

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement"), is made and entered into as of October 26th, 2012 by and among LEONARDO CORPORATION, a New Hampshire Corporation ("Leonardo"), ANDREA ROSSI ("Rossi"), AMPENERGO, INC., an Ohio corporation ("AEG"), and INDUSTRIAL HEAT, LLC, a Delaware limited liability company (the "Company"). Each of Leonardo, Rossi, AEG 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") the catalyzer formula used to fuel the E-Cat, the "Hot Cat" and related energy production and conversion technologies (collectively, the "E-Cat IP"), and Leonardo is the producer of certain components of such systems (the "E-Cat Products"), as to which all such E-Cat IP and E-Cat Products, including, without limitation, the 1 MW E-Cat Product and the Hot Cat, are described in further detail on Exhibit A hereof, and

WHEREAS, Leonardo, Rossi and AEG entered into an agreement dated April 7, 2011, a copy of which is attached hereto as Exhibit B (the "AEG Agreement"), pursuant to which Leonardo and Rossi agreed to grant to AEG the exclusive right to "commercially market, sell the ECAT Technologies and License of manufacturing in the Americas" for the term set forth therein, and

WHEREAS, Leonardo, Rossi and AEG desire to grant to the Company an exclusive license to utilize the E-Cat IP and to manufacture and sell the E-Cat Products in the Territory as set forth herein, and

WHEREAS, Leonardo and Rossi desire to grant to the Company a right of first offer to acquire any license for E-Cat IP and E-Cat Products outside the Territory that Leonardo or Rossi may elect to offer, subject to certain terms and conditions, should Leonardo and/or Rossi decide to sell any such assets;

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. Grant of License and Sale of 1MW E-CAT Unit

Subject to the terms and conditions of this Agreement, Leonardo and Rossi hereby grant to the Company the exclusive right and license under the Patents and other E-Cat IP 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 in the Territory (the "License"). The License specifically does not include any military applications in Italy. Leonardo and Rossi further grant to the Company the right to grant sublicenses of any of its rights under this Agreement. The

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EXHIBIT "E"



granting of sublicenses shall be at the Company's sole and exclusive discretion and the Company shall have the sole and exclusive power to determine the identity of any sublicensee, the applicable license fees or royalty rates, if any, and other terms and conditions of the sublicense.

1.1 This Agreement shall commence as of the date hereof and, unless earlier terminated in accordance with the terms hereof, will remain in effect for the period of the License. The License shall commence on the date provided in Section 3.2(b) below and shall remain in force for the following term:

- as for the Licensed Patents, on a country-by-country basis until the expiration of the last Valid Claim to expire of the Licensed Patent covering such country; and
- as for all other E-Cat IP, the duration will be unlimited.

1.2 On the terms set forth herein, Leonardo will manufacture and sell and deliver to the Company a 1MW E-CAT Unit, or at the election of the Company, a "Hot Cat" Unit, each as described in Exhibit C (such unit as is elected by the Company is hereafter referred to as the "Plant").

1.3 At the expiration of the last patent to expire under the Licensed Patents in any country in the Territory, provided the Company is not at that time in breach of this Agreement, the Company shall continue to have a completely paid-up, royalty-free right and license to subsequently 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 in that country.

2. Territory

This License is valid for the following territories (the "Territory"):

- North America, Central America and Caribbean, South America
- China
- Russia
- Saudi Arabia
- Arabian Emirates

3. Price and Payments

3.1 The total price for the grant of the License and the purchase of the Plant is One Hundred Million Five Hundred Thousand Dollars (\$100,500,000).

3.2 The payment terms will be as follows: --

- (a) Upon execution of this Agreement, the Company will pay to Leonardo One Million Five Hundred Thousand Dollars (\$1,500,000), which amount shall be deemed to include payment in full for the Plant. In the event the Plant is not delivered or Validation is not achieved within the time period set forth in Section 4, the full \$1,500,000 will be refunded to the Company within two business days of its request. A refund of the \$1,500,000 will not be provided for any other reason and no other refund will be provided for any reason. In the event the \$1,500,000 is refunded, the Plant will remain the property of Leonardo. The Plant must be

available for Validation and delivery within 120 Business Days following the date of this Agreement and will be delivered to the location specified by the Company, at Leonardo's expense, within thirty Business Days following Validation. Concurrently with delivery of the Plant, Leonardo will execute and deliver a customary bill of sale providing for a lien free sale and transfer of the Plant to the Company.

