

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) between Environmental Research Center, Inc. (“ERC”) and Deseret Biologicals, Incorporated (“Deseret Biologicals”) is effective on the date on which ERC serves notice that it is fully executed (“Effective Date”). ERC and Deseret Biologicals are referred to individually as a “Party” and collectively as the “Parties.” The Parties agree as follows:

1. This Agreement is intended to fully resolve all claims, demands, and allegations set forth in or related to the Notice of Violation of California Health & Safety Code §25249.5, *et seq.* (also known as “Proposition 65”) that ERC served on Deseret Biologicals on August 28, 2015 (the “Notice”) with regard to each of the following products identified below (referred to individually as “Covered Product” or collectively as “Covered Products”):

- **Deseret Biologicals Inc. DesBio EquolSlim**
- **DesBio Equilib**
- **Deseret Biologicals Inc. DesBio Tricuramin**

2. The Parties enter into this Agreement in order to achieve a settlement of the claims as stated in Section 1 (collectively “this Matter”) and for the purpose of avoiding prolonged litigation. Nothing in this Agreement shall be construed as an admission against interest of the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission against interest by the Parties of any fact, issue of law or violation of law. Nothing in this Agreement or any document referred to shall be construed as giving rise to any presumption or inference of admission or concession against interest by the Parties as to any fault, wrongdoing or liability. This Section shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Agreement.

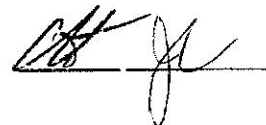
3. In consideration of the following covenants and conditions contained in this Agreement, the Parties have provided the releases as set forth in Section 6 below:

a. Beginning on the Effective Date, Deseret Biologicals shall not manufacture for sale in the State of California, “Distribute into the State of California,” or directly sell in the State of California, any Covered Product which exposes a person to a “Daily Lead Exposure Level” of more than 0.5 micrograms of lead per day when the maximum suggested dose is taken as directed on the Covered Product’s label, unless it meets the warning requirements, if applicable, under Section 3. The warning text shall be the following:

“WARNING: This product contains a chemical known to the State of California to cause [cancer and] birth defects or other reproductive harm.”

i. As used in this Settlement Agreement and Release, the term “Distribute into the State of California”, or variations of that phrase, shall mean to directly ship a Covered Product

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into California for sale in California or to sell a Covered Product to a distributor that Deseret Biologicals knows will sell the Covered Product in California.

ii. For the purposes of this Agreement, "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size directed on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day.

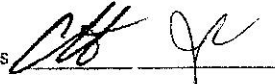
iii. The phrase "cancer and" must be included in the warning only if the maximum recommended daily dose causes an exposure to more than 15 micrograms of lead when taken as directed on the Covered Product's label.

b. The warning statement set forth in Section 3a. shall be displayed on the unit label, cap, packaging or by a sticker affixed to the Covered Products with such conspicuousness, as compared with other words, statements, or designs so as to render it likely to be read and understood by an ordinary individual purchasing or using the Covered Products. The warning shall be at least the same size as the largest of any other health or safety warnings correspondingly appearing on the label, cap or packaging, as applicable, on such product, and the word "**WARNING**" shall be in capital letters and in bold print. The phrase [cancer and] shall be used only when the recommended serving size results in a lead exposure greater than 15 micrograms, when calculated as set out in this Agreement. No other statements about Proposition 65 may accompany the warning.

c. No testing under this Agreement shall be required for any of the Covered Products bearing warnings under Section 3a of this Agreement or for Covered Products that are not manufactured for sale in the State of California and are not "Distributed into the State of California" or directly sold by Deseret Biologicals in the State of California. If testing is required, Deseret Biologicals shall arrange, for at least three (3) consecutive years from the Effective Date and at least once per year, for the lead testing of three (3) randomly-selected samples of three separate lots each year (if three lots are available) for each Covered Product that it manufactures for sale in the State of California, "Distributes into the State of California," or directly sells in the State of California to confirm whether the Daily Lead Exposure Level is less than 0.5 micrograms of lead when the maximum suggested dose is taken pursuant to the directions on the Covered Product's label. Deseret Biologicals shall test samples in the form intended for the end-user to be distributed or sold to California consumers.

d. If within three (3) years of the Effective Date Deseret Biologicals is successful with reformulation for any of the Covered Products which reduces the Daily Lead Exposure Level to 0.5 micrograms of lead or below when taken pursuant to the maximum suggested dose as directed on the Covered Product's label, the Parties agree that the Covered Products may be offered for sale in California without the warning stated in Section 3a. If Deseret Biologicals is successful with reformulation of any of the Covered Products, then during the three (3) year term of 3c Deseret Biologicals shall notify ERC and provide those test results for the Covered

