENTURES CORP.

ARTICLE ONE

OFFICES

Section 1. Principal Office. The principal office of EPL Ventures Corp., a Florida corporation (the "Corporation"), shall be located at such place determined by the Board of Directors of the Corporation (the "Board of Directors") in accordance with applicable law.

Section 2. Other Offices. The Corporation may also have offices at such other places, either within or without the State of Florida, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE TWO

MEETINGS OF SHAREHOLDERS

Section 1. Place. All annual meetings of shareholders shall be held at such place, within or without the State of Florida, as may be designated by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. Special meetings of shareholders may be held at such place, within or without the State of Florida, and at such time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Time of Annual Meeting. Annual meetings of shareholders shall be held on such date and at such time fixed, from time to time, by the Board of Directors, provided, that there shall be an annual meeting held every calendar year at which the shareholders shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 3. Call of Special Meetings. Special meetings of the shareholders shall be held if called in accordance with the procedures set forth in the Corporation's Articles of Incorporation (the "Articles of Incorporation") for the call of a special meeting of shareholders.

Section 4. Conduct of Meetings. The Chairman of the Board of Directors (or in his absence, the President, or in his absence, such other designee of the Chairman of the Board of Directors) shall preside at the annual and special meetings of shareholders and shall be given full discretion in establishing the rules and procedures to be followed in conducting the meetings, except as otherwise provided by law or in these Bylaws.

Section 5. Notice and Waiver of Notice. Except as otherwise provided by law, written or printed notice stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (110) nor more than sixty (60) days before the date of the meeting, either personally or by first-class mail or other legally sufficient means, by or at the direction of the Chairman of the Board, President, or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If the

notice is mailed at least thirty (30) days before the date of the meeting, it may be done by a class of United States mail other than first class. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at the address appearing on the stock transfer books of the Corporation, with postage thereon prepaid. If a meeting is adjourned to another time and/or place, and if an announcement of the adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment, fixes a new record date for the adjourned meeting. Whenever any notice is required to be given to any shareholder, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before, during or after the time of the meeting stated therein, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records, shall constitute an effective waiver of such notice. Neither the business to be transacted at, nor the purpose

of, any regular or special meeting of the shareholders need be specified in any written waiver of notice. Attendance of a person at a meeting shall constitute a waiver of (a) lack of or defective notice of such meeting, unless the person objects at the beginning to the holding of the meeting or the transacting of any business at the meeting, or (b) lack of or defective notice of a particular matter at a meeting that is not within the purpose or purposes described in the meeting notice, unless the person objects to considering such matter when it is presented.

Section 6. Business and Nominations for Annual and Special Meetings. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof. At any annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting in accordance with the requirements and procedures set forth in the Articles of Incorporation. Only such persons who are nominated for election as directors of the Corporation in accordance with the requirements and procedures set forth in the Articles of Incorporation shall be eligible for election as directors of the Corporation.

Section 7. Quorum. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Except as otherwise provided in the Articles of Incorporation or applicable law, shares representing one third of the votes pertaining to outstanding shares which are entitled to be cast on the matter by the voting group constitute a quorum of that voting group for action on that matter. If less than a quorum of shares are represented at a meeting, the holders of a majority of the shares so represented may adjourn the meeting from time to time. After a quorum has been established at any shareholders' meeting, the subsequent withdrawal of shareholders, so as to reduce the number of shares entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. Once a share is represented for any

purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 8. Voting Rights Per Share. Each outstanding share, regardless of class, shall be entitled to vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class are limited or denied by or pursuant to the Articles of Incorporation or the Florida Business Corporation Act.

Section 9. Voting of Shares. A shareholder may vote at any meeting of shareholders of the Corporation, either in person or by proxy. Shares standing in the name of another corporation, domestic or foreign, may be voted by the officer, agent or proxy designated by the bylaws of such corporate shareholder or, in the absence of any applicable bylaw, by such person or persons as the board of directors of the corporate shareholder may designate. In the absence of any such designation, or, in case of conflicting designation by the corporate shareholder, the chairman of the board, the president, any vice president, the secretary and the treasurer of the corporate shareholder, in that order, shall be presumed to be fully authorized to vote such shares. Shares held by an administrator, executor, guardian, personal representative, or conservator may be voted by such person, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by such person, either in person or by proxy, but no trustee shall be entitled to vote shares held by such person without a transfer of such shares into his name or the name of his nominee. Shares held by or under the control of a receiver, a trustee in bankruptcy proceedings, or an assignee for the benefit of creditors may be voted by such person without the transfer thereof into his name. If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary of the Corporation is given notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, then acts with respect to voting shall have the following effect: (a) if only one votes, in person or by proxy, his act binds all; (b) if more than one vote, in person or by proxy, the act of the majority so voting binds all; if more than one vote, in person or by proxy, but the vote is evenly split on any particular matter, each faction is entitled to vote the share or shares in question proportionally; or (d) if the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or a vote evenly split for purposes hereof shall be a majority or a vote evenly split in interest. The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents, or objections and for the purpose of ascertaining the presence of a quorum.

Section 10. Proxies. Any shareholder of the Corporation, other person entitled to vote on behalf of a shareholder pursuant to law, or attorney-in-fact for such persons may vote the shareholder's shares in

person or by proxy. Any shareholder of the Corporation may appoint a proxy to vote or otherwise act for such person by

signing an appointment form, either personally or by his attorney-in-fact. An executed telegram or cablegram appearing to have been transmitted by such person, or a photographic, photostatic, or equivalent reproduction of an appointment form, shall be deemed a sufficient appointment form. An appointment of a proxy is effective when received by the Secretary of the corporation (the "Secretary") or such other officer or agent which is authorized to tabulate votes, and shall be valid for up to 11 months, unless a longer period is expressly provided in the appointment form. The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy authority under the appointment is exercised. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

Section 11. Shareholder List. After fixing a record date for a meeting of shareholders, the corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of the meeting, arranged by voting group with the address of, and the number and class and series, if any, of shares held by each. The shareholders' list must be available for inspection by any shareholder for a period of ten (10) days prior to the meeting or such shorter time as exists between the record date and the meeting and continuing through the meeting at the corporation's principal office, at a place identified in the meeting notice in the city where the meeting will be held, or at the office of the corporation's transfer agent or registrar. Any shareholder of the corporation or such person's agent or attorney is entitled on written demand to inspect the shareholders' list (subject to the requirements of law), during regular business hours and at his expense, during the period it is available for inspection. The corporation shall make the shareholders' list available at the meeting of shareholders, and any shareholder or agent or attorney of such shareholder is entitled to inspect the list at any time during the meeting or any adjournment. The shareholders' list is prima facie evidence of the identity of shareholders entitled to examine the shareholders' list or to vote at a meeting of shareholders.

Section 12. Action Without Meeting. Any action required or permitted by law to be taken at a meeting of shareholders may be taken without a meeting or notice if a consent, or consents, in writing, setting forth the action so taken, shall be dated and signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all voting groups and shares entitled to vote thereon were present and voted with respect to the subject matter thereof, and such consent shall be delivered to the corporation, within the period required by Section 607.0704 of the Florida

Business Corporation Act, by delivery to its principal office in the State of Florida, its principal place of business, the secretary or another officer or agent of the corporation having custody of the book in which proceedings of meetings of shareholders are recorded. within ten (10) days after obtaining such authorization by written consent, notice must be given to those shareholders who have not consented in writing or who are not entitled to vote on the action, in accordance with the requirements of Section 607.0704 of the Florida Business Corporation Act.

Section 13. Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purposes, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days, and, in case of a meeting of shareholders, not less than ten (10) days, before the meeting or action requiring such determination of shareholders. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders or the determination of shareholders entitled to receive payment of a dividend, the date before the day on which the first notice of the meeting is mailed or the date on which the resolutions of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the Board of Directors fixes a new record date for the adjourned meeting.

Section 14. Inspectors and Judges. The Board of Directors in advance of any meeting may, but need not, appoint one or more inspectors of election or judges of the vote, as the case may be, to act at the meeting or any adjournment thereof. If any inspector or inspectors, or judge or judges, are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors or judges. In case any person who may be appointed as an inspector or judge fails to appear or act, the vacancy may be filled by the Board of Directors in advance of the meeting, or at the meeting by the person presiding thereat. The inspectors or judges, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots and

consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots and consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting, the inspector or inspectors or judge or judges, if any, shall make a report in writing of any challenge, question or

matter determined by him or them, and execute a certificate of any fact found by him or them.

Section 15. Voting for Directors. Unless otherwise provided in the Articles of Incorporation, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

ARTICLE THREE

DIRECTORS

Section 1. Number; Term, Election; Qualification. The number of directors of the Corporation shall be fixed from time to time, within the limits specified by the Articles of Incorporation, by resolution of the Board of Directors. Directors shall be elected in the manner and hold office for the term as prescribed in the Articles of Incorporation. Directors must be natural persons who are 18 years of age or older but need not be residents of the State of Florida, shareholders of the Corporation or citizens of the United States.

Section 2. Resignation; Vacancies; Removal. A director may resign at any time by giving written notice to the Board of Directors or the Chairman of the Board. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. In the event the notice of resignation specifies a later effective date, the Board of Directors may fill the pending vacancy (subject to the provisions of the Articles of Incorporation) before the effective date if they provide that the successor does not take office until the effective date. director vacancies shall be filled, and directors may be removed, in the manner prescribed in the Corporation's Articles of Incorporation.

Section 3. Powers. The business and affairs of the Corporation shall be managed by the Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised and done by the shareholders.

Section 4. Place of Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Florida.

Section 5. Annual Meetings. Unless scheduled for another time by the Board of Directors, the first meeting of each newly elected Board of Directors shall be held, without call or notice, immediately following each annual meeting of shareholders.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may also be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 7. Special Meetings and Notice. Special meetings of the Board of Directors may be called by the President or Chairman of the Board and shall be called by the Secretary on the written request of any two directors. At least forty-eight (48) hours prior written notice of the date, time and place of special meetings of the Board of Directors shall be given to each director. Except as required by law, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notices to directors shall be in writing and delivered to the directors at their addresses appearing on the books of the Corporation by personal delivery, mail or other legally sufficient means. Subject to the provisions of the preceding sentence, notice to directors may also be given by telegram, teletype or other form of electronic communication. Notice by mail shall be deemed to be given at the time when the same shall be received. whenever any notice is required to be given to any director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before, during or after the meeting, shall constitute an effective waiver of such notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting and the manner

in which it has been called or convened, except when a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened. The Chairman may, in his discretion, adjourn a meeting to a later time or new location.

Section 8. Quorum and Required Vote. One third of the prescribed number of directors determined as provided in the Articles of Incorporation shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Articles of Incorporation. Whenever, for any reason, a vacancy occurs in the Board of Directors, a quorum shall consist of one third of the remaining directors until the vacancy has been filled. if a quorum shall not be present at any meeting of the board of directors, a majority of the directors present thereat may adjourn the meeting to another time and place, without notice other than announcement at the time of adjournment. At such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally notified and called. In the event of a tied vote, the Chairman shall be entitled to cast a second deciding vote.

Section 9. Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or committee thereof may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by all of the members of the Board of Directors or the committee, as the case may be, and such consent shall have the same force

and effect as a unanimous vote at a meeting. action taken under this section 9 is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

Section 10. Conference Telephone or Similar Communications Equipment Meetings. Directors and committee members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

Section 11. Committees. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Corporation except where the action of the full Board of Directors is required by applicable law. Each committee must have two or more members who serve at the pleasure of the Board of Directors. The Board of Directors, by resolution adopted in accordance with this Article Three, may designate one or more directors as alternate members of any committee, who may act in the place and stead of any absent member or members at any meeting of such committee. Vacancies in the membership of a committee may be filled only by the Board of Directors at a regular or special meeting of the Board of Directors. The executive committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or such member by law.

Section 12. Compensation of Directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Similarly, members of special or standing committees may be allowed compensation for attendance at committee meetings or a stated salary as a committee member and payment of expenses for attending committee meetings. Directors may receive such other compensation as may be approved by the Board of Directors.

ARTICLE FOUR

OFFICERS

Section 1. Positions. The officers of the Corporation shall consist of a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (any one or more of whom may be given the additional designation of rank of Executive Vice President or Senior Vice President), a Secretary, a Chief Financial Officer, Chief Operating Officer, and a Treasurer. Any two or more offices may be held by the same person. Officers other than the Chairman of the Board need not be members of the Board of Directors. The Chairman of the Board must be a member of the Board of Directors.

Section 2. Election of Specified Officers by Board. The Board of Director's at its first meeting after each annual meeting of shareholders shall elect a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (including any Senior or Executive Vice Presidents), a Secretary, a Chief Financial Officer and a Treasurer.

Section 3. Election or Appointment of Other Officers. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors, or, unless otherwise specified herein, appointed by the Chairman of the Board. The Board of Directors shall be advised of appointments by the Chairman of the Board at or before the next scheduled Board of Directors meeting.

Section 4. Compensation. The salaries, bonuses and other compensation of the Chairman of the Board and all officers of the Corporation to be elected by the Board of Directors pursuant to Section 2 of this Article Four shall be fixed from time to time by the Board of Directors or pursuant to its direction. The salaries of all other elected or appointed officers of the Corporation shall be fixed from time to time by the Chairman of the Board or pursuant to his direction.

Section 5. Term; Resignation; Removal; Vacancies. The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer or agent elected or appointed by the Board of Directors or the Chairman of the Board may be removed, with or without cause, by the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer or agent appointed by the Chairman of the Board pursuant to Section 3 of this Article Four may also be removed from such office or position by the Board of Directors or the Chairman of the Board, with or without cause. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors, or, in the case of an officer appointed by the Chairman of the Board, by the Chairman of the Board or the Board of Directors. Any officer of the Corporation may resign from his respective office or position by delivering notice to the Corporation, and such resignation shall be effective without acceptance. Such resignation shall be effective when delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until such

effective date.

Section 6. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the shareholders and the Board of Directors. The Chairman of the Board shall also serve as the chairman of any executive committee.

Section 7. Chief Executive Officer. Subject to the control of the Board of Directors, the Chief Executive Officer, in conjunction with the President, shall have general and active management of the business of the Corporation, shall see that all orders and resolutions of the Board of Directors are carried into effect and shall have such powers and perform such duties as may be prescribed by the Board of Directors. In the absence of the Chairman of the Board or in the event the Board of Directors shall not have designated a Chairman of the Board, the Chief Executive Officer shall preside at meetings of the shareholders and the Board of Directors. The Chief Executive Officer shall also serve as the vice-chairman of any executive committee.

Section 8. President. Subject to the control of the Board of Directors, the President, in conjunction with the Chief Executive Officer, shall have general and active management of the business of the Corporation and shall have such powers and perform such duties as may be prescribed by the Board of Directors. In the absence of the Chairman of the Board and the Chief Executive Officer or in the event the Board of Directors shall not have designated a Chairman of the Board and a Chief Executive Officer shall not have been elected, the President shall

preside at meetings of the shareholders and the Board of Directors. The President shall also serve as the Vice Chairman of any executive committee.

Section 9. Vice Presidents. The Vice Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the president and the Chief Executive Officer, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board or the Chief Executive Officer shall prescribe or as the President may from time to time delegate. Executive Vice Presidents shall be senior to Senior Vice Presidents, and Senior Vice Presidents shall be senior to all other Vice Presidents.

Section 10. Secretary. The Secretary shall attend all meetings of the shareholders and all meetings of the Board of Directors and record all the proceedings of the meetings of the shareholders and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors and shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any instrument requiring it. The Secretary shall perform such other

duties as may be prescribed by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 11. Chief Financial Officer. The Chief Financial Officer shall be responsible for maintaining the financial integrity of the Corporation, shall prepare the financial plans for the Corporation and shall monitor the financial performance of the corporation and its subsidiaries, as well as performing such other duties as may be prescribed by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 12. Treasurer. The Treasurer shall have the custody of corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board and the Board of Directors at its regular meetings or when the Board of Directors so requires an account of all his transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 13. Other Officers, Employees and Agents. Each and every other officer, employee and agent of the Corporation shall possess, and may exercise, such power and authority, and shall perform such duties, as may from time to time be assigned to such person by the Board of Directors, the officer so appointing such person or such officer or officers who may from time to time be designated by the Board of Directors to exercise such supervisory authority.

ARTICLE FIVE

CERTIFICATES FOR SHARES

Section 1. Issue of Certificates. the shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates (and upon request every holder of uncertificated shares) shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board or a Vice Chairman of the Board, or the Chief Executive Officer, President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form.

Section 2. Legends for Preferences and Restrictions on Transfer. The designations, relative rights, preferences and limitations applicable to each class of shares and the variations in rights, preferences and limitations determined for each series within a class (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate

may state conspicuously on its front or back that the Corporation will furnish the shareholder a full statement of this information on request and without charge. Every certificate representing shares that are restricted as to the sale, disposition, or transfer of such shares shall also indicate that such shares are restricted as to transfer, and there shall be set forth or fairly summarized upon the certificate, or the certificate shall indicate that the Corporation will furnish to any shareholder upon request and without charge, a full statement of such restrictions. If the Corporation issues any shares that are not registered under the Securities Act of 1933, as amended, or not registered or qualified under the applicable state securities laws, the transfer of any such shares shall be restricted substantially in accordance with the following legend:

"THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR
UNDER ANY APPLICABLE STATE LAW. THEY MAY NOT BE OFFERED FOR SALE, SOLD,
TRANSFERRED OR PLEDGED WITHOUT (1) REGISTRATION UNDER THE SECURITIES ACT OF
1933AND ANY APPLICABLE STATE LAW, OR (2) AT HOLDERS EXPENSE, AN OPINION
(SATISFACTORY TO THE CORPORATION) OF COUNSEL (SATISFACTORY TO THE CORPORATION) THAT REGISTRATION IS NOT REQUIRED."

Section 3. Facsimile Signatures. Any and all signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 4. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require

and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 5. Transfer of Shares. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 6. Registered Shareholders. The Corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Florida.

Section 7. Redemption of Control Shares. As provided by the Florida Business Corporation Act, if a person acquiring control shares of the Corporation does not file an acquiring person statement with the Corporation, the Corporation may, at the discretion of the Board of Directors, redeem the control shares at the fair value thereof at any time during the 60-day period after the last acquisition of such control shares. If a person acquiring control shares of the Corporation files an acquiring person statement with the Corporation, the control shares may be redeemed by the Corporation, at the discretion of the Board of Directors, only if such shares are not accorded full voting rights by the shareholders as provided by law.

ARTICLE SIX

GENERAL PROVISIONS

Section 1. Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in cash, property, stock (including its own shares) or otherwise pursuant to law and subject to the provisions of the Articles of Incorporation.

Section 2. Reserves. The Board of Directors may by resolution create a reserve or reserves out of earned surplus for any proper purpose or purposes, and may abolish any such reserve in the same manner.

Section 3. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 4. 0Fiscal Year. The fiscal year of the Corporation shall end on

December 31 of each year, unless otherwise fixed by resolution of the Board of Directors.

Section 5. Seal. The corporate seal shall have inscribed thereon the name and state of incorporation of the Corporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6. Gender. All words used in these Bylaws in the masculine gender shall extend to and shall include the feminine and neuter genders.

ARTICLE SEVEN

AMENDMENT OF BYLAWS

Except as otherwise set forth herein, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the directors present at such meeting.

SECRETARY'S CERTIFICATE OF ADOPTION OF THE BYLAWS OF EPL VENTURES CORP.

I hereby certify:

That I am the duly elected Secretary of EPL Ventures Corp., a Florida corporation;

That the foregoing Bylaws comprising nine (9) pages, constitute the Bylaws of said corporation as duly

adopted by the Board of Directors of the Corporation on January 16, 1998.

IN WITNESS WHEREOF, I have hereunder subscribed my name this 16th day of January, 1998.

/s/Nora Coccaro
Nora Coccaro, Secretary

GENCON INVESTMENTS LTD.

("Gencon")

Date: January 18, 1999

Industrial Rubber Innovations Inc.

(the "Company")

Dear Sirs:

Re: Gencon loan to the
Company of $37,500 US
(the "Loan")

This letter agreement is to set out the terms under which Gencon is prepared to enter into the Loan with the Company. Please execute the bottom of this letter which will indicate your acceptance and agreement with the terms of the Loan and form the Agreement.

1. Loan

The Loan to the Company shall be $37,500US (the "Loan Proceeds") on the following terms and conditions:

(a) Term: the Loan shall be due and payable by the Company on or before May 19,1999;

(b) Interest rate: 20% simple interest payable before and after maturity;

(C) Security: As security for the Loan the Company shall provide the following security to Gencon:

(I) a Promissory Note executed by the Company in favor of Gencon;

(ii) a Uniform Commercial Code charge against the inventory of the Company;

(iii) a pledge and transfer of 14,000 shares, owned and in the name of Dave Foran of Triad Inc., a public company.

2. Repayment of the Loan

It is agreed by the parties that the Loan Proceeds shall be repaid in full, at the sole option of Gencon and by written notice by Gencon to the Company on or before May 19, 1999 (provided that Gencon may extend this date by up to 60 days at the sole option of Gencon) as follows:

(a) $37,50 cash plus interest at the rate of 20% simple interest; or

(b) The issuance of 10% of the issued shares of the Company; or

(c) The issuance of shares, warrants and options in a new public company to be created by or merged with the Company ("Pubco") as more particularly set out in paragraph 3 below; Provided that Gencon must exercise this option if Pubco is created or merged with the Company.

3. Pubco

It is agreed that in the event Gencon elects to have the Loan Proceeds repaid on the terms set out in paragraph 2(C) above, the Company shall cause Pubco to issue or grant immediately the following shares, warrants and options;

(a) 50,000 shares in Pubco to Gencon at a cost of $.75 per share, to be free trading shares after 90 days of the creation of Pubco;

(b) 50,000 shares in Pubco to Gencon at no cost, to be free trading shares after 90 days of the creation of Pubco;

(C) A warrant for 100,000 shares in Pubco to Gencon for a one year period fro the date of the election by Gencon pursuant to paragraph 2(C) above, at a price of $.75 per share;

(d) An option to purchase 100,000 shares in Pubco to Gordon Reid for a one year period from the date of the election by Gencon pursuant to paragraph 2(C) above, at an option price of $.75 per share, to be legend stock for services performed as a member of the Company's Board of Directors or Company's Advisory Board;

(e) an option to purchase 100,000 shares in Pubco to Robert Dent for a one year period from the date of the election by Gencon pursuant to paragraph 20 above, at an option price of $.75 per share, to be legend stock for services performed as a member of the Company's Board of Directors or Company's Advisory Board.

4. Additional Security

In addition to the security granted by the Company for the Loan as set out in paragraph 10 above and in the event of the election by Gencon pursuant to paragraph 2(C) above, the Company agrees to deliver to Haywood

Securities 200,000 free trading shares in street form of Pubco to be held by Haywood on the following conditions:

(a) in the event that Pubco is able to raise an additional $200,OOOUS equity capital by the issue of Pubco shares at a price of not less than $.75 per share within 90 days of the election by Gencon pursuant to paragraph 2(C) above, the 200,000 shares of Pubco held by Haywood Securities shall be returned to) the Company;

(b) in the event that Pubco is unable to raise an additional $200,000US by the issue of Pubco, shares at a price of not less than $.75 per share within 90 days of the election by Gencon pursuant to paragraph 2(c) above, the 200,000 shares of Pubco held by Haywood Securities shall be forfeited to Gencon.

5. Additional Compensation

As additional consideration for Gencon advancing the Loan Proceeds to the Company, the Company agrees to grant to Gencon the exclusive Canadian rights to distribute the Company's products on terms and conditions similar to those for U.S. distributors.

