

## VALIDATION AGREEMENT

**THIS VALIDATION AGREEMENT** (this "**Agreement**"), is made and entered into as of April 29, 2013 by and among LEONARDO CORPORATION, a New Hampshire Corporation ("**Leonardo**"), ANDREA ROSSI ("**Rossi**"), Ruggero Giunti (the "**Validation Agent**") and IPH INTERNATIONAL B.V., a Netherlands company (the "**Company**"). Each of Leonardo, Rossi, Validation Agent, IP Attorney and the Company are referred to herein as a "**Party**" and collectively as the "**Parties**."

**WHEREAS**, Leonardo and/or Rossi are the sole owners of the patents, designs, trade secrets, technology, know-how (including all the knowledge necessary to produce thermal energy by means of apparatuses derived from the technology), products and business plans and all other intellectual property related directly or indirectly to energy production and conversion technologies and to the development, manufacture and sale of products using such technologies, including the Energy Catalyzer ("**E-Cat**") and the "**Hot Cat**" (collectively the "**E-Cat Products**"), the catalyzer formula (the "**Catalyzer Formula**") used to fuel the E-Cat and the "**Hot Cat**" and related energy production and conversion technologies (all of the foregoing being referred to herein collectively as the "**E-Cat IP**"), and Leonardo is the producer of certain components of such systems, all such E-Cat IP and E-Cat Products, including without limitation the 1MW E-Cat Product and the "**Hot Cat**," being described or referenced in more detail in the License Agreement, as defined below, and in the E-Cat IP and the other materials to be delivered to the Validation Agent pursuant to Section 1(a) below, and

**WHEREAS**, Leonardo, Rossi and Ampenergo, Inc. ("**AEG**") have granted to Industrial Heat, LLC an exclusive license to utilize the E-Cat IP and to manufacture and sell the E-Cat Products as set forth in that License Agreement among them dated as of October 26, 2012, together with any amendments thereto (the "**License Agreement**"), and

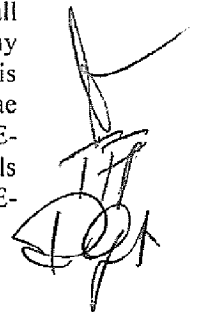
**WHEREAS**, Industrial Heat, LLC has assigned its interest under the License Agreement to the Company;

**WHEREAS**, the Validation Agent has agreed to provide certain services to Rossi, Leonardo and the Company in connection with the License Agreement as provided herein;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. Validation

- (a) No later than five (5) Business Days following successful "Validation of the Plant" as provided in Section 4 of the License Agreement, Leonardo and Rossi shall deliver to the Validation Agent, to be held in escrow and delivered to the Company or to Leonardo, as the case may be, on the terms and conditions set forth in this Agreement, the E-Cat IP and all other documents, manuals, technical data, formulae and materials necessary or useful to enable the Company to (i) operate the 1MW E-Cat Unit and the "**Hot Cat**" as described in the E-Cat IP and the other materials delivered to the Validation Agent, (ii) make E-Cat Products, and (iii) exploit the E-



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Cat IP as contemplated by the License Agreement (collectively, the "**Technical Information**"); provided, however, that the Technical Information shall not include the Catalyzer Formula.

- (b) The Validation Agent shall review the Technical Information for the purpose of verifying whether or not, in the professional judgment of the Validation Agent, the Technical Information includes all items and materials that appear to be reasonably necessary or useful to enable the Company to build and operate the E-Cat Products (including a 1MW E-Cat Unit and a "Hot Cat" Unit), exclusive of the Catalyzer Formula. If the Validation Agent verifies that the Technical Information does include all information and materials that, in their professional judgment, appear reasonably necessary or useful to enable the Company to build and operate the E-Cat Products, exclusive of the Catalyzer Formula, the Validation Agent shall deliver to Rossi, Leonardo, the Company and Henry W. Johnson, as Escrow Agent under that Escrow Agreement among Rossi, Leonardo, the Company and the Escrow Agent dated as of April 29, 2013 (the "Escrow Agreement"), an executed notice of verification in the form attached hereto as Exhibit A (the "**IP Verification Notice**") as soon as possible following verification, but in any event within thirty (30) Business Days following delivery of the Technical Information under Section 1(a) hereof (the "**Verification Deadline**"). For purposes hereof, the term "Business Day" shall mean any day other than a day on which commercial banks in New York, New York, are authorized or required by law to close.
- (c) The Validation Agent shall exercise due care, skill and diligence consistent with reasonable professional and industry standards applicable to it in performing its obligations under this Agreement.
- (d) The Validation Agent shall hold the Technical Information in escrow and deliver all of the Technical Information in their possession (i) to the Company immediately upon receipt of notice from the Escrow Agent that the Escrow Deposit (as defined in the Escrow Agreement) has been delivered to Rossi and/or Leonardo, or (ii) to Leonardo in the event the Validation Agent has not delivered the IP Verification Notice by the Verification Deadline. The Validation Agent shall use an internationally recognized and reliable private overnight or next-day commercial delivery service to send any Technical Information that the Validation Agent is required to transfer or deliver under this Agreement, provided that the Validation Agent is not responsible for any damage to or loss or destruction of such Technical Information while in the custody of such delivery service.
- (e) The Validation Agent shall not retain any copies of any of the Technical Information in any form following delivery of the Technical Information by the Validations Agents as provided in Section 1(d) above, and any such copies that may then be in the possession or control of the Validation Agent shall be destroyed concurrently with any such delivery. The Validation Agent shall provide a certification of compliance with this section promptly upon completion of his services as provided herein.
- (f) The Validation Agent shall have no liability to any of the parties hereto for any actions taken or not taken by him as provided herein, except with respect to matters constituting gross negligence, fraud, bad faith or willful misconduct. So long as the