- (b) Provided that such date is at least 120 Business Days following the date of this Agreement (unless otherwise agreed by the Company), within five Business Days following (a) notification to the Company that the Plant is complete and ready for Validation, and (b) satisfaction of the Conditions Precedent, the Company will deliver Ten Million Dollars (\$10,000,000) to TD Bank, at its office in Miami Beach, Florida, USA (or another bank agreed upon by Leonardo and the Company), to be held in escrow pursuant to an escrow agreement acceptable to Leonardo and the Company. Such escrow agent (the "Escrow Agent") shall pay the escrowed \$10,000,000 to Leonardo immediately after (i) Validation is achieved as provided in Section 4 hereof, and (ii) the E-Cat IP has been validated and is available for immediate delivery to the Company in accordance with the procedures set forth in Schedule 3.2(b) attached hereto. The escrow agreement will include appropriate provisions authorizing such payment in compliance with the preceding sentence. On the date the Escrow Agent pays the \$10,000,000 to Leonardo, the License will commence and Leonardo and Rossi will immediately transfer, and the Validation Agent (as defined in Schedule 3.2(b)) will deliver, to the Company all E-Cat IP. If Validation is not achieved within the time period set forth in Section 4 or the E-Cat IP is not validated in accordance with the procedure set forth on Schedule 3.2(b), the Company may instruct the Escrow Agent to return the \$10,000,000 to the Company and may terminate this Agreement and be released from any liability hereunder.
- (c) Within five business days following 350 days of operation of the Plant during which the Guaranteed Performance has been achieved as required by Section 5 below, the Company will pay to Leonardo Eighty Nine Million Dollars (\$89,000,000); provided, however, that if, prior thereto (i) any Person has entered the market with a product that infringes the E-Cat IP, or (ii) any product of the Company that utilizes the E-Cat IP infringes the patent or other intellectual property rights of any third-party, at the election of the Company, the Company will pay to Leonardo, in lieu of the foregoing \$89,000,000 payment, within five business days following 350 days of operation of the Plant during which the Guaranteed Performance has been achieved as required by Section 5 below, Forty-four Million Five Hundred Thousand Dollars (\$44,500,000) and Leonardo will be entitled to receive a five percent (5%) royalty on net sales by the Company of E-Cat Products or energy produced by E-Cat Products, payable annually on each January 31 with respect to the previous 12 months ended December 31, until aggregate compensation paid to Leonardo pursuant to this Agreement equals \$1 billion. Any royalty payments made in accordance with the foregoing sentence will be accompanied by supporting financial information generated by the Company in the ordinary course of its business.
- (d) All payments due hereunder shall be made in immediately available funds in accordance with wire transfer instructions to be provided by the party entitled to receive payment.

4. Validation of the Plant

Retention by Leonardo of the \$1,500,000 component of the purchase price and payment of the \$10,000,000 described in Section 3.2(b) above are subject to successful Validation of the Plant. The Validation will be made in the factory of Leonardo within 120 Business Days following the date of this Agreement on a date mutually agreed to by the Company and Leonardo. "Validation" will be deemed successful and achieved when the expert responsible for such validation (ERV) certifies in writing that during a 24 hour test period the Plant consistently produces energy that is at least six times greater than the energy consumed by the Plant (the "Energy Multiple") and the temperature of the steam produced by the Plant is consistently 100 degrees Celsius or greater. To make this measurement the ERV will measure the flow of the heated fluid and the Delta T between the temperature of the fluid before and after the E-CAT reaction. The ERV will be chosen by mutual agreement between Leonardo and the Company and Leonardo and the Company shall bear the ERV's costs fifty-fifty. At their respective elections, the Company and Leonardo may have representatives present to observe the Validation process and discuss the testing and its results with the ERV.

5. Guaranteed Performance.

Payment of the amount set forth in Section 3(c) above is contingent upon the Plant operating at the same level (or better) at which Validation was achieved for a period of 350 days (even if not consecutive) within a 400 day period commencing on the date immediately following delivery of the Plant to the Company ("Guaranteed Performance"). Each of Leonardo and Rossi will use their commercially reasonable best efforts to cause Guaranteed Performance to be achieved, including making repairs, adjustments and alterations to the Plant as needed to achieve Guaranteed Performance. The ERV (or another party acceptable to the Company and Leonardo) will be engaged to confirm in writing the Guaranteed Performance. Guaranteed Performance will not be deemed achieved unless such written confirmation is received or waived by the Company. In the event Guaranteed Performance is not achieved within the time period set forth in this Section (as such time period may be extended by the Company in its sole discretion), but the ERV confirms that during such time period the Plant consistently produced energy that is at least four times greater than the energy consumed by the Plant and that the temperature of the steam produced by the Plant was consistently 100 degrees Celsius or greater, then the amount payable by the Company pursuant to Section 3(c) above shall be reduced in proportion to the reduction in the Energy Multiple, and the total purchase price set forth in Section 3.1 shall be reduced accordingly. If neither the foregoing standard nor Guaranteed Performance is achieved, the Company shall not be required to pay any amount pursuant to Section 3(c) above and the total purchase price set forth in Section 3.1 shall be reduced accordingly.

