



## General Terms and Conditions

### Applicability

1. These General Terms and Conditions (these “**Terms**”) shall apply to the sale of Energy Recovery Ventilators (ERV), Heat Recovery Ventilator Exchangers(HRV), Core Membrane Material and Fuel Cell Humidifiers (the “**Product(s)**”) from Core Energy Recovery Solutions Inc. (“**Core**”) to the Purchaser, Customer or User (the **Purchaser**).

(Core and the Purchaser are each a “**Party**” and collectively the “**Parties**”)

2. All Products are sold by Core to the Purchaser only under these Terms. These Terms shall apply to all purchase orders between Core and the Purchaser (the “**Purchase Orders**”) and shall apply until amended in writing by mutual consent of both Parties.
3. The Products shall be manufactured according to the published specifications of Core and any specific specifications agreed upon in writing by the parties (the “**Specifications**”).

### Precedence

4. These Terms exclusively govern and control each of the Parties' respective rights and obligations regarding the manufacture, purchase and sale of the Products, and the Parties' agreement is expressly limited to these Terms. If any terms and conditions contained in a Purchase Order, other forms, documents or instruments of the Purchaser, the provisions of these Terms shall prevail. Any modification to or deviation from these Terms must be agreed upon in writing by the Parties.

### Purchase Price and Taxes

5. The Purchaser shall purchase the Products from Core at the price (the “**Purchase Price**”) set forth in the applicable Purchase Order. The Purchase Price is exclusive of all harmonized sales tax, goods and services tax, provincial sales tax, value added tax, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any governmental authority on any amounts payable by the Purchaser. The Purchaser shall be responsible for all such charges, costs and taxes; provided that, the Purchaser shall not be responsible for any taxes imposed on, or with respect to, Core's income, revenues, gross receipts, personnel or real or personal property or other assets.

### Input Cost Adjustment

6. For any Purchase Order that is scheduled for completion beyond sixty (60) days Core reserves the right to perform a price adjustment to the price of the Products (“**Price Adjustment**”). Any Price Adjustment must be made in good faith and will be based on the input costs for the manufacture of the Products and will reference the Canadian Producer Price Index or comparable index consistent with the components of the Products at issue.

### Deposit

7. If the production of the Products requires a deposit as agreed upon in writing by the Parties, then the Purchaser shall pay twenty-five percent 25% of the estimated Purchase Price of the Products at the time of entering into these Terms.

## Payment

8. Core shall issue invoices for all Products shipped or ready for shipment to Purchaser. Purchaser shall pay all invoiced amounts within thirty (30) days from receipt of such invoice unless otherwise agreed in writing by the parties. If shipments of Products are delayed by the Purchaser, invoices may be rendered on the date that Core is prepared to make the shipment. If completion of manufacture or shipment is delayed by the Purchaser, invoices may be rendered when the delay is ascertained, based upon percentage of completion.

## Late Payment

9. Interest at the rate of one and one-half percent (1-1/2%) per month (not to exceed the maximum interest allowable by law) shall be paid on the unpaid balance of any invoice not paid in full by the Purchaser within thirty (30) days of the due date thereof. Such interest shall be in addition to the purchase price payable hereunder. In the event Core commences a legal action or suit to collect the Purchaser Price or any part thereof, the Purchaser shall, in addition to the full purchase price, be liable for all costs and expenses of such legal action or suit (including reasonable attorneys' fees).

## Shipping Terms

10. The shipment terms are EX Works (EXW) Vancouver (the "**Delivery Point**"). Core may arrange the shipment of the order to the Purchaser. The Purchaser is responsible for all shipping costs, including but not limited to insurance, brokerage fees and other logistics charges, from Core's facilities to the Purchaser's destination.