Handwritten signature and initials, possibly reading 'TF' and 'JH', with a large 'X' mark.

foregoing standard of conduct is met by a Validation Agent, such Validation Agent shall have no liability on account of actions or inactions pursuant to or in connection with this Agreement.

- (g) The Validation Agent shall be entitled to fees from Leonardo, Rossi and the Company as provided in Exhibit B attached hereto. The Validation Agent shall also be entitled to reimbursement for their reasonable expenses incurred in connection with their performance of this Agreement. Leonardo, Rossi and the Company shall be jointly and severally liable to the Validation Agent for the payment of such fees and expenses; provided, however, that among themselves, Leonardo and Rossi, on the one hand, shall be responsible for fifty percent (50%) of such fees and expenses, and the Company, on the other hand, shall be responsible for fifty percent (50%) of such fees and expenses.

## 2. Confidentiality.

- (a) The Validation Agent shall maintain and protect the Technical Information as valuable proprietary and confidential information, using at least the same high level of care that he would use to protect his own valuable confidential information or trade secrets and in no event less than a reasonable degree of care. Except as and to the extent expressly required or permitted by this Agreement or otherwise authorized in writing by Rossi, Leonardo and the Company, the Validation Agent shall not:
- (i) disclose the existence of this Agreement or the nature or any details of his services hereunder, or
  - (ii) disclose, transfer, make available or provide access to the Technical Information or contents of this Agreement to any person other than authorized employees of the Validation Agent, each of whom shall have been advised of the confidential nature of such information and shall have agreed in writing to hold the Technical Information in strict confidence as provided herein and to use such Technical Information only for purposes of performance by the Validation Agent of his duties on this Agreement, with Validation Agent to be responsible for any breach of this Agreement by his own employees; or
  - (iii) use the Technical Information in any manner or permit any person to use the Technical Information or take any action relating to the Technical Information, except as expressly provided for in this Agreement.
- (b) Notwithstanding Section 2(a) or any other provisions of this Agreement, if the Validation Agent is legally compelled to disclose or release any information or materials comprising or relating to the Technical Information or the contents of this Agreement, the Validation Agent shall give prompt written notice of this fact to Rossi, Leonardo and the Company unless such notice is prohibited by applicable Law, and shall reasonably cooperate with Rossi, Leonardo and the Company as they may request (at the expense of Rossi, Leonardo and the Company) in undertaking to maintain the confidentiality of the Technical Information or to prohibit its wrongful use or disclosure.

**3. Representations and Warranties.**

(a) The Validation Agent represents and warrants that:

- (i) other than being a party to this Agreement, he is an independent third party and not an affiliated, associated or related entity to Rossi or Leonardo;
- (ii) he has the right and capacity to enter into this Agreement and fully perform all of his obligations and provide the services provided for under this Agreement; and
- (iii) all performance by or on behalf of the Validation Agent under this Agreement shall be conducted in good faith with no less than a reasonable degree of care.

(b) Leonardo and Rossi, jointly and severally, each hereby represents and warrants:

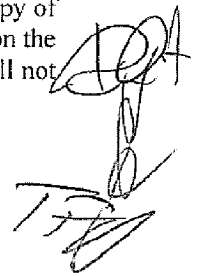
- (i) Leonardo and/or Rossi are the sole and exclusive legal and beneficial owners of the entire right, title, and interest in and to the Technical Information.
- (ii) the Technical Information constitutes all of the intellectual property necessary or useful in order for the Company to develop, manufacture, make, have made, use, have used, offer to sell, have offered for sale, sell, have sold, import, and have imported all the products deriving from the E-Cat IP.

