

Document Title <b>WARRANTY STATEMENT</b>		Document # <b>SPC-000003</b>	<b>IMW INDUSTRIES LTD.</b>
Document Owner Sales & Marketing	Issue Date (yyyy/mm/dd) 2018/06/19	Rev.B	Page 1 of 2

## 1. GENERAL PROVISIONS

IMW INDUSTRIES LTD. dba Clean Energy Compression ("IMW") warrants that all equipment, other than spare parts, sold by it (the "Equipment") to you (the "Buyer") shall be free from defects in material and workmanship (the "Equipment Warranty"). IMW warrants that all spare parts sold by it ("Spare Parts") to Buyer shall be free from defects in material and workmanship (the "Spare Parts Warranty").

It is the Buyer's responsibility to ensure that the Equipment or Spare Part(s) are used in the correct application, integrated into the project or system correctly (if applicable) and used within IMW's and the applicable part manufacturer's specifications for airflow, inlet gas pressure and temperature, ambient air temperature, regional environment, gas composition, gas purity (i.e. free of contaminants, dirt and/or water) and electrical supply (i.e. protected from over-and/or under-voltage, line noise, and/or spikes).

## 2. GRANT OF WARRANTY

2.1. The Equipment Warranty shall be in effect for: (i) twelve (12) months from the Equipment start-up date; (ii) 4,000 hours of Equipment operation; or (iii) eighteen (18) months from the originally scheduled shipment date; whichever occurs first, the "Equipment Warranty Period". The Spare Parts Warranty shall be in effect for ninety (90) days from the date of shipment of the Spare Part to Buyer the "Spare Parts Warranty Period".

2.2. Should the Equipment or part therein or material used therein not comply with the Equipment Warranty during the Equipment Warranty Period, IMW, at its option and in its sole discretion, and as Buyer's sole remedy, will:

- 2.2.1. Replace the defective part(s) and/or material(s);
- 2.2.2. Authorize the part(s) and/or material(s) to be returned to IMW's plant for repair;
- 2.2.3. Authorize the part(s) and/or material(s) to be repaired at an alternative location approved by IMW; or
- 2.2.4. Refund the purchase price to Buyer for the defective part(s) and/or material(s).

2.3. Should a Spare Part not comply with the Spare Parts Warranty during the Spare Parts Warranty Period, IMW, at its option and in its sole discretion, and as Buyer's sole remedy, will:

- 2.3.1. Replace the defective part;
- 2.3.2. Authorize the part to be returned to IMW's plant for repair;
- 2.3.3. Authorize the part to be repaired at an alternative location approved by IMW; or
- 2.3.4. Refund the purchase price to Buyer for the defective part.

2.4. Notice of any alleged breach of the (a) Equipment Warranty during the Equipment Warranty Period, or (b) Spare Parts Warranty during the Spare Parts Warranty Period, must be provided, in writing, to IMW or one of its Authorized Representative(s) within fifteen (15) calendar days of discovery. In the event there is an "Authorized Representative" of IMW who may provide warranty services for Buyer's Equipment or Spare Part, IMW will provide Buyer with a written notice which indicates such representative. Notwithstanding the foregoing, neither the Spare Parts Warranty nor the Equipment Warranty include IMW labor costs for the diagnosis and/or removal and reinstallation of the applicable Equipment and/or Spare Part.

2.4.1. Buyer will be responsible for paying IMW (or its Authorized Representative if IMW should direct) for all labor hours and travel time IMW expends related to the warranty work (including, but not limited to, hours expended for diagnosis) for the Equipment or Spare Part (as applicable). The amount invoiced to Buyer by IMW (or its Authorized Representative) will be determined based on IMW's (or its Authorized Representative's) then existing hourly labor rates. Buyer shall pay any invoice received from IMW (or its Authorized Representative) within fifteen (15) days of Buyer's receipt of the invoice which shall be deemed to occur 3 days after the invoice is transmitted to Buyer. All warranty work will be performed during IMW's (or its Authorized Representative's (if applicable)) standard business hours.

2.4.2. In the event IMW (or its Authorized Representative) incurs any travel expenses related to the warranty work, Buyer shall be responsible for reimbursing IMW (or its Authorized Representative) for all expenses incurred. Buyer shall pay any invoice received from IMW (or its Authorized Representative) within fifteen (15) days of Buyer's receipt of the invoice which shall be deemed to occur 3 days after the invoice is transmitted to Buyer.

2.4.3. In the event part(s) and/or material(s) are authorized to be returned to IMW's plant, Buyer shall, at Buyer's expense (including, but not limited to, brokerage charges, duties and taxes), return such part(s) and/or material(s) for warranty service to IMW's headquarters with proper Chain of Custody. In the event, after IMW's investigation, it determines that there has been a valid breach of the Equipment Warranty or Spare Parts Warranty, IMW shall reimburse Buyer for the costs it incurred to ship the part(s) and/or material(s) to IMW's headquarters. For the purposes hereof, "Chain of Custody" means:

2.4.3.1. Storage: Prior to IMW's return authorization (described above), the part(s) and/or material(s) should be stored in a clean, dry environment to prevent any possible damage (such as, but not limited to rust).

