

GENERAL CLARIFICATIONS AND EXCEPTIONS

1. EMERALD ECOTECHNOLOGIES packaging methodology includes skid-mounted equipment and any selected options are supplied pre-piped and pre-wired to the fullest extent possible (within shipping restrictions and or limitations) to minimize shipping and installation costs and installation time on-site.
2. The EMERALD ECOTECHNOLOGIES labor rate for “time and materials” work will be determined at the onset of the contracting period.
3. Should EMERALD ECOTECHNOLOGIES through its performance of work under the contract, identify conditions or scope not previously known or specified in the executed contract documents (including but not limited to site conditions, product quality specifications, utilities, hidden or unknown circumstances, which would prevent EMERALD ECOTECHNOLOGIES from meeting its contractual obligations or creates a negative cost impact for EMERALD ECOTECHNOLOGIES), then EMERALD ECOTECHNOLOGIES shall have the right to negotiate a change order to address such conditions or scope.)
4. Any additional work required to achieve and maintain the performance of the system, which is outside the scope outlined herein will be considered by EMERALD ECOTECHNOLOGIES and the OWNER/PURCHASER to be a change condition and the scope and price will be adjusted accordingly and mutually agreed by EMERALD ECOTECHNOLOGIES and OWNER/PURCHASER in writing. Where possible, estimated hours, expenses and material costs will be provided to OWNER/PURCHASER for approval before commencement of work. Where emergency circumstances require immediate response by EMERALD ECOTECHNOLOGIES without time for pre-approval by OWNER/PURCHASER, these emergency repairs will be provided according to the time and material rates in affect at the time of event. All travel expenses for work performed at the site subsequent to the installation and commissioning phases will be for the account of the OWNER/PURCHASER.
5. EMERALD ECOTECHNOLOGIES reserves the right to supply any additional equipment or components required to meet contractual performance requirements in addition to that delineated in the scope of supply herein.
6. EMERALD ECOTECHNOLOGIES assumes no responsibility for work performed, materials supplied or repairs made by others or for damage to equipment due to inadequate supports, foundations, faulty related systems or controls provided by others.
7. Back charges: EMERALD ECOTECHNOLOGIES will not accept back charges without prior written authorization. Written notification must be provided to EMERALD ECOTECHNOLOGIES of any potential back charge condition and such notification must be received by EMERALD ECOTECHNOLOGIES at least 30 days in advance of any corrective action initiative.
8. Wage guidelines - all EMERALD ECOTECHNOLOGIES labor is nonunion. If union labor is required, OWNER/PURCHASER will be required to pay the additional costs for union scale wages, benefits and other related cost overruns. EMERALD ECOTECHNOLOGIES does not subscribe to any voluntary state or federal wage guidelines except those required by law. If required by the PURCHASER, the PURCHASER will pay the additional costs associated for wage scales, benefits and other associated cost overruns.
9. EMERALD ECOTECHNOLOGIES will ordinarily provide its own labor force to support the installation and commissioning phases, where applicable but reserves the right to employ qualified subcontractors when EMERALD ECOTECHNOLOGIES management deems appropriate.
10. EMERALD ECOTECHNOLOGIES has not included heat tracing, insulation or winterization of equipment, unless stated herein.
11. EMERALD ECOTECHNOLOGIES has not included any on-site utilities such as telephone, internet, electric or office space expenses.
12. EMERALD ECOTECHNOLOGIES has not included any reporting, sampling, testing or analytical analyses of influent or effluent fluids at the installation site. The cost and provision of such services shall be the responsibility of others.

13. Equipment decontamination and associated sampling and test shall be the responsibility of others.

14. EMERALD ECOTECHNOLOGIES has not provided as part of the proposal, compliance with special regulatory requirements, supply of P.E.-certified drawings or seismic calculations and EMERALD ECOTECHNOLOGIES makes no claims to meeting any seismic design or equipment or building codes if the specifications did not identify such requirements in advance of contract execution.

15. The design, supply of material, installation and management of the collection, transfer, treatment and storage of water, wastewater, caustic soda solution and hydrogen gas external to the EMERALD ECOTECHNOLOGIES-supplied equipment is the responsibility of others.

