

**SETTLEMENT AGREEMENT
AND
RELEASE OF ALL CLAIMS**

This Settlement Agreement and Release of All Claims ("Agreement") is made between BARRETT LYON ("RELEASOR") and Defendant, EV INNOVATIONS INC., a Nevada Corporation, ("RELEASEE") with respect to the following facts:

RECITALS

A. Description of Event:

On or about June 24, 2008, RELEASOR purchased a 2008 LIV Surge Electric Vehicle from RELEASEE;

RELEASOR alleges that RELEASEE breached warranties (express and implied) regarding this vehicle;

On or about September 17, 2009, RELEASOR filed a First Amended Complaint for Damages Breach of Warranties against RELEASEE in the Superior Court of the State of California, County of SAN MATEO, Case No. CIV481807 ("the Action"), alleging causes of action for Breach of Implied Warranty under the Song-Beverley Act, Civil Code 1792, Song-Beverley Act, Reimbursement Under the "Lemon Law." Civil Code §§ 1793.2(d), 1794, False Advertising, and Consumer Legal Remedies Act;

The RELEASEE denies and disputes RELEASOR's claims and allegations;

In order to avoid the substantial expense and inconvenience of further litigation, the parties now desire to finally settle all claims asserted in, as well as all issues that were raised or could have been raised in the Action, on the terms set forth in this Agreement.

THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, IT IS HEREBY AGREED AS FOLLOWS:

TERMS OF AGREEMENT

1. **TERMS.** In exchange for the promises and warranties as set forth below:
 - a. RELEASEE shall pay to RELEASOR the amount of \$75,000. This amount shall be wired to RELEASOR's attorney's client trust fund. Payment shall be made no later than October 5, 2010.

- b. In the event that payment is not made by October 5, 2010, judgment shall be entered against RELEASEE in the amount of \$100,000.
- c. The 2008 LiV Surge Vehicle purchased by RELEASOR shall be picked up and transported at defendants cost.
- d. Pickup and transport of the car shall not be allowed until after the \$75,000.00 is wired to RELEASOR's attorney's client trust fund.
- e. Plaintiff represents at the car is in the same condition as when it was last inspected by employees of the RELEASEE.
- f. Plaintiff will execute a release of all claims.
- g. Each side will bear its own cost and attorneys fees.
- h. RELEASOR will transfer title to the RELEASEE and will execute the appropriate Department of Motor Vehicle forms to finalize transfer of title.
- i. The court shall retain jurisdiction over the matter, and in the event the settlement falls through, shall have the ability to enforce the settlement through entry of judgment.

2. General Release of All Claims. RELEASOR unconditionally, irrevocably and absolutely releases and discharges the RELEASEE, as well as its present or former employees, officers, agents, attorneys, affiliates, successors, assigns and all other representatives of the RELEASEE (collectively, "Released Parties"), from any and all causes of action, judgments, liens, indebtedness, damages, losses, claims (including attorneys' fees and costs), liabilities and demands of whatsoever kind and character that RELEASOR may now or hereafter have against the Released Parties arising from incidents or events giving rise to this lawsuit (hereafter collectively, "Released Claims").

3. Unknown or Different Facts or Law. RELEASOR acknowledges that she may discover facts or law different from, or in addition to, the facts or law she knows or believes to exist with respect to a Released Claim. She agrees, nonetheless, that this Agreement and the releases contained in it shall be and remain effective in all respects notwithstanding such different or additional facts or law.

4. California Civil Code Section 1542 Waiver. RELEASOR expressly acknowledges and agrees that the releases contained in this Agreement include a waiver of all rights under Section 1542 of the California Civil Code. This statute reads as follows:

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

RELEASOR acknowledges that she has read all of this Agreement, including the above Civil Code section, and that she fully understands both the Agreement and the Civil Code section. RELEASOR waives any benefits and rights granted to her pursuant to Civil Code section 1542.

5. Dismissal of the Action. RELEASOR agrees to take all actions necessary to dismiss the Action, with prejudice, as soon as possible after this Agreement becomes effective, including, but not limited to, executing and filing a Request for Dismissal of the Action With Prejudice, with the Superior Court.

6. No Admissions. By entering into this Agreement, the RELEASEE shall not be deemed or construed to have admitted to any liability for this incident. The parties agree that it is their mutual intention that neither this Agreement nor any terms hereof shall be admissible in any other or future proceedings against the RELEASEE, except a proceeding to enforce this Agreement.

7. Attorneys' Fees and Costs. RELEASOR and the RELEASEE agree to bear their own attorneys' fees and expenses incurred in connection with the Action, or any Released Claim, except as otherwise set forth herein.

8. Severability. Should it be determined by a court that any term of this Agreement is unenforceable, that term shall be deemed to be deleted. However, the validity and enforceability of the remaining terms shall not be affected by the deletion of the unenforceable terms.

9. Modifications. This Agreement may be amended only by a written instrument executed by all parties hereto.

10. Cooperation. The parties agree to do all things necessary and to execute all further documents necessary and appropriate to carry out and effectuate the terms and purposes of this Agreement.

11. Interpretation; Construction. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the RELEASEE, but RELEASOR and her/his/their counsel have fully participated in the negotiation of its terms. RELEASOR acknowledges he has had an opportunity to review and discuss each term of this Agreement with legal counsel and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

12. Entire Agreement. The parties to this Agreement declare and represent that no promise, inducement or agreement not herein discussed has been made between the

parties, and that this Agreement contains the entire expression of agreement between the parties on the subjects addressed herein.

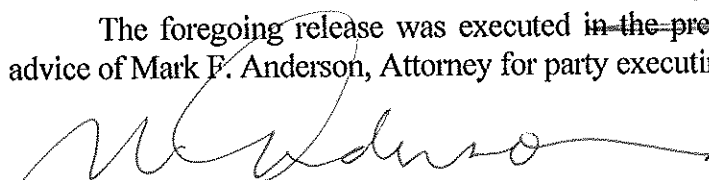
13. Counterparts. This Agreement may be executed in counterparts. The execution of a signature page of this Agreement shall constitute the execution of the Agreement, and the Agreement shall be binding on each party upon that party's signing of such a counterpart.

14. Advice of Counsel. The parties declare and represent that they are executing this Agreement with full advice from their respective legal counsel, and that they intend that this Agreement shall be complete and shall not be subject to any claim of mistake, and that the releases herein express a full and complete release and, regardless of the adequacy or inadequacy of the consideration, each intends the releases herein to be final and complete. Each party executes this release with the full knowledge that this release covers all possible claims, to the fullest extent permitted by law.

I hereby certify that I have read all of this release and the Code section and fully understand all of the same, and in witness whereof I have executed this release this _____ day of _____, 2010, at _____, California.

BARRETT LYON

The foregoing release was executed ^{WJA} ~~in the presence of and~~ under the direction and advice of Mark F. Anderson, Attorney for party executing this release.



Mark F. Anderson