

AGREEMENT FOR JOINT VENTURE BY AND BETWEEN ON THE ONE PARTY MESSRS. ING. JORGE ADOLFO HERMOSILLO SILVA FOR HIMSELF AND REPRESENTING MESSRS. LICs. JAVIER CAMPOS HERMOSILLO AND JOSE ROBERTO ANTONIO RODRIGUEZ RODRIGUEZ, AND FOR HIMSELF MR. JAIME ANTONIO DE LA FUENTE MORA, HEREINAFTER JOINTLY REFERRED TO IN THIS INSTRUMENT AS "THE MEXICAN GROUP"; AND IN THE OTHER PARTY MESSRS. GRANT S. KESLER AND REED T. WARNICK FOR THEMSELVES, AND ENVIRON TECHNOLOGIES, INC., REPRESENTED BY ITS AGENT MR. REED T. WARNICK, HEREINAFTER REFERRED TO AS "THE AMERICAN GROUP," PURSUANT TO THE FOLLOWING DECLARATIONS AND CLAUSES.

DECLARATIONS

I.- THE MEMBERS OF "THE MEXICAN GROUP" DECLARE:

a) That Mr. Ing. Jorge Adolfo Hermosillo Silva is of Mexican nationality, of legal age, civil status married, Electrical Engineer and has ample experience in technical processes for the prevention of pollution and the evaluation of potential high risk polluting activities. That, likewise, in the present Agreement Mr. Hermosillo acts for and in behalf of other Mexican Investors, also members of THE MEXICAN GROUP.

b) That Mr. Ing. Jaime Antonio de la Fuente Mora, is of Mexican nationality, of legal age, civil status married, Mechanical Electrical Engineer, and capable of undertaking his duties pursuant to the terms of this agreement.

c) That Mr. Lic. Javier Campos Hermosillo, is of Mexican nationality, of legal age, civil status married, Licenciante of Industrial Relations, and capable of undertaking his duties pursuant to the terms of this agreement.

d) That Mr. Lic. José Roberto Antonio Rodríguez Rodríguez, is of Mexican nationality, of legal age, civil status married, Economist, and capable of undertaking his duties pursuant to the terms of this agreement.

II.- "THE MEXICAN GROUP" DECLARES:

a) That for two years it has undertaken administrative action before the Ministry of Urban Development and Ecology (hereinafter referred to as "SEDUE"), to obtain the necessary PERMITS for the installation and operation of an enterprise with the object of incineration of dangerous industrial waste, its proper confinement, technical consulting, installation and operation of an industrial waste incinerator, and that the project mentioned above contemplates the establishing and operating of a "KILN" Incinerator for waste disposal in the State of San Luis Potosí, Mexico. All the above will hereinafter be referred to in this

agreement as the "PROJECT," and the "PROJECT" will be undertaken by a Stock Company ("Sociedad Anónima").

b) That it has applied for the Local and Municipal PERMITS for the installation of the Industrial Waste Incinerator Facility in the State of San Luis Potosí and that said application is presently ninety percent (90%) completed, lacking only the environmental impact and risk study, which presently is being carried out by the consulting group "Consultoría Integral del Medio Ambiente, S.A. de C.V." (hereinafter referred to as "CIMA"); permission for the facility which will be granted in the name of "Eco Administración, S.A. de C.V." (hereinafter referred to as "ECO"), such corporation presently being formed.

c) That permission was applied for and obtained from the Ministry of Foreign Relations number 390, on May 24, 1991, for the incorporation of ECO.

d) That the parties agree to enter into this Agreement with THE AMERICAN GROUP, so that such GROUP becomes a shareholder in ECO, contributing to ECO the capital stock that is indicated in this agreement and obtaining also for ECO the financing that hereinafter are established, as well as the Rotary KILN Technology, with

the understanding that the members of THE MEXICAN GROUP will assume the obligations that hereinafter are stipulated.