6. Formal Agreement of Purchase and Sale

The parties agree that this Agreement is a binding contract between the parties and further agree to execute and deliver any and all further documentation necessary to give full effect to this Agreement.

If the terms of this Agreement are acceptable to you, please execute the bottom of this Letter of Intent on or before January 18, 1999, and return it to us.

Yours truly,

GENCON PROPERTIES INC.

Per: /s/Gordon Reid
Gordon Reid

WE HEREBY ACCEPT AND AGREE TO THE ABOVE TERMS AND CONDITIONS THIS 18th DAY OF JANUARY, 1999

INDUSTRIAL RUBBER INNOVATIONS INC.

Per: /s/Dave Foran
Dave Foran as Director

/s/Dave Foran /s/NAME UNKNOWN

Dave Foran in his personal capacity Witness

LICENSE AGREEMENT

This License Agreement ("Agreement") is made and entered into effective June 25, 1999 by and between Century Rubber, LLC, a California Limited Liability Company ("Century" or "Licensor") and Industrial Rubber Innovations, Inc., a Florida corporation ("IRI" or "Licensee").

RECITALS

A. WHEREAS, Licensee acknowledges that Licensor is the sole and exclusive owner of the entire right, title and interest, together with all goodwill and intellectual property connected therewith, in and to that certain and specific rubber compound formula identified as NS 500 and held by Henry Noto, Esq., 1318 K Street, Bakersfield, CA 93301 (the "Formula").

B. WHEREAS, Licensee desires to obtain the exclusive right to manufacture, market, sell, and distribute products made from or derived from the Formula.

C. WHEREAS, Licensor is willing to permit the manufacture, marketing, sale, and distribution of products made from or derived from the Formula by Licensee upon the terms, conditions, and covenants set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereby agree as follows:

1. GRANT OF LICENSE.

A. Upon the terms and conditions hereinafter set forth, Licensor hereby grants to Licensee and Licensee hereby accepts the EXCLUSIVE, NON-TRANSFERABLE right, license, and privilege to manufacture, market, sell, and distribute products made from or derived from the Formula (the "Licensed Products") to the WORLD-WIDE marketplace/territory.

B. The term of this Agreement and license hereby granted shall commence on the date this Agreement is executed and shall continue indefinately unless terminated in accordance with Paragraph 7 hereof. During the term of this Agreement, provided Licensee has fulfilled all of its obligations hereunder and is not otherwise in breach of this Agreement, Licensor will not license the Formula to or permit the manufacture, marketing, sale, or distribution of Licensed Products by another person or entity.

C. As a material term of this Agreement, Licensor

acknowledges and agrees that Licensee shall be granted the option to acquire a license for any and all future formulas and products developed, held, or owned by Licensor ("Future Products") for so long as this Agreement is in effect, said license to be on terms agreed upon between the parties. In addition, Licensee is hereby granted a right of first refusal to acquire a license for any and all Future Products on terms identical to those offered by any other party.

2. TERMS OF PAYMENT.

A. Licensee agrees to pay to Licensor as fees for the use of the Formula the sum of one dollar ($1.00).

3. LICENSOR'S TITLE AND PROTECTION OF LICENSOR'S RIGHTS.

3.1 Licensee agrees that it will not during the term of this Agreement or thereafter attack the title or any rights of Licensor in and to the Formula or attack the validity of this Agreement. Licensee agrees to assist Licensor and to cooperate fully with Licensor to procure any protection or to protect any of the rights of Licensor to the Formula or any patent, trademark, service mark, trade name or copyrights or any other protection or right pertaining thereto. Licensee shall promptly notify Licensor in writing of any infringement or imitations by others of Licensor's rights in the Formula which may come to Licensee's attention, and Licensor shall have the sole right, in its discretion, to determine whether or not any action shall be taken on account of such infringement or imitations. Licensor may prosecute an action for infringement and join Licensee in such action.

3.2 Disclosure of Confidential Information.

(a) Licensee shall not, during the term of this Agreement and thereafter, communicate, divulge, or use for the benefit of himself or any other person, partnership, association, or corporation, either directly or indirectly, any information or knowledge concerning the Formula and any information which may be communicated to Licensee by Licensor during the term of this Agreement.

(b) Licensee covenants and agrees that during the term of this Agreement he will not do any act or fail to do any act which may be prejudicial or injurious to the business and goodwill of Licensor.

4. INDEMNIFICATION AND INSURANCE.

Licensee agrees to assume full responsibility for compliance with all laws in connection with the manufacture and/or sale of the

Licensed Products. Licensor assumes no liability to Licensee or any third party with respect to the Licensed Products. Licensee hereby agrees to indemnify, defend and hold harmless Licensor and Licensor's officers, directors, shareholders, members, managers, agents, employees, representatives, suppliers and related companies against any and all claims, suits, loss and damage arising out of, based upon, or in connection with the Licensed Products including, without limitation, those arising out of any alleged defect thereon or infringement thereby of any alleged patent, trademark, copyright, trade secret, contractual statutory or judicially created rights of others. Licensee agrees that it will obtain and maintain in full force and effect during the entire term of this Agreement comprehensive general liability, property damage and product liability insurance acceptable to Licensor in its sole discretion.

5. DISTRIBUTION.

Licensee agrees that during the term of this Agreement, at no expense to Licensor, it will diligently and continuously, and to the greatest extent possible, manufacture, promote, distribute and sell the Licensed Products.

6. RECORDS.

Licensee agrees to keep accurate books of account and records covering all transactions relating to the license hereby granted. Licensor and its duly authorized representatives shall have the right at reasonable times to examine said books of account and records, including without limitation, any available summaries and/or reports with respect to the Formula or this Agreement, and the right at any reasonable time upon five (5) days prior notice to audit Licensee's business with respect to the Formula.

7. TERMINATION.

Licensor shall have the right to terminate this Agreement immediately in any of the following events:

(a) If Licensee shall fail to perform any condition or covenant provided for in this Agreement within thirty (30) days after written notice of such failure; Provided, however, that in the event of any breach of this Agreement by Licensee, Licensor shall provide written notice to Licensee and Licensee shall have a period of ten (10) days to correct the breach without risk of termination of this Agreement.

(b) If Licensee during the term of this Agreement becomes insolvent or files any petition under any bankruptcy act, whether state or federal, or is adjudicated a bankrupt, or an insolvency

proceeding is instituted against Licensee, or any receiver is appointed for Licensee's business or property, or any trustee in bankruptcy is appointed for Licensee.

8. PROCEDURE ON TERMINATION OR EXPIRATION.

Upon the termination or expiration of this Agreement, Licensee may dispose of any Licensed Products then on hand, but only in conformity with the following express conditions:

(a) Licensee shall deliver to Licensor a complete inventory of Licensed Products on hand not later than thirty (30) days following the effective date of expiration or service of the notice of termination, whichever occurs first;

(b) Licensee shall not cause any further Licensed Products to be manufactured after termination or service of termination, whichever occurs first;

(c) The Licensed Products specified in the inventory furnished to Licensor pursuant to the provisions of paragraph 8(a) hereof may be sold only during a period of one hundred twenty (120) days after the effective date of expiration or termination. Following the 120 period, any Licensed Products specified in the inventory but not sold shall be delivered to Licensor.

9. EFFECT OF TERMINATION OR EXPIRATION.

Upon and after the expiration or termination of this Agreement, (i) all rights granted to Licensee hereunder shall forthwith revert to Licensor, and (ii) Licensee shall refrain from further use of the Formula or any further reference to the Formula, direct or indirect, in connection with the manufacture, sale or distribution of Licensee's products, except as provided in paragraph 8.

10. FORCE MAJEURE.

In the event that either party hereto is delayed or hindered from the performance of any act required hereunder by reason of strike, lockouts, prohibitive governmental laws or regulation, riots, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay and the period of the performance of any such acts shall be extended for a period equivalent to the period of such delay but in no event shall said performance period be extended more than one hundred twenty (120) days.

11. NOTICES.

All notices or other communications hereunder shall be in writing and shall be deemed given when delivered personally or by facsimile or three (3) days after being mailed by first class registered or certified mail, return receipt requested, properly addressed to Licensor and to Licensee at the following addresses:

If to Licensor: Century Rubber, LLC
6801 McDivitt Drive
Bakersfield, CA 93313
Attn: Steven Tieu
Facsimile (661) 833-8088

If to Licensee: Industrial Rubber Innovations, Inc.
6801 McDivitt Drive
Bakersfield, CA 93313
Attn: John Proulx, President
Facsimile (661) 833-8088

with a copy to: The Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

Any party may change its address for receiving notices hereunder by written notice to the other parties.

12. NO ASSIGNMENT OR SUBLICENSE.

This Agreement is personal to Licensee and neither this Agreement nor any of the rights or duties hereunder may be assigned, mortgaged, sublicensed or otherwise encumbered by Licensee or by operation of law.

13. PARTIES.

This Agreement shall inure to the benefit of and be binding upon Licensor and Licensee, and their respective affiliates, officers, directors, registered representatives, employees and persons who control or are under the control of Licensor and Licensee and their respective successors and assigns, and no other person shall acquire or have any right by virtue of this Agreement.

14. VALIDITY OF AGREEMENT.

The invalidity of any portion of this Agreement shall not affect the validity of the remainder thereof.

15. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations between the parties with respect to the Formula of this Agreement. No amendment or addition to, or modification of, any provision contained in this Agreement shall be effective unless fully set forth in writing signed by all of the parties hereto.

16. FURTHER ASSURANCES.

Each of the parties hereto agrees on behalf of such party, his, her or its successors and assigns, that such party will, without further consideration, execute, acknowledge and deliver such other documents and take such other action as may be necessary or convenient to carry out the purposes of this Agreement.

17. ATTORNEY'S FEES.

If either party fails to perform any of its obligations hereunder, or if a dispute arises concerning the meaning of interpretation of any provision of this Agreement, the defaulting party or the party not prevailing such in dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under, including, without limitation, court costs and reasonable attorneys' fees.

18. GOVERNING LAW AND SUPERSESSION; VENUE.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California and shall supersede any previous agreements, written or oral, expressed or implied, between the parties relating to the Formula hereof. Each of the parties hereto agrees that any action or suit which may be brought by any party hereto against any other party hereto in connection with this Agreement or the transactions contemplated hereby may be brought only in a federal or state court in Kern County, California.

19. NO PARTNERSHIP.

Nothing herein contained shall be construed to constitute an association, partnership, unincorporated business or any other entity between Licensor and Licensee.

20. COUNTERPARTS.

This Agreement may be executed in two or more counterparts,

each of which shall be deemed an original but all of which taken together shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

LICENSOR	LICENSEE
Century Rubber, LLC, a California Limited Liability Company	Industrial Rubber Innovations, Inc., a Florida corporation
/s/ Steven Tieu By: Steven Tieu Its: Manager	/s/ John Proulx By: John Proulx Its: President

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of May 15, 1999, between Industrial Rubber Innovations, Inc., a Florida corporation (the "Company"), and John Proulx ("Executive").

WITNESSETH:

WHEREAS, the Company is desirous of employing Executive, and Executive is desirous of being employed by the Company, on the terms and subject to the conditions sets forth in this Agreement:

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the indicated meanings when used in this Agreement, unless the context requires otherwise:

(a) "Base Salary Amount" shall mean $60,000.00 during the Initial Period and first Contract Year and $60,000.00 during the second Contract Year.

(b) "Benefit Plan" shall mean each vacation pay, sick pay, retirement, welfare, medical, dental, disability, life insurance or other employee benefit plan, program or arrangement. In addition, at the sole discretion of the Board of Directors, benefit plan may also include one or more of the following: incentive compensation, bonus, stock option and restricted stock plan, program or arrangement.

(c) "Board of Directors" and " Board" shall mean the board of directors of the Company.

(d) "Cause" shall mean (i) the conviction of Executive of a felony which can reasonably be expected to have a material adverse impact on the Company's business or reputation or (ii) the commission by Executive of an act of fraud or embezzlement involving assets of the Company or its customers, suppliers or affiliates. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive all of the following; (a) a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board of Directors at a meeting which the Board of Directors called and held

for the purpose of determining whether Cause exists (after reasonable notice to Executive and opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, Executive was guilty of the conduct set forth in this Section and specifying the particulars thereof in detail, (b) an affidavit sworn to by the President or Secretary of the Company stating that such resolution was in fact adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board and Directors.

(e) "Chairman of The Board" shall mean the Chairman of the Board of Directors of the Company, as determined from time to time by the Board of Directors.

(f) "Contract Year" shall mean each year during the term hereof commencing on June 1 and ending on the immediately following May 31.

(g) "Date of Termination" shall mean (A) if termination of employment occurs by reason of death, the date of Executive's death or (B) if termination of employment occurs for any other reason, the date on which a Notice of Termination is delivered to the other party; provided, however, that if, within 60 days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination of employment, then the Date of termination shall be the date of the Notice unless such dispute is otherwise determined by mutual agreement or court order in favor of Executive, in which case the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

(h) "Good Reason" Shall mean (i) as to Executive (A) a diminution in Executive's titles, responsibilities and/or duties, (B) a change in the person or persons to whom Executive reports, except as provided in Section 4(a), (C) a reassignment of Executive to a location which increases Executive's commute from his existing home by more than 50 miles on a daily round trip basis, (D) an assignment of Executive to a location other than the principal executive office of the Company, (E) the Company's failure to continue or a substantial change in Executive's participation in any Benefit Plans (subject to the Board's right to amend, modify or terminate such plans), (F) the Company's failure to obtain the agreement of any successor of the Company to assume this Agreement, (G) any material breach of this Agreement by the Company which is either not capable of correction or which in fact is not corrected

within (10) ten days after written notice by Executive specifying such breach and (H) the failure to occur of any of the actions discussed in Section 4(c); and (ii) as to the Company, the good faith determination by a majority of the entire membership of the Board of Directors that Executive has failed to perform his duties as directed.

(i) "Initial Period" shall mean that portion of the term hereof from the date of this Agreement through May 31, 1999.

(j) "Notice of Termination" shall mean a written notice which shall indicate the specific provision in this Agreement relied upon in connection with a termination of employment and which shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination under the provision so indicated.

(k) "Performance Bonus" shall have the meaning ascribed to that term in Section 6(b).

(l) "Severance Payments" shall mean any severance payments made or to be made to Executive pursuant to any provision of Section 7 below.

2. EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, on the terms and subject to the conditions set forth herein.

3. TERM OF EMPLOYMENT. The term of employment hereunder shall be for the Initial Period and thereafter for a period of two (2) years, the term hereof therefore commencing on the date hereof and ending on May 31, 2001, subject to earlier termination as herein provided. During the Initial Period, Executive shall be employed by Company upon the same terms, compensation and benefits as provided hereunder, pro-rated to cover such period. During the 90-day period immediately preceding the end of the second Contract Year, the Company and Executive shall negotiate, in good faith, the terms and conditions of a two year extension to this Agreement upon terms and conditions no less favorable to Executive than the terms and conditions applicable during the second Contract year; provided, however, that the foregoing obligation to negotiate in good faith shall not apply in the event that either the Company or Executive gives written notice to the other during such 90-day period of its or his desire to have this Agreement terminated at the end of the initial two (2) year term. In no event shall this Agreement be extended beyond the initial two-year term without the written agreement of Company and Executive.

4. POSITION AND DUTIES.

(a) Executive shall serve as the President and Chief Executive Officer of the Company, reporting only to the Board of Directors. Subject to the authority of the Board of Directors, Executive shall have supervision and control over, and responsibility for, the general management and operation of the Company and shall have such other powers and duties as may from time to time be prescribed by the Board of Directors, provided that such duties are reasonable and customary for a president and chief executive officer. Executive shall devote his entire working time, attention and energies to the business of the Company.

(b) Anything herein to the contrary notwithstanding, nothing shall preclude the Executive from (i) serving the boards of directors of a reasonable number of other corporations, or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal, investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities as the Company's President and Chief Executive Officer.

(c) Executive shall serve on the Board of Directors during the entire term hereof. If, at any time during the term of his employment, the shareholders of the Company shall fail to elect Executive to the Board of Directors, or the Board of Directors shall fail to elect Executive to the office of President or Chief Executive Officer of the Company, or shall remove him from either of such offices, other than as provided for in this Agreement, Executive shall have the right to terminate his services hereunder for Good Reason pursuant to Section 7(d) and Executive shall have no further Obligation under this Agreement.

(d) Executive agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries;

provided, however, that Executive shall not be required to serve as an officer or director of any such subsidiary if such service would expose him to potential adverse financial consequences.

5. PLACE OF PERFORMANCE.

In connection with his employment by the Company, Executive shall be based at the Company's principal executive offices located in Bakersfield, California. In the event that Executive consents to any relocation requested by the Company, the Company will promptly pay or reimburse Executive for all reasonable moving expenses incurred by Executive relating to a change of his principal residence.

6. COMPENSATION AND OTHER BENEFITS.

(a) BASE SALARY. During each Contract Year of the term hereof, the Company shall pay to Executive the Base Salary Amount. The Company shall compensate Executive for the Initial Period as provided herein in Section 3 hereof. The Base Salary Amount shall be paid to Executive in accordance with the Company's regular payroll practices with respect to senior management compensation.

(b) ANNUAL PERFORMANCE BONUSES. During each Contract Year, the Company shall pay to Executive such discretionary bonuses as may be granted by the Board of Directors, in its discretion.

(c) EXPENSES. Executive shall be entitled to receive (i) prompt reimbursement for all documented business expenses incurred by him in the performance of his duties hereunder, provided that Executive properly accounts therefor in accordance with the Company's reimbursement policy and practices of the Company as of the date hereof, and (ii) up to $500 per month in nonaccountable automobile expenses.

(d) FRINGE BENEFITS. Executive shall be entitled to participate in and receive benefits under all of the Company's Benefit Plans or programs generally available to senior management of the Company, including, but not limited to any retirement, stock option plans, disability insurance plans and all other plans or programs. Nothing paid to Executive under any Benefit Plan presently in effect or made available in the future shall be deemed to be in lieu of compensation payable to Executive hereunder. Further the Company reserves the right to amend, modify or terminate any and all such plans.

(e) VACATIONS. During the term hereof, Executive shall be entitled to sick leave and paid holidays consistent with the Company's sick leave and holiday policy for senior management and up to two (2) weeks paid vacation during each Contract Year as Executive deems reasonable. Any vacation time that is not taken in a given Contract Year shall be carried forward to the following Contract Year or Contract Years, as the case may be but in no event more than four (4) weeks, on a cumulative basis.

7. TERMINATION OF SERVICE.

(a) TERMINATION UPON DEATH. Executive's employment hereunder shall terminate upon his death, in which event the Company shall pay to such person as the Executive shall have designated in a written notice filed with the Company, or if no such person shall have been designated to his estate, as a lump sum death benefit an

amount equal to the Base Salary Amount for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts due under Benefit Plans and perquisites through the Date of Termination.

(b) TERMINATION UPON DISABILITY. If, as a result of a permanent mental or physical disability, Executive shall have been absent from his duties hereunder on a full-time basis for six (6) consecutive months, ("Disability") and, within 30 days after the Company notifies Executive in writing that it intends to replace him, (which notice can be given at the end of the fifth month during such six month period), Executive shall not have returned to the performance of his duties on a full-time basis, the Company shall be entitled to terminate Executive's employment. In addition, executive shall, upon his Disability, have the right to terminate his employment with Company. If such employment if terminated (whether by the Company or by Executive) as a result of Executive's Disability, the following shall apply:

(i) the Company shall continue to pay Executive the Base Salary Amount to which he would otherwise be entitled during the one-year period immediately following the Date of Termination (offset by any disability insurance payments received by Executive on policies provided by the Company);

(ii) the Company shall pay Executive an amount equal to Performance Bonuses and Base Salary Amount accrued through the Date of Termination;

(iii) the Company shall maintain in full force and effect, for the continued benefit of Executive during the one-year period immediately following the Date of Termination, all Benefit Plans in which Executive was entitled to participate immediately prior to the Date of Termination to the extent that Executive's continued participation is possible under the general terms and conditions of such Benefit Plans. In the event that Executive's participation in any such Benefit Plan is barred as a result of his Disability, Executive shall be entitled to receive an amount equal to the annual contributions, payments, credit or allocations which would have been made by the Company to him, to his account or on his behalf under such Benefit Plan from which his continued participation is barred;

(iv) the Company shall maintain a full force and effect, for the continued benefit of Executive's estate or dependents during the one-year period immediately following the Date of Termination, any life, accident, disability or health and dental insurance plans, vision care plans and any other similar welfare plans of the Company in effect immediately prior to the Date of Termination, or the Company shall provide equivalent benefits at no

cost to Executive's estate or his dependents;

(c) TERMINATION FOR CAUSE. The Company shall be entitled to terminate Executive's employment for Cause, in which event Executive shall be entitled to all Base Salary amounts, amounts under Benefit Plans and perquisites through the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination.

(d) TERMINATION FOR GOOD REASON. Executive shall be entitled to terminate Executive's employment for Good Reason at any time and the Company shall be entitled to terminate Executive's Employment for Good Reason at any time after the end of the first Contract Year. Upon the termination of Executive's employment by Company for Good Reason after completion of the first Contract Year, Executive shall be entitled to receive from the Company a lump sum payment in an amount equal to his Base Salary Amount and amounts under Benefit Plans for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts under the Benefit Plans and perquisites through the Date of Termination, all of which shall be payable by Company within ten (10) days after termination. Upon the termination of Executive's employment by Executive for Good Reason all of the aforesaid compensation, bonuses and benefits shall be paid to Executive by the Company over the one-year period following the date of termination.

(e) NOTICE OF TERMINATION. any termination of Executive's employment by the Company or Executive pursuant to Sections 7(b), 7(c), or 7(d) shall be communicated by a Notice of Termination to the other party.

(f) NO MITIGATION. Executive shall not be required to mitigate the amount of any payment provided for in this Section 7 by seeking other employment or otherwise, nor will the amount of damages or severance benefits payable to Executive under this Section 7 be reduced by reason of his securing other employment or for any reason.

8. INDEMNIFICATION. The Company shall indemnify and defend Executive to the fullest extent permitted under California Law. This includes, but is not limited to, a duty to indemnify Executive if he is made, or threatened to be made, a party to an action or proceeding, to the fullest extent permitted by applicable law, including an action by or in the right of the Company to procure a judgment in its favor, by reason of the fact that Employee is or was an officer, director or employee of the Company (or any of its subsidiaries), against all costs and expenses resulting from or related to such action or proceeding, or any appeal thereof, if

Executive acted in good faith for a purpose which he reasonably believed to be in the best interests of the Company. The termination of any such action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create the presumption that Executive did not act in good faith for a purpose which he reasonably believed to be in the best interest of the Company. As used in this Section, (i) "cost and expenses" means any and all costs, expenses and liabilities incurred by Executive, including but not limited to (A) attorneys' fees, (B) amounts paid in settlement of, or in the satisfaction of any order or judgment in, any action or proceeding and (C) fines, penalties and assessment asserted or adjudged in any action or proceeding, and (ii) "action or proceeding" means any and all suits, claims, actions, investigations or proceedings whether civil, criminal or administrative, heretofore or hereafter instituted or asserted.