**4. Covenants and Agreements.**

Leonardo and Rossi hereby grant to the Validation Agent all rights and licenses necessary to allow the Validation Agent to lawfully perform his obligations under this Agreement. The Validation Agent agrees, however, that he shall not acquire any right, title or interest in the Technical Information or any other confidential information disclosed to the Validation Agent in connection with this Agreement, except for the limited right to use such information solely to perform the duties of the Validation Agent as specified herein.

**5. Miscellaneous.**

- 5.1 **Notices.** All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be given personally, or sent by certified or registered mail, postage prepaid, return receipt requested, or sent for next Business Day delivery by Federal Express or another generally recognized courier service. Any such notice shall be deemed to have been given (a) when received, if delivered in person, or (b) on the next Business Day, if sent by prepaid Federal Express or other generally recognized courier service for next Business Day deliver, or (c) three (3) Business Days following the mailing thereof, if mailed by registered or certified first class U.S. mail, postage prepaid, return receipt requested, in each such case to the respective addresses of the parties as set forth on the signature pages hereto (or to such other address or addresses as a party may have advised the others by notice given in compliance with this section). A copy of all notices shall also be sent via e-mail to the e-mail addresses indicated on the signature pages hereto, but the failure to give any such e-mail notice shall not affect notice otherwise validly given as provided in this section.



- 5.2 **Assignment.** No party to this Agreement shall assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance under this Agreement, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the other party's prior written consent.
- 5.3 **Entire Agreement.** This Agreement (including the Exhibits and Schedules hereto) and the other agreements, certificates and documents specifically incorporated herein by reference thereto, or delivered pursuant to this Agreement contain the entire agreement among the parties with respect to the transactions described herein, and supersede all prior agreements, written or oral, with respect thereto.
- 5.4 **Waivers and Amendments.** This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the Parties or, in the case of a waiver, by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.
- 5.5 **Governing Law and Dispute Resolution.** This Agreement shall be construed and enforced under the laws of the State of Florida without regard to the conflicts of law principles thereof that would defer to or result in the application of the substantive laws of another jurisdiction. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, may be asserted or litigated in any State or Federal Court sitting in Miami, Florida, USA, which the parties agree shall have jurisdiction to hear any such matter, without limiting any other jurisdictions where such matter may be properly heard.
- 5.6 **Force Majeure.** Neither Party shall be liable for any delay in the performance of its obligations hereunder to the extent such delay is due to events beyond its reasonable control including without limitation, acts of God, fire, flood or other natural catastrophe, acts of any government in its sovereign capacity (including but not limited to any rule, law, order, regulation or direction thereof, or of any department, agency or commission thereof), national emergencies, insurrections, riots, war or hostile activities, quarantine restrictions, embargoes, launch failures, strikes, lockouts, work stoppages or other labor difficulties and sun eclipse or solar outages; provided, that notice thereof is given to the other Party within thirty (30) days of the later to occur of such event and the date that the Party being affected by such event obtains actual knowledge of such event.
- 5.7 **Further Assurances.** Each Party shall do and execute, or arrange for the doing and executing of, each necessary act, document and thing to implement this Agreement.
- 5.8 **No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their respective permitted successor and [permitted] assigns and nothing herein, express or implied, is intended to or shall confer on any



other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement

- 5.9 **Variations in Pronouns.** All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.
- 5.10 **Headings, References.** The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement. All references herein to Sections, subsections, clauses, Exhibits, and Schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.
- 5.11 **Exhibits and Schedules.** The following Exhibits and Schedules are attached to this Agreement and incorporated herein:

[Signatures on next page]

Handwritten signatures and initials, including the number '177', are visible on the right side of the page.

IN WITNESS WHEREOF, the Parties hereto intending to be legally bound hereby,  
have duly executed this License Agreement on the date first above written.

**IPH INTERNATIONAL B.V.**

By: IPH Management, LLC, Managing Director

By: 

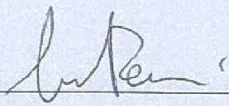
Name: THOMAS F. DARDEN  
Title: MANAGER  
Address for Notices:  
111 East Hargett Street, Suite 300  
Raleigh, NC 27601  
Email: [tdarden@industrialheat.co](mailto:tdarden@industrialheat.co)

**LEONARDO CORPORATION**

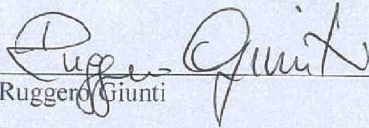
By: 

Name: ROSSI ANDREA  
Title: CEO AND PRESIDENT  
Address for Notices:  
Andrea Rossi  
1331 Lincoln Rd., Apt. 601  
Miami Beach, FL 33139  
Email: [con333@libero.it](mailto:con333@libero.it)