Delays: Any delays that occur through no fault of EMERALD ECOTECHNOLOGIES and which delay future manufacturing, delivery or installation milestones(s) or payments may be subject to price adjustment.

Freight: Unless specifically included in the proposal, all applicable freight charges and freight insurance are for the PURCHASER's account.

Charges: Excess or special packaging, packing, shipping, transportation or other charges resulting from compliance with PURCHASER's request with respect to the use of any agency or method of transportation or any item routing other than that which would otherwise be designated by EMERALD ECOTECHNOLOGIES, shall be for PURCHASER's account.

Shipment and Delivery: Unless a firm delivery date is stated and agreed in the executed sales contracts, all shipment dates are approximate and shall be made within a reasonable time thereof and shall be deemed in full performance of this aspect of EMERALD ECOTECHNOLOGIES' obligations hereunder. EMERALD ECOTECHNOLOGIES will exert all possible effort to meet proposed shipping dates, but will not be liable for delay caused by reason of war, civil commotion, strike, fire, accident, "Acts of God", governmental order or regulation, shortage or curtailment of material, required pre-shipment inspections or any other contingency beyond EMERALD ECOTECHNOLOGIES' reasonable control; nor will any such delay be cause for cancellation or penalty. EMERALD ECOTECHNOLOGIES shall not be liable for consequential damages as a result of any delay.

Prices / Taxes: All prices quoted are payable in United States Dollars and exclude all taxes and customs duties. Sales, uses, federal, state, value added (VAT), occupational and excise taxes, import or export duties, and the like where applicable, will be the responsibility of the PURCHASER. Appropriate exemption certificates or direct pay permits must be supplied by the Purchaser at the time of the purchase order issuance for tax exempt purchases. The collection and remittance of taxes are the responsibility of others. All travel and freight expenses exclude taxes.

Cancellation Charges: In the event the sales contract is canceled, EMERALD ECOTECHNOLOGIES will invoice the PURCHASER at the following rates: 20% of the contract total price or for time and materials whichever is higher. The time and material charge will be calculated on net cost for materials, subcontractors, equipment and supplies less any allowance for returned goods (including freight, handling, storage, return costs and restocking charges) marked up by the factor of 1.5 for administration expenses, handling and reasonable anticipated profits. EMERALD ECOTECHNOLOGIES direct labor (fabrication, engineering and trades) will be billed at our published rates for work completed through the date of cancellation.

Performance: - If the equipment furnished by EMERALD ECOTECHNOLOGIES does not meet stated performance guarantees, the PURCHASER agrees to advise EMERALD ECOTECHNOLOGIES promptly and to permit EMERALD ECOTECHNOLOGIES to make such inspections and tests as EMERALD ECOTECHNOLOGIES deems necessary. If EMERALD ECOTECHNOLOGIES-supplied equipment is at fault, EMERALD ECOTECHNOLOGIES reserves the right to make such alteration, changes or additions as it deems necessary to meet the guarantee. If any equipment or performance failure is determined by EMERALD ECOTECHNOLOGIES to be due to the PURCHASER's incorrect installation or operation or addition of third party-supplied peripheral equipment, the Purchaser agrees to pay EMERALD ECOTECHNOLOGIES the then current daily rate for the time expended by the investigating technical representative, together with travel and living costs. If the problem is due to a change in the raw water or influent characteristics from those determined in the water analysis on which the proposal was based, or due to the failure to supply salt of suitable quality as specified herein, or due to other operational conditions not attributable to EMERALD

ECOTECHNOLOGIES, the PURCHASER agrees to pay for repair or replacement of any failed components and or purchase and install any additional or other equipment needed to meet such changed conditions; otherwise the performance guarantees will be void. The guarantees furnished with the proposal are in lieu of all other warranties and guarantees, express or implied including without limitation, warranties of merchantability and fitness for a particular purpose and in no event shall EMERALD ECOTECHNOLOGIES be liable for consequential damages.