9. GENERAL PROVISIONS.

(a) NOTICES. All notices, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by telecopy or by registered or certified mail to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with in Section):

a. If to the Company:

Industrial Rubber Innovations, Inc.
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Attn: President and Secretary
Facsimile (805) 833-8088

with a copy to:

Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

b. If to Executive:

John Proulx
4525 New Horizon Boulevard, Suite 7

Bakersfield, CA 93313
Facsimile (805) 833-8088

(c) HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) SUCCESSORS; BINDING AGREEMENT.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if the Company terminated his employment in the manner contemplated in Section 7(d), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

(ii) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heir, devisees, legatees, executors, administrators, successors and personal or legal representatives. If Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to Executive's designee or, if there be no terms of this Agreement to the Executive's heir, devisees, legatees or executors or administrators of Executive's estate, as appropriate.

(e) SEVERABILITY. If any provision of this Agreement in held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid

and enforceable.

(f) ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings both written and oral, between the Company and the Executive with respect to the subject matter hereof and thereof.

(g) ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law of otherwise without the express written consent of the Company and the Executive (which consent may be granted or withheld in the sole discretion of the Company or the Executive, as applicable).

(h) AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, the Company and Executive. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or (b) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver or the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

(i) GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, applicable to contracts executed in and to be performed entirely within the state.

(j) JURISDICTION AND VENUE. The parties agree that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreements which are brought pursuant to judicial proceedings shall be litigated in the Superior Court of Kern, California. The parties hereto expressly submit and consent in advance to such jurisdiction and agree that service of summons and complaint or other process or paper may be made by registered or certified mail addressed to the relevant party at the address to which notices are to be sent pursuant to Section 9(a).

(k) ATTORNEYS' FEES. If any legal action or other proceeding is brought for the enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which he or it may be entitled.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original while all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement as of the date and year first written above.

Industrial Rubber Innovations, Inc.
a Florida corporation

/s/ David H. Foran
By: David H. Foran
Its: Secretary and Chief Financial Officer

/s/ John Proulx
John Proulx

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of May 15, 1999, between Industrial Rubber Innovations, Inc., a Florida corporation (the "Company"), and David H. Foran ("Executive").

WITNESSETH:

WHEREAS, the Company is desirous of employing Executive, and Executive is desirous of being employed by the Company, on the terms and subject to the conditions sets forth in this Agreement:

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the indicated meanings when used in this Agreement, unless the context requires otherwise:

(a) "Base Salary Amount" shall mean $60,000.00 during the Initial Period and first Contract Year and $60,000.00 during the second Contract Year.

(b) "Benefit Plan" shall mean each vacation pay, sick pay, retirement, welfare, medical, dental, disability, life insurance or other employee benefit plan, program or arrangement. In addition, at the sole discretion of the Board of Directors, benefit plan may also include one or more of the following: incentive compensation, bonus, stock option and restricted stock plan, program or arrangement.

(c) "Board of Directors" and " Board" shall mean the board of directors of the Company.

(d) "Cause" shall mean (i) the conviction of Executive of a felony which can reasonably be expected to have a material adverse impact on the Company's business or reputation or (ii) the commission by Executive of an act of fraud or embezzlement involving assets of the Company or its customers, suppliers or affiliates. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive all of the following; (a) a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board of Directors at a meeting which the Board of Directors called and held

for the purpose of determining whether Cause exists (after reasonable notice to Executive and opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, Executive was guilty of the conduct set forth in this Section and specifying the particulars thereof in detail, (b) an affidavit sworn to by the President or Secretary of the Company stating that such resolution was in fact adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board and Directors.

(e) "Chairman of The Board" shall mean the Chairman of the Board of Directors of the Company, as determined from time to time by the Board of Directors.

(f) "Contract Year" shall mean each year during the term hereof commencing on June 1 and ending on the immediately following May 31.

(g) "Date of Termination" shall mean (A) if termination of employment occurs by reason of death, the date of Executive's death or (B) if termination of employment occurs for any other reason, the date on which a Notice of Termination is delivered to the other party; provided, however, that if, within 60 days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination of employment, then the Date of termination shall be the date of the Notice unless such dispute is otherwise determined by mutual agreement or court order in favor of Executive, in which case the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

(h) "Good Reason" Shall mean (i) as to Executive (A) a diminution in Executive's titles, responsibilities and/or duties, (B) a change in the person or persons to whom Executive reports, except as provided in Section 4(a), (C) a reassignment of Executive to a location which increases Executive's commute from his existing home by more than 50 miles on a daily round trip basis, (D) an assignment of Executive to a location other than the principal executive office of the Company, (E) the Company's failure to continue or a substantial change in Executive's participation in any Benefit Plans (subject to the Board's right to amend, modify or terminate such plans), (F) the Company's failure to obtain the agreement of any successor of the Company to assume this Agreement, (G) any material breach of this Agreement by the Company which is either not capable of correction or which in fact is not corrected

within (10) ten days after written notice by Executive specifying such breach and (H) the failure to occur of any of the actions discussed in Section 4(c); and (ii) as to the Company, the good faith determination by a majority of the entire membership of the Board of Directors that Executive has failed to perform his duties as directed.

(i) "Initial Period" shall mean that portion of the term hereof from the date of this Agreement through May 31, 1999.

(j) "Notice of Termination" shall mean a written notice which shall indicate the specific provision in this Agreement relied upon in connection with a termination of employment and which shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination under the provision so indicated.

(k) "Performance Bonus" shall have the meaning ascribed to that term in Section 6(b).

(l) "Severance Payments" shall mean any severance payments made or to be made to Executive pursuant to any provision of Section 7 below.

2. EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, on the terms and subject to the conditions set forth herein.

3. TERM OF EMPLOYMENT. The term of employment hereunder shall be for the Initial Period and thereafter for a period of two (2) years, the term hereof therefore commencing on the date hereof and ending on May 31, 2001, subject to earlier termination as herein provided. During the Initial Period, Executive shall be employed by Company upon the same terms, compensation and benefits as provided hereunder, pro-rated to cover such period. During the 90-day period immediately preceding the end of the second Contract Year, the Company and Executive shall negotiate, in good faith, the terms and conditions of a two year extension to this Agreement upon terms and conditions no less favorable to Executive than the terms and conditions applicable during the second Contract year; provided, however, that the foregoing obligation to negotiate in good faith shall not apply in the event that either the Company or Executive gives written notice to the other during such 90-day period of its or his desire to have this Agreement terminated at the end of the initial two (2) year term. In no event shall this Agreement be extended beyond the initial two-year term without the written agreement of Company and Executive.

4. POSITION AND DUTIES.

(a) Executive shall serve as the Chief Financial Officer of the Company, reporting to the President and the Board of Directors. Subject to the authority of the Board of Directors, Executive shall have supervision and control over, and responsibility for keeping and maintaining, or causing to be kept and maintained, in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the Company and shall have such other powers and duties as may from time to time be prescribed by the President or the Board of Directors, provided that such duties are reasonable and customary for a chief financial officer. Executive shall devote his entire working time, attention and energies to the business of the Company.

(b) Anything herein to the contrary notwithstanding, nothing shall preclude the Executive from (i) serving the boards of directors of a reasonable number of other corporations, or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal, investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities as the Company's Chief Financial Officer.

(c) Executive shall serve on the Board of Directors during the entire term hereof. If, at any time during the term of his employment, the shareholders of the Company shall fail to elect Executive to the Board of Directors, or the Board of Directors shall fail to elect Executive to the office of Chief Financial Officer of the Company, or shall remove him from either of such offices, other than as provided for in this Agreement, Executive shall have the right to terminate his services hereunder for Good Reason pursuant to Section 7(d) and Executive shall have no further Obligation under this Agreement.

(d) Executive agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries; provided, however, that Executive shall not be required to serve as an officer or director of any such subsidiary if such service would expose him to potential adverse financial consequences.

5. PLACE OF PERFORMANCE.

In connection with his employment by the Company, Executive shall be based at the Company's principal executive offices located in Bakersfield, California. In the event that Executive consents to any relocation requested by the Company, the Company will promptly

pay or reimburse Executive for all reasonable moving expenses incurred by Executive relating to a change of his principal residence.

6. COMPENSATION AND OTHER BENEFITS.

(a) BASE SALARY. During each Contract Year of the term hereof, the Company shall pay to Executive the Base Salary Amount. The Company shall compensate Executive for the Initial Period as provided herein in Section 3 hereof. The Base Salary Amount shall be paid to Executive in accordance with the Company's regular payroll practices with respect to senior management compensation.

(b) ANNUAL PERFORMANCE BONUSES. During each Contract Year, the Company shall pay to Executive such discretionary bonuses as may be granted by the Board of Directors, in its discretion.

(c) EXPENSES. Executive shall be entitled to receive (i) prompt reimbursement for all documented business expenses incurred by him in the performance of his duties hereunder, provided that Executive properly accounts therefor in accordance with the Company's reimbursement policy and practices of the Company as of the date hereof, and (ii) up to $500 per month in nonaccountable automobile expenses.

(d) FRINGE BENEFITS. Executive shall be entitled to participate in and receive benefits under all of the Company's Benefit Plans or programs generally available to senior management of the Company, including, but not limited to any retirement, stock option plans, disability insurance plans and all other plans or programs. Nothing paid to Executive under any Benefit Plan presently in effect or made available in the future shall be deemed to be in lieu of compensation payable to Executive hereunder. Further the Company reserves the right to amend, modify or terminate any and all such plans.

(e) VACATIONS. During the term hereof, Executive shall be entitled to sick leave and paid holidays consistent with the Company's sick leave and holiday policy for senior management and up to two (2) weeks paid vacation during each Contract Year as Executive deems reasonable. Any vacation time that is not taken in a given Contract Year shall be carried forward to the following Contract Year or Contract Years, as the case may be but in no event more than four (4) weeks, on a cumulative basis.

7. TERMINATION OF SERVICE.

(a) TERMINATION UPON DEATH. Executive's employment hereunder shall terminate upon his death, in which event the Company shall pay to such person as the Executive shall have designated in a

written notice filed with the Company, or if no such person shall have been designated to his estate, as a lump sum death benefit an amount equal to the Base Salary Amount for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts due under Benefit Plans and perquisites through the Date of Termination.

(b) TERMINATION UPON DISABILITY. If, as a result of a permanent mental or physical disability, Executive shall have been absent from his duties hereunder on a full-time basis for six (6) consecutive months, ("Disability") and, within 30 days after the Company notifies Executive in writing that it intends to replace him, (which notice can be given at the end of the fifth month during such six month period), Executive shall not have returned to the performance of his duties on a full-time basis, the Company shall be entitled to terminate Executive's employment. In addition, executive shall, upon his Disability, have the right to terminate his employment with Company. If such employment if terminated (whether by the Company or by Executive) as a result of Executive's Disability, the following shall apply:

(i) the Company shall continue to pay Executive the Base Salary Amount to which he would otherwise be entitled during the one-year period immediately following the Date of Termination (offset by any disability insurance payments received by Executive on policies provided by the Company);

(ii) the Company shall pay Executive an amount equal to Performance Bonuses and Base Salary Amount accrued through the Date of Termination;

(iii) the Company shall maintain in full force and effect, for the continued benefit of Executive during the one-year period immediately following the Date of Termination, all Benefit Plans in which Executive was entitled to participate immediately prior to the Date of Termination to the extent that Executive's continued participation is possible under the general terms and conditions of such Benefit Plans. In the event that Executive's participation in any such Benefit Plan is barred as a result of his Disability, Executive shall be entitled to receive an amount equal to the annual contributions, payments, credit or allocations which would have been made by the Company to him, to his account or on his behalf under such Benefit Plan from which his continued participation is barred;

(iv) the Company shall maintain a full force and effect, for the continued benefit of Executive's estate or dependents during the one-year period immediately following the Date of Termination, any life, accident, disability or health and dental insurance plans, vision care plans and any other similar welfare

plans of the Company in effect immediately prior to the Date of Termination, or the Company shall provide equivalent benefits at no cost to Executive's estate or his dependents;

(c) TERMINATION FOR CAUSE. The Company shall be entitled to terminate Executive's employment for Cause, in which event Executive shall be entitled to all Base Salary amounts, amounts under Benefit Plans and perquisites through the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination.

(d) TERMINATION FOR GOOD REASON. Executive shall be entitled to terminate Executive's employment for Good Reason at any time and the Company shall be entitled to terminate Executive's Employment for Good Reason at any time after the end of the first Contract Year. Upon the termination of Executive's employment by Company for Good Reason after completion of the first Contract Year, Executive shall be entitled to receive from the Company a lump sum payment in an amount equal to his Base Salary Amount and amounts under Benefit Plans for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts under the Benefit Plans and perquisites through the Date of Termination, all of which shall be payable by Company within ten (10) days after termination. Upon the termination of Executive's employment by Executive for Good Reason all of the aforesaid compensation, bonuses and benefits shall be paid to Executive by the Company over the one-year period following the date of termination.

(e) NOTICE OF TERMINATION. any termination of Executive's employment by the Company or Executive pursuant to Sections 7(b), 7(c), or 7(d) shall be communicated by a Notice of Termination to the other party.

(f) NO MITIGATION. Executive shall not be required to mitigate the amount of any payment provided for in this Section 7 by seeking other employment or otherwise, nor will the amount of damages or severance benefits payable to Executive under this Section 7 be reduced by reason of his securing other employment or for any reason.

8. INDEMNIFICATION. The Company shall indemnify and defend Executive to the fullest extent permitted under California Law. This includes, but is not limited to, a duty to indemnify Executive if he is made, or threatened to be made, a party to an action or proceeding, to the fullest extent permitted by applicable law, including an action by or in the right of the Company to procure a judgment in its favor, by reason of the fact that Employee is or was an officer, director or employee of the Company (or any of

its subsidiaries), against all costs and expenses resulting from or related to such action or proceeding, or any appeal thereof, if Executive acted in good faith for a purpose which he reasonably believed to be in the best interests of the Company. The termination of any such action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create the presumption that Executive did not act in good faith for a purpose which he reasonably believed to be in the best interest of the Company. As used in this Section, (i) "cost and expenses" means any and all costs, expenses and liabilities incurred by Executive, including but not limited to (A) attorneys' fees, (B) amounts paid in settlement of, or in the satisfaction of any order or judgment in, any action or proceeding and (C) fines, penalties and assessment asserted or adjudged in any action or proceeding, and (ii) "action or proceeding" means any and all suits, claims, actions, investigations or proceedings whether civil, criminal or administrative, heretofore or hereafter instituted or asserted.

9. GENERAL PROVISIONS.

(a) NOTICES. All notices, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by telecopy or by registered or certified mail to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with in Section):

a. If to the Company:

Industrial Rubber Innovations, Inc.
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Attn: President and Secretary
Facsimile (805) 833-8088

with a copy to:

Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

b. If to Executive:

David H. Foran
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Facsimile (805) 833-8088

(c) HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) SUCCESSORS; BINDING AGREEMENT.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if the Company terminated his employment in the manner contemplated in Section 7(d), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

(ii) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heir, devisees, legatees, executors, administrators, successors and personal or legal representatives. If Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to Executive's designee or, if there be no terms of this Agreement to the Executive's heir, devisees, legatees or executors or administrators of Executive's estate, as appropriate.

(e) SEVERABILITY. If any provision of this Agreement in held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this

Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(f) ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings both written and oral, between the Company and the Executive with respect to the subject matter hereof and thereof.

(g) ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law of otherwise without the express written consent of the Company and the Executive (which consent may be granted or withheld in the sole discretion of the Company or the Executive, as applicable).

(h) AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, the Company and Executive. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or (b) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver or the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

(i) GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, applicable to contracts executed in and to be performed entirely within the state.

(j) JURISDICTION AND VENUE. The parties agree that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreements which are brought pursuant to judicial proceedings shall be litigated in the Superior Court of Kern, California. The parties hereto expressly submit and consent in advance to such jurisdiction and agree that service of summons and complaint or other process or paper may be made by registered or certified mail addressed to the relevant party at the address to which notices are to be sent pursuant to Section 9(a).

(k) ATTORNEYS' FEES. If any legal action or other proceeding is brought for the enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's

fees and other costs incurred in that action or proceeding, in addition to any other relief to which he or it may be entitled.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original while all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement as of the date and year first written above.

Industrial Rubber Innovations, Inc.
a Florida corporation

/s/ John Proulx
By: John Proulx
Its: President

/s/ David H. Foran
David H. Foran

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of May 15, 1999, between Industrial Rubber Innovations, Inc., a Florida corporation (the "Company"), and Benny Hun ("Executive").

WITNESSETH:

WHEREAS, the Company is desirous of employing Executive, and Executive is desirous of being employed by the Company, on the terms and subject to the conditions sets forth in this Agreement:

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the indicated meanings when used in this Agreement, unless the context requires otherwise:

(a) "Base Salary Amount" shall mean $60,000.00 during the Initial Period and first Contract Year and $60,000.00 during the second Contract Year.

(b) "Benefit Plan" shall mean each vacation pay, sick pay, retirement, welfare, medical, dental, disability, life insurance or other employee benefit plan, program or arrangement. In addition, at the sole discretion of the Board of Directors, benefit plan may also include one or more of the following: incentive compensation, bonus, stock option and restricted stock plan, program or arrangement.

(c) "Board of Directors" and " Board" shall mean the board of directors of the Company.

(d) "Cause" shall mean (i) the conviction of Executive of a felony which can reasonably be expected to have a material adverse impact on the Company's business or reputation or (ii) the commission by Executive of an act of fraud or embezzlement involving assets of the Company or its customers, suppliers or affiliates. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive all of the following; (a) a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board of Directors at a meeting which the Board of Directors called and held

for the purpose of determining whether Cause exists (after reasonable notice to Executive and opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, Executive was guilty of the conduct set forth in this Section and specifying the particulars thereof in detail, (b) an affidavit sworn to by the President or Secretary of the Company stating that such resolution was in fact adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board and Directors.

(e) "Chairman of The Board" shall mean the Chairman of the Board of Directors of the Company, as determined from time to time by the Board of Directors.

(f) "Contract Year" shall mean each year during the term hereof commencing on June 1 and ending on the immediately following May 31.

(g) "Date of Termination" shall mean (A) if termination of employment occurs by reason of death, the date of Executive's death or (B) if termination of employment occurs for any other reason, the date on which a Notice of Termination is delivered to the other party; provided, however, that if, within 60 days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination of employment, then the Date of termination shall be the date of the Notice unless such dispute is otherwise determined by mutual agreement or court order in favor of Executive, in which case the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

(h) "Good Reason" Shall mean (i) as to Executive (A) a diminution in Executive's titles, responsibilities and/or duties, (B) a change in the person or persons to whom Executive reports, except as provided in Section 4(a), (C) a reassignment of Executive to a location which increases Executive's commute from his existing home by more than 50 miles on a daily round trip basis, (D) an assignment of Executive to a location other than the principal executive office of the Company, (E) the Company's failure to continue or a substantial change in Executive's participation in any Benefit Plans (subject to the Board's right to amend, modify or terminate such plans), (F) the Company's failure to obtain the agreement of any successor of the Company to assume this Agreement, (G) any material breach of this Agreement by the Company which is either not capable of correction or which in fact is not corrected

within (10) ten days after written notice by Executive specifying such breach and (H) the failure to occur of any of the actions discussed in Section 4(c); and (ii) as to the Company, the good faith determination by a majority of the entire membership of the Board of Directors that Executive has failed to perform his duties as directed.

(i) "Initial Period" shall mean that portion of the term hereof from the date of this Agreement through May 31, 1999.

(j) "Notice of Termination" shall mean a written notice which shall indicate the specific provision in this Agreement relied upon in connection with a termination of employment and which shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination under the provision so indicated.

(k) "Performance Bonus" shall have the meaning ascribed to that term in Section 6(b).

(l) "Severance Payments" shall mean any severance payments made or to be made to Executive pursuant to any provision of Section 7 below.

2. EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, on the terms and subject to the conditions set forth herein.

3. TERM OF EMPLOYMENT. The term of employment hereunder shall be for the Initial Period and thereafter for a period of two (2) years, the term hereof therefore commencing on the date hereof and ending on May 31, 2001, subject to earlier termination as herein provided. During the Initial Period, Executive shall be employed by Company upon the same terms, compensation and benefits as provided hereunder, pro-rated to cover such period. During the 90-day period immediately preceding the end of the second Contract Year, the Company and Executive shall negotiate, in good faith, the terms and conditions of a two year extension to this Agreement upon terms and conditions no less favorable to Executive than the terms and conditions applicable during the second Contract year; provided, however, that the foregoing obligation to negotiate in good faith shall not apply in the event that either the Company or Executive gives written notice to the other during such 90-day period of its or his desire to have this Agreement terminated at the end of the initial two (2) year term. In no event shall this Agreement be extended beyond the initial two-year term without the written agreement of Company and Executive.

4. POSITION AND DUTIES.

(a) Executive shall serve as the Vice President of Production of the Company, reporting to the President and the Board of Directors. Subject to the authority of the Board of Directors, Executive shall have such other powers and duties as may from time to time be prescribed by the President or the Board of Directors, provided that such duties are reasonable and customary for a vice president of production. Executive shall devote his entire working time, attention and energies to the business of the Company.

(b) Anything herein to the contrary notwithstanding, nothing shall preclude the Executive from (i) serving the boards of directors of a reasonable number of other corporations, or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal, investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities as the Company's Vice President of Production.

(c) Executive shall serve on the Board of Directors during the entire term hereof. If, at any time during the term of his employment, the shareholders of the Company shall fail to elect Executive to the Board of Directors, or the Board of Directors shall fail to elect Executive to the office of Vice President of Production of the Company, or shall remove him from either of such offices, other than as provided for in this Agreement, Executive shall have the right to terminate his services hereunder for Good Reason pursuant to Section 7(d) and Executive shall have no further Obligation under this Agreement.

(d) Executive agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries; provided, however, that Executive shall not be required to serve as an officer or director of any such subsidiary if such service would expose him to potential adverse financial consequences.

5. PLACE OF PERFORMANCE.

In connection with his employment by the Company, Executive shall be based at the Company's principal executive offices located in Bakersfield, California. In the event that Executive consents to any relocation requested by the Company, the Company will promptly pay or reimburse Executive for all reasonable moving expenses incurred by Executive relating to a change of his principal residence.

6. COMPENSATION AND OTHER BENEFITS.

(a) BASE SALARY. During each Contract Year of the term hereof, the Company shall pay to Executive the Base Salary Amount. The Company shall compensate Executive for the Initial Period as provided herein in Section 3 hereof. The Base Salary Amount shall be paid to Executive in accordance with the Company's regular payroll practices with respect to senior management compensation.

(b) ANNUAL PERFORMANCE BONUSES. During each Contract Year, the Company shall pay to Executive such discretionary bonuses as may be granted by the Board of Directors, in its discretion.

(c) EXPENSES. Executive shall be entitled to receive (i) prompt reimbursement for all documented business expenses incurred by him in the performance of his duties hereunder, provided that Executive properly accounts therefor in accordance with the Company's reimbursement policy and practices of the Company as of the date hereof, and (ii) up to $500 per month in nonaccountable automobile expenses.

(d) FRINGE BENEFITS. Executive shall be entitled to participate in and receive benefits under all of the Company's Benefit Plans or programs generally available to senior management of the Company, including, but not limited to any retirement, stock option plans, disability insurance plans and all other plans or programs. Nothing paid to Executive under any Benefit Plan presently in effect or made available in the future shall be deemed to be in lieu of compensation payable to Executive hereunder. Further the Company reserves the right to amend, modify or terminate any and all such plans.

(e) VACATIONS. During the term hereof, Executive shall be entitled to sick leave and paid holidays consistent with the Company's sick leave and holiday policy for senior management and up to two (2) weeks paid vacation during each Contract Year as Executive deems reasonable. Any vacation time that is not taken in a given Contract Year shall be carried forward to the following Contract Year or Contract Years, as the case may be but in no event more than four (4) weeks, on a cumulative basis.