2.4.3.2. Labeling: Buyer must attach proper labels to the part(s) and/or material(s) authorized for return. A proper label, includes, without limitation, the following:

- 2.4.3.2.1. Part Number/Part Type.
- 2.4.3.2.2. Serial Number of the part(s) and/or material(s). The Serial Number provided on the label must match the Serial Number(s) of the part(s) and/or material(s) and in the event the numbers do not match, there will be deemed to be no valid breach of the Equipment Warranty or Spare Parts Warranty.

2.4.3.2.3. Serial Number of the compressor (as applicable, such applicability to be determined in IMW's discretion).

2.4.3.2.4. Name of Customer Custodian assigned.

2.4.3.2.5. As applicable, date(s) that part(s) and/or material(s) were removed from the compressor.

2.4.3.3. Packaging: It is Buyer's responsibility to ensure that the part(s) and/or material(s) are packaged properly to prevent any damage during storage and transit. Any damage which occurs during storage or transit shall be Buyer's responsibility.

2.4.3.4. Shipment: The part(s) and/or material(s) authorized for return by IMW must be shipped by Buyer and received by IMW within fifteen (15) days of IMW's issuance of the authorization to Buyer. In the event such part(s) and/or material(s) are not received by IMW within fifteen (15) days of IMW's issuance of the authorization to Buyer, there will be deemed to be no valid breach of the Equipment Warranty or Spare Parts Warranty.

2.4.3.5. Scrap: In the event IMW feels that the item does not warrant a return to IMW, IMW will inform Buyer that it should scrap the item and Buyer will be required to send IMW written documentation which indicates that the item has been scrapped.

2.4.4. IMW does not provide any warranty for electronic parts or Wear Parts (as defined below) and; therefore, such parts are excluded from both the Equipment Warranty and Spare Parts Warranty.

2.5. Neither the Equipment Warranty Period nor the Spare Parts Warranty Period will be extended beyond the original Equipment Warranty Period or Spare Parts Warranty Period, as applicable, regardless of whether any warranty services on the Equipment or Spare Part are performed or whether any parts and/or materials are repaired or replaced.

2.6. Any replaced part(s) and/or material(s) may be either new or like-new, provided that it has functionality at least equal to that of the product being replaced.

## 3. EXCLUSIONS

3.1. Where the Equipment is designed by the Buyer, IMW shall have no responsibility, of any kind, for the failure of the Equipment to meet the performance or operational requirements of Buyer. Additionally, IMW shall have no responsibility, of any kind, in the event the Equipment or Spare Part is used or integrated into a project or work for which it was not specifically identified by IMW, in writing, as appropriate to use in such project or work, and the applicable Equipment Warranty or Spare Parts Warranty shall be considered null and void.

3.2. The Equipment Warranty or Spare Parts Warranty, as applicable, shall be considered immediately null and void if:

- 3.2.1. The Equipment is not commissioned within 90 days from the date of shipment ready notification;
- 3.2.2. Equipment is not commissioned within one month of shipment, unless Buyer and IMW agree, in a writing, to defer the equipment start-up;
- 3.2.3. The Equipment, after commissioning, operates for less than 10 hours each month during the Equipment Warranty Period;
- 3.2.4. The Equipment or Spare Part is used for a purpose for which it was not designed by IMW;
- 3.2.5. The Equipment or Spare Part is used in any manner contrary to the operation manual;
- 3.2.6. The Equipment or Spare Part is used under conditions for which it was not designed;
- 3.2.7. The Equipment start-up, alteration, repair or service is done by a personnel other than personnel authorized by IMW;
- 3.2.8. Oils and/or lubricants are used that are not approved by IMW;
- 3.2.9. Any of the Equipment or the Spare Part is moved to a different location without approval from IMW;
- 3.2.10. The Equipment or Spare Part is not maintained in accordance with the recommended maintenance schedule as outlined in IMW's documentation;
- 3.2.11. Proof of scheduled maintenance is not provided to IMW upon IMW's request;
- 3.2.12. The Equipment or Spare Part has had a serial number or any part thereof altered, defaced or removed; or
- 3.2.13. The Original Equipment Manufacturer (OEM) parts are not used; (collectively, the "Exclusions").

3.3. In the event IMW determines, in its sole discretion, that any claimed breach of the Equipment Warranty during the Equipment Warranty Period or Spare Parts Warranty during the Spare Parts Warranty Period is, in fact, not covered by the applicable warranty, including, without limitation, based on any of the above Exclusions or any of the below Excluded Actions, Buyer shall promptly pay IMW its then customary charges for any repair or replacement made by IMW and shall reimburse IMW for all other costs incurred by it related to such warranty claim, or in the event IMW refunded Buyer the purchase price, Buyer shall promptly return such refund to IMW.