6. Conditions Precedent

The Company's obligation to pay the \$10,000,000 described in Section 3.2(b) above is subject to satisfaction of the following conditions (the "Conditions Precedent") as determined by the Company based upon commercially reasonable standards, or the waiver of any one or more of such conditions by the Company in its sole discretion:

- (a) Receipt of evidence that all E-Cat IP is owned by Leonardo and/or Rossi.

- (b) Receipt of evidence of the corporate authority of Leonardo to enter into this Agreement and perform its obligations hereunder.
- (c) Confirmation that the representations and warranties of Leonardo and Rossi set forth herein are true and correct.
- (d) All representations and warranties of Leonardo and Rossi shall be true and correct as if made on and as of the date of payment of the \$10,000,000 and Leonardo and Rossi shall have delivered to the Company written certification that the representations and warranties of Leonardo and Rossi set forth herein are true and correct as of the date payment is made.

Leonardo and Rossi agree to provide the Company with such information and documentation as it may reasonably request to satisfy the Conditions Precedent. In the event the Conditions Precedent are not satisfied on or prior to the date that is 60 Business Days following the date of this Agreement, the Company will be entitled to suspend its obligations hereunder until such Conditions Precedent are satisfied or waived by the Company or to terminate this Agreement and be released from any liability hereunder; provided, however, that if the Condition Precedent set forth in Section 6(e) above is not satisfied within such 60 Business Day period, the Company will either waive the condition and proceed as otherwise set forth herein or terminate this Agreement.

7. Patent Prosecution and Maintenance

7.1 For each patent application and patent under the Licensed Patents, Leonardo shall:

- (a) prepare, file and prosecute such patent application;
- (b) maintain such patent;
- (c) pay all fees and expenses associated with its activities pursuant to Sections 7.1(a) and (b) above;
- (d) keep the Company currently informed of the filing and progress in all material aspects of the prosecution of such patent application, and the issuance of patents from any such patent application;
- (e) consult with the Company concerning any decisions which could affect the scope or enforcement of any issued claims or the potential abandonment of such patent application or patent; and
- (f) notify the Company in writing of any additions, deletions or changes in the status of such patent or patent application.

The Company, at its election and at its expense, may participate in patent prosecution and maintenance as set forth above to the extent it deems necessary or desirable.

7.2 If Leonardo wishes to abandon any patent application or patent that is a Licensed Patent, it shall give the Company ninety (90) days prior written notice of the desired abandonment. Leonardo shall not abandon any such Licensed Patent except upon the prior written consent of the Company. On the Company's request, which may be provided at any time after the notice of desired abandonment, Leonardo shall assign to the Company any such patent application and patent Leonardo wishes to abandon.

Effective as of the effective date of such assignment, such patent application and patent shall no longer be a Licensed Patent.

8. Third-Party Infringement.

- 8.1 A Party receiving notice of alleged infringement of any Licensed Patent in the Territory, or having a declaratory judgment action alleging invalidity or noninfringement of any Licensed Patent in the Territory brought against it, shall promptly provide written notice to the other Parties of the alleged infringement or declaratory judgment action, as applicable.
- 8.2 Leonardo shall bring suit or defend a declaratory judgment action and control the conduct thereof, including settlement, to stop infringement of any Licensed Patent; provided, however, that Leonardo shall only be required to take such action after (i) notification from the Company advising that it believes such action to be necessary or advisable, and (ii) only as and to the extent deemed to be appropriate by an independent patent attorney selected by Leonardo. Leonardo may force the Company to become a party to the suit or action only if a court of competent jurisdiction determines the Company is an indispensable party to the suit. Leonardo shall (a) hold the Company free, clear and harmless from any and all costs and expenses of the suit, including reasonable attorneys' fees, and (b) compensate the Company for the reasonable time and expenses of the Company's employees for any required assistance or testimony of the Company's members, managers, officers, and employees in connection with the suit. The Company may voluntarily initiate or participate in any suit or defense of a declaratory judgment at the Company's election and at its expense as the Company may deem appropriate to enforce or protect its rights or interests under this Agreement.
9. **Regulatory Clearance.** Leonardo, Rossi, and AEG, each to the extent requested by the Company, shall reasonably cooperate with the Company in obtaining any clearances or licenses from governmental agencies or regulatory authorities to own, possess, make, operate, sell, or export the E-Cat IP or the E-Cat Products.
10. **Recordation of License.** Upon the request of the Company, Leonardo and Rossi shall assign to the Company the Licensed Patents with respect to the Territory or, if so requested by the Company, record this Agreement (or a memorandum hereof, or similar document) as permitted or required by the laws of countries in the Territory, and any recordation fees and related costs and expenses shall be paid by Company.
11. **Mutual Representations and Warranties.**