7. TERMINATION OF SERVICE.

(a) TERMINATION UPON DEATH. Executive's employment hereunder shall terminate upon his death, in which event the Company shall pay to such person as the Executive shall have designated in a written notice filed with the Company, or if no such person shall have been designated to his estate, as a lump sum death benefit an amount equal to the Base Salary Amount for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and

all Base Salary Amounts, amounts due under Benefit Plans and perquisites through the Date of Termination.

(b) TERMINATION UPON DISABILITY. If, as a result of a permanent mental or physical disability, Executive shall have been absent from his duties hereunder on a full-time basis for six (6) consecutive months, ("Disability") and, within 30 days after the Company notifies Executive in writing that it intends to replace him, (which notice can be given at the end of the fifth month during such six month period), Executive shall not have returned to the performance of his duties on a full-time basis, the Company shall be entitled to terminate Executive's employment. In addition, executive shall, upon his Disability, have the right to terminate his employment with Company. If such employment if terminated (whether by the Company or by Executive) as a result of Executive's Disability, the following shall apply:

(i) the Company shall continue to pay Executive the Base Salary Amount to which he would otherwise be entitled during the one-year period immediately following the Date of Termination (offset by any disability insurance payments received by Executive on policies provided by the Company);

(ii) the Company shall pay Executive an amount equal to Performance Bonuses and Base Salary Amount accrued through the Date of Termination;

(iii) the Company shall maintain in full force and effect, for the continued benefit of Executive during the one-year period immediately following the Date of Termination, all Benefit Plans in which Executive was entitled to participate immediately prior to the Date of Termination to the extent that Executive's continued participation is possible under the general terms and conditions of such Benefit Plans. In the event that Executive's participation in any such Benefit Plan is barred as a result of his Disability, Executive shall be entitled to receive an amount equal to the annual contributions, payments, credit or allocations which would have been made by the Company to him, to his account or on his behalf under such Benefit Plan from which his continued participation is barred;

(iv) the Company shall maintain a full force and effect, for the continued benefit of Executive's estate or dependents during the one-year period immediately following the Date of Termination, any life, accident, disability or health and dental insurance plans, vision care plans and any other similar welfare plans of the Company in effect immediately prior to the Date of Termination, or the Company shall provide equivalent benefits at no cost to Executive's estate or his dependents;

(c) TERMINATION FOR CAUSE. The Company shall be entitled to terminate Executive's employment for Cause, in which event Executive shall be entitled to all Base Salary amounts, amounts under Benefit Plans and perquisites through the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination.

(d) TERMINATION FOR GOOD REASON. Executive shall be entitled to terminate Executive's employment for Good Reason at any time and the Company shall be entitled to terminate Executive's Employment for Good Reason at any time after the end of the first Contract Year. Upon the termination of Executive's employment by Company for Good Reason after completion of the first Contract Year, Executive shall be entitled to receive from the Company a lump sum payment in an amount equal to his Base Salary Amount and amounts under Benefit Plans for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts under the Benefit Plans and perquisites through the Date of Termination, all of which shall be payable by Company within ten (10) days after termination. Upon the termination of Executive's employment by Executive for Good Reason all of the aforesaid compensation, bonuses and benefits shall be paid to Executive by the Company over the one-year period following the date of termination.

(e) NOTICE OF TERMINATION. any termination of Executive's employment by the Company or Executive pursuant to Sections 7(b), 7(c), or 7(d) shall be communicated by a Notice of Termination to the other party.

(f) NO MITIGATION. Executive shall not be required to mitigate the amount of any payment provided for in this Section 7 by seeking other employment or otherwise, nor will the amount of damages or severance benefits payable to Executive under this Section 7 be reduced by reason of his securing other employment or for any reason.

8. INDEMNIFICATION. The Company shall indemnify and defend Executive to the fullest extent permitted under California Law. This includes, but is not limited to, a duty to indemnify Executive if he is made, or threatened to be made, a party to an action or proceeding, to the fullest extent permitted by applicable law, including an action by or in the right of the Company to procure a judgment in its favor, by reason of the fact that Employee is or was an officer, director or employee of the Company (or any of its subsidiaries), against all costs and expenses resulting from or related to such action or proceeding, or any appeal thereof, if Executive acted in good faith for a purpose which he reasonably believed to be in the best interests of the Company. The termination of any such action or proceeding by judgment,

settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create the presumption that Executive did not act in good faith for a purpose which he reasonably believed to be in the best interest of the Company. As used in this Section, (i) "cost and expenses" means any and all costs, expenses and liabilities incurred by Executive, including but not limited to (A) attorneys' fees, (B) amounts paid in settlement of, or in the satisfaction of any order or judgment in, any action or proceeding and (C) fines, penalties and assessment asserted or adjudged in any action or proceeding, and (ii) "action or proceeding" means any and all suits, claims, actions, investigations or proceedings whether civil, criminal or administrative, heretofore or hereafter instituted or asserted.

9. GENERAL PROVISIONS.

(a) NOTICES. All notices, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by telecopy or by registered or certified mail to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with in Section):

a. If to the Company:

Industrial Rubber Innovations, Inc.
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Attn: President and Secretary
Facsimile (805) 833-8088

with a copy to:

Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

b. If to Executive:

Benny Hun
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Facsimile (805) 833-8088

(c) HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) SUCCESSORS; BINDING AGREEMENT.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if the Company terminated his employment in the manner contemplated in Section 7(d), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

(ii) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heir, devisees, legatees, executors, administrators, successors and personal or legal representatives. If Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to Executive's designee or, if there be no terms of this Agreement to the Executive's heir, devisees, legatees or executors or administrators of Executive's estate, as appropriate.

(e) SEVERABILITY. If any provision of this Agreement in held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(f) ENTIRE AGREEMENT. This Agreement constitutes the

entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings both written and oral, between the Company and the Executive with respect to the subject matter hereof and thereof.

(g) ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law of otherwise without the express written consent of the Company and the Executive (which consent may be granted or withheld in the sole discretion of the Company or the Executive, as applicable).

(h) AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, the Company and Executive. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or (b) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver or the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

(i) GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, applicable to contracts executed in and to be performed entirely within the state.

(j) JURISDICTION AND VENUE. The parties agree that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreements which are brought pursuant to judicial proceedings shall be litigated in the Superior Court of Kern, California. The parties hereto expressly submit and consent in advance to such jurisdiction and agree that service of summons and complaint or other process or paper may be made by registered or certified mail addressed to the relevant party at the address to which notices are to be sent pursuant to Section 9(a).

(k) ATTORNEYS' FEES. If any legal action or other proceeding is brought for the enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which he or it may be entitled.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate

counterparts, each of which when executed shall be deemed to be an original while all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement as of the date and year first written above.

Industrial Rubber Innovations, Inc.
a Florida corporation

/s/ John Proulx	/s/ Benny Hun
By: John Proulx	Benny Hun
Its: President	

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of May 15, 1999, between Industrial Rubber Innovations, Inc., a Florida corporation (the "Company"), and Steven Tieu ("Executive").

WITNESSETH:

WHEREAS, the Company is desirous of employing Executive, and Executive is desirous of being employed by the Company, on the terms and subject to the conditions sets forth in this Agreement:

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the indicated meanings when used in this Agreement, unless the context requires otherwise:

(a) "Base Salary Amount" shall mean $60,000.00 during the Initial Period and first Contract Year and $60,000.00 during the second Contract Year.

(b) "Benefit Plan" shall mean each vacation pay, sick pay, retirement, welfare, medical, dental, disability, life insurance or other employee benefit plan, program or arrangement. In addition, at the sole discretion of the Board of Directors, benefit plan may also include one or more of the following: incentive compensation, bonus, stock option and restricted stock plan, program or arrangement.

(c) "Board of Directors" and " Board" shall mean the board of directors of the Company.

(d) "Cause" shall mean (i) the conviction of Executive of a felony which can reasonably be expected to have a material adverse impact on the Company's business or reputation or (ii) the commission by Executive of an act of fraud or embezzlement involving assets of the Company or its customers, suppliers or affiliates. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive all of the following; (a) a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board of Directors at a meeting which the Board of Directors called and held

for the purpose of determining whether Cause exists (after reasonable notice to Executive and opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, Executive was guilty of the conduct set forth in this Section and specifying the particulars thereof in detail, (b) an affidavit sworn to by the President or Secretary of the Company stating that such resolution was in fact adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board and Directors.

(e) "Chairman of The Board" shall mean the Chairman of the Board of Directors of the Company, as determined from time to time by the Board of Directors.

(f) "Contract Year" shall mean each year during the term hereof commencing on June 1 and ending on the immediately following May 31.

(g) "Date of Termination" shall mean (A) if termination of employment occurs by reason of death, the date of Executive's death or (B) if termination of employment occurs for any other reason, the date on which a Notice of Termination is delivered to the other party; provided, however, that if, within 60 days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination of employment, then the Date of termination shall be the date of the Notice unless such dispute is otherwise determined by mutual agreement or court order in favor of Executive, in which case the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

(h) "Good Reason" Shall mean (i) as to Executive (A) a diminution in Executive's titles, responsibilities and/or duties, (B) a change in the person or persons to whom Executive reports, except as provided in Section 4(a), (C) a reassignment of Executive to a location which increases Executive's commute from his existing home by more than 50 miles on a daily round trip basis, (D) an assignment of Executive to a location other than the principal executive office of the Company, (E) the Company's failure to continue or a substantial change in Executive's participation in any Benefit Plans (subject to the Board's right to amend, modify or terminate such plans), (F) the Company's failure to obtain the agreement of any successor of the Company to assume this Agreement, (G) any material breach of this Agreement by the Company which is either not capable of correction or which in fact is not corrected

within (10) ten days after written notice by Executive specifying such breach and (H) the failure to occur of any of the actions discussed in Section 4(c); and (ii) as to the Company, the good faith determination by a majority of the entire membership of the Board of Directors that Executive has failed to perform his duties as directed.

(i) "Initial Period" shall mean that portion of the term hereof from the date of this Agreement through May 31, 1999.

(j) "Notice of Termination" shall mean a written notice which shall indicate the specific provision in this Agreement relied upon in connection with a termination of employment and which shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination under the provision so indicated.

(k) "Performance Bonus" shall have the meaning ascribed to that term in Section 6(b).

(l) "Severance Payments" shall mean any severance payments made or to be made to Executive pursuant to any provision of Section 7 below.

2. EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, on the terms and subject to the conditions set forth herein.

3. TERM OF EMPLOYMENT. The term of employment hereunder shall be for the Initial Period and thereafter for a period of two (2) years, the term hereof therefore commencing on the date hereof and ending on May 31, 2001, subject to earlier termination as herein provided. During the Initial Period, Executive shall be employed by Company upon the same terms, compensation and benefits as provided hereunder, pro-rated to cover such period. During the 90-day period immediately preceding the end of the second Contract Year, the Company and Executive shall negotiate, in good faith, the terms and conditions of a two year extension to this Agreement upon terms and conditions no less favorable to Executive than the terms and conditions applicable during the second Contract year; provided, however, that the foregoing obligation to negotiate in good faith shall not apply in the event that either the Company or Executive gives written notice to the other during such 90-day period of its or his desire to have this Agreement terminated at the end of the initial two (2) year term. In no event shall this Agreement be extended beyond the initial two-year term without the written agreement of Company and Executive.

4. POSITION AND DUTIES.

(a) Executive shall serve as the Vice President of Technical Support of the Company, reporting to the President and the Board of Directors. Subject to the authority of the Board of Directors, Executive shall have such other powers and duties as may from time to time be prescribed by the President or the Board of Directors, provided that such duties are reasonable and customary for a vice president of technical support. Executive shall devote his entire working time, attention and energies to the business of the Company.

(b) Anything herein to the contrary notwithstanding, nothing shall preclude the Executive from (i) serving the boards of directors of a reasonable number of other corporations, or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal, investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities as the Company's Vice President of Technical Support.

(c) Executive shall serve on the Board of Directors during the entire term hereof. If, at any time during the term of his employment, the shareholders of the Company shall fail to elect Executive to the Board of Directors, or the Board of Directors shall fail to elect Executive to the office of Vice President of Technical Support of the Company, or shall remove him from either of such offices, other than as provided for in this Agreement, Executive shall have the right to terminate his services hereunder for Good Reason pursuant to Section 7(d) and Executive shall have no further Obligation under this Agreement.

(d) Executive agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries; provided, however, that Executive shall not be required to serve as an officer or director of any such subsidiary if such service would expose him to potential adverse financial consequences.

5. PLACE OF PERFORMANCE.

In connection with his employment by the Company, Executive shall be based at the Company's principal executive offices located in Bakersfield, California. In the event that Executive consents to any relocation requested by the Company, the Company will promptly pay or reimburse Executive for all reasonable moving expenses incurred by Executive relating to a change of his principal residence.

6. COMPENSATION AND OTHER BENEFITS.

(a) BASE SALARY. During each Contract Year of the term hereof, the Company shall pay to Executive the Base Salary Amount. The Company shall compensate Executive for the Initial Period as provided herein in Section 3 hereof. The Base Salary Amount shall be paid to Executive in accordance with the Company's regular payroll practices with respect to senior management compensation.

(b) ANNUAL PERFORMANCE BONUSES. During each Contract Year, the Company shall pay to Executive such discretionary bonuses as may be granted by the Board of Directors, in its discretion.

(c) EXPENSES. Executive shall be entitled to receive (i) prompt reimbursement for all documented business expenses incurred by him in the performance of his duties hereunder, provided that Executive properly accounts therefor in accordance with the Company's reimbursement policy and practices of the Company as of the date hereof, and (ii) up to $500 per month in nonaccountable automobile expenses.

(d) FRINGE BENEFITS. Executive shall be entitled to participate in and receive benefits under all of the Company's Benefit Plans or programs generally available to senior management of the Company, including, but not limited to any retirement, stock option plans, disability insurance plans and all other plans or programs. Nothing paid to Executive under any Benefit Plan presently in effect or made available in the future shall be deemed to be in lieu of compensation payable to Executive hereunder. Further the Company reserves the right to amend, modify or terminate any and all such plans.

(e) VACATIONS. During the term hereof, Executive shall be entitled to sick leave and paid holidays consistent with the Company's sick leave and holiday policy for senior management and up to two (2) weeks paid vacation during each Contract Year as Executive deems reasonable. Any vacation time that is not taken in a given Contract Year shall be carried forward to the following Contract Year or Contract Years, as the case may be but in no event more than four (4) weeks, on a cumulative basis.

7. TERMINATION OF SERVICE.

(a) TERMINATION UPON DEATH. Executive's employment hereunder shall terminate upon his death, in which event the Company shall pay to such person as the Executive shall have designated in a written notice filed with the Company, or if no such person shall have been designated to his estate, as a lump sum death benefit an amount equal to the Base Salary Amount for the one-year period immediately following the Date of Termination plus an amount equal

to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts due under Benefit Plans and perquisites through the Date of Termination.

(b) TERMINATION UPON DISABILITY. If, as a result of a permanent mental or physical disability, Executive shall have been absent from his duties hereunder on a full-time basis for six (6) consecutive months, ("Disability") and, within 30 days after the Company notifies Executive in writing that it intends to replace him, (which notice can be given at the end of the fifth month during such six month period), Executive shall not have returned to the performance of his duties on a full-time basis, the Company shall be entitled to terminate Executive's employment. In addition, executive shall, upon his Disability, have the right to terminate his employment with Company. If such employment if terminated (whether by the Company or by Executive) as a result of Executive's Disability, the following shall apply:

(i) the Company shall continue to pay Executive the Base Salary Amount to which he would otherwise be entitled during the one-year period immediately following the Date of Termination (offset by any disability insurance payments received by Executive on policies provided by the Company);

(ii) the Company shall pay Executive an amount equal to Performance Bonuses and Base Salary Amount accrued through the Date of Termination;

(iii) the Company shall maintain in full force and effect, for the continued benefit of Executive during the one-year period immediately following the Date of Termination, all Benefit Plans in which Executive was entitled to participate immediately prior to the Date of Termination to the extent that Executive's continued participation is possible under the general terms and conditions of such Benefit Plans. In the event that Executive's participation in any such Benefit Plan is barred as a result of his Disability, Executive shall be entitled to receive an amount equal to the annual contributions, payments, credit or allocations which would have been made by the Company to him, to his account or on his behalf under such Benefit Plan from which his continued participation is barred;

(iv) the Company shall maintain a full force and effect, for the continued benefit of Executive's estate or dependents during the one-year period immediately following the Date of Termination, any life, accident, disability or health and dental insurance plans, vision care plans and any other similar welfare plans of the Company in effect immediately prior to the Date of Termination, or the Company shall provide equivalent benefits at no cost to Executive's estate or his dependents;

(c) TERMINATION FOR CAUSE. The Company shall be entitled to terminate Executive's employment for Cause, in which event Executive shall be entitled to all Base Salary amounts, amounts under Benefit Plans and perquisites through the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination.

(d) TERMINATION FOR GOOD REASON. Executive shall be entitled to terminate Executive's employment for Good Reason at any time and the Company shall be entitled to terminate Executive's Employment for Good Reason at any time after the end of the first Contract Year. Upon the termination of Executive's employment by Company for Good Reason after completion of the first Contract Year, Executive shall be entitled to receive from the Company a lump sum payment in an amount equal to his Base Salary Amount and amounts under Benefit Plans for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts under the Benefit Plans and perquisites through the Date of Termination, all of which shall be payable by Company within ten (10) days after termination. Upon the termination of Executive's employment by Executive for Good Reason all of the aforesaid compensation, bonuses and benefits shall be paid to Executive by the Company over the one-year period following the date of termination.

(e) NOTICE OF TERMINATION. any termination of Executive's employment by the Company or Executive pursuant to Sections 7(b), 7(c), or 7(d) shall be communicated by a Notice of Termination to the other party.

(f) NO MITIGATION. Executive shall not be required to mitigate the amount of any payment provided for in this Section 7 by seeking other employment or otherwise, nor will the amount of damages or severance benefits payable to Executive under this Section 7 be reduced by reason of his securing other employment or for any reason.

8. INDEMNIFICATION. The Company shall indemnify and defend Executive to the fullest extent permitted under California Law. This includes, but is not limited to, a duty to indemnify Executive if he is made, or threatened to be made, a party to an action or proceeding, to the fullest extent permitted by applicable law, including an action by or in the right of the Company to procure a judgment in its favor, by reason of the fact that Employee is or was an officer, director or employee of the Company (or any of its subsidiaries), against all costs and expenses resulting from or related to such action or proceeding, or any appeal thereof, if Executive acted in good faith for a purpose which he reasonably believed to be in the best interests of the Company. The termination of any such action or proceeding by judgment,

settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create the presumption that Executive did not act in good faith for a purpose which he reasonably believed to be in the best interest of the Company. As used in this Section, (i) "cost and expenses" means any and all costs, expenses and liabilities incurred by Executive, including but not limited to (A) attorneys' fees, (B) amounts paid in settlement of, or in the satisfaction of any order or judgment in, any action or proceeding and (C) fines, penalties and assessment asserted or adjudged in any action or proceeding, and (ii) "action or proceeding" means any and all suits, claims, actions, investigations or proceedings whether civil, criminal or administrative, heretofore or hereafter instituted or asserted.

9. GENERAL PROVISIONS.

(a) NOTICES. All notices, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by telecopy or by registered or certified mail to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with in Section):

a. If to the Company:

Industrial Rubber Innovations, Inc.
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Attn: President and Secretary
Facsimile (805) 833-8088

with a copy to:

Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

b. If to Executive:

Steven Tieu
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Facsimile (805) 833-8088

(c) HEADINGS. The descriptive headings contained in this

Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) SUCCESSORS; BINDING AGREEMENT.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if the Company terminated his employment in the manner contemplated in Section 7(d), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

(ii) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heir, devisees, legatees, executors, administrators, successors and personal or legal representatives. If Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to Executive's designee or, if there be no terms of this Agreement to the Executive's heir, devisees, legatees or executors or administrators of Executive's estate, as appropriate.

(e) SEVERABILITY. If any provision of this Agreement in held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(f) ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject

matter hereof and thereof and supersedes all prior agreements and understandings both written and oral, between the Company and the Executive with respect to the subject matter hereof and thereof.

(g) ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law of otherwise without the express written consent of the Company and the Executive (which consent may be granted or withheld in the sole discretion of the Company or the Executive, as applicable).

(h) AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, the Company and Executive. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or (b) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver or the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

(i) GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, applicable to contracts executed in and to be performed entirely within the state.

(j) JURISDICTION AND VENUE. The parties agree that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreements which are brought pursuant to judicial proceedings shall be litigated in the Superior Court of Kern, California. The parties hereto expressly submit and consent in advance to such jurisdiction and agree that service of summons and complaint or other process or paper may be made by registered or certified mail addressed to the relevant party at the address to which notices are to be sent pursuant to Section 9(a).

(k) ATTORNEYS' FEES. If any legal action or other proceeding is brought for the enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which he or it may be entitled.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an

original while all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement as of the date and year first written above.

Industrial Rubber Innovations, Inc.
a Florida corporation

/s/ John Proulx
By: John Proulx
Its: President

/s/ Steven Tieu
Steven Tieu

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of May 15, 1999, between Industrial Rubber Innovations, Inc., a Florida corporation (the "Company"), and Nancy Sheo ("Executive").

WITNESSETH:

WHEREAS, the Company is desirous of employing Executive, and Executive is desirous of being employed by the Company, on the terms and subject to the conditions sets forth in this Agreement:

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the indicated meanings when used in this Agreement, unless the context requires otherwise:

(a) "Base Salary Amount" shall mean $60,000.00 during the Initial Period and first Contract Year and $60,000.00 during the second Contract Year.

(b) "Benefit Plan" shall mean each vacation pay, sick pay, retirement, welfare, medical, dental, disability, life insurance or other employee benefit plan, program or arrangement. In addition, at the sole discretion of the Board of Directors, benefit plan may also include one or more of the following: incentive compensation, bonus, stock option and restricted stock plan, program or arrangement.

(c) "Board of Directors" and " Board" shall mean the board of directors of the Company.

(d) "Cause" shall mean (i) the conviction of Executive of a felony which can reasonably be expected to have a material adverse impact on the Company's business or reputation or (ii) the commission by Executive of an act of fraud or embezzlement involving assets of the Company or its customers, suppliers or affiliates. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive all of the following; (a) a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board of Directors at a meeting which the Board of Directors called and held

for the purpose of determining whether Cause exists (after reasonable notice to Executive and opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, Executive was guilty of the conduct set forth in this Section and specifying the particulars thereof in detail, (b) an affidavit sworn to by the President or Secretary of the Company stating that such resolution was in fact adopted by the affirmative vote of not less than a majority of the entire non-interested membership of the Board and Directors.

(e) "Chairman of The Board" shall mean the Chairman of the Board of Directors of the Company, as determined from time to time by the Board of Directors.

(f) "Contract Year" shall mean each year during the term hereof commencing on June 1 and ending on the immediately following May 31.

(g) "Date of Termination" shall mean (A) if termination of employment occurs by reason of death, the date of Executive's death or (B) if termination of employment occurs for any other reason, the date on which a Notice of Termination is delivered to the other party; provided, however, that if, within 60 days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination of employment, then the Date of termination shall be the date of the Notice unless such dispute is otherwise determined by mutual agreement or court order in favor of Executive, in which case the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

(h) "Good Reason" Shall mean (i) as to Executive (A) a diminution in Executive's titles, responsibilities and/or duties, (B) a change in the person or persons to whom Executive reports, except as provided in Section 4(a), (C) a reassignment of Executive to a location which increases Executive's commute from his existing home by more than 50 miles on a daily round trip basis, (D) an assignment of Executive to a location other than the principal executive office of the Company, (E) the Company's failure to continue or a substantial change in Executive's participation in any Benefit Plans (subject to the Board's right to amend, modify or terminate such plans), (F) the Company's failure to obtain the agreement of any successor of the Company to assume this Agreement, (G) any material breach of this Agreement by the Company which is either not capable of correction or which in fact is not corrected

within (10) ten days after written notice by Executive specifying such breach and (H) the failure to occur of any of the actions discussed in Section 4(c); and (ii) as to the Company, the good faith determination by a majority of the entire membership of the Board of Directors that Executive has failed to perform his duties as directed.