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Products that document no warning is required prior to Deseret Biologicals manufacturing for sale in the State of California, "Distributing into California," or directly selling in the State of California, any Covered Products without the warning set forth in section 3a. Once Deseret Biologicals initially documents no warning is required, further test results need not be provided to ERC under this Agreement; provided, however, ERC may request the annual test results Deseret generates during the three (3) year testing term of Section 3c pursuant to any good faith meet and confer process if a dispute arises under this Agreement.

i. All testing pursuant to this Agreement shall be performed by an independent third-party laboratory certified by the California Environmental Laboratory Accreditation Program or an independent third-party laboratory that is registered with the United States Food & Drug Administration. The testing shall be performed using a laboratory method that complies with the performance and quality control factors appropriate for the method used, including limit of detection, qualification, accuracy, and precision that meets the following criteria: Inductively Coupled Plasma-Mass Spectrometry ("ICP-MS") achieving a limit of quantification of less than or equal to 0.010 mg/kg or any other testing method agreed upon in writing by the Parties. Nothing in this Agreement shall limit Deseret Biologicals' ability to conduct or require that others conduct additional testing of the Covered Products, including raw materials used in their manufacture.

ii. Deseret Biologicals shall retain copies of its test data from the date testing commenced for a period of three (3) years from the date of each test.

4. All Covered Products which Deseret Biologicals has sold or distributed prior the Effective Date may be sold, re-sold, given away or distributed at any time by any person without the warning in Section 3a.

5. Deseret Biologicals shall make a total settlement payment of \$68,000.00 ("Total Settlement Payment") by wire transfer to ERC's escrow account for which ERC timely will give Deseret Biologicals the necessary account information. The \$68,000.00 settlement will be paid by wire transfer in 4 equal installments of \$17,000.00 each. The 1st installment will be made within 5 days of the Effective Date ("Due Date") and the remaining three (3) installments will follow in 30 day increments. The Total Settlement Payment shall be allocated as follows:

a. \$20,560.00 shall be considered a civil penalty pursuant to California Health and Safety Code §25249.7(b)(1). ERC shall remit 75% (\$15,420.00) of the civil penalty to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety Code §25249.12(c). ERC will retain the remaining 25% (\$5,140.00) of the civil penalty.

b. \$1,304.42 shall be considered a reimbursement to ERC for its costs incurred as a result of bringing this Matter to Deseret Biologicals' attention and negotiating a settlement.

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c. \$30,844.15 shall be considered payment in lieu of civil penalties, for day-to-day business activities such as (1) continued enforcement of Proposition 65, which includes work, analyzing, researching and testing consumer products that may contain Proposition 65 chemicals, focusing on the same or similar type of ingestible products that are the subject of this Matter; and (2) the continued monitoring of past consent judgments and settlements to ensure companies are in compliance with Proposition 65.

d. \$6,265.00 shall be considered reimbursement of attorney fees for William F. Wraith, and \$9,026.43 shall be considered reimbursement for ERC's in-house legal fees.

e. In the event that Deseret Biologicals fails to remit the Total Settlement Payment owed under Section 5 of this Settlement Agreement on or before the Due Date, Deseret Biologicals shall be deemed to be in material breach of its obligations under this Agreement.

6. Except as expressly set forth in Section 5, the Parties shall bear their own costs, expenses, and attorneys' fees related to this Matter.

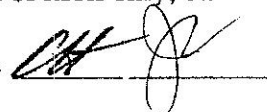
7. Binding Effect; Claims Covered and Released

a. This Agreement is a full, final, and binding resolution between ERC and Deseret Biologicals and its respective owners, principals, shareholders, officers, directors, and legal representatives, employees, agents, parent companies, subsidiaries, divisions, affiliates, supplies, franchisees, licensees, customers, distributors, wholesalers, retailers, and all other upstream and downstream entities in the distribution chain of any Covered Product, and the predecessors, successors, assigns of any of them (individually, "Released Party"; collectively, the "Released Parties") from any and all claims for violations of Proposition 65 up through and including the Effective Date based on exposure to lead from the Covered Products as set forth in the Notice. ERC hereby releases and waives any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs and expenses asserted, or that could have been asserted against any Released Party respecting the sale, handling, use, or consumption of the Covered Products, or any alleged violation of Proposition 65 or its implementing regulations, including claims arising from the failure to provide Proposition 65 warnings on the Covered Products regarding lead up to and including the Effective Date. For the avoidance of doubt, ERC's releases of all claims herein extend to all Covered Products Deseret Biologicals manufactured, distributed, sold, or Distributed into the State of California prior to the Effective Date, regardless of the date any such Covered Products may be sold to a California consumer.

b. ERC and Deseret Biologicals further waive and release any and all claims they may have against each other for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notice up through and including the Effective Date.

c. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Products will develop or be discovered. ERC on behalf of itself only, on the one hand, and Deseret Biologicals, on behalf of itself only, on

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the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore, and further acknowledge that the claims released this section may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

ERC on behalf of itself only, on the one hand, and Deseret Biologicals, on the other hand, acknowledge and understand the significance and consequences of this specific waiver of California Civil Code Section 1542.