Each Party hereby represents and warrants to the other party that:

- (a) it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation or organization;
- (b) it has, and throughout the term of the License shall retain, the full right, power and authority to enter into this Agreement and to perform its obligations hereunder;

- (c) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate or limited liability company action of the Party; and
- (d) when executed and delivered by such Party, this Agreement shall constitute the legal, valid and binding obligation of that Party, enforceable in accordance with its terms.

12. Representations and Warranties of Leonardo and Rossi.

Leonardo and Rossi, jointly and severally, each hereby represents and warrants to the Company that:

- (a) Leonardo and/or Rossi are the sole and exclusive legal and beneficial owners of the entire right, title, and interest in and to the E-Cat IP and are the record owners of all patent applications and issued patents that are Licensed Patents, have good and valid record and marketable title to the E-Cat IP, have not licensed the E-Cat IP to any other party and are under no express or implied obligation to any third party that would restrict, limit, or in any manner effect the ability to license the rights to the E-Cat IP, and have and throughout the Term will retain the full, unconditional and irrevocable right, power and authority to license the E-Cat IP as provided herein, free and clear of any Liens.
- (b) The patents and patent applications identified on Exhibit A and all other E-Cat IP, all of which is to be delivered to the Company in accordance with Section 3.2(b), are owned by Leonardo and/or Rossi and are all the patents and patent applications and other intellectual property that are necessary or useful 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 in the Territory.
- (c) A list of all agreements in any way related to the E-Cat IP or the E-Cat Products, including any and all sales or licensing agreements, is set forth on Exhibit D attached hereto. Complete copies of all such agreements have been delivered to the Company.
- (d) Neither Leonardo nor Rossi has granted, and neither of them will grant, any licenses or other contingent or non-contingent right, title or interest under or relating to the Licensed Patents or other E-Cat IP, including any such license, right, title or interest that permits or would permit any party to manufacture, sell, or distribute E-Cat Products in the Territory or use the E-Cat IP in the Territory, or is or will be under any obligation, that does or will conflict with or otherwise affect this Agreement, including any of Leonardo or Rossi's representations, warranties or obligations hereunder or the Company's rights or license hereunder. The Company is aware of the AEG Agreement.
- (e) There neither are, nor at any time during the term of the License will be, any encumbrances, liens or security interests created or permitted by Leonardo or Rossi involving any Licensed Patents or the other E-Cat IP.