(i) "Initial Period" shall mean that portion of the term hereof from the date of this Agreement through May 31, 1999.

(j) "Notice of Termination" shall mean a written notice which shall indicate the specific provision in this Agreement relied upon in connection with a termination of employment and which shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination under the provision so indicated.

(k) "Performance Bonus" shall have the meaning ascribed to that term in Section 6(b).

(l) "Severance Payments" shall mean any severance payments made or to be made to Executive pursuant to any provision of Section 7 below.

2. EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, on the terms and subject to the conditions set forth herein.

3. TERM OF EMPLOYMENT. The term of employment hereunder shall be for the Initial Period and thereafter for a period of two (2) years, the term hereof therefore commencing on the date hereof and ending on May 31, 2001, subject to earlier termination as herein provided. During the Initial Period, Executive shall be employed by Company upon the same terms, compensation and benefits as provided hereunder, pro-rated to cover such period. During the 90-day period immediately preceding the end of the second Contract Year, the Company and Executive shall negotiate, in good faith, the terms and conditions of a two year extension to this Agreement upon terms and conditions no less favorable to Executive than the terms and conditions applicable during the second Contract year; provided, however, that the foregoing obligation to negotiate in good faith shall not apply in the event that either the Company or Executive gives written notice to the other during such 90-day period of its or his desire to have this Agreement terminated at the end of the initial two (2) year term. In no event shall this Agreement be extended beyond the initial two-year term without the written agreement of Company and Executive.

4. POSITION AND DUTIES.

(a) Executive shall serve as the Vice President of Development of the Company, reporting to the President and the Board of Directors. Subject to the authority of the Board of Directors, Executive shall have such other powers and duties as may from time to time be prescribed by the President or the Board of Directors, provided that such duties are reasonable and customary for a vice president of development. Executive shall devote his entire working time, attention and energies to the business of the Company.

(b) Anything herein to the contrary notwithstanding, nothing shall preclude the Executive from (i) serving the boards of directors of a reasonable number of other corporations, or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal, investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities as the Company's Vice President of Development.

(c) If, at any time during the term of her employment, the Board of Directors shall fail to elect Executive to the office of Vice President of Development of the Company, or shall remove her from such office, other than as provided for in this Agreement, Executive shall have the right to terminate her services hereunder for Good Reason pursuant to Section 7(d) and Executive shall have no further Obligation under this Agreement.

(d) Executive agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries; provided, however, that Executive shall not be required to serve as an officer or director of any such subsidiary if such service would expose him to potential adverse financial consequences.

5. PLACE OF PERFORMANCE.

In connection with his employment by the Company, Executive shall be based at the Company's principal executive offices located in Bakersfield, California. In the event that Executive consents to any relocation requested by the Company, the Company will promptly pay or reimburse Executive for all reasonable moving expenses incurred by Executive relating to a change of his principal residence.

6. COMPENSATION AND OTHER BENEFITS.

(a) BASE SALARY. During each Contract Year of the term hereof, the Company shall pay to Executive the Base Salary Amount. The Company shall compensate Executive for the Initial Period as

provided herein in Section 3 hereof. The Base Salary Amount shall be paid to Executive in accordance with the Company's regular payroll practices with respect to senior management compensation.

(b) ANNUAL PERFORMANCE BONUSES. During each Contract Year, the Company shall pay to Executive such discretionary bonuses as may be granted by the Board of Directors, in its discretion.

(c) EXPENSES. Executive shall be entitled to receive (i) prompt reimbursement for all documented business expenses incurred by him in the performance of his duties hereunder, provided that Executive properly accounts therefor in accordance with the Company's reimbursement policy and practices of the Company as of the date hereof, and (ii) up to $500 per month in nonaccountable automobile expenses.

(d) FRINGE BENEFITS. Executive shall be entitled to participate in and receive benefits under all of the Company's Benefit Plans or programs generally available to senior management of the Company, including, but not limited to any retirement, stock option plans, disability insurance plans and all other plans or programs. Nothing paid to Executive under any Benefit Plan presently in effect or made available in the future shall be deemed to be in lieu of compensation payable to Executive hereunder. Further the Company reserves the right to amend, modify or terminate any and all such plans.

(e) VACATIONS. During the term hereof, Executive shall be entitled to sick leave and paid holidays consistent with the Company's sick leave and holiday policy for senior management and up to two (2) weeks paid vacation during each Contract Year as Executive deems reasonable. Any vacation time that is not taken in a given Contract Year shall be carried forward to the following Contract Year or Contract Years, as the case may be but in no event more than four (4) weeks, on a cumulative basis.

7. TERMINATION OF SERVICE.

(a) TERMINATION UPON DEATH. Executive's employment hereunder shall terminate upon his death, in which event the Company shall pay to such person as the Executive shall have designated in a written notice filed with the Company, or if no such person shall have been designated to his estate, as a lump sum death benefit an amount equal to the Base Salary Amount for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts due under Benefit Plans and perquisites through the Date of Termination.

(b) TERMINATION UPON DISABILITY. If, as a result of a permanent mental or physical disability, Executive shall have been absent from his duties hereunder on a full-time basis for six (6) consecutive months, ("Disability") and, within 30 days after the Company notifies Executive in writing that it intends to replace him, (which notice can be given at the end of the fifth month during such six month period), Executive shall not have returned to the performance of his duties on a full-time basis, the Company shall be entitled to terminate Executive's employment. In addition, executive shall, upon his Disability, have the right to terminate his employment with Company. If such employment if terminated (whether by the Company or by Executive) as a result of Executive's Disability, the following shall apply:

(i) the Company shall continue to pay Executive the Base Salary Amount to which he would otherwise be entitled during the one-year period immediately following the Date of Termination (offset by any disability insurance payments received by Executive on policies provided by the Company);

(ii) the Company shall pay Executive an amount equal to Performance Bonuses and Base Salary Amount accrued through the Date of Termination;

(iii) the Company shall maintain in full force and effect, for the continued benefit of Executive during the one-year period immediately following the Date of Termination, all Benefit Plans in which Executive was entitled to participate immediately prior to the Date of Termination to the extent that Executive's continued participation is possible under the general terms and conditions of such Benefit Plans. In the event that Executive's participation in any such Benefit Plan is barred as a result of his Disability, Executive shall be entitled to receive an amount equal to the annual contributions, payments, credit or allocations which would have been made by the Company to him, to his account or on his behalf under such Benefit Plan from which his continued participation is barred;

(iv) the Company shall maintain a full force and effect, for the continued benefit of Executive's estate or dependents during the one-year period immediately following the Date of Termination, any life, accident, disability or health and dental insurance plans, vision care plans and any other similar welfare plans of the Company in effect immediately prior to the Date of Termination, or the Company shall provide equivalent benefits at no cost to Executive's estate or his dependents;

(c) TERMINATION FOR CAUSE. The Company shall be entitled to terminate Executive's employment for Cause, in which event

Executive shall be entitled to all Base Salary amounts, amounts under Benefit Plans and perquisites through the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination.

(d) TERMINATION FOR GOOD REASON. Executive shall be entitled to terminate Executive's employment for Good Reason at any time and the Company shall be entitled to terminate Executive's Employment for Good Reason at any time after the end of the first Contract Year. Upon the termination of Executive's employment by Company for Good Reason after completion of the first Contract Year, Executive shall be entitled to receive from the Company a lump sum payment in an amount equal to his Base Salary Amount and amounts under Benefit Plans for the one-year period immediately following the Date of Termination plus an amount equal to Performance Bonuses accrued through the Date of Termination and all Base Salary Amounts, amounts under the Benefit Plans and perquisites through the Date of Termination, all of which shall be payable by Company within ten (10) days after termination. Upon the termination of Executive's employment by Executive for Good Reason all of the aforesaid compensation, bonuses and benefits shall be paid to Executive by the Company over the one-year period following the date of termination.

(e) NOTICE OF TERMINATION. any termination of Executive's employment by the Company or Executive pursuant to Sections 7(b), 7(c), or 7(d) shall be communicated by a Notice of Termination to the other party.

(f) NO MITIGATION. Executive shall not be required to mitigate the amount of any payment provided for in this Section 7 by seeking other employment or otherwise, nor will the amount of damages or severance benefits payable to Executive under this Section 7 be reduced by reason of his securing other employment or for any reason.

8. INDEMNIFICATION. The Company shall indemnify and defend Executive to the fullest extent permitted under California Law. This includes, but is not limited to, a duty to indemnify Executive if he is made, or threatened to be made, a party to an action or proceeding, to the fullest extent permitted by applicable law, including an action by or in the right of the Company to procure a judgment in its favor, by reason of the fact that Employee is or was an officer, director or employee of the Company (or any of its subsidiaries), against all costs and expenses resulting from or related to such action or proceeding, or any appeal thereof, if Executive acted in good faith for a purpose which he reasonably believed to be in the best interests of the Company. The termination of any such action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create the presumption that Executive did not act in good faith for a purpose which he

reasonably believed to be in the best interest of the Company. As used in this Section, (i) "cost and expenses" means any and all costs, expenses and liabilities incurred by Executive, including but not limited to (A) attorneys' fees, (B) amounts paid in settlement of, or in the satisfaction of any order or judgment in, any action or proceeding and (C) fines, penalties and assessment asserted or adjudged in any action or proceeding, and (ii) "action or proceeding" means any and all suits, claims, actions, investigations or proceedings whether civil, criminal or administrative, heretofore or hereafter instituted or asserted.

9. GENERAL PROVISIONS.

(a) NOTICES. All notices, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by telecopy or by registered or certified mail to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with in Section):

a. If to the Company:

Industrial Rubber Innovations, Inc.
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Attn: President and Secretary
Facsimile (805) 833-8088

with a copy to:

Law Offices of M. Richard Cutler
610 Newport Center Drive, Suite 800
Newport Beach, CA 92660
Attn: Brian A. Lebrecht, Esq.
Facsimile (949) 719-1988

b. If to Executive:

Nancy Sheo
4525 New Horizon Boulevard, Suite 7
Bakersfield, CA 93313
Facsimile (805) 833-8088

(c) HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) SUCCESSORS; BINDING AGREEMENT.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if the Company terminated his employment in the manner contemplated in Section 7(d), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

(ii) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heir, devisees, legatees, executors, administrators, successors and personal or legal representatives. If Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to Executive's designee or, if there be no terms of this Agreement to the Executive's heir, devisees, legatees or executors or administrators of Executive's estate, as appropriate.

(e) SEVERABILITY. If any provision of this Agreement in held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(f) ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings both written and oral, between the Company and the

Executive with respect to the subject matter hereof and thereof.

(g) ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law of otherwise without the express written consent of the Company and the Executive (which consent may be granted or withheld in the sole discretion of the Company or the Executive, as applicable).

(h) AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, the Company and Executive. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or (b) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver or the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

(i) GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, applicable to contracts executed in and to be performed entirely within the state.

(j) JURISDICTION AND VENUE. The parties agree that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreements which are brought pursuant to judicial proceedings shall be litigated in the Superior Court of Kern, California. The parties hereto expressly submit and consent in advance to such jurisdiction and agree that service of summons and complaint or other process or paper may be made by registered or certified mail addressed to the relevant party at the address to which notices are to be sent pursuant to Section 9(a).

(k) ATTORNEYS' FEES. If any legal action or other proceeding is brought for the enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which he or it may be entitled.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original while all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement as of the date and year first written above.

Industrial Rubber Innovations, Inc.
a Florida corporation

/s/ John Prouls
By: John Proulx
Its: President

/s/ Nancy Sheo
Nancy Sheo

Southern California Chapter of the Society of Industrial Realtors, Inc.

INDUSTRIAL REAL ESTATE LEASE

ARTICLE ONE: BASIC TERMS

This Article One contains the Basic Terms of this Lease between the Landlord and Tenant named below. Other Articles, Sections and Paragraphs of the Lease referred to in this Article One explain and define the Basic Terms and are to be read In conjunction with the Basic Terms.

Section 1.01. Date of Lease: JUNE 3 1999
Section 1.02. Landlord: MC DIVITT-SRI, LLC

Address of Landlord: 601 STH MILLIKEN AVE SUITE K100
ONTARIO, CALIFORNIA 91761
Section 1.03. Tenant: INDUSTRIAL RUBBER INNOVATIONS, INC.

A FLORIDA CORPORATION
Address of Tenant: 4525 NEW HORIZON BLVD. SUITE 7
BAKERSFIELD, CALIF 93313
Section 1.04. Property: (Include street address, approximate square footage and description)

6801 MC DIVITT BAKERSFIELD, CALIFORNIA
CONSISTING OF APPROX. 29,300 SQ FT WHICH INCLUDES
APPROX. 4900 SQ FT OF MEZANINE AND APPROX. 1280 SQ FT OF OFFICE
LOCATED ON APPROX. 1.35 ACRES OF LAND
LEGAL: APN# 385-412-05004 & 385-412-2500-2

Section 1.05. Lease Term: FIVE (5) YEARS beginning on SEPTEMBER 1, 1999 or such other date as is specified in this Lease, and ending on AUGUST 31, 2004

Section 1.06. Permitted Uses: (See Section 5.01) OFFICE, WAREHOUSE AND LIGHT INDUSTRIAL AS APPROVED BY CITY OF BAKERSFIELD.

Section 1.07. Tenant's Guarantor: (If none, so state) ATTACHED PER SCHED 1.07
Section 1.08. Landlord's Broker: (See Article Fourteen)(If none, so state)
HANS VAN NOORD (KERN COMMERCIAL BROKERS)
Section 1.09. Tenant's Broker: (if none, so state) NONE

Section 1.10. Commission Payable to Landlords Broker: (See Article Fourteen) $ 25,500
Section 1.11 Initial Security Deposit: (See Paragraphs 3.03 find 13.03(c))
$ 8,500
Section 1.12. Vehicle Parking Spaces Allocated to Tenant: (See Multi-Tenant
Facility Lease Rider, if attached) ALL-AVAILABLE

Section 1.13. Rent and Other Charges Payable by Tenant:

(a) BASE RENT: Per sched 1.13A shall be increased

(b) OTHER PERIODIC PAYMENTS: (I) Real Property Taxes (See Section 4.02); (ii)
Utilities (See Section 4.03); (iii) Insurance Premiums (See Section 4.04);
(iv) Common Area Charges (See Section 4.05 or Multi-Tenant Facility Lease
Rider, if attached. The initial monthly common area charge is $N/A); (v)
Impounds for Insurance Premiums and Property Taxes (See Section 4.08);
(vi) Maintenance, Repairs and Alternations (See Article Six). PER SCHED 1.13B

Section 1.14. Riders: The following Riders are attached to and made part
of this Lease: (If none, so state) ALL SCHEDULES AND ADDENDUM TO LEASE.

ARTICLE TWO: LEASE TERM

Section 2.01. LEASE OF PROPERTY FOR LEASE TERM. Landlord leases the Property
to Tenant and Tenant leases the Property from Landlord for the Lease Term.
The Lease Term is for the period stated in Section 1.05 above and shall begin and end on the dates specified in Section 1.05 above, unless the beginning or end of the Lease Term is changed under any provision of this
Lease. The "Commencement Date" shall be the date specified in Section 1.05
above for the beginning of the Lease Term, unless advanced or delayed under
any provision of this Lease.

Section 2.02. DELAY IN COMMENCEMENT. Landlord shall not be liable to Tenant

if Landlord does not deliver possession of the Property to Tenant on the Commencement Date. Landlord's non-delivery of the Property to Tenant on that date shall not affect this Lease or the obligations of Tenant under this Lease except that the Commencement Date shall be delayed until Landlord delivers possession of the Property to Tenant and the Lease Term shall be extended for a period equal to the delay in delivery of possession of the Property to Tenant, plus the number of days necessary to end the Lease Term on the last day of a month. If Landlord does not deliver possession of the Property to Tenant within sixty (60) days after the Commencement Date, Tenant may elect to cancel this Lease by giving written notice to Landlord within ten (10) days after the sixty (60) -day period ends. If Tenant gives such notice, the Lease shall be canceled and neither Landlord nor Tenant shall have any further obligations to the other. If Tenant does not give such notice, Tenant's right to cancel the Lease shall expire and the Lease Term shall commence upon the delivery of possession of the Property to Tenant. If delivery of possession of the Property to Tenant is delayed, Landlord and Tenant shall, upon such delivery, execute an amendment to this Lease setting forth the actual Commencement Date and expiration date of the Lease. Failure to execute such amendment shall not affect tile actual Commencement Date and expiration date of the Lease.

Section 2.03. EARLY OCCUPANCY. If Tenant occupies the Property prior to the Commencement Date, Tenant's occupancy of the Property shall be subject to all of the provisions of this Lease. Early occupancy of the Property shall not advance the expiration date of this Lease. Tenant shall pay Base Rent and all other charges specified in this Lease for the early occupancy Period.

Section 2.04. HOLDING OVER. Tenant shall vacate the Property upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from Tenant's delay in vacating the Property. If Tenant does not

vacate the Property upon the expiration or earlier termination of the Lease and Landlord thereafter accepts rent from Tenant, Tenant's occupancy of the Property shall be a "month-to-month" tenancy, subject to all of the terms of this Lease applicable to a month-to-month tenancy, except that the Base Rent then in effect shall be increased by twenty-five percent (25%).

ARTICLE THREE: BASE RENT

Section 3.01. TIME AND MANNER OF PAYMENT. Upon execution of this Lease, Tenant shall pay Landlord the Base Rent in the amount stated in Paragraph 1.12(a) above for the first month of the Lease Term. On the first day of the second month of the Lease Term and each month thereafter, Tenant shall pay Landlord the Base Rent, in advance, without offset, deduction or prior demand. The Base Rent shall be payable at Landlord's address or at such other place as Landlord may designate in writing.

Section 3.02. COST OF LIVING INCREASES. [OMITTED]

Section 3.03. SECURITY DEPOSIT; INCREASES.

(a) Upon the execution of this Lease, Tenant shall deposit with Landlord a cash Security Deposit in the amount set forth in Section 1.10 above. Landlord may apply all or part of the Security Deposit to any unpaid rent or other charges due from Tenant or to cure any other defaults of Tenant. If Landlord uses any part of the Security Deposit, Tenant shall restore the Security Deposit to its full amount within ten (10) days after Landlord's written request. Tenant's failure to do so shall be a material default under this Lease. No interest shall be paid on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts and no trust relationship is created with respect to the Security Deposit.

(b) Each time the Base Rent is increased, Tenant shall deposit additional

funds with Landlord sufficient to increase the Security Deposit to an amount which bears the same relationship to the adjusted Base Rent as the initial Security Deposit bore to the initial Base Rent.

Section 3.04. TERMINATION; ADVANCE PAYMENTS. Upon termination of this Lease under Article Seven (Damage or Destruction), Article Eight (Condemnation) or any other termination not resulting from Tenant's default, and after Tenant has vacated the Property in the manner required by this Lease, Landlord shall refund or credit to Tenant (or Tenant's, successor) the unused portion of the Security Deposit, any advance rent or other advance payments made by Tenant to Landlord, and any amounts paid for real property taxes and other reserves which apply to any time periods after termination of the Lease.

ARTICLE FOUR: OTHER CHARGES PAYABLE BY TENANT

Section 4.01. ADDITIONAL RENT. All charges payable by Tenant other than Base Rent are called "Additional Rent." Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due with the next monthly installment of Base Rent. The term "rent" shall mean Base Rent and Additional Rent.

Section 4.02. PROPERTY TAXES.

(a) REAL PROPERTY TAXES. [OMITTED]

(b) DEFINITION OF "REAL PROPERTY TAX." [OMITTED]

(C) JOINT ASSESSMENT. [OMITTED]

(d) PERSONAL PROPERTY TAXES.

(I) Tenant shall pay all taxes charged against trade fixtures, furnishings., equipment or any other personal property belonging to Tenant. Tenant shall try to have personal property taxed separately from the Property.

(ii) If any of Tenant's personal property is taxed with the Property, Tenant shall pay Landlord the taxes for the personal property within fifteen (15)

days after Tenant receives a written statement from Landlord for such personal property taxes.

Section 4.03. UTILITIES. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Property. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement.

Section 4.04. Insurance Policies.

(a) LIABILITY INSURANCE. During the Lease Term, Tenant shall maintain a policy of commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Property. Tenant shall name Landlord as an additional insured under such Policy. The initial amount of such insurance shall be One Million Dollars ($1,000,000) per occurrence and shall he subject to periodic increase based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors. The liability insurance obtained by Tenant under this Paragraph 4.04(a) shall (I) be primary and non-contributing; (ii) contain cross-liability endorsements; and (iii) insure Landlord against Tenant's performance under Section 5.05, if the matters giving rise to the indemnity under Section 5.05 result from the negligence of Tenant. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain comprehensive public, liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Property. The policy obtained by Landlord

shall not
be contributory and shall not provide primary insurance.

(b) Property and Rental Income Insurance. During the Lease Term, Landlord
shall maintain policies of insurance covering loss of or damage to the Property in the full amount of its replacement value. Such policy shall contain an Inflation Guard Endorsement and shall provide protection against
all perils included within the classification of fire, extended coverage,
vandalism, malicious mischief, special extended perils (all risk), sprinkler
leakage and any other perils which Landlord deems reasonably necessary. Landlord shall have the right to obtain flood and earthquake insurance if
required by any lender holding a security interest in the Property. Landlord
shall not obtain insurance for Tenant's fixtures or equipment or building
improvements installed by Tenant on the Property. During the Lease Term,
Landlord shall also maintain a rental income insurance policy, with loss
payable to Landlord, in an amount equal to one year's Base Rent, plus estimated real properly taxes and insurance premiums. Tenant shall be liable
for the payment of any deductible amount under Landlord's or Tenant's insurance policies maintained pursuant to this Section 4.04, in an amount
not to exceed Ten Thousand Dollars ($10,000). Tenant shall not do or permit
anything to be done which invalidates any such insurance policies.

(C) Payment of Premiums. Subject to Section 4.08, Tenant shall pay all premiums for the insurance policies described in Paragraphs 4.04(a) and (b)
(whether obtained by Landlord or Tenant) within fifteen (15) days after Tenant's receipt of a copy of the premium statement or other evidence of
the amount due, except Landlord shall pay all premiums for non-primary comprehensive public liability insurance which Landlord elects to obtain as
provided in Paragraph 4.04(a). For insurance policies maintained by Landlord which cover improvements on the entire Project, Tenant shall pay
Tenant's prorated share of the premiums, in accordance with the formula in
Paragraph 4.05(e) for determining Tenant's share of Common Area costs. If
insurance policies maintained by Landlord cover improvements on real

property other than the Project, Landlord shall deliver to Tenant a statement of the premium applicable to the Property showing in reasonable detail how Tenant's share of the premium was computed. If the Lease Term expires before the expiration Of all insurance policy maintained by Landlord, Tenant shall be liable for Tenant's prorated share of the insurance premiums. Before the Commencement Date, Tenant shall deliver to Landlord a copy of any policy of insurance which Tenant is required to maintain under this Section 4,04. At least thirty (30) days prior to the expiration of any such policy, Tenant shall deliver to Landlord a renewal of such policy. As an alternative to providing a policy of insurance, Tenant shall have the right to provide Landlord a certificate of insurance, executed by an authorized officer of the insurance company, showing that the insurance which Tenant is required to maintain under this Section 4.04 is in full force and effect and containing such other information which Landlord reasonably requires.