**ROSSI**

  
Andrea Rossi  
Address for Notices:  
1331 Lincoln Rd., Apt. 601  
Miami Beach, FL 33139  
Email: [con333@libero.it](mailto:con333@libero.it)

**VALIDATION AGENT:**

  
Ruggero Giunti

**Address for Notices:**

Via Forli 14  
57016 Rosignano Solvay (Livorno)  
Italy

EXHIBIT A

IP Verification Notice

Leonardo Corporation  
1331 Lincoln Road, Apartment 601  
Miami Beach, Florida 33139

IPH International B.V.  
111 East Hargett Street, Suite 300  
Raleigh, North Carolina 27601

Henry W. Johnson  
7900 Glades Road, Suite 530  
Boca Raton, Florida 33434

IP VERIFICATION NOTICE

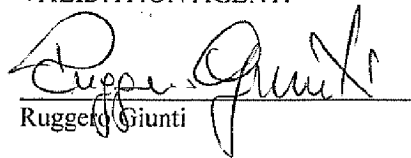
DATED: 02.05., 2013

Ruggero Giunti, as the Validation Agent under that certain Validation Agreement dated as of April 29, 2013, together with any amendments thereto, by and among Leonardo Corporation, Andrea Rossi, IPH International B.V. and the undersigned (the "Validation Agreement") (all capitalized terms used herein and not otherwise defined shall have the same meanings assigned to them in the Validation Agreement), and pursuant thereto does hereby certify to IPH, Leonardo and Rossi as follows:

The Technical Information includes all information and materials that, in the professional judgment of the Validation Agent, appear reasonably necessary or useful to enable the Company to build and operate the E-Cat Products, exclusive of the Catalyzer Formula.

WITNESS the following signatures as of the date first above written.

VALIDATION AGENT:

  
Ruggero Giunti

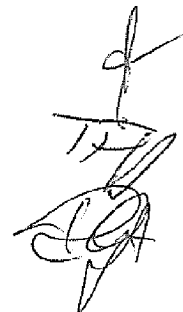




EXHIBIT B

Dott. Ing. Ruggero Giunti  
 Albo dell'Ordine degli Ingegneri della Provincia di Livorno n. 1476  
 Via Forlì n. 14  
 57016 Rosignano Solvay (LI)  
 Codice Fiscale GNTRGR59C31I192N  
 Cell. 0039 340 10 89 204

Egregia Azienda,

Dopo colloquio intercorso con il Vs. Ing. Fabiani, esplicativo al fine del mio eventuale incarico professionale da parte Vs., Vi sottopongo la seguente offerta di collaborazione:

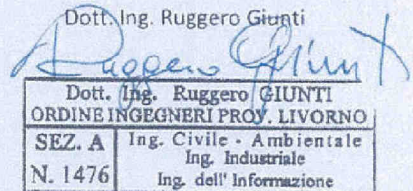
La collaborazione consta in offrire la mia opera come Ingegnere incaricato della revisione della documentazione tecnica riguardante il modello/prototipo MW1-Ecat al fine di verificare se completa ed in grado di fornire esaustive informazioni al fine della duplicazione del suddetto prototipo (ad esclusione del segreto industriale interno ai "reattori").

Tale revisione comporterà una relazione nella quale indicherò se la documentazione presa in esame risulta essere esaustiva o necessita di documentazione aggiuntiva (specificando la tipologia della documentazione mancante).

In tal caso rimarrò a Vs. disposizione per esaminare la nuova documentazione e redigere la dichiarazione di completezza della documentazione tecnica a me consegnata che io trasmetterò direttamente al Vs. Cliente al momento della Vs. richiesta.

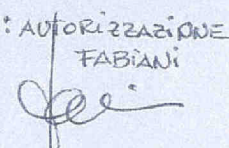
Per tale opera professionale, comprensiva di ore/lavoro al fine dell'esame della documentazione e delle varie relazioni e dichiarazioni, sono qui a richiedere un compenso di 2.000,00 (Duemila) Euro al netto delle tasse.

Nell'attesa dell'accettazione da parte Vs. della presente offerta, vogliate accettare i miei più cordiali saluti.



X ACCETTAZIONE E INCARICO: AUTORIZZAZIONE

FABIANI



**E.F.A. srl**  
 Sede Legale: Viale G. Mazzini 55  
 cap. 00195 - Roma  
 Stabilimento: Via del Commercio 36  
 cap. 44123 Ferrara  
 C.F./P.IVA 02826711208

**E.F.A. S.R.L.**  
 Amministratore Unico  
 (Dott.ssa Maddalena Pascucci)