## Title and Risk of Loss

11. The title and risk of loss pass to the Purchaser upon the pickup of the Products from Core by the common carrier.

## Late Completion

12. Any time quoted for the completion of an order is an estimate only; provided, however, that Core shall use commercially reasonable efforts to have all Products ready for shipment on or before the agreed ship date (the "**Ship Date**"). If Core has delayed shipment of all or any Products for more than ninety (90) days after the Ship Date and if such delay is not due to any action or inaction of the Purchaser or otherwise excused in accordance with these Terms, the Purchaser may, as its sole remedy therefor, cancel the portion of the related Purchase Order covering the delayed Products by giving Core written notice. Subject to Purchaser's rights under this Section 12, no delay in the completion of any Products relieves the Purchaser of its obligations under these Terms, including pickup of any remaining instalments or other orders of Products.

## Inspection and Rejection of Defective Units

13. Defective units refers to any unit of the Products which, upon inspection, do not meet the Specifications (the "**Defective Units**").
14. The Purchaser shall inspect the Products within fifteen (15) days of receipt (the "**Inspection Period**"). The Purchaser will be deemed to have accepted the Products

unless it notifies Core in writing of any Defective Units during the Inspection Period and furnishes such written evidence or other documentation as reasonably required by Core.

15. If the Purchaser notifies Core of any Defective Units during the Inspection Period, Core shall, in its sole discretion, (i) replace the Defective Units with replacement Products, (ii) repair the Defective Units, or (iii) credit or refund the Price for such Defective Units, together with any reasonable shipping and handling expenses incurred by the Purchaser in connection therewith.

### **Order Cancellation**

16. If a written request for cancellation of a Purchase Order is received by Core no later than sixty (60) days prior to the Ship Date specified for the Products in the Purchase Order, Core will cancel the Purchase Order, and no cancellation fee will apply.
17. If a written request for cancellation of a Purchase Order is received by Core no later than thirty-one (31) days prior to the Ship Date specified for the Products in the Purchase Order, Core will cancel the Purchase Order, and the Purchaser shall be obligated to pay fifty percent (50%) of the total Purchase Price for the Products cancelled.
18. If a written request for cancellation of a Purchase Order is received by Core less than thirty-one (31) days prior to the Ship Date, or if the Purchaser fails to take delivery of the Products on the agreed-upon Ship Date, the Purchase Order shall be deemed non-cancellable, and the Purchaser shall be obligated to pay one hundred percent (100%) of the total Purchase Price for the Products listed in the Purchase Order.

### **User Information**

19. Core shall make available on request information regarding the design, construction and proper installation of the Products to ensure that, as far as is reasonably practicable, the Products are safe and without risk when properly used and installed. It is the Purchaser's responsibility to take such steps as are necessary to ensure that the appropriate information is made available to any customer, end user or other person to whom the Purchaser supplies the Products, any person internal or external to the Purchaser who is involved in the installation of the Products and to any other individual to whom the Purchaser reasonably considers would require such information.

### **System Design**

20. The Purchaser is responsible for ensuring the suitability, conformity and interoperability of the Products with (i) the Purchaser's heating / cooling / condensing/ humidifying / ventilation or other system (as appropriate) and (ii) the Purchaser's design and specification requirements. The Purchaser shall undertake such verification with an appropriately qualified expert or third party appointed by the Purchaser and who holds appropriate professional qualifications and appropriate levels of professional indemnity and public liability insurance.

### **Intellectual Property Rights**

21. Core shall retain rights to the intellectual property relating to the Products. Nothing in these Terms or the applicable Purchase Order shall be construed as transferring to the Purchaser any right, title or interest in or to any patent, trademark, copyright, design, proprietary information, drawing, process or know-how, (collectively referred to as Intellectual Property), which is in the property of Core or its affiliates. The Purchaser shall not reproduce or manufacture any part of any of the Products without Core's written permission.