(d) GENERAL INSURANCE PROVISIONS.

(I) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days' written notice prior to any cancellation or modification of such coverage.

(ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this Lease within the prescribed time period or if any such policy is canceled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost Of such insurance.

(iii) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of A-12 or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in

the form and amounts described in this Section 4.04 may not be available in the future. Tenant acknowledges that the insurance described in this Section 4.04 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant.

(iv) Unless prohibited under any applicable insurance policies maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

Section 4.05. COMMON AREAS; USE, MAINTENANCE AND COSTS.

(a) COMMON AREAS. [OMITTED]

(b) USE OF COMMON AREAS. [OMITTED]

(C) SPECIFIC PROVISION RE: VEHICLE PARKING. [OMITTED]

(d) MAINTENANCE OF COMMON AREAS. Landlord shall maintain the Common Areas in good order, condition and repair and shall operate the Project, in Landlord's sole discretion, as a first-class industrial/commercial real property development.

(e) TENANT'S SHARE AND PAYMENT. [OMITTED]

SECTION 4.06. LATE CHARGES. Tenant's failure to pay rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 4.07. INTEREST ON PAST DUE OBLIGATIONS. Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of fifteen percent (15%) per annum from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

Section 4.08. IMPOUNDS FOR INSURANCE PREMIUMS AND REAL PROPERTY TAXES. If requested by any ground lessor or lender to whom Landlord has granted a security interest in tire Property, or if Tenant is more than ten (10) days late in the payment of rent more than once in any consecutive twelve (12) -month period. Tenant, shall pay Landlord a sum equal to one-twelfth (1/12) of the annual real property taxes and, insurance premiums payable by Tenant under this Lease, together with each payment of Base Rent. Landlord shall hold such payments in a non-interest bearing impound account. If unknown,

Landlord shall reasonably estimate the amount of real property taxes and insurance premiums when due. Tenant shall pay any deficiency. of funds in the impound account to Landlord upon written request. If Tenant defaults under this Lease, Landlord may apply any funds in the impound account to any obligation then due under this Lease.

ARTICLE FIVE: USE OF PROPERTY

SECTION 5.01. PERMITTED USES. Tenant may use the Property only for the Permitted Uses set forth in Section 1.06 above.

SECTION 5.02. MANNER OF USE. Tenant shall not cause or permit the Property to be used in any way which constitutes a violation of any law, ordinance, or governmental regulation or order, which annoys or interferes with tile rights of tenants of the Project, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, including a Certificate of Occupancy, required for Tenant's occupancy of the Property and shall promptly take all actions necessary to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating tile use by Tenant of the Property, including the Occupational Safety and Health Act.

Section 5.03. HAZARDOUS MATERIALS. As used in this Lease, the term "Hazardous Material" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons. Tenant shall not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Property by Tenant, its agents, employees contractors, sublessees or invitees without the prior written consent of Landlord. Landlord shall be entitled to take into account such other factors or facts as Landlord may reasonably determine to be

relevant in determining whether to grant or withhold consent to Tenant's proposed activity with respect to Hazardous Material. In no event, however, shall Landlord be required to consent to the installation or use of any storage tanks on the Property.

Section 5.04. SIGNS AND AUCTIONS. Tenant shall not place any signs on the Property without Landlord's prior written consent. Tenant shall not conduct or permit any auctions or sheriff's sales at the Property.

Section 5.05. INDEMNITY. Tenant shall indemnify Landlord against and hold Landlord harmless from any and all costs, claims or liability arising from: (a) Tenant's use of the Property; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Property, including any contamination of the Property or any other property resulting from the presence or use of Hazardous Material caused or permitted by Tenant; (C) any breach or default in the performance of Tenant's obligations under this Lease; (it) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts or omissions of Tenant. Tenant shall defend Landlord against any such cost, claim or liability at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in connection with any such claim. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Property arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except for any claim arising out of Landlord's gross negligence or willful misconduct. As used in this Section, the term "Tenant" shall include Tenant's employees, agents, contractors and invitees, if applicable.

Section 5.06. LANDLORD'S ACCESS. Landlord or its agents may enter the Property at all reasonable times to show the Property to potential buyers, investors or tenants or other parties-, to do any other act or to

inspect
and conduct tests in order to monitor Tenant's compliance with all applicable environmental laws and all laws governing the presence and use of
Hazardous Material; or for any other purpose Landlord deems necessary. Landlord shall give Tenant prior notice of such entry, except in the case of
an emergency. Landlord may place customary "For Sale" or "For Lease" signs
on the Property.

Section 5.07. QUIET POSSESSION. If Tenant pays the rent and complies with
all other terms of this Lease, Tenant may occupy and enjoy the Property for
the full Lease Term, subject to the provisions of this Lease.

ARTICLE SIX: CONDITION OF PROPERTY; MAINTENANCE, REPAIRS AND ALTERATIONS

Section 6.01. EXISTING CONDITIONS. Tenant accepts the Property in its condition as of the execution of the Lease, subject to all recorded matters,
laws, ordinances, and governmental regulations and orders. Except as provided herein, Tenant acknowledges that neither Landlord nor any agent of
Landlord has made any representation as to the condition of the Property or
the suitability of the Property for Tenant's intended use. Tenant represents
and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Property and is not relying on any representations of Landlord or any Broker with respect thereto. If Landlord
or Landlord's Broker has provided a Property Information Sheet or other Disclosure Statement regarding the Property, a copy is attached as an exhibit to the Lease.

Section 6.02. EXEMPTION OF LANDLORD FROM LIABILITY. Landlord shall not be
liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant,
Tenant's employees, invitees, customers or any other person in or about the
Property, whether such damage or injury is caused by or results from: (a)
fire, steam, electricity, water, gas or rain; (b) the breakage, leakage,
obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; (C)

conditions arising in or about the Property or upon other portions of the Project, or from other sources or places; or (d) any act or omission of any other tenant of the Project. Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. The provisions of this Section 6.02 shall not, however, exempt Landlord from liability for Landlord's gross negligence or willful misconduct.

Section 6.03. LANDLORD'S OBLIGATIONS.

(a) Except as provided in Article Seven (Damage or Destruction) and Article Eight (Condemnation), Landlord shall keep the following in good order, condition and repair: the foundations, exterior walls and roof of the Property (including painting the exterior surface of the exterior walls of the Property not more often than once every five (5) years, if necessary) and all components of electrical, mechanical, plumbing, heating and air conditioning systems and facilities located in the Property which are concealed or used in common by tenants of the Project. However, Landlord shall not be obligated to maintain or repair windows, doors, plate glass or the interior surfaces of exterior walls. Landlord shall make repairs under this Section 6.03 within a reasonable time after receipt of written notice from Tenant of the need for such repairs.

(b) Tenant shall pay or reimburse Landlord for all costs Landlord incurs under Paragraph 6.03(a) above as Common Area costs as provided for in Section 4.05 of the Lease. Tenant waives the benefit of any statute in effect now or in the future which might give Tenant the right to make repairs at Landlord's expense or to terminate this Lease due to Landlord's failure to keep the Property in good order, condition and repair.

SECTION 6.04. TENANT'S OBLIGATIONS.

(a) Except as provided in Section 6.03, Article Seven (Damage or Destruction) and Article Eight (Condemnation), Tenant shall keep all portions of the Property (including structural, nonstructural, interior, systems and equipment) in good order, condition and repair (including

interior repainting and refinishing, as needed). If any portion of the Property or any system or equipment in the Property which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such portion of the Property or system or equipment in the Property, regardless of whether the benefit of such replacement extends beyond the Lease Term; but if the benefit or useful, life of such replacement extends beyond the Lease Term (as such term may be extended by exercise of any options), the useful life of such replacement shall be prorated over the remaining portion of the Lease Term (as extended), and Tenant shall be liable only for that portion of the cost which is applicable to the Lease Term (as extended). Tenant shall maintain a preventive maintenance contract providing for the regular inspection and maintenance of the heating and air conditioning system by a licensed heating and air conditioning contractor, unless Landlord maintains such equipment under Section 6.03 above. If any part of the Property or the Project is damaged by any act or omission of Tenant, Tenant shall pay Landlord the cost of repairing or replacing such damaged property, whether or not Landlord would otherwise be obligated to pay the cost of maintaining or repairing such property. It is the intention of Landlord and Tenant that at all times Tenant shall maintain the portions of the Property which Tenant is obligated to maintain in an attractive, first-class and fully operative condition.

(b) Tenant shall fulfill all of Tenant's obligations under this Section 6.04 at Tenant's sole expense. If Tenant fails to maintain, repair or replace the Property as required by this Section 6.04, Landlord may, upon ten (10) days' prior notice to Tenant (except that no notice shall be required in the case of an emergency), enter the Property and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand.

Section 6.05. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS.

(a) Tenant shall not make any alterations, additions, or improvements to the Property Without Landlord's prior written consent, except for non-structural

alterations which do not exceed Ten Thousand Dollars ($10,000) in cost cumulatively over the Lease Term and which are not visible from the outside of any building of which the Property is part. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph 6.05(a) upon Landlord's written request. All alterations, additions, and improvements .shall be done in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord. Upon completion of any such work, Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials.

(b) Tenant shall pay when due all claims for labor and material furnished to the Property. Tenant shall give Landlord at least twenty (20) days' prior written notice of the commencement of any work on the Property, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Property.

Section 6.06. CONDITION UPON TERMINATION. Upon the termination of the Lease, Tenant shall surrender the Property to Landlord, broom clean and in the same condition as received except for ordinary wear and tear which Tenant was not otherwise obligated to remedy under any provision of this Lease. However, Tenant shall not be obligated to repair any damage which Landlord is required to repair under Article Seven (Damage or Destruction). In addition, Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) prior to the expiration of the Lease and to restore the Property to its prior condition, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the expiration or earlier

termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Property. Tenant shall repair, at Tenant's expense, any damage to the Property caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment (which shall be deemed Landlord's property) without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment; fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE SEVEN: DAMAGE OR DESTRUCTION

SECTION 7.01. PARTIAL DAMAGE TO PROPERTY.

(a) Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Property. If the Property is only partially damaged (i.e., less than fifty percent (50%) of the Property is untenantable as a result of such damage or less than fifty percent (50%) of Tenant's operations are materially impaired) and if the proceeds received by Landlord from the insurance policies described in Paragraph 4.04(b) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage as soon as reasonably possible. Landlord may elect (but is not required) to repair any damage to Tenant's fixtures, equipment, or improvements.

(b) If the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policies which Landlord maintains under Paragraph 4.04(b), Landlord may elect either to (I) repair the damage as soon as reasonably possible, in which case this Lease shall remain in full force and effect, or

(ii) terminate this Lease as of the date the damage occurred. Landlord shall notify Tenant within thirty (30) days after receipt of notice of the occurrence of the damage whether Landlord elects to repair the damage or terminate the Lease. If Landlord elects to repair the damage, Tenant shall pay Landlord the "deductible amount" (if any) under Landlord's insurance policies and, if the damage was due to an act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, the difference between the actual cost of repair and any insurance proceeds received by Landlord. If Landlord elects to terminate this Lease, Tenant may elect to continue this Lease in full force and effect, in which case Tenant shall repair any damage to the Property and any building in which the Property is located. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within ten (10) days after receiving Landlord's termination notice.

(C) If the damage to the Property occurs during the last six (6) months of the Lease Term and such damage will require more than thirty (30) days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred, regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within thirty (30) days after Tenant's notice to Landlord of the occurrence of the damage.

Section 7.02. SUBSTANTIAL OR TOTAL DESTRUCTION. if the Property is substantially or totally destroyed by any cause whatsoever (i.e., the damage to the Property is greater than partial damage as described in Section 7.01), and regardless of whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred. Notwithstanding the preceding sentence, if the Property can be rebuilt within six (6) months after the date of destruction,

Landlord may elect to rebuild the Property at Landlord's own expense, in which case this Lease shall remain in full force and effect. Landlord shall notify Tenant of such election within thirty (30) days after Tenant's notice of the occurrence of total or substantial destruction. If Landlord so elects, Landlord shall rebuild the Property at Landlord's sole expense, except that if the destruction was caused by an act or omission of Tenant, Tenant shall pay Landlord the difference between the actual cost of rebuilding and any insurance proceeds received by Landlord.

Section 7.03. TEMPORARY REDUCTION OF RENT. If the Property is destroyed or damaged and Landlord or Tenant repairs or restores the Property pursuant to the provisions of this Article Seven, any rent payable during the period of such damage, repair and/or restoration shall be reduced according to the degree, if any, to which Tenant's use of the Property is impaired. However, the reduction shall not exceed the sum of one year's payment of Base Rent, insurance premiums and real property taxes. Except for such possible reduction in Base Rent, insurance premiums and real property taxes, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Property.

Section 7.04. WAIVER. Tenant waives the protection of any statute, code or judicial decision which grants a tenant the right to terminate a lease in the event of the substantial or total destruction of the leased property. Tenant agrees that the provisions of Section 7.02 above shall govern the rights and obligations of Landlord and Tenant in the event of any substantial or total destruction to the Property.

ARTICLE EIGHT: CONDEMNATION

If all or any portion of the Property is taken under the power of eminent

domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than twenty percent (20%) of the floor area of the building in which the Property is located, or which is located on the Property, is taken, either Landlord or Tenant may terminate this Lease. as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Property not taken, except that the Base Rent and Additional Rent shall be reduced in proportion to the reduction in the floor area of the Property. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any ground lessor, mortgagee or beneficiary under a deed of trust encumbering the Property, the amount of its interest in the Property; (b) second, to Tenant, only the amount of any award specifically designated for loss of or damage to Tenant's trade fixtures or removable personal property; and (C) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Property caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

ARTICLE NINE: ASSIGNMENT AND SUBLETTING

SECTION 9.01. Landlord's Consent Required. No portion of the Property or of Tenant's interest in this Lease may be acquired by any other person or

entity, whether by sale, assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent, except as provided in Section 9.02 below. Landlord has the right to grant or withhold its consent as provided in Section 9.05 below. Any attempted transfer without consent shall be void and shall constitute a noncurable breach of this Lease. If Tenant is a partnership, any cumulative transfer of more than twenty percent (20%) of the partnership interests shall require Landlord's consent. If Tenant is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Landlord's consent.

Section 9.02. Tenant Affiliate. Tenant may assign this Lease or sublease the Property, without Landlord's consent, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger of or consolidation with Tenant ("Tenant's Affiliate"). In such case, any Tenant's Affiliate shall assume in writing all of Tenant's obligations under this Lease.

Section 9.03. No Release of Tenant. No transfer permitted by this Article Nine, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of rent from any other person is not a waiver of any provision of this Article Nine. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

Section 9.04. Offer to Terminate. If Tenant desires to assign the Lease or sublease the Property, Tenant shall have the right to offer,- in writing, to

terminate the Lease as of a date specified in the offer. If Landlord elects in writing to accept the offer to terminate within twenty (20) days after notice of the offer, the Lease shall terminate as of the date specified and all the terms and provisions of the Lease governing termination shall apply. If Landlord does not so elect, the Lease shall continue in effect until otherwise terminated and the provisions of Section 9.05 with respect to any proposed transfer shall continue to apply.

Section 9.05. Landlord's Consent.

(a) Tenant's request for consent to any transfer described in Section 9.01 shall set forth in writing the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable -under any proposed assignment or sublease), and any other information Landlord deems relevant. Landlord shall have the right to withhold consent, if reasonable, or to grant consent, based on the following factors: (I) the business of the proposed assignee or subtenant and the proposed use of the Property; (ii) the net worth and financial reputation of the proposed assignee or subtenant; (iii) Tenant's compliance with all of its obligations under the Lease; and (iv) such other factors as Landlord may reasonably deem relevant. If Landlord objects to a proposed assignment solely because of the net worth and/or financial reputation of the proposed assignee, Tenant may nonetheless sublease (but not assign), all or a portion of the Property to the proposed transferee, but only on the other terms of the proposed transfer.

(b) If Tenant assigns or subleases, the following shall apply:

(I) Tenant shall pay to Landlord as Additional Rent under the Lease the Landlord's Share (stated in Section 1.13) of the Profit (defined below) on

such transaction as and when received by Tenant, unless Landlord gives written notice to Tenant and the assignee or subtenant that Landlord's Share shall be paid by the assignee or subtenant to Landlord directly. The "Profit" means (A) all amounts paid to Tenant for such assignment or sublease, including "key" money, monthly rent in excess of the monthly rent payable under the Lease, and all fees and other consideration paid for the assignment or sublease, including fees under any collateral agreements, less (B) costs and expenses directly incurred by Tenant in connection with the execution and performance of such assignment or sublease for real estate broker's commissions and costs of renovation or construction of tenant improvements required under such assignment or sublease. Tenant is entitled to recover such costs and expenses before Tenant is obligated to pay the Landlord's Share to Landlord. The Profit in the case of a sublease of less than all the Property is the rent allocable to the subleased space as a percentage on a square footage basis.

(ii) Tenant shall provide Landlord a written statement certifying all amounts to be paid from any assignment or sublease of the Property within thirty (30) days after the transaction documentation is signed, and Landlord may inspect Tenant's books and records to verify the accuracy of such statement. On written request, Tenant shall promptly furnish to Landlord copies of all the transaction documentation, all of which shall be certified by Tenant to be complete, true and correct. Landlord's receipt of Landlord's Share shall not be a consent to any further assignment or subletting. The breach of Tenant's obligation under this Paragraph 9.05(b) shall be a material default of the Lease.

Section 9.06. No Merger. No merger shall result from Tenant's sublease of the Property under this Article Nine, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all subtenancies or succeed to the interest of Tenant as sublandlord under any or all subtenancies.

ARTICLE TEN: DEFAULTS; REMEDIES

Section 10.01. COVENANTS AND CONDITIONS. Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Property is conditioned upon such performance. Time is of the essence in the performance of all covenants and conditions.

Section 10.02. DEFAULTS. Tenant shall be in material default under this Lease:

(a) If Tenant abandons the Property or if Tenant's vacation of the Property results in the cancellation of any insurance described in Section 4.04;

(b) If Tenant fails to pay rent or any other charge when due;

(C) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of thirty (30) days after written notice from Landlord; provided that if more than thirty (30) days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the thirty (30) -day period and thereafter diligently pursues its completion. However, Landlord shall not be required to give such notice if Tenant's failure to perform constitutes a non-curable breach of this Lease. The notice required by this Paragraph is intended to satisfy any and all notice requirements imposed by law on Landlord and is not in addition to any such requirement.

(d) (I) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement is' filed by or against Tenant and is not dismissed within thirty (30) days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease and possession

is not
restored to Tenant within thirty (30) days; or (iv) if substantially
all of
Tenant's assets located at the Property or of Tenant's interest in this
Lease is subjected to attachment, execution or other judicial
seizure which
is not discharged within thirty (30) days. If a court of competent
jurisdiction determines that any of the acts described in this
subparagraph
(d) is not a default under this Lease, and a trustee is appointed to
take
possession (or if Tenant remains a debtor in possession) and such
trustee or
Tenant transfers Tenant's interest hereunder, then Landlord shall
receive,
as Additional Rent, the excess, if any, of the rent (or any other
consideration) paid in connection with such assignment or sublease
over the
rent payable by Tenant under this Lease.

(e) If any guarantor of the Lease revokes or otherwise terminates, or
purports to revoke or otherwise terminate, any guaranty of all or any
portion of Tenant's obligations under the Lease. Unless otherwise
expressly
provided, no guaranty of the Lease is revocable.

Section 10.03. REMEDIES. On the occurrence of any material default by
Tenant, Landlord may, at any time thereafter, with or without notice or
demand and without limiting Landlord in the exercise of any right or
remedy
which Landlord may have:

(a) Terminate Tenant's right to possession of the Property by any
lawful
means, in which case this Lease shall terminate and Tenant shall
immediately
surrender possession of the Property to Landlord. In such event,
Landlord
shall be entitled to recover from Tenant all damages incurred by
Landlord by
reason of Tenant's default, including (I) the worth at the time of
the award
of the unpaid Base Rent, Additional Rent and other charges which
Landlord
had earned at the time of the termination; (ii) the worth at the
time of the
award of the amount by which the unpaid Base Rent, Additional Rent
and other
charges which Landlord would have earned after termination until the
time of
the award exceeds the amount of such rental loss that Tenant proves

Landlord
could have reasonably avoided; (iii) the worth at the time of the
award-of
the amount by which the unpaid Base Rent, Additional Rent and other
charges
which Tenant would have paid for the balance of the Lease term after
the
time of award exceeds the amount of such rental loss that Tenant proves
Landlord could have reasonably avoided; and (iv) any other amount
necessary
to compensate Landlord for all the detriment proximately caused by
Tenant's
failure to perform its obligations under the Lease or which in THE
ORDINARY
COURSE of things would be likely to result therefrom, including, but
not
limited to, any costs or expenses Landlord incurs in maintaining or
preserving the Property after such default, the cost of recovering
possession of the Property, expenses of reletting, including necessary
renovation or alteration of the Property, Landlord's reasonable
attorneys'
fees incurred in connection therewith, and any real estate
commission paid
or payable. As used in subparts (I) and (ii) above, the "worth at
the time
of the award" is computed by allowing interest on unpaid amounts at
the rate
of fifteen percent (15%) per annum, or such lesser amount as may
then be the
maximum lawful rate. As used in subpart (iii) above, the "worth at
the time
of the award" is computed by discounting such amount at the discount
rate of
the Federal Reserve Bank of San Francisco at the time of the award,
plus one
percent (1%). If Tenant has abandoned the Property, Landlord shall
have the
option of (I) retaking possession of the Property and recovering
from Tenant
the amount specified in this Paragraph .10.03(a), or (ii) proceeding
under
Paragraph 10.03(b);

(b) Maintain Tenant's right to possession, in which case this Lease
shall continue in effect whether or not Tenant has abandoned the
Property. In such event, Landlord shall be entitled to enforce all
of Landlord's rights and remedies under this Lease, including the
right to recover the rent as it becomes due;

(C) Pursue any other remedy now or hereafter available to Landlord
under

the laws or judicial decisions of the state in which the Property is located.

Section 10.04. REPAYMENT OF "FREE" RENT. If this Lease provides for a postponement of any monthly rental payments, a period of "free" rent or other rent concession, such postponed rent or "free" rent is called the "Abated Rent". Tenant shall be credited with having paid all of the Abated Rent on the expiration of the Lease Term only if Tenant has fully, faithfully, and punctually performed all of Tenant's obligations hereunder, including the payment of all rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Property in the physical condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement -or other rent concession. In such case Abated Rent shall be calculated based on the full initial rent payable under this Lease.

Section 10.05. AUTOMATIC TERMINATION. Notwithstanding any other term or provision hereof to the contrary, the Lease shall terminate on the occurrence of any act which affirms the Landlord's intention to terminate the Lease as provided in Section 10.03 hereof, including the filing of an unlawful detainer action against Tenant. On such termination, Landlord's damages for default shall include all costs and fees, including reasonable attorneys' fees that Landlord incurs in connection with the filing, commencement, pursuing and/or defending of any action in any bankruptcy court or other court with respect to the Lease; the obtaining of relief from any stay in bankruptcy restraining any action to evict Tenant; or the pursuing of any action with respect to Landlord's right to possession of the Property. All such damages suffered (apart from Base Rent and other rent payable hereunder) shall constitute pecuniary damages which must be

reimbursed to Landlord prior to assumption of the Lease by Tenant or any successor to Tenant in any bankruptcy or other proceeding.