- (f) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby does not (i) result in the imposition of any Lien under, cause the acceleration of any obligation under, or violate or conflict with the terms, conditions or provisions of any contracts or other agreements to which Leonardo or Rossi is a party or by which either of them is bound, (ii) result in a breach or violation as of the date of this Agreement by Leonardo or Rossi of any of the terms, conditions or provisions of any Law or Order, or (iii) require the provision of any payment or other consideration to any third party by Leonardo or Rossi, other than pursuant to the AEG Agreement.
- (g) To the knowledge of Leonardo and Rossi, none of the E-Cat IP infringes upon the rights of any other Person nor has the E-Cat IP been infringed upon by any other Person and there is no prior art or other information that would adversely affect the validity, enforceability, term or scope of any Licensed Patent. All rights in the E-Cat IP are valid and in full force and effect and no approval or consent of any Person is needed for the interest of the Company in the rights in the E-Cat IP to continue to be in full force and effect following the date hereof and the transactions contemplated by this Agreement. Leonardo has not taken any action or omitted to take any action which would adversely affect the validity of the rights in the E-Cat IP.
- (h) The AEG Agreement does not in any way restrict or inhibit the ability of Leonardo to grant the License as provided herein.
- (i) There is no Action or Proceeding or Order pending or, to the knowledge of Leonardo or Rossi, threatened against Leonardo or Rossi which relates to or could impact the E-Cat IP, or to which Leonardo or Rossi is subject or by which any of their assets are bound. There is no settled, pending or threatened litigation or re-examination, post-grant or *inter partes* review, interference, derivation, opposition, claim of invalidity or other claim or proceeding (including in the form of any offer to obtain a license): (i) alleging the invalidity, misuse, unregistrability, unenforceability or noninfringement of any Licensed Patent; (ii) challenging the ownership of, or right to practice or license, any Licensed Patent, or alleging any right, title or interest with respect thereto; or (iii) alleging that the practice of any Licensed Patent or the making, using, offering to sell, sale or importation of any E-Cat Product in the Territory does or would infringe, misappropriate or otherwise violate any patent, trade secret or other intellectual property of any third party. Neither Leonardo nor Rossi has any knowledge, after reasonable investigation, of any factual, legal or other reasonable basis for any litigation, claim or proceeding described in this paragraph.
- (j) Each of Leonardo and Rossi has filed within the time prescribed by law or regulations all tax returns or reports, and has paid all taxes required by any jurisdiction or subdivision or agency thereof, in each case attributable to periods on or prior to the execution of this Agreement, with respect to and to the extent of its ownership and/or use of the E-Cat IP.

- (k) Leonardo is not in violation of any Law or Order to which the E-Cat IP is subject.
- (l) The cost to produce the Plant that will be delivered to the Company pursuant to this Agreement, assuming high scale production volumes, will not exceed \$100/kW and the maximum cost to fuel the Plant on the date hereof is \$10 per 10kW of output.
- (m) All of the books and records and other documents to be delivered to the Company pursuant to this Agreement will be true, correct and complete in all material respects.
- (n) None of Leonardo, Rossi or any other shareholder, director, officer or employee of Leonardo (i) is a Person appearing on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control in the United States Department of the Treasury, (ii) is any other Person with whom a transaction is prohibited by applicable provisions of the USA PATRIOT Act, the Trading with the Enemy Act or the foreign asset control regulations of the United States Treasury Department, in each case as amended and in effect from time to time, (iii) is controlled by any Person described in the foregoing items (i) or (ii), with ownership of 20% or more of outstanding voting securities being presumptively a control position for purposes of this clause, and (iv) has its principal place of business located in any country described in the foregoing item (ii). Further, neither Leonardo nor Rossi has entered into any written or oral agreements relating in any way to the E-Cat Products or the E-Cat IP with any Person described in (i), (ii), (iii) or (iv) of the foregoing sentence.

13. Covenants and Agreements.


- 13.1 **Services by Rossi.** In consideration of the payments set forth herein, Rossi will provide ongoing training and support to the Company in the use of the Plant and the production of the E-Cat Products for a period of not less than twelve months following Validation, as and to the extent reasonably requested by the Company to enable it to utilize the E-Cat IP, operate the Plant and produce the E-Cat Products. Further, Rossi and the Company currently contemplate that the Company will engage Rossi as its chief scientist pursuant to a separate agreement to be entered into following Validation, in which event the services contemplated by the preceding sentence will be rendered pursuant to such engagement.
- 13.2 **Right of First Offer.** Leonardo and Rossi each hereby agrees that, should either of them desire at any time to license the E-CAT IP or the manufacture or distribution of E-Cat Products in any territory outside the Territory covered by this Agreement, they will first notify the Company and the Company will have a period of thirty (30) days to make an offer to purchase such license. In the event the Company makes such offer and Leonardo or Rossi does not accept it, Leonardo or Rossi may grant such license to another party only if the price paid by such party is at least 90% of the price offered by the Company and the other terms and conditions of the agreement are no less favorable to



Leonardo or Rossi than the terms proposed by the Company. In the event either of Leonardo or Rossi desires to enter into an agreement that does not satisfy the requirements set forth in the foregoing sentence, they must first offer the same agreement to the Company and the Company will have thirty days to accept or reject it. If the Company rejects it, Leonardo or Rossi may enter into that agreement with another party at any time during the following sixty (60) days, and, if they fail to do so, they must again provide the Company with the right of first offer before entering into a licensing agreement with any other party. Any licensing agreement entered into by Leonardo or Rossi regarding the E-CAT IP or the manufacture or distribution of E-Cat Products must include a provision prohibiting the manufacture, sale or distribution of E-Cat Products, and the use of the E-Cat IP, in the Territory.