3.4. For the avoidance of any doubt, in the event IMW make any changes to, updates to, or improvements to any Equipment or Spare Part after the sale of the Equipment or Spare Part (as applicable) to Buyer, IMW shall have no obligation to make the update or improvement to Buyer's Equipment or Spare Part (as applicable).

3.5. Neither the Equipment Warranty nor the Spare Parts Warranty apply to:

- 3.5.1. Wear Parts. "Wear Parts" means any of the following: piston rings, packing rings, filter elements, O-rings, flange gaskets, valve gaskets, desiccant, regulator seals, flexible connections, gas detectors (catalytic bead type), pressure safety valves, or electronic parts.
- 3.5.2. Parts coming in contact with corrosive chemicals or lightning;
- 3.5.3. Damage from acts of God, vandalism, fire, accidents and/or vehicle collisions;
- 3.5.4. Damage from the negligent operation of the Equipment or Spare Part;
- 3.5.5. Damage caused by incorrect integration of the Equipment or Spare Part;

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- 3.5.6. Damage caused by unauthorized personnel performing start-up, running, alteration, and/or maintenance operations;
  - 3.5.7. Damage from operating the Equipment in a fault or alarm condition without written approval from IMW;
  - 3.5.8. Parts with short shelf life;
  - 3.5.9. Damage resulting from Buyer's non-compliance with applicable codes and safety rules, including (but not limited to) NFPA 52, 70, ASME BPVC VIII, ASME B31.3, CSA B51, NTP111.019; or
  - 3.5.10. Damage resulting from site construction (including, but not limited to, changes made to the Equipment or Spare Part based on the requirements of the Authorities Having Jurisdiction (AHJs));
- (collectively, the "**Excluded Actions**").

#### 4. LIMITATION OF LIABILITY

THE WARRANTIES SET FORTH IN THIS DOCUMENT ARE BUYER'S SOLE AND EXCLUSIVE WARRANTIES. IMW MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE. THE REMEDIES SET FORTH HEREIN ARE EXCLUSIVE. UNDER NO CIRCUMSTANCES, AND IN NO EVENT, WILL IMW, INCLUDING ANY OF ITS DIRECT AND INDIRECT SUBSIDIARIES AND AFFILIATES, BE LIABLE TO BUYER OR ANY OTHER PERSON OR ENTITY FOR PERSONAL INJURY OR PROPERTY DAMAGE OR ANY OTHER LOSS, DAMAGE, COST OF REPAIRS OR INCIDENTAL, PUNITIVE, SPECIAL, CONSEQUENTIAL, DIRECT, INDIRECT, EXEMPLARY, COMPENSATORY OR LIQUIDATED DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, COSTS, LOST REVENUES OR LOST PROFITS, WHETHER BASED UPON WARRANTY, CONTRACT, STRICT LIABILITY, NEGLIGENCE, TORT LIABILITY, OR ANY OTHER CAUSE OF ACTION ARISING IN CONNECTION WITH THE DELIVERY, DESIGN, MANUFACTURE, SALE, TRANSPORTATION, INSTALLATION, USE, FAILURE, REPAIR OR REPLACEMENT OF ANY EQUIPMENT OR SPARE PART SOLD BY IMW OR FOR ANY OTHER CAUSE WHATSOEVER. BY ACCEPTING DELIVERY OF THE EQUIPMENT OR SPARE PART SOLD TO BUYER, BUYER HEREBY (1) ACCEPTS THIS LIMITATION OF REMEDIES AS REASONABLE AND ENFORCEABLE AND (2) EXPRESSLY ACKNOWLEDGES AND AGREES THAT IMW'S (INCLUDING ITS DIRECT AND INDIRECT SUBSIDIARIES AND AFFILIATES) AGGREGATE LIABILITY, IF ANY, SHALL BE LIMITED TO, AT IMW'S OPTION, THE COST OF REPAIR OR REPLACEMENT OF THE APPLICABLE PART(S) OR MATERIAL(S), OR, IN LIEU OF SUCH REPAIR OR REPLACEMENT, AT IMW'S OPTION, A REFUND OF THE NET SALES PRICE OF THE APPLICABLE EQUIPMENT OR SPARE PART. EXCEPT AS EXPRESSLY SET FORTH HEREIN, ALL EQUIPMENT AND/OR SPARE PART AND / OR SERVICES PROVIDED BY IMW ARE PROVIDED "AS IS," "WHERE IS" AND "WITH ALL FAULTS." NO OTHER PERSON IS AUTHORIZED TO GIVE ANY OTHER WARRANTY OR TO ASSUME ANY OTHER LIABILITY ON THE BEHALF OF IMW.