III.- THE AMERICAN GROUP DECLARES:

a) That Mr. Grant S. Kesler is of American nationality, of legal age, financier, and capable of undertaking his duties pursuant to the terms of this Agreement;

b) That Mr. Reed T. Warnick is of American nationality, of legal age, an Attorney, and capable of undertaking his duties pursuant to the terms of this Agreement;

c) That Environ Technologies, Inc., is a corporation duly organized and existing in conformity with the Laws of the United States of America, capable of undertaking its duties pursuant to the terms of this Agreement, and that Mr. Reed T. Warnick has legal authority to act as agent to bind Environ Technologies, Inc.;

d) That Environ Technologies, Inc. desires to participate in the PROJECT, as shareholder, by directly contributing to the capital stock of ECO the sum of

\$50'000,000.00 and by obtaining financing for ECO, as well as Rotary Slagging KILN Technology, which is mentioned in the application that THE MEXICAN GROUP has submitted to SEDUE, so that ECO can undertake the PROJECT, all of the above in conformity with the pacts and conditions of this agreement.

IV.- BOTH PARTIES DECLARE:

a) That they desire to formalize the present agreement in order to undertake the PROJECT through ECO.

In accordance with the above Declarations, the parties agree upon the following:

C L A U S E S

FIRST.- CREATION OF ECO.- THE MEXICAN GROUP and THE AMERICAN GROUP agree to incorporate ECO, based upon the permission from the Ministry of Foreign Relations indicated in Declaration II subsection c), and in conformity with statutory project annexed hereto as Exhibit "A" and forming an integral part hereof (hereinafter referred to as the "CHARTER AND BYLAWS"), with the understanding that the members of THE AMERICAN

GROUP should comply with the requirements for foreigners when incorporating a Mexican stock corporation imposed by Mexican Law.

SECOND.- SHARE TRUST.- The parties agree that it is their intention to participate equally in the capital stock of ECO and that, until authorization is granted by the National Commission of Foreign Investment so that THE AMERICAN GROUP can be a holder of fifty percent (50%) of the shares of ECO, without having to comply with the requirements established by Article Five of the Regulations of the Law to Promote Mexican Investment and to Regulate Foreign Investment, shares representing two percent (2%) of the capital of ECO belonging to Mr. Ing. Jorge Adolfo Hermosillo Silva, member of THE MEXICAN GROUP, will be transferred to a trust, said trust being substantially subject to the terms of the project annexed hereto as Exhibit "B" and forming an integral part of this agreement, hereinafter referred to as "THE TRUST."

THIRD.- OBLIGATIONS OF THE MEXICAN GROUP. In addition to the obligations that THE MEXICAN GROUP will assume in other Clauses of this agreement, THE MEXICAN GROUP agrees to:



a) Contribute to the capital stock of ECO the sum of \$50'000,000.00 pesos at the time of incorporation;

b) Contribute to ECO its knowledge, experience, economic feasibility studies, public and private relations, including the managing and obtaining of the authorization of ecological impact and other federal, local, and municipal PERMITS that are required so that ECO can initiate its necessary operations to undertake the PROJECT and to allow ECO to accomplish the aforesaid PROJECT. All the aforesaid PERMITS necessary to undertake the PROJECT will hereinafter be referred to as "THE PERMITS"; and,

c) To hold harmless ECO and THE AMERICAN GROUP from any liability with respect to any responsibility, lawsuit, judgment or claim that Tyler Environmental Technologies, Inc. or Mr. Peyton McKnight pretend to file, file or claim, based on the dealings that prior to the date hereof THE MEXICAN GROUP or any of its members may have had with said corporation or said person, in connection with the obtaining of PERMITS in Mexico to install an Industrial Waste Incinerator, and including those of the KILN Type, including the acquisition of such Incinerator or anything related to the above.