**Limited Warranty Energy Recovery Ventilator/Heat Recovery Ventilator Exchanger ("ERV/HRV Exchanger")** [Sections 22-23 apply exclusively to the purchase of Energy Recovery Ventilators and Heat Recovery Ventilator Exchangers from Core and are not applicable to the purchase of other Products]

22. Core warrants to the Purchaser that for a period of five (5) years from the date of shipment of the Products, that such Products will materially conform to the Specifications and will be free from material defects in material and workmanship and the Purchaser will receive good and valid title to the Products, free and clear of all encumbrances (the "**ERV/HRV Exchanger Warranty**").
23. The ERV/HRV Exchanger Warranty does not apply to any Product that:
- a) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, or use contrary to any instructions issued by Core;
  - b) was not stored in its original undamaged packaging, was not kept indoors during storage or was not maintained within the recommended temperature range of 10°C to 30°C during storage;
  - c) exhibits visible signs of damage;
  - d) has been operated in a corrosive or damaging atmosphere containing any of the following:
    - i. corrosive chemicals such as chlorine or fluorine;
    - ii. hydrocarbons, ketones, solvents, paints, oils, greases and other organic vapours, liquids or gases;
    - iii. oxidizing agents;
    - iv. extended sunlight or UV exposure;
    - v. acidic or basic vapours, liquids or compounds;
    - vi. heat in excess of 60 degrees centigrade;
    - vii. Differential pressure in excess of the recommended limit (in no event greater than 4" H<sub>2</sub>O for EMC product and greater than 6" H<sub>2</sub>O for EXC product); or
    - viii. Continuous exposure to liquid water, condensation and ice;
  - e) has been reconstructed, repaired, or altered by persons other than Core or its authorized representative; or
  - f) has been used with any third-party products, hardware or product that has not been previously approved in writing by Core.

**Limited Warranty Fuel Cell Humidifier** [Sections 24-25 apply exclusively to the purchase of Fuel Cell Humidifiers from Core and are not applicable to the purchase of other Products]

24. Core warrants to the Purchaser that for a period of one (1) year from the date of shipment or 4000 hours of operation of the Products (whichever comes first), such Products will materially conform to the Specifications and will be free from material defects in material and workmanship and the Purchaser will receive good and valid title to the Products, free and clear of all encumbrances (the "**Fuel Cell Humidifier Warranty**").

25. The Fuel Cell Humidifier Warranty does not apply to any Product that:

- a) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, or use contrary to any instructions issued by Core;
- b) was not stored in its original undamaged packaging, was not kept indoors during storage or was not maintained within the recommended temperature range of 10°C to 30°C during storage;
- c) exhibits visible signs of damage;
- d) has been operated outside recommended operating limits or in a corrosive or damaging atmosphere containing any of the following:
  - i. corrosive chemicals such as chlorine or fluorine;
  - ii. hydrocarbons, ketones, solvents, paints, oils, greases and other organic vapours, liquids or gases;
  - iii. oxidizing agents such as ozone, nitrogen and sulfur oxides, peroxides, or similar compounds;
  - iv. extended sunlight or UV exposure;
  - v. acidic or basic vapours, liquids, or compounds;
  - vi. heat in excess of the recommended operating limits;
  - vii. extended operation above the recommended continuous operating temperature (80°C);
  - viii. differential pressure in excess of +60kPa,g (dry side to wet side) or above the recommended operating limits;
  - ix. differential pressure in which the wet side pressure exceeds the dry side pressure;
  - x. pressure in excess of recommended operating limits; or
  - xi. freezing with liquid water inside the Products;
- e) has been reconstructed, repaired, or altered by persons other than Core or its authorized representative; or
- f) has been used with any third-party products, hardware or product that has not been previously approved in writing by Core.

**Limited Warranty Core Membrane Material** [*Sections 26-27 apply exclusively to the purchase of Core Membrane Material and are not applicable to the purchase of other Products*]

26. Core warrants to the Purchaser that for a period of 18 months from the date of shipment of the Products, that such Products will materially conform to the Specifications and will be free from material defects in material and workmanship, and the Purchaser will receive good and valid title to the Products, free and clear of all encumbrances (the "**Membrane Warranty**").