8. Nothing in this Release is intended to apply to any occupational or environmental exposures arising under Proposition 65, except as otherwise provided in this agreement, nor shall it apply to any of Deseret Biologicals' products other than the Covered Products.

9. Nothing herein shall be construed as diminishing Deseret Biologicals' continuing obligations to comply with Proposition 65. This Agreement does not apply to any Covered Product not sold to a California consumer. This Agreement also shall not apply to Deseret Biologicals at any time Deseret Biologicals has fewer than ten (10) employees, except that, if Deseret Biologicals has fewer than ten (10) employees as of the Effective Date, Deseret Biologicals shall make the payment specified in Section 5. ERC agrees that, so long as Deseret Biologicals complies with this Agreement, ERC shall not prosecute any claims under Proposition 65 arising up through the Effective Date with respect to the Covered Products, and ERC further agrees it shall not, and cannot, prosecute any claims under Proposition 65 against Deseret Biologicals relating to any time Deseret Biologicals has fewer than ten (10) employees and Deseret Biologicals provides ERC with Federal Tax Form 941s and a full copy of its Federal Tax Returns for the prior year that establish that Deseret Biologicals has fewer than ten (10) employees.

After executing this Agreement, ERC will submit to the California Attorney General a Report of Settlement. In addition, ERC will provide to the California Attorney General a signed copy of this Agreement. The Parties acknowledge and agree that the Parties shall provide such information as is reasonably requested by the California Attorney General, regarding this settlement.

10. This Agreement contains the entire agreement between the Parties with regard to settlement of this Matter, and supersedes all prior or contemporaneous agreements or understandings, written or oral, with regard to the matters set forth in this Agreement. This Agreement may be amended or modified in whole or in part at any time only by an agreement in writing executed by the Parties.

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SETTLEMENT AGREEMENT AND RELEASE

11. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective owners, principals, shareholders, members, managers, officers, directors, employees, agents, predecessors, successors, and assigns.

12. No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

13. If any provision, term, or section of this Agreement is found to be invalid, illegal, or unenforceable, then all remaining provisions, terms, or sections shall continue in full force and effect and remain binding on the Parties. If any provision, term, or section of this Agreement is determined to be unenforceable, then such provision, term, or section may be modified upon written approval of the parties in an effort to cure the unenforceable provision, term, or section to the greatest extent possible.

14. This Agreement shall be deemed to have been entered into in the State of California, and governed and interpreted by the laws of the State of California, regardless of the physical locations of the individuals executing this Agreement at the time of execution.

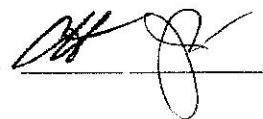
15. The Parties acknowledge that they have a right to consult an attorney and they have consulted their attorneys with respect to the terms and conditions of this Agreement.

16. Any legal action to enforce this Agreement shall be brought in the county of Alameda of the State of California. ERC shall be entitled recover its reasonable attorneys' fees that are necessary and required to enforce the agreement pursuant to California Code of Civil Procedure section 1021.5.

17. This Agreement may be signed in counterparts, and each counterpart, as well as any facsimile, e-mail, copy of this Agreement, or any other counterpart, shall be deemed to be an original.

18. Each of the individuals who execute this Agreement represents and warrants they have the authority to execute this document and bind the respective Parties to the terms and conditions of this Agreement, and have read and agree to all the terms and conditions in this Agreement.

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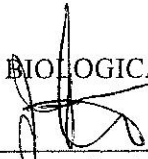
DATED: 5/3/2016

DESERET BIOLOGICALS, INCORPORATED

By: _____

Name: _____

Title: _____

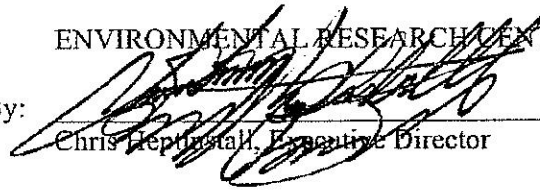

JACOB CARTER
CEO

DATED: 5/2/2016

ENVIRONMENTAL RESEARCH CENTER, INC.

By: _____

Chris Heptinstall, Executive Director



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