Drawings: Proposal pages, catalogs, illustrations, schematics and other preliminary drawings are submitted only to show general layout and approximate dimensions. EMERALD ECOTECHNOLOGIES reserves the right to make such changes of design, construction or layout as it feels may represent improvements in practice over the specifications contained in the proposal. Fully dimensioned drawings of the equipment, will be supplied after the PURCHASER's acceptance of the proposal. When requested by EMERALD ECOTECHNOLOGIES, the PURCHASER will furnish scaled drawings of all foundations, supports, concrete reinforcements and required housings or other drawings based upon EMERALD ECOTECHNOLOGIES' equipment drawings. The PURCHASER's drawings must be final and subject to EMERALD ECOTECHNOLOGIES' approval as they relate to the installation of EMERALD ECOTECHNOLOGIES-supplied equipment. Drawings and all information contained thereon is and shall remain the property of EMERALD ECOTECHNOLOGIES as an instrument of professional service. All disclosed technology remains the property of EMERALD ECOTECHNOLOGIES. This information is proprietary and shall not be reproduced or used in whole or in part without the full knowledge and prior written consent of EMERALD ECOTECHNOLOGIES.

Title: Title to equipment covered by the proposal shall remain vested in EMERALD ECOTECHNOLOGIES until the entire purchase price is received by EMERALD ECOTECHNOLOGIES. The PURCHASER assumes all risk of loss or damage from time of acceptance of shipment by transporting carrier unless otherwise expressly provided in the proposal.

PURCHASER's Labor and Materials: Subject to any exceptions specified herein or in any supplemental written agreement between the PURCHASER and EMERALD ECOTECHNOLOGIES, the PURCHASER will supply all labor, supervision, materials and interconnection piping except that which is integral with each unit from inlet to outlet or within "battery limits", as may be applicable. EMERALD ECOTECHNOLOGIES assumes no responsibility for work completed, materials supplied or repairs made by others, or for damage to equipment due to inadequate supports, foundations, faulty related systems or controls or improper connections.

Installation / Start-up Supervision: When ordered separately or as part of the contract, EMERALD ECOTECHNOLOGIES will furnish experienced supervisory personnel to advise the PURCHASER during installation and/or commissioning of the equipment. Unless expressly provided, the price for such service is not included in the purchase price. When quoted as part of the proposal or in a supplemental proposal, the quotation shall be made on the basis of the then current daily charge for such services, plus actual travel and living expenses from Moscow, Russia to the PURCHASER's location and return. Supervisory services do not include manual labor and all materials normally furnished as part of the installation and and/or to remedy work performed (by others) deemed incomplete or defective. The PURCHASER agrees to have the equipment ready for the supervision service and to pay additional charges when the equipment or necessary labor is not ready or available. The PURCHASER must give EMERALD ECOTECHNOLOGIES at least two (2) weeks prior notice to dispatch a technician and or engineer to the job site by a specific date. The PURCHASER agrees that the contract will be determined to be fully performed by EMERALD ECOTECHNOLOGIES at the conclusion of a satisfactory starting date in accordance with the terms of acceptance delineated in the applicable addendum, attached herein.

Shortages: All claims for shortages must be made by the PURCHASER within five (5) days after receipt of shipment, otherwise such claims are deemed waived.

Indemnity: The products furnished by EMERALD ECOTECHNOLOGIES hereunder are sold or supplied without warranty against property damage or injuries resulting from their use. The PURCHASER indemnifies and holds EMERALD ECOTECHNOLOGIES, its employees, licenses, franchisees and agents harmless from and against any loss, cost, liability, claims, suits damage or injury resulting from the design or use or misuse of the products.

Applicable Law: These terms and conditions shall be governed by and constructed in accordance with the laws of the Russian Federation, excluding rules relating to choice or confines of law.

Agreement: The proposal, when accepted by the PURCHASER within the time specified, shall constitute the entire agreement between EMERALD ECOTECHNOLOGIES LLC (EMERALD ECOTECHNOLOGIES) and the PURCHASER. No modifications or changes shall be binding on EMERALD ECOTECHNOLOGIES unless they are submitted in writing and approved by an officer or duly designated employee of EMERALD ECOTECHNOLOGIES. Any subcontract or purchase order submitted by the PURCHASER with respect to this proposal shall be subject to EMERALD ECOTECHNOLOGIES' acceptance and shall be deemed to include the Conditions of Sale, this General Clarifications and Exceptions and all provisions of the proposal. Any provisions of the purchase order inconsistent therewith shall be null and void.