FOURTH.- OBLIGATIONS OF THE AMERICAN GROUP. In addition to the obligations that THE AMERICAN GROUP assumes in other Clauses of this Agreement, THE AMERICAN GROUP agrees to the following:

a) To contribute to the capital stock of ECO the amount of \$50'000,000.00 pesos at the time of incorporation.

b) To make directly to ECO the following loans or to obtain that such loans are granted to ECO at fair rates and conditions prevailing in the international market, with the understanding that for the obtaining of these loans, regardless of the fact that the debtor will be ECO, the guaranties of said loans will be granted exclusively by THE AMERICAN GROUP, if such guaranties are required for said loans:

1) The sum of \$65,000.00 Dollars plus I.V.A. (Value Added Tax), or its equivalent in pesos, said sum to be allocated by ECO to pay the CIMA fees for the environmental impact study. Of said sum, fifty percent (50%) will be paid, at the latest, on July 25, 1991, and the remainder will be paid when CIMA completes and delivers to ECO the environmental impact study. It is estimated that the study will be completed in

approximately three (3) weeks. As a consequence, the loans shall be made in a timely manner so that ECO can punctually meet its payment obligations;

2) The sum of \$7,500.00 Dollars, that includes I.V.A. (Value Added Tax), which sum ECO shall allocate to the payment to CIMA of the fees generated by the environmental risk analysis study. Said sum shall be paid by July 25, 1991, hence such loan shall be made to ECO in a timely manner so that its payment can be punctually made;

3) The sum of \$250,000.00 Dollars, plus the amount corresponding to the tax for the acquisition of the land that hereinbelow is described, on which land will be installed the KILN Industrial Waste Incinerator. Of the afore-mentioned sum, \$50,000.00 Dollars will be paid on July 26, 1991, the remainder to be disbursed according to the Buy-Sell Agreement, or lease agreement with an option to buy, that ECO enters into for the acquisition of the land. The land that ECO will buy with the loan referred to in this paragraph has permission for land use which, in turn, allows for the installation of the KILN Industrial Waste Incinerator, and said land is named Rancho Los Mudos, with an area of 130 hectares, and also has a water well, electrical facilities, and access to

gas facilities, and has two entrances, one, in front of the land, with access to Highway 57 Mexico-Laredo, which is 25 meter wide; the other to a frontage road that is 40 meters wide. This land will hereinafter be referred to as the "LAND."

4) The approximate sum of \$3,300.00 Dollars which ECO shall allocate to pay for notarial and registration expenses, with the understanding that the sum above mentioned is subject to reasonable variation, depending on the amount of legal services that ECO receives.

5) The sum of \$26,000.00 Dollars, that ECO shall allocate to meet the costs of the social impact study, with the understanding that if the cost of said study is greater than the mentioned amount, ECO or THE MEXICAN GROUP shall notify THE AMERICAN GROUP so that said loan is increased for the purpose of finishing the study, THE AMERICAN GROUP agreeing to increase this loan if and only if the increased amount is reasonable.

6) The reasonable amount, based on the aforementioned sums, that is required for expenses and costs unforeseen by ECO.

c) To obtain financing for ECO at normal rates and conditions in the international market of capital for loans to Mexican enterprises, but trying that such conditions are the best conditions possible, so that ECO may acquire the KILN Industrial Waste Incinerator, have it installed, undertake the necessary construction for its proper operation and begin its operations, as well as for working capital to initiate the Industrial Waste Incinerator's functions, until its functions have proven satisfactory, complying with the legal provisions and the requirements of SEDUE. The parties estimate that the cost for the above will fluctuate around \$20'000,000.00 Dollars, this sum being the maximum sum of the financing which for purposes of this subparagraph c), THE AMERICAN GROUP agrees to obtain. Likewise, the parties covenant that, in order to guarantee the payment of the financing set forth in this subparagraph, the assets of ECO may be encumbered and if THE AMERICAN GROUP encumbers its shares, each of the members of THE MEXICAN GROUP also agrees to encumber his or her shares, so that an equal situation between both parties is maintained.

d) To obtain for ECO the Rotary Slagging KILN Technology, corresponding to that which THE MEXICAN GROUP indicated in its application for authorization to SEDUE, and which shall be adequate to permit the operation of

the KILN Rotary Industrial Waste Incinerator that is
aforementioned in this Agreement.