27. The Membrane Warranty does not apply to any Product that:

- a) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress,

- abnormal environmental conditions, or use contrary to any instructions issued by Core;
- b) was not stored in its original undamaged packaging, was not kept indoors during storage or was not maintained within the recommended temperature range of 10°C to 30°C during storage;
  - c) exhibits visible signs of damage;
  - d) has been operated or stored in a corrosive or damaging atmosphere containing any of the following:
    - i. corrosive chemicals such as chlorine or fluorine;
    - ii. hydrocarbons, ketones, solvents, paints, oils, greases and other organic vapours, liquids or gases;
    - iii. oxidizing agents;
    - iv. extended sunlight or UV exposure;
    - v. acidic or basic vapours, liquids or compounds;
    - vi. heat in excess of 60 degrees centigrade; or
    - vii. Continuous exposure to liquid water, condensation and ice;
  - e) has been reconstructed, repaired, or altered by persons other than Core or its authorized representative; or
  - f) has been used with any third-party products, hardware or product that has not been previously approved in writing by Core.

### Warranty Inspection

28. In the event that the Purchaser makes a product warranty claim in regards to any Product (the Fuel Cell Humidifier Warranty, the ERV/HRV Exchanger Warranty or the Membrane Warranty are collectively referred to as the “**Product Warranty**”), the Purchaser understands that as part of an investigation into the Product Warranty claim, Core reserves the right to inspect the Product that is the subject of the Product Warranty claim in the state the Product was in at the time the Product Warranty claim was made. The Purchaser will make commercially reasonable efforts to facilitate this inspection.

### Product Warranty Limitation

29. In the event of a valid and timely claim for breach of the Product Warranty outlined above, Core’s sole obligation and the Purchaser’s exclusive remedy will be for Core, at its sole expense and option, to repair, rework or replace the applicable Products or part thereof, at no charge to the purchaser. For clarity, the work involved with the repair, rework or replacement of the applicable Products covered by the Product Warranty does not include the costs associated with dismantling or reassembling third party products, which the Core Products may be incorporated into. Core is not responsible for any damage that may come to third party products as a result of Core fulfilling its responsibilities under the Product Warranty. If after exercising commercially reasonable efforts, Core is unable to repair, rework or replace the Products or part, then Core will credit to the Purchaser all monies paid to Core for such applicable Products or part.

30. EXCEPT FOR THE PRODUCT WARRANTY SET FORTH IN SECTIONS 22, 23, 24,



25, 26 and 27, CORE MAKES NO CONDITION OR WARRANTY WHATSOEVER WITH RESPECT TO THE PRODUCTS, INCLUDING ANY (a) CONDITION OR WARRANTY OF MERCHANTABILITY; OR (b) CONDITION OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE.

**Retained Security Interest**

31. Until such time as the entire purchase price of the Products has been paid, the Purchaser hereby grants to Core a security interest in the Products to secure the payment of same. The rights and remedies of Core, as a secured party with respect to the Products shall be governed by the Uniform Commercial Code, or equivalent statute(s) of the State in which the Products are located. The Purchaser authorizes Core to execute and record on behalf of the Purchaser such financing statements and other instruments as Core may deem necessary to perfect or protect its security interest in the Products. Upon demand, the Purchaser agrees to deliver to Core subordination agreements from landlords, mortgagees or others on whose property the Products are located or installed by which any landlord lien, or mortgagee lien, or other interest or claim of such party shall be subordinated to Core’s security interest in the Products. Until Core has been paid in full, the Purchaser shall maintain all risk insurance on the Products, protecting against any loss or damage thereto and Core shall be named as loss payee thereof with respect to the Products. The Purchaser shall provide Core proof of such insurance upon demand.

**Limitation of Liability**

32. IN NO EVENT SHALL CORE BE LIABLE FOR ANY EXTRAORDINARY, CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THESE TERMS, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED IN ADVANCE BY THE PURCHASER OR COULD HAVE BEEN REASONABLY FORESEEN BY THE PURCHASER, REGARDLESS OF THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

33. IN NO EVENT SHALL CORE’S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THESE TERMS, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE AMOUNTS PAID TO CORE FOR THE SPECIFIC PRODUCTS WHICH GAVE RISE TO THE CLAIM OF DAMAGES.

34. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE PURCHASER ASSUMES ALL RISK AND LIABILITY FOR THE RESULTS OBTAINED BY THE USE OF ANY PRODUCTS IN THE PRACTICE OF ANY PROCESS, WHETHER IN TERMS OF OPERATING COSTS, GENERAL EFFECTIVENESS, SUCCESS OR FAILURE, AND REGARDLESS OF ANY ORAL OR WRITTEN STATEMENTS MADE BY CORE, BY WAY OF TECHNICAL ADVICE OR OTHERWISE, RELATED TO THE USE OF THE PRODUCTS.

**Insurance**

35. During the period these Terms are applicable and for a period of five years thereafter,

the Purchaser shall, at its own expense, maintain and carry insurance in full force and effect which includes, but is not limited to, general commercial liability (including product liability) in a sum no less than Five Million dollars (\$ 5,000,000) with financially sound and reputable insurers. Except where prohibited by law, the Purchaser shall require its insurer to waive all rights of subrogation against Core's insurers and Core.

### Indemnification

36. Subject to these Terms, the Purchaser shall indemnify, defend and hold harmless Core and its officers, directors, employees and agents against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including legal fees, disbursements and charges, fees and the costs of enforcing any right to indemnification under these Terms and the cost of pursuing any insurance providers, relating in any manner to the Products, their use or their operation.

### Compliance with Law

37. The Purchaser shall comply with all applicable laws, regulations and ordinances. The Purchaser shall maintain in effect all the licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under these Terms. The Purchaser shall comply with all export and import laws of all countries involved in the sale of the Products under these Terms or any resale of the Products by the Purchaser. The Purchaser assumes all responsibility for shipments of the Products requiring any government import clearance.

### Confidential Information

38. All non-public, confidential or proprietary information of either Party (the "**Disclosing Party**"), including but not limited to specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by the Disclosing Party to the other Party (the "**Receiving Party**"), whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" in connection with these Terms is confidential, solely for the use of performing these Terms and may not be disclosed or copied unless authorized in advance by the Disclosing Party in writing. Upon Disclosing Party's request, Receiving Party shall promptly return or destroy all documents and other materials received from Disclosing Party. Notwithstanding the preceding, the Receiving party may retain copies of documents or other materials of the Disclosing Party that are held as part of routine system wide backup. Receiving Party shall be entitled to injunctive relief for any violation of this Section. This Section does not apply to information that is: (a) in the public domain; (b) known to Receiving Party at the time of disclosure; or (c) rightfully obtained by the Receiving Party on a non-confidential basis from a third party.

### Force Majeure

39. No Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached these Terms, for any failure or delay in fulfilling or performing any term of these Terms (except for any obligations of the Purchaser to make payments to Core hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the impacted Party's (the "**Impacted Party**") control, including, without limitation, the following force majeure events (the "**Force Majeure Event(s)**"): (a) acts of God; (b) flood, tsunami, fire, earthquake, explosion; (c) epidemics, pandemics, including the 2019 novel coronavirus pandemic (COVID-19); (d)



war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (e) government order, law or actions; (f) embargoes or blockades in effect on or after the date of these Terms (g) national or regional emergency; (h) strikes, lockouts, labour stoppages or slowdowns, labour disputes, or other industrial disturbances; (i) shortage of adequate power or telecommunications or transportation facilities; (j) other events beyond the control of the Impacted Party. The Impacted Party shall give notice within fifteen (30) days of the Force Majeure Event to the other party, stating the period of time the occurrence is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause.

### **Assignment**

40. The Purchaser shall not assign any of its rights or delegate any of its obligations under these Terms without the prior written consent of Core. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves the Purchaser of any of its obligations under these Terms.

### **Jurisdiction**

41. These terms and conditions shall be governed by and construed in accordance with the provincial laws of British Columbia and the federal laws of Canada, unless otherwise agreed to by both parties. Any dispute or disagreement between the Parties resulting from these Terms that may not be resolved amicably shall be referred exclusively to arbitration under the Rules of Arbitration of the (ICC) International Chamber of Commerce in force at the time of application for an award.

### **Severability**

42. If any term or provision of these Terms is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of these Terms or invalidate or render unenforceable such term or provision in any other jurisdiction.

### **Survival**

43. Provisions of these Terms, which by their nature should apply beyond their terms will remain in force after any termination or expiration of these Terms.