Section 10.06. CUMULATIVE REMEDIES. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE ELEVEN: PROTECTION OF LENDERS

Section 11.01. SUBORDINATION. Landlord shall have the right to subordinate this Lease to any ground lease, deed of trust or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Tenant shall cooperate with Landlord and any lender which is acquiring a security interest in the Property or the Lease. Tenant shall execute such further documents and assurances as such lender may require, provided that Tenant's obligations under this Lease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Tenant shall not be deprived of its rights under this Lease. Tenant's right to quiet possession of the Property during the Lease Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 11.02. ATTORNMENT. If Landlord's interest in the Property is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale. Tenant shall attorn to the transferee of or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the

protection of any statute or rule of law which gives or purports to give
Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

Section 11.03. SIGNING OF DOCUMENTS. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. If Tenant fails to do so
within ten (10) days after writt6n- request, Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver
any such instrument or document.

Section 11.04. Estoppel Certificates.

(a) Upon Landlord's written request, Tenant shall execute, acknowledge and
deliver to Landlord a written statement certifying: (I) that none of the
terms or provisions of this Lease have been changed (or if they have been
changed, stating how they have been changed); (ii) that this Lease has not
been canceled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv)
that Landlord is not in default under this Lease (or, if Landlord is claimed
to be in default, stating why); and (v) such other representations or information with respect to Tenant or the Lease as Landlord may reasonably
request or which any prospective purchaser or encumbrancer of the Property
may require. Tenant shall deliver such statement to Landlord within ten (10)
days after Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Property. Such
purchaser or encumbrancer may rely conclusively upon such statement as true
and correct.

(b) If Tenant does not deliver such statement to Landlord within such ten (10) -day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (I) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent

or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

Section 11.05. TENANT'S FINANCIAL CONDITION. Within ten (10) days after written request from Landlord, Tenant shall deliver to Landlord such financial statements as Landlord reasonably requires to verify the net worth of Tenant or any assignee, subtenant, or guarantor of Tenant. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Property. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth in this Lease.

ARTICLE TWELVE: LEGAL COSTS

SECTION 12.01 LEGAL PROCEEDINGS. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Nondefaulting Party") upon demand for any costs or expenses that the Nondefaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, a reasonable sum as attorneys' fees and costs. The losing party in such action shall pay such attorneys' fees and costs. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability Landlord may incur if Landlord becomes or is made a party to any claim or action (a) instituted by Tenant against any third party, or by any third

party against Tenant, or by or against any person holding any interest under or using the Property by license, of or agreement with Tenant, (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (C) otherwise arising out of or resulting from any act or transaction of Tenant or such other person" or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs Landlord incurs in any such claim or action.

Section 12.02. LANDLORD'S CONSENT. Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection with Tenant's request for Landlord's consent under Article Nine (Assignment and Subletting), or in connection with any other act which Tenant proposes to do and which requires Landlord's consent.

ARTICLE THIRTEEN: MISCELLANEOUS PROVISIONS

Section 13.01. NON-DISCRIMINATION. Tenant promises, and it is a condition to the continuance of this Lease, that there will be no discrimination against, or segregation of, any person or group of persons on the basis of race, color, sex, creed, national origin or ancestry in the leasing, subleasing, transferring, occupancy, tenure or use of the Property or any portion thereof.

Section 13.02. LANDLORD'S LIABILITY; CERTAIN DUTIES.

(a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Property or Project or the leasehold estate under a ground lease of the Property or Project at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or

title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. However, each Landlord shall deliver to its transferee all funds that Tenant previously paid if such funds have not yet been applied under the terms of this Lease.

(b) Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee or beneficiary under any deed of trust encumbering the Property whose name and address have been furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord (or such ground lessor, mortgagee or beneficiary) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. However, if such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30) -day period and thereafter diligently pursued to completion.

(C) Notwithstanding any term or provision herein to the contrary, the liability of Landlord for the performance of its duties and obligations under this Lease is limited to Landlord's interest in the Property and the Project, and neither the Landlord nor its partners, shareholders, officers or other principals shall have any personal liability under this Lease.

Section 13.03. Severability. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or this Lease, which shall remain in full force and effect.

Section 13.04.. Interpretation. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders

shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Property with Tenant's expressed or implied permission.

Section 13.05. INCORPORATION OF PRIOR AGREEMENTS; MODIFICATIONS. This Lease is the only agreement between the parties pertaining to the lease of the Property and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

Section 13.06. NOTICES. All notices 'required or permitted under this Lease shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Section 1.03 above, except that upon Tenant's taking possession of the Property, the Property shall be Tenant's address for notice purposes. Notices to Landlord shall be -delivered to the address specified in Section 1.02 above. All notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.

Section 13.07. WAIVERS. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being

bound
to the conditions of such statement.

Section 13.08. NO RECORDATION. Tenant shall not record this Lease without
prior written consent from Landlord. However, either Landlord or Tenant may
require that a "Short Form" memorandum of this Lease executed by both
parties be recorded. The party requiring such recording shall pay all
transfer taxes and recording fees.

Section 13.09. BINDING EFFECT; CHOICE OF LAW. This Lease binds any party who
legally acquires any rights or interest in this Lease from Landlord or
Tenant. However, Landlord shall have no obligation to Tenant's successor
unless the rights or interests of Tenant's successor are acquired in
accordance with the terms of this Lease. The laws of the state in which the
Property is located shall govern this Lease.

Section 13.10. CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY. If Tenant is a
corporation, each person signing this Lease on behalf of Tenant represents
and warrants that he has full authority to do so and that this Lease binds
the corporation. Within thirty (30) days after this Lease is signed, Tenant
shall deliver to Landlord a certified copy of a resolution of Tenant's Board
of Directors authorizing the execution of this Lease or other evidence of
such authority reasonably acceptable to Landlord. If Tenant is a
partnership, each person or entity signing this Lease for Tenant represents
and warrants that he or it is a general partner of the partnership, that he
or it has full authority to sign for the partnership and that this Lease
binds the partnership and all general partners of the partnership. Tenant
shall give written notice to Landlord of any general partner's withdrawal or
addition. Within thirty (30) days after this Lease is signed, Tenant shall
deliver to Landlord a copy of Tenant's recorded statement of partnership or
certificate of limited partnership.

Section 13.11. JOINT AND SEVERAL LIABILITY. All parties signing this

Lease
as Tenant shall be jointly and severally liable for all obligations of Tenant.

Section 13.12. FORCE MAJEURE. If Landlord cannot perform any of its obligations due to events beyond Landlord's control, the time provided for
performing such obligations shall be extended by a period of time equal to
the duration of such events. Events beyond Landlord's control include, but
are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

Section 13.13. EXECUTION OF LEASE. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. Landlord's delivery of this Lease to Tenant shall not be deemed to be an offer to lease
and shall not be binding upon either party until executed and delivered by
both parties.

Section 13.14. SURVIVAL. All representations and warranties of Landlord and
Tenant shall survive the termination of this Lease.

ARTICLE FOURTEEN: BROKERS

Section 14.01. BROKER'S FEE. when this Lease is signed by and delivered to
both Landlord and Tenant, Landlord shall pay a real estate commission to
Landlord's Broker named in Section 1.08 above, if any, as provided in the
written agreement between Landlord and Landlord's Broker, or the sum stated
in Section 1.09 above for services rendered to Landlord by Landlord's Broker in this transaction. Landlord shall pay Landlord's Broker a commission if Tenant exercises any option to extend the Lease Term or to buy
the Property, or any similar option or right which Landlord may grant to
Tenant, or if Landlord's Broker is the procuring cause of any other lease or
sale entered into between Landlord and Tenant covering the Property. Such
commission shall be the amount set forth in Landlord's Broker's commission
schedule in effect as of the execution of this Lease. If a Tenant's

Broker
is named in Section 1.08 above, Landlord's Broker shall pay an
appropriate
portion of its commission to Tenant's Broker if so provided in any
agreement
between Landlord's Broker and Tenant's Broker. Nothing contained in
this
Lease shall impose any obligation on Landlord to pay a commission or
fee to
any party other than Landlord's Broker.

Section 14.02. PROTECTION OF BROKERS. If Landlord sells the Property, or assigns Landlord's interest in this Lease, the buyer or assignee shall, by accepting such conveyance of the Property or assignment of the Lease, be conclusively deemed to have agreed to make all payments to
Landlord's Broker thereafter required of Landlord under this Article Fourteen. Landlord's Broker shall have the right to bring a legal action to enforce or declare rights under this provision. The prevailing party in such action shall be entitled to reasonable attorneys' fees to be paid by the losing party. Such attorneys' fees shall be fixed by the court in such action. This paragraph is included in this Lease for the benefit of Landlord's Broker.

Section 14.03. BROKER'S DISCLOSURE OF AGENCY. Landlord's Broker hereby discloses to Landlord and Tenantless 'and Landlord and Tenant hereby consent
to Landlord's Broker acting in this transaction as the agent of
(check one):

[X] Landlord exclusively; or

[ ] both Landlord and Tenant.

Section 14.04. No Other Brokers. Tenant represents and warrants to Landlord
that the brokers named in Section 1.08 above are the only agents, brokers,
finders or other parties with whom Tenant has dealt who are or may be entitled to any commission or fee with respect to this Lease or the Property.

ADDITIONAL PROVISIONS MAY BE SET FORTH IN A RIDER OR RIDERS ATTACHED HERETO
OR IN THE BLANK SPACE BELOW. IF NO ADDITIONAL PROVISIONS ARE INSERTED, PLEASE
DRAW A LINE THROUGH THE SPACE BELOW.

LANDLORD HEREBY GRANTS TENANT FIRST RIGHT OF REFUSAL TO PURCHASE THE PROPERTY DESCRIBED IN SECTION 1.04 PAGE 1 OF THIS LEASE.

LANDLORD HEREBY GRANTS TENANT AN OPTION TO RENEW LEASE FOR AN ADDITIONAL 5 YEARS STARTING AT $9877.00 PER MONTH WITH 3% INCREASES PER ANNUM. TENANT TO GIVE LANDLORD WRITTEN NOTICE OF INTENT ON OR BEFORE APRIL 1 2004. Landlord and Tenant have signed this Lease at the place and on the dates specified adjacent to their signatures below and have initialed all Riders which are attached to or incorporated by reference in this Lease.

"LANDLORD"

MC DIVITT - SRI, LLC
By: /s/M. Mills
M MILLS
Its: PRESIDENT

Signed on June 9, 1999 at Ontario, California.

"TENANT"

INDUSTRIAL RUBBER INNOVATIONS INC.
A FLORIDA CORPORATION
By: /s/John Proulx
Its: President/CEO

By: /s/Steven Tieu
Its: Vice President of Technical Support

Signed on June 7, 1999 at Bakersfield, California 9:30 AM.

IN ANY REAL ESTATE TRANSACTION, IT IS RECOMMENDED THAT YOU CONSULT WITH A PROFESSIONAL, SUCH AS A CIVIL ENGINEER, INDUSTRIAL HYGIENIST OR OTHER PERSON WITH EXPERIENCE IN EVALUATING THE CONDITION OF THE PROPERTY THE POSSIBLE PRESENCE OF ASBESTOS, HAZARDOUS MATERIALS AND UNDERGROUND STORAGE TANKS.

THIS PRINTED FORM LEASE HAS BEEN DRAFTED BY LEGAL COUNSEL AT THE DIRECTION OF THE SOUTHERN CALIFORNIA CHAPTER OF THE SOCIETY OF INDUSTRIAL AND OFFICE REALTORS, INC. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE SOUTHERN CALIFORNIA CHAPTER OF THE SOCIETY OF INDUSTRIAL AND OFFICE REALTORS, INC., ITS LEGAL COUNSEL,

THE REAL ESTATE BROKERS NAMED HEREIN, OR THEIR EMPLOYEES OR AGENTS, AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS LEASE OR OF THIS TRANSACTION. LANDLORD AND TENANT SHOULD RETAIN LEGAL COUNSEL TO ADVISE THEM ON SUCH MATTERS AND SHOULD RELY UPON THE ADVICE OF SUCH LEGAL COUNSEL.

ADDENDUM TO LEASE

This Addendum to Lease is made effective as of the Agreement Date by and between Summers Ranch, Inc., a California corporation ("Seller" or "Landlord"), and Industrial Rubber Innovations, Inc., a Florida corporation, ("Buyer" or "Tenant"), with reference to the following facts:

WHEREAS, the parties are entering into that certain Industrial Real Estate Lease (the "Lease"); and

WHEREAS, this Agreement is incorporated by reference into Lease and is material to the Lease;

IN CONSIDERATION OF THE PREMISES, the terms, conditions and covenants contained herein and for other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1 . DEFINITIONS. As used in this Agreement, the 'terms below shall have the following meanings unless the context requires otherwise.

1.1 "AGREEMENT." This Addendum to Lease, as amended or supplemented from time to time.

1.2 "AGREEMENT DATE." The effective date of this Agreement, which is June 1, 1999.

1.3 "APPLICABLE ENVIRONMENTAL LAWS." The Federal Water Pollution Control Act (33 U.S.C. ' 1251 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. '6901 et seq.), the Safe Drinking Water Act (42 U.S.C. '3600(f) et seq.) the Toxic Substances Control Act (15 U.S.C. '2601 et seq.), the Clean Air Act (42 U.S.C. '7401 et seq.), the Comprehensive

Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C.
'9601 et seq.), the Clean Water Act (33 U.S.C. '1251 et seq.), the Hazardous
Materials Transportation Act of 1974 (49 U.S.C. '1801 et seq.) the
Occupational Safety and Health Act (29 U.S.C. '651 et seq.), the Federal
Insecticide, Fungicide and Rodenticide Act (7 U.S.C. ' 136 et seq.), the
Emergency Planning and Community Right-to-Know Act (42 U.S.C. '1101 et seq.)
and California environmental laws, including but not limited to: Health and
Safety '25396 et seq., Health and Safety '25570 et seq., Health and Safety
'59000 et seq., Health and Safety '218000 et seq., and Pub. Res. C. '21000.,
and any other law, rule, regulation, ordinance or statute now existing or
hereinafter enacted relating to air, soil, water, environmental or health
and safety conditions.

1.4 "BUSINESS DAY." Any day of the year, excluding Saturday, Sunday and any
day which is a legal holiday or a day on which banking institutions are
authorized by law or other governmental actions to close and are actually
closed in Bakersfield, California.

1.5 "COUNTY." The County of Kern, California.

1.6 "HAZARDOUS SUBSTANCE", "SOLID WASTE" AND "HAZARD" each shall have the broadest meanings specified in the Applicable Environmental Laws.

1.7 "LEASE." That certain Industrial/Real Estate Lease dated effective as of
June 1, 1999 wherein Seller is the Landlord and Buyer is the Tenant, whereby
Seller has leased the Property to Buyer.

1.8 "LEASE PAYMENTS." The lease payments paid by the lessee to the lessor under the Lease.

1.9 "PROPERTY." The real property described in EXHIBIT A attached hereto.

2. ENVIRONMENTAL MATTERS.

LANDLORD

2.1 SELLER'S RIGHT TO REMOVE HAZARDOUS SUBSTANCES. In the event Buyer discovers prior to the Feasibility Period that Hazardous Substances, Solid Wastes or Hazards are located on or in or affect any portion of the Property, Buyer shall give Seller written notice as soon as reasonably possible of such discovery ("BUYER'S ENVIRONMENTAL NOTICE"). Within thirty (30) days after Buyer's Environmental Notice has been given, Seller, at its option, may commence and complete the clean up and removal of such Hazardous Substances, Solid Wastes or Hazards in accordance with 911 Applicable Environmental Laws, to the satisfaction of Buyer. In the event Seller elects not to commence and complete the clean up and removal of such Hazardous Substances, Solid Wastes or Hazards in accordance with all Applicable Environmental Laws, and to the satisfaction of Buyer, Seller give written notice to Buyer within thirty (30) days after Buyers Environmental Notice has been given, of such an election.

TENANT

2.2 BUYER'S RIGHT TO REMOVE HAZARDOUS SUBSTANCES. In the event Seller elects not to clean up the Property as provided in paragraph ___ hereof, or Seller, after having made the election to clean up the Property, fails, refuses or neglects to commence and complete the clean up and removal of such Hazardous Substances, Solid Wastes or Hazards in accordance with the provisions of paragraph 16.00 hereof, Buyer shall have the right, but not the obligation, without in any way limiting Buyer's other rights and remedies under this Agreement or at law, to enter onto the Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve, or minimize the impact of,

or otherwise deal with, any Hazardous Substances, Solid Wastes or Hazards on or affecting the Property.

LANDLORD

2.3 SELLER'S ENVIRONMENTAL INDEMNITY. Seller covenants that Seller will indemnify, defend and hold harmless Buyer and any current or former officer, director, employee, shareholder, partner, member or agent of Buyer (the "Buyer Indemnitees") for, from and against any and all claims, losses, damages, response costs, clean-up costs and expenses arising out of or in any way relating to the existence of Hazardous Substances, Solid Waste or Hazards over, beneath, in or upon any of the Property purchased by Buyer from Seller under the terms of this Agreement, which exist as a result of the actions or inactions of Seller or any other persons prior to the June 1, 1999, including, but not limited to reasonable attorneys' fees, incurred at, before and after any trial or appeal therefrom whether or not taxable as costs (the ENVIRONMENTAL EXPENSES), all of which shall be paid by Seller to the Buyer Indemnitees upon demand. In the event of the existence of Environmental Expenses, Seller agrees to pay the first Fifty Thousand Dollars ($50,000), on a cumulative basis, of the Environmental Expenses. Once Seller has paid said Fifty Thousand Dollars ($50,000), Seller's obligations in regard to the payment of the Environmental Expenses shall terminate and Buyer thereafter shall be solely responsible for the Environmental Expenses.

TENANT

2.4 BUYER'S ENVIRONMENTAL INDEMNITY. Buyer covenants that Buyer will indemnify, defend and hold harmless Seller and any current or former officer, director, employee, shareholder, partner, member or agent of Seller (the "Seller Indemnitees") for, from and against any and all claims, losses, damages, response costs, clean-up costs and expenses arising out of or in any way relating to the existence of Hazardous Substances, Solid Waste or Hazards over, beneath., in or upon any of the Property leased by Buyer from Seller under the terms of this Agreement or the Lease, which exist as a result of the actions or inactions of Buyer or any other persons on

or after
June 1, 1999, including, but not limited to reasonable attorneys' fees, incurred at, before and after any trial or appeal therefrom whether or not
taxable as costs, all of which shall be paid by Buyer to the Seller Indemnitees upon demand.

2.5 EXHIBITS AND SCHEDULES. All exhibits and schedules attached hereto and
referred to in this Agreement are incorporated herein by this reference and
are part of this Agreement.

2.6 COUNTERPARTS. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which
together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Agreement Date.

LANDLORD

MC DIVITT - SRI, LLC

By: /s/Michael L. Mills
Michael L. Mills
Its: President

Date of Execution: June 9, 1999

TENANT

INDUSTRIAL RUBBER INNOVATIONS, INC., a Florida corporation

By: /s/John Proulx
Its: President/CEO

Date of Execution: June 7, 1999

SCHEDULE 1.07
Guarantees

The following officers of Tenant and their spouses, if any, shall provide
personal guarantees in the form attached hereto.

MR JOHN PROULX
9903 CASA DEL SOL
BAKERSFIELD, CALIF 93311

/s/John Proulx June 7, 1999
JOHN PROULX DATE
C.E.0 INDUSTRIAL RUBBER INNOVATIONS
A FLORIDA CORPORATION

MRS LEILA PROULX
9903 CASA DEL SOL
BAKERSFIELD, CALIF 93311

/s/Leila Proulx June 7, 1999
LEILA PROULX DATE

/s/name unknown June 7, 1999
WITNESSED DATE

SCHEDULE 1.13(a)
Base Rent

September 1, 1999 to August 31, 2000 - $8,500.00 per month
September 1, 2000 to August 31, 2001 - $8,775.00 per month
September 1, 2001 to August 31, 2002 - $9,038.00 per month
September 1, 2002 to August 31, 2003 - $9,309.00 per month
September 1, 2003 to August 31, 2004 - $9,589.00 per month

SCHEDULE 1.13(b)
Other Periodic Payments

LANDLORD

TO PAY: PROPERTY TAXES ONLY

TENANT

TO PAY: UTILITIES
JANITORIAL
INSURANCE
PERSONAL PROPERTY TAXES
GARDENING

INDUSTRIAL RUBBER INNOVATIONS, INC.
a Florida corporation
OMNIBUS STOCK OPTION PLAN

1. Name, Effective Date and Purpose.

1.1 This Plan document is intended to implement and govern two separate stock option plans of INDUSTRIAL RUBBER INNOVATIONS, INC. (the "Company"): The Incentive Stock option plan ("Plan A") and the Nonstatutory Stock Option Plan ("Plan B"). Plan A provides for the granting of options that are intended to qualify as incentive stock options ("Incentive Stock Options") within the meaning of Section 422A(b) of the Internal Revenue Code (the "Code"), as amended. Plan B provides for the granting of options that are not intended to so qualify. Unless specified otherwise, all the provisions of this Plan relate equally to both Plan A and Plan B and are condensed for convenience into one Plan document.

1.2 Plan A and Plan B are each established effective as of July 1, 1999. The purpose of Plan A and Plan B (sometimes together referred to as the "Plan" or this "Plan") is to promote the growth and general prosperity of the Company and its Affiliated Companies. This Plan will permit the Company to grant options ("Options") to purchase shares of its common stock ("Common Stock"). The granting of Options will help the Company attract and retain the best available persons for positions of substantial responsibility, and will provide certain key employees with an additional incentive to contribute to the success of the Company and its Affiliated Companies. For purposes of this Plan, the term "Affiliated Companies" shall mean any component member of a controlled group of corporations, as defined under Code Section 1563, in which the Company is also a component member.

2. Administration.

2.1 The Plan shall be administered solely by the Board of Directors (the "Board"). All decisions, determinations and interpretations of the Board shall be final and binding on all Optionees.

2.2 The Board shall have sole authority, in its absolute discretion, to determine which of the eligible persons of the Company and its Affiliated Companies shall receive Options ("Optionees"), and, subject to the express provisions and restrictions of this Plan, shall have sole authority, in its absolute discretion, to

determine the time when Options shall be granted, the terms and conditions of any Option other than those terms and conditions fixed under this Plan, the number of shares which may be issued upon exercise of an Option and the means of payment for such shares, and shall have authority to do everything necessary or appropriate to administer the Plan.

2.3 Aggregate limitations with respect to all participants in the Plan:

2.3.1 The Board shall not grant Options covering more than the number of Available Shares of Common Stock to any employee in any Plan Year.

2.4 Aggregate limitations with respect to the participation of directors and officers in the Plan:

2.4.1 No more than the number of Available Shares of Common Stock may be optioned and sold to directors of the Company under Plan A and Plan B considered in the aggregate in any Plan Year.

2.4.2 No more than the Available Shares of Common Stock may be optioned and sold to non-director officers of the Company under Plan A and Plan B considered in the aggregate in any Plan Year.

2.5 Definitions:

2.5.1 Available Shares: Those shares specified in Section 4.1 as available for issuance pursuant to this Plan in any Plan Year.

2.5.2 Officer: The chief executive officer, president, chief financial officer, chief accounting officer, any vice president in charge of a principal business function (such as sales, administration, finance, or legal) and any other person who performs similar policy-making functions for the Company.