FIFTH.- PAYMENT OF LIABILITIES. The parties agree
that if the contracts through which financing is obtained
for ECO as indicated in paragraph b) of Clause Fourth
allow, before the distribution of dividends between the
parties, the sum of \$350,000.00 Dollars will be
liquidated first to THE MEXICAN GROUP, such sum
corresponding to ECO's expenses financed by THE MEXICAN
GROUP and to THE AMERICAN GROUP, the sums that it would
have actually loaned to ECO in accordance with what is
established in paragraph b) of Clause Fourth. Said
reimbursement will be made simultaneously and
proportionally to THE MEXICAN GROUP and THE AMERICAN
GROUP, depending upon the financial situation of ECO and
subject to the requirements of the Financing Agreements.
Likewise, the parties agree that, subject to the
Financing Agreements above mentioned, at least twenty
percent (20%) of ECO's annual profits will be distributed
between the parties, the remainder of said profits to be
applied to the payment of liabilities.

SIXTH.- OTHER COMPANIES. The parties agree that they
will incorporate other companies (hereinafter referred to
as "OTHER COMPANIES"), in which the parties will

participate equally, each having a fifty percent (50%) capital stock participation, such companies will be devoted to rendering storage, transportation, membership, administration, and other services related to ECO's purposes, and such companies will also assist in the integration and will complement ECO's activities. Likewise, the parties agree that the OTHER COMPANIES will not be encumbered or limited by the financing obtained for ECO mentioned in paragraph c), Clause Fourth hereof.

SEVENTH.- ACQUISITION OF THE LAND. The parties agree regarding the acquisition of the LAND, that such acquisition will be done by a Buy-Sell Agreement with Retention of Title, such agreement setting up an initial payment of \$50,000.00 Dollars, the remainder to be made in six equal monthly successive payments, beginning ninety (90) days after the signing of the present Agreement. Likewise, measures will be taken to try to obtain that the Buy-Sell Agreement will provide that, in case the first monthly payment is not made after ninety (90) days, the Agreement will automatically terminate without liability to ECO, with the sole remaining obligation of the seller to reimburse to ECO the amount of \$25,000.00 Dollars, out of the amount of the initial payment.

EIGHTH.- FORCE MAJEUR OR ACT OF GOD. The parties agree that the default of their obligations due to force majeure or act of God, if and only the defaulting party did not cooperate or assist in any way to produce said force majeure or act of God, will not constitute cause for the rescission of this agreement, instead the time period for the fulfilment of the obligations of the parties will be extended for the length of time equal to the force majeure, or act of God, with the understanding that if such an event lasts longer than twelve (12) months, the parties may agree to terminate the present agreement, with the understanding that to do so the parties must first respect and protect the rights of third parties, and subsequently, terminate the agreement in a way in which the interests of each party suffer the least amount of damage and such damages to be proportionally divided.

NINTH.- LIQUIDATED DAMAGES IN CASE OF DEFAULT BY THE AMERICAN GROUP. The parties agree that, if THE AMERICAN GROUP, within ninety (90) days after the date in which THE MEXICAN GROUP will have obtained all the PERMITS and ECO is in a position to use them, has not obtained the financing referred to in paragraph c) of Clause Fourth, then THE AMERICAN GROUP will have to pay as liquidated damages to THE MEXICAN GROUP, the sums that would have been loaned to ECO, pursuant to paragraph b),

Clause Fourth, and further, will transfer all of its shares of the capital stock to the members of THE MEXICAN GROUP, such shares to be distributed amongst said members in the way indicated by them. Notwithstanding the above, it will not be regarded as default by THE AMERICAN GROUP and will not give grounds to rescind this Agreement, nor to the application of the liquidated damages mentioned in this Clause, the fact that THE AMERICAN GROUP does not obtain the financing referred to in subparagraph c) of Clause Fourth within the term above mentioned, provided THE AMERICAN GROUP obtains the bridge financings for ECO, which allow such corporation to continue with the acquisition and installation of the Industrial Waste Incinerator and constructions required therefor. Further, if such a situation arises, THE AMERICAN GROUP will unilaterally absorb all the differences in cost which may arise between the cost of the bridge financing and the cost of the financing referred to in paragraph c) of Clause Fourth.

TENTH.- LIVIDATED DAMAGES IN CASE OF DEFAULT BY THE MEXICAN GROUP. Likewise, the parties agree that if THE MEXICAN GROUP fails to obtain the PERMITS, within ninety (90) days of the signing of this Agreement, THE MEXICAN GROUP will be subject to pay as liquidated damages to THE AMERICAN GROUP a sum equal to the sum that

THE AMERICAN GROUP would have loaned to ECO up until such date, based on paragraph b), Clause Fourth, and further, THE MEXICAN GROUP will transfer the shares of the capital stock of ECO, owned by the members of the MEXICAN GROUP, to the person or persons appointed by the AMERICAN GROUP with the legal capacity of acquiring said shares. Notwithstanding the above, if the delay in obtaining the PERMITS by THE MEXICAN GROUP, by information given in writing by SEDUE and other Authorities, will be relatively brief and such delay does not affect the financing obtained by THE AMERICAN GROUP, as mentioned in subparagraph c), Clause Fourth, or THE AMERICAN GROUP has not yet obtained such financing, the delay shall not be regarded as default by the MEXICAN GROUP and therefore, the liquidated damages before stipulated will not apply. If the delay was relatively brief, as above-mentioned, and the above-mentioned financing has already been obtained, and is not lost because of such delay, THE MEXICAN GROUP will not be viewed as a defaulting party, but THE MEXICAN GROUP will be obligated to absorb the increments in cost caused by the delay in the obtaining of the PERMITS.

ELEVENTH.- VERSIONS. The present Agreement is executed in the Spanish and English languages, being both

versions binding, provided, however, that in case of doubt, the Spanish version will prevail.

TWELFTH.- CLAUSE HEADINGS. The headings of the clauses contained herein shall not be taken into consideration when interpreting the present Agreement, because they exist solely to aid in the perusal of this Agreement.

THIRTEENTH.- NOTICES AND DOMICILES. All notices relating to the present Agreement that the parties may give or receive, must be in written form, served personally, by telefax, or by postage-paid mail. If the notice is mailed, it will be considered received five days after the date on the postmark. The parties indicate as domiciles for receiving notices, the following:

THE MEXICAN GROUP:

Eje 126, Manzana 2
Zona Industrial del Potosí
San Luis Potosí, S.L.P.
FAX: 13-50-50
Att'n: Ing. Jorge Adolfo
Herasillo Silva

THE AMERICAN GROUP:

2198 South DuPont Drive
P.O. Box 61024
Anaheim, California, USA
FAX: (714) 634-4169
Att'n: Mr. Grant Kesler

FOURTEENTH.- APPLICABLE LAW AND JURISDICTION. The parties agree that the present contract will be governed by the Code of Commerce of the United Mexican States and other applicable Mexican laws, with the understanding that for everything related to the interpretation and the fulfilment of this Agreement, the parties will submit themselves to the Courts of the City of San Luis Potosí, SLP, waiving any other jurisdiction that, because of their domicile, corresponds or may correspond to them.

This agreement is executed by the members of THE MEXICAN GROUP in Mexico City, D.F., on July 25, 1991, and by the members of THE AMERICAN GROUP in the City of Los Angeles, California, United States of America, on July 26, 1991.

THE MEXICAN GROUP


Ing. Jorge Adolfo Hermosillo
Silva

Lic. Luis Javier Campos
Hermosillo

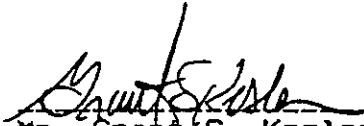
pp Ing. Jorge Adolfo
Hermosillo Silva


Ing. Jaime Antonio de
la Fuente Mora

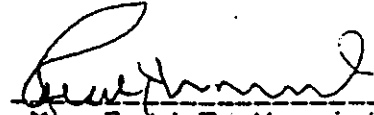
Lic. José Roberto
Antonio Rodríguez
Rodríguez

pp Ing. Jorge Adolfo
Hermosillo Silva

THE AMERICAN GROUP




Mr. Grant S. Kesler



Mr. Reed T. Warnick

Environ Technologies, Inc.



By Reed T. Warnick

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