2.5.3 Parent Corporation: A corporation as defined in Section 425(e) of the Code.

2.5.4 Plan Year: Any twelve (12) month period (or shorter period during the final year of this Plan) commencing July 1 during the term of this Plan.

2.5.5 Restricted Shareholder: An individual who, at the time an Option is granted

under either Plan A or Plan B, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the employer corporation or of its Parent Corporation or Subsidiary Corporation, with stock ownership to be determined in light of the attribution rules set forth in Section 425(d) of the Code.

2.5.6 Subsidiary Corporation: A corporation as defined in Section 425(f) of the Code.

3. Eligibility.

3.1 Plan A: The Board may, in its discretion, grant one or more Options under Plan A to any key employee of the Company or its Affiliated Companies, including any employee who is a director of the Company or of any of its Affiliated Companies presently existing or hereinafter organized or acquired. Such Options may be granted to one or more such employees without being granted to other eligible employees, as the Board may deem fit.

3.2 Plan B: The Board may, in its discretion, grant one or more options under Plan B to any key management employee, any employee or non-employee director of the Company or its Affiliated Companies, including any employee who is a director of the Company or of any of its Affiliated Companies presently existing or hereinafter organized or acquired, or any person who performs consulting or other services for the Company or its Affiliated Companies and who is designated by the Board as eligible to participate in Plan B. Such Options may be granted to one or more such persons without being granted to other eligible persons, as the Board may deem fit.

4. Stock to be Optioned.

4.1 The aggregate number of shares which may be optioned and sold under Plan A and Plan B in any Plan Year shall not exceed the following amounts of the shares of Authorized Common Stock of the Company:

<TABLE>

<S>	<C>
Plan Year	Available Shares
July 1, 1999 - June 30, 2000	750,000 shares
Each subsequent Plan Year beginning July 1, 2000	10% of outstanding stock on July 1 of each such Plan Year

</TABLE>

The foregoing constitutes an absolute cumulative limitation on the total number of shares, that may be optioned under both Plan A and Plan B in any Plan Year. Therefore, at any particular date during a Plan Year, the maximum aggregate number of shares which may be optioned under either Plan A or Plan B or both is equal to the Available Shares minus the number of shares previously optioned and sold under both Plan A and Plan B during that Plan Year. All shares to be optioned and sold under either Plan A or Plan B may be either authorized but unissued shares or shares held in the treasury.

4.2 Shares of Common Stock that: (i) are repurchased by the Company after issuance hereunder pursuant to the exercise of an Option, or (ii) are not purchased by the Optionee prior to the expiration or termination of the applicable Option, shall again become available to be covered by Options to be issued hereunder and shall not, as of the effective date of such repurchase or expiration, be counted as covered by an outstanding Option for purposes of the above-described maximum number of shares which may be optioned hereunder.

5. Option Price. The Option Price for shares of Common Stock to be issued under either Plan A or Plan B shall be 100% of the fair market value of such shares on the date on which the Option covering such shares is granted by the Board (or the Committee, if authorized by the Board), except that if on the date on which such Option is granted the Optionee is a Restricted Shareholder, then such Option Price for Options granted under Plan A shall be 110% of the fair market value of the shares of Common Stock subject to the Option on the date such Option is granted by the Board. The fair market value of the shares of Common Stock for all purposes of this Plan is to be determined by the Board in its sole discretion, exercised in good faith.

6. Term of Plan. Plan A and Plan B shall become effective on July 1, 1999. Both Plan A and Plan B shall continue in effect until June 30, 2009 unless terminated earlier by action of the Board. No Option may be granted hereunder after June 30, 2009.

7. Exercise of Option. Subject to the actions, conditions and/or limitations set forth in this Plan document and/or any applicable Stock Option Agreement entered into hereunder, Options granted under this Plan shall be exercisable in accordance with the following rules:

7.1 No Option granted under Plan A may be

exercised in whole or in part until six (6) months after the date on which the Option is granted by the Board, or by the Committee if so authorized (hereinafter the "Option Grant Date").

7.2 Subject to the specific provisions of this Section 7, Options shall become exercisable at such times and in such installments (which may be cumulative) as the Board shall provide in the terms of each individual Option; provided, however, each Option granted under the Plan shall become exercisable in installments of not more than 20% of the number of shares covered by such Option each year from the Option Grant Date; and provided, further, that by a resolution adopted after an Option is granted the Board may, on such terms and conditions as it may determine to be appropriate and subject to the specific provisions of this section 7, accelerate the time at which such Option or installment thereof may be exercised. For purposes of this Plan, any accrued installment of an Option granted hereunder shall be referred to as an "Accrued Installment."

7.3 Subject to the specific restrictions contained in this Section 7, an Option may be exercised when Accrued Installments accrue, as provided in the terms under which such Option was granted, for a period of up to ten (10) years from the Option Grant Date. In no event shall any Option be exercised on or after the expiration of said maximum applicable period, regardless of the circumstances then existing (including but not limited to the death or termination of employment of the Optionee).

7.4 The Board shall fix the expiration date of the Option (the "Option Expiration Date") at the time the Option grant is authorized.

8. Rules Applicable to Certain Dispositions.

8.1 Notwithstanding the foregoing provisions of Section 7, in the event the Company or the shareholders of the Company enter into an agreement to dispose of all or substantially all of the assets or capital stock of the Company by means of a sale, merger, consolidation, reorganization, liquidation, or otherwise, an Option shall become immediately exercisable with respect to the full number of shares subject to that Option during the period commencing as of the later of (i) date of execution of such agreement or (ii) six (6) months after the Option Grant Date, and ending as of the earlier of:

8.1.1 the Option Expiration Date; or

8.1.2 the date on which the disposition of assets or capital stock contemplated by the agreement is consummated.

The exercise of any Option made exercisable solely by reason of this Section 8.1 shall be conditioned upon the consummation of the disposition of assets or stock under the above referenced agreement. Upon the consummation of any such disposition of assets or stock, the Plan and any unexercised Options issued hereunder (or any unexercised portion thereof) shall terminate and cease to be effective.

8.2 Notwithstanding the foregoing, in the event that any such agreement shall be terminated without consummating the disposition of said stock or assets, any unexercised non-vested installments that had become exercisable solely by reason of the provisions of section 8.1 shall again become non-vested and unexercisable as of said termination of such agreement.

8.3 Notwithstanding the provisions set forth in Section 8.1, the Board may, at its election and subject to the approval of the corporation purchasing or acquiring the stock or assets of the Company (the "Surviving Corporation"), arrange for the Optionee to receive upon surrender of Optionee's Option a new option covering shares of the Surviving Corporation in the same proportion, at an equivalent option price and subject to the same terms and conditions as the old Option. For purposes of the preceding sentence, the excess of the aggregate fair market value of the shares subject to such new option immediately after consummation of such disposition of stock or assets over the aggregate option price of such shares of the Surviving Corporation shall not be more than the excess of the aggregate fair market value of all shares subject to the old Option immediately before consummation of such disposition of stock or assets over the aggregate Option Price of such shares of the Company, and the new option shall not give the Optionee additional benefits which such Optionee did not have under the old Option or deprive the Optionee of benefits which the Optionee had under the old Option. If such substitution of options is effectuated, the Optionee's rights under the old Option shall thereupon terminate.

9. Mergers and Acquisitions.

9.1 If the Company at any time should succeed to the business of another corporation through a merger or consolidation, or through the

acquisition of stock or assets of such corporation, Options may be granted under the Plan to option holders of such corporation or its subsidiaries, in substitution for options or rights to purchase stock of such corporation held by them at the time of succession. The Board shall have sole and absolute discretion to determine the extent to which such substitute Options shall be granted (if at all), the person or persons within the eligible group to receive such substitute Options (who need not be all option holders of such corporation), the number of Options to be received by each person, the Option Price of such Option, and the terms and conditions of such substitute Options; provided however, that the terms and conditions of the substitute Options shall comply with the provisions of Section 425 of the Code, such that the excess of the aggregate fair market value of the shares subject to such substitute Option immediately after the substitution or assumption over the aggregate option price of such shares is not more than the excess of the aggregate fair market value of all shares subject to the substitution Option immediately before such substitution or assumption over the aggregate option price of such shares, and the substitution Option or the assumption of the old option does not give the holder thereof additional benefits which he or she did not have under such old option.

9.2 Notwithstanding anything to the contrary herein, no Option shall be granted, nor any action taken, permitted or omitted, which could cause the Plan, or any Options granted hereunder as to which Rule 16b-3 under the Securities Exchange Act of 1934 may apply, not to comply with such Rule.

10. Termination of Employment.

10.1 In the event that the Optionee's employment, directorship or consulting or other arrangement with the Company (or Affiliated Company) is terminated for any reason other than death or disability, any unexercised Accrued Installments of the Option granted hereunder to such terminated Optionee shall expire and become unexercisable as of the earlier of:

10.1.1 the applicable Option Expiration Date; or

10.1.2 a date 30 days after such termination occurs, provided, however, that the Board may, in the exercise of its discretion, extend said date up to and including a date three months following such termination with respect to Options granted under Plan A, or up to and including a date

two years following such termination with respect to Options granted under Plan B.

10.2 In the event that Optionee's employment, directorship or consulting or other arrangement with the Company is terminated due to the death or disability of the Optionee, any unexercised Accrued Installments of the Option granted hereunder to such Optionee shall expire and become unexercisable as of the earlier of:

10.2.1 the applicable Option Expiration Date; or

10.2.2 the first anniversary of the date of death of such Optionee (if applicable); or

10.2.3 the first anniversary of the date of the termination of employment, directorship or consulting or other arrangement by reason of disability (if applicable). Any such Accrued Installments of a deceased Optionee may be exercised prior to their expiration by (and only by) the person or persons to whom the Optionee's Option right shall pass by will or by the laws of descent and distribution, if applicable, subject, however, to all the terms and conditions of this Plan and the applicable Stock Option Agreement governing the exercise of Options granted hereunder.

10.3 For purposes of this section 10, an Optionee shall be deemed employed by the Company (or Affiliated Company) during any period of leave of absence from active employment as authorized by the Company (or Affiliated Company).

11. Exercise of Options.

11.1 An Option shall be deemed exercised when written notice of such exercise has been given to the Company at its principal business office by the person entitled to exercise the Option and full payment in cash or cash equivalents (or with shares of Common Stock pursuant to section 14) for the shares with respect to which the Option is exercised has been received by the Company. The Board may cause the Company to give or arrange for financial assistance (including without limitation direct loans, with or without interest, secured or unsecured, or guarantees of third party loans) to an Optionee for the purpose of providing funds for the purchase of shares pursuant to the exercise of Options, when in the judgment of the Board such assistance is in the best interests of the Company, is consistent with the Certificate of Incorporation and Bylaws of the Company and applicable laws, and

will permit the shares to be fully paid and nonassessable when issued.

11.2 An Option may be exercised in accordance with this section 11 as to all or any portion of the shares covered by an Accrued Installment of the Option from time to time during the applicable Option period, but shall not be exercisable with respect to fractions of a share.

11.3 As soon as practicable after any proper exercise of an Option in accordance with the provisions of this Plan, the Company shall deliver to the Optionee at the main office of the Company, or such other place as shall be mutually acceptable, a certificate or certificates representing the shares of Common Stock as to which the Option has been exercised. The time of issuance and delivery of the Common Stock may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national or regional securities exchange and any law or regulation applicable to the issuance and delivery of such shares.

12. Authorization to Issue Options and Shareholder Approval. Unless in the judgment of counsel to the Company such permit is not necessary with respect to particular grants, Options granted under the Plan shall be conditioned upon the Company obtaining any required permit from the California Department of Corporations and/or other appropriate governmental agencies, free of any conditions not acceptable to the Board, authorizing the Company to grant such Options, provided, however, such condition shall lapse as of the effective date of issuance of such permit(s) in a form to which the Company does not object within sixty (60) days. The grant of Options under the Plan also is conditioned on approval of the Plan by the vote or consent of the holders of a majority of the outstanding shares of the Company's Common Stock and no Option granted hereunder shall be effective or exercisable unless and until the Plan has been so approved.

13. Limit on Value of Optioned Shares. The aggregate fair market value (determined as of the Option Grant Date) of the shares of Common Stock to which Options granted under Plan A are exercisable for the first time by any employee of the Company during any calendar year under all incentive stock option plans of the Company and its Affiliated Companies shall not exceed $100,000. The limitation imposed by this section 13 shall not apply to Options granted under Plan B.

14. Payment of Exercise Price with Company Stock. The Board may provide that, upon exercise of the Option, the Optionee may elect to pay for all or some of the shares of Common Stock underlying the Option with shares of Common Stock of the Company previously acquired and owned at the time of exercise by the Optionee, subject to all restrictions and limitations of applicable laws, rules and regulations, including Section 425(c)(3) of the Code, and provided that the Optionee will make representations and warranties satisfactory to the Company regarding his or her title to the shares used to effect the purchase, including without limitation representations and warranties that the Optionee has good and marketable title to such shares free and clear of any and all liens, encumbrances, charges, equities, claims, security interests, options or restrictions, and has full power to deliver such shares without obtaining the consent or approval of any person or governmental authority other than those which have already given consent or approval in a form satisfactory to the Company. The equivalent dollar value of the shares used to effect the purchase shall be the fair market value of the shares on the date of the purchase as determined by the Board in its sole discretion, exercised in good faith.

15. Stock Option Agreements. The terms and conditions of Options granted under the Plan shall be evidenced by a Stock Option Agreement (hereinafter referred to as the "Agreement") executed by the Company and the person to whom the Option is granted. Each agreement shall contain the following provisions:

15.1 A provision fixing the number of shares which may be issued upon exercise of the Option;

15.2 A provision establishing the Option exercise price per share;

15.3 A provision establishing the times and the installments in which Options may be exercised, provided, however, such times and installments shall not be more than 20% of the number of shares covered by such Option each year from the Option Grant Date;

15.4 A provision incorporating therein this Plan by reference;

15.5 A provision clarifying which Options are intended to be Incentive Stock Options under Plan A and which are intended to be nonstatutory stock options under Plan B;

15.6 A provision fixing the maximum

duration of the Option as not more than five (5) years from the Option Grant Date for Options granted under Plan A and not more than ten (10) years from the Option Grant Date for Options granted under Plan B;

15.7 Such representations and warranties by the Optionee as may be required by section 25 of this Plan or as may be required by the Board in its discretion;

15.8 Any other restriction (in addition to those established under this Plan) as may be established by the Board with respect to the exercise of the Option, the transfer of the Option, and/or the transfer of the shares purchased by exercise of the Option, provided that such restrictions are not in conflict with this Plan; and

15.9 Such other terms and conditions consistent with this Plan as may be established by the Board.

16. Taxes, Fees and Expenses. The Company shall pay all original issue and transfer taxes (but not income taxes, if any) with respect to the grant of Options and/or the issue and transfer of shares pursuant to the exercise of such Options, and all other fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

17. Withholding of Taxes. The grant of Options hereunder and the issuance of Common Stock pursuant to the exercise of such Options is conditioned upon the Company's reservation of the right to withhold, in accordance with any applicable law, from any compensation payable to the Optionee any taxes required to be withheld by federal, state and local law as a result of the grant or exercise of any such Option.

18. Amendment or Termination of the Plan.

18.1 The Board may amend this Plan from time to time in such respects as the Board may deem advisable, provided, however, that no such amendment shall operate to (i) affect adversely an Optionee's rights under this Plan with respect to any Option granted hereunder prior to the adoption of such amendment, except as may be necessary, in the judgment of counsel to the Company, to comply with any applicable law, (ii) increase the maximum aggregate number of shares which may be optioned and

sold under the Plan (unless shareholders approve such increase), (iii) change the manner of determining the option exercise price, (iv) change the classes of persons eligible to receive Options under the Plan, or (v) extend the maximum duration of the Option or the Plan.

18.2 The Board may at any time terminate this Plan. Any such termination of the Plan shall not, without the written consent of the Optionee, alter the terms of Options already granted, and such Options shall remain in full force and effect as if this Plan had not been terminated.

19. Options Not Transferable. Options granted under this Plan may not be sold, pledged, hypothecated, assigned, encumbered, gifted or otherwise transferred or alienated in any manner, either voluntarily or involuntarily by operation of law, other than by will or the laws of descent of distribution, and may be exercised during the lifetime of an Optionee only by such Optionee.

20. No Restrictions on Transfer of Stock. Common Stock issued pursuant to the exercise of an Option granted under this Plan (hereinafter "Optioned Stock"), or any interest in such Optioned Stock, may be sold, assigned, gifted, pledged, hypothecated, uncumbered or otherwise transferred or alienated in any manner by the holder(s) thereof, subject, however, to any representations or warranties requested under section 25 of this Plan and also subject to compliance with any applicable federal, state or other local law, regulation or rule governing the sale or transfer of stock or securities.

21. Reservation of Shares of Common Stock. The Company, during the term of this Plan, shall at all times reserve and keep available such number of shares of its Common Stock sufficient to satisfy the requirements of the Plan.

22. Restrictions on Issuance of Shares. The Company, during the term of this Plan, shall use its best efforts to obtain from the appropriate regulatory agencies any requisite authorization to grant Options or issue and sell such number of shares of its Common Stock as necessary to satisfy the requirements of the Plan. The inability of the Company to obtain from any such regulatory agency having jurisdiction thereof the authorization deemed by the Company's counsel to be necessary to the lawful grant of Options or the issuance and sale of any shares of its stock hereunder or the inability of the Company to confirm to its satisfaction that

any grant of Options or issuance and sale of any shares of such stock will meet applicable legal requirements shall relieve the Company of any liability in respect of the non-issuance or sale of such stock as to which such authorization or confirmation have not been obtained.

23. Notices. Any notice to be given to the Company pursuant to the provisions of this Plan shall be addressed to the Company in care of its Secretary at its principal office, and any notice to be given to a person to whom an Option is granted hereunder shall be addressed to him or her at the address given beneath his or her signature on his or her Stock Option Agreement, or at such other address as such person or his or her transferee (upon the transfer of Optioned Stock) may hereafter designate in writing to the Company. Any such notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified, and deposited, postage and registry or certification fee prepaid, in a post office or branch post office regularly maintained by the United States Postal Service. It should be the obligation of each Optionee and each transferee holding optioned stock to provide the Secretary of the Company, by letter mailed as provided hereinabove, with written notice of his or her correct mailing address.

24. Adjustments Upon Changes in Capitalization. If the outstanding shares of Common Stock of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares of the Company through reorganization, recapitalization, reclassification, stock dividend, stock split or reverse stock split, then an appropriate and proportionate adjustment shall be made in the number or kind of shares which may be issued upon exercise or Options granted under the Plan; provided, however, that no such adjustment need be made if, upon the advice of counsel, the Board determines that such adjustment may result in the receipt of federally taxable income to holders of Options granted hereunder or the holders of Common Stock or other classes of the Company's securities.

25. Representations and Warranties. As a condition to the grant of any Option hereunder or the exercise of any portion of an Option, the Company may require the person to be granted or exercising such Option to make any representations and/or warranty to the Company as may, in the judgment of counsel to the Company, be required under any applicable law or regulation, including, but not limited to, a representation and warranty that the Option and/or shares issuable or issued upon exercise of such Option are being acquired only

for investment, for such person's own account and without any present intention to sell or distribute such Option or shares, as the case may be, if, in the opinion of counsel for the Company, such representation is required under the Securities Act of 1933, the California Corporate Securities Law of 1968 or any other applicable law, regulation or rule of any governmental agency.

26. No Enlargement of Employee Rights. This Plan is purely voluntary on the part of the Company, and the continuance of the Plan shall not be deemed to constitute a contract between the Company and any employee, or to be consideration for or a condition of the employment of any employee. Nothing contained in the Plan shall be deemed to give any employee the right to be retained in the employ of the Company or its Affiliated Companies, or to interfere with the right of the Company or an Affiliated Company to discharge any employee thereof at any time. No employee shall have any right to or interest in Options authorized hereunder prior to the grant of such an Option to such employee, and upon such grant he or she shall have only such rights and interests as are expressly provided herein, subject, however, to all applicable provisions of the Company's Certificate of Incorporation, as the same may be amended from time to time.

27. Information to Option Holders. During the period any options granted to employees of the Company remain outstanding, such employee-option holders shall be entitled to receive, on an annual or other periodic basis, financial and other information regarding the Company. The Board shall exercise its discretion with regard to the nature and extent of the financial information so provided, giving due regard to the size and circumstances of the Company and, if the Company provides annual reports to its shareholders, the Company's practice in connection with such annual reports. Notwithstanding the above, if the issuance of options under either Plan A or Plan B is limited to key employees whose duties in connection with the company assure their access to equivalent information, this section 27 shall not apply to such employees and plan. A copy of this Plan shall be delivered to the Secretary of the Company and shall be shown by him or her to each eligible person making reasonable inquiry concerning it. A copy of this Plan also shall be delivered to each Optionee at the time his or her Options are granted.

28. Legends on Stock Certificates. Each

certificate representing Common Stock issued under this Plan shall bear whatever legends are required by federal or state law or by any governmental agency. In particular, unless an appropriate registration statement is filed pursuant to the Federal Securities Act of 1933, as amended, with respect to the shares of Common Stock issuable under this Plan, each certificate representing such Common Stock shall be endorsed on its face with the following legend or its equivalent:

> Neither the Option pursuant to which the shares represented by this certificate are issued nor said shares have been registered under the Securities Act of 1933, as amended (the "Act"). Transfer or sale of such securities or any interest therein is unlawful except after registration, or pursuant to an exemption from the registration requirements, as provided in the Act and the regulations thereunder.

29. Specific Performance. The Options granted under this Plan and the Optioned Stock issued pursuant to the exercise of such Options cannot be readily purchased or sold in the open market, and, for that reason among others, the Company and its shareholders will be irreparably damaged in the event that this Plan is not specifically enforced. In the event of any controversy concerning the right or obligation to purchase or sell any such Option or Optioned Stock, such right or obligation shall be enforceable in a court of equity by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the parties may have.

30. Invalid Provision. In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or enforceability shall not be construed as rendering any other provisions contained herein invalid or unenforceable, and all such other provisions shall be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

31. Applicable Law. This Plan shall be governed by and construed in accordance with the laws of the State of California.

32. Successors and Assigns. This Plan shall be binding on and inure to the benefit of the

Company and the employees to whom an Option is granted hereunder, and such employees' heirs, executors, administrators, legatees, personal representatives, assignees and transferees.

IN WITNESS WHEREOF, pursuant to the due authorization and adoption of this Plan by the Board on June 3, 1999, the Company has caused this Plan to be duly executed by its duly authorized officers.

INDUSTRIAL RUBBER INNOVATIONS, INC.

/s/ John Proulx

By: John Proulx
Its: President

CONSENT OF
INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the inclusion of our report on the financial statements of EPL Ventures Corp. (a Development Stage Company) as of March 31, 1999 and for the five month period ended then ended and to the reference to it as experts in accounting and auditing relating to said financial statements and under the heading Part II, Item 3 - Changes in and Disagreements with Accountants in the Registration Statement, Form 10-SB for EPL Ventures Corp. dated July 26, 1999.

/s/ Davidson & Company

Vancouver, Canada

Chartered Accountants

July 27, 1999

CONSENT OF
INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the inclusion of our report on the financial statements of Industrial Rubber Innovations, Inc. (a Development Stage Company) as of March 31, 1999 and for the period from incorporation on November 19, 1998 to March 31, 1999 and to the reference to it as experts in accounting and auditing relating to said financial statements and under the heading Part II, Item 3 - Changes in and Disagreements with Accountants in the Registration Statement, Form 10-SB for Industrial Rubber Innovations, Inc. dated July 26, 1999.

/s/ Davidson & Company

Vancouver, Canada

Chartered Accountants

July 27, 1999