- 13.3 **Covenant Not to Compete.** For as long as the Company or any of its subsidiaries is engaged in any business related to the E-Cat Products and Leonardo, Rossi or any Affiliate of Leonardo own any of the Company's equity ownership interests or Leonardo, Rossi or any Affiliate are performing services for the Company or such transferee (whether as an employee, consultant or otherwise and specifically including the period of services required by Section 13.1) and for an additional period of two (2) years after the last of Leonardo, Rossi or such Affiliate shall have ceased to provide such services, none of Leonardo, Rossi or any of their Affiliates will (except as an officer, director, stockholder, employee, agent or consultant of the Company or such subsidiary of the Company) directly or indirectly own, manage, operate, join, or have a financial interest in, control or participate in the ownership, management, operation or control of, or be employed or engaged as an employee, agent or consultant, or in any other individual or representative capacity whatsoever, or use or permit their names to be used in connection with, or be otherwise connected in any manner with any business or enterprise (a) engaged in the design, development, manufacture, distribution, lease, rental or sale of any E-Cat Products, or the provision of any services related thereto or (b) which is competitive with the E-Cat Products, unless Leonardo or such Affiliate shall have obtained the prior written consent of the Company or such subsidiary of the Company, as the case may be. In the event of termination of this Agreement due to a breach by the Company, the Company and all its affiliates, employees, officers, directors, for two (2) years after the period of effectiveness of this agreement, will not be allowed to work for a competitor of Leonardo in the licensing or sale of products competing with the E-Cat Products.

- 13.4 **After Acquired/Developed Assets, Intellectual Property Rights.** Leonardo and Rossi hereby agree that from and after the date hereof, any and all inventions, discoveries, concepts, ideas, information and anything else that Leonardo, Rossi or any of their Affiliates makes or develops which relate to the E-Cat IP or are useful in the business or activities in which the Company is or may become engaged, including without limitation, enhancements, improvements, alternations, additions, deviations, changes, variations, as well as all derivative works based on the E-Cat IP and any item or product embodying the E-Cat IP and all applications, names, titles, characters, symbols, designs, copyrights, patents, trademarks, artwork, and elements

embodied in, derived from or related thereto and any other product, service, presentation, ancillary work or commercial endeavor including, without limitation, as represented in any and all media, and all third-party products using or incorporating the E-Cat IP and all embodiments of the foregoing (collectively, the "After Acquired/Developed Assets") shall be and shall remain within the scope of the definition of E-Cat IP and shall be included in the License. Leonardo and Rossi each hereby agrees to, and agrees to cause its Affiliates to, promptly assign, transfer and convey to Leonardo any and all right, title and interest in and to any such After Acquired/Developed Assets and intellectual property rights therein if such rights are not owned by Leonardo and to execute any and all intellectual property applications and instruments of conveyance and other documents, and to take all other steps necessary to vest Leonardo with the entire right, title and interest in and to the After Acquired/Developed Assets free and clear of all Liens. Further, it is acknowledged and agreed that, from and after the date the License commences, any and all inventions, discoveries, concepts, ideas, information and anything else that the Company, its sublicensees, or any of their affiliates, makes or develops which relate to the E-Cat IP or are useful in the business or activities in which the Company is or may become engaged, including without limitation, enhancements, improvements, alternations, additions, deviations, changes, variations, as well as all derivative works based on the E-Cat IP and any item or product embodying the E-Cat IP and all applications, names, titles, characters, symbols, designs, copyrights, patents, trademarks, artwork, and elements embodied in, derived from or related thereto and any other product, service, presentation, ancillary work or commercial endeavor including, without limitation, as represented in any and all media, and all embodiments of the foregoing shall be and shall remain the property of the Company (or such sublicensee or affiliate if so agreed by the Company).



- 13.5 **Tax Matters.** The Parties shall file all necessary documentation and returns with respect to any applicable sales, use, transfer, real property transfer, recording, gains, stock transfer and other similar taxes and fees pertaining to the respective revenues derived by the Parties in respect of the E-Cat IP (such taxes and fees, including any interest or penalties thereon, are herein sometimes called "E-Cat Taxes"). The Parties agree to defend and hold harmless each other Party from and against any Governmental or Regulatory Body action against one Party with respect to E-Cat Taxes payable by such Party and arising out of or in connection with the transactions effected pursuant to this Agreement. Each Party further agree to defend and hold harmless each other Party with respect to any additional E-Cat Taxes imposed by reason of any payment made by an indemnifying Party under this Section.
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14. Indemnification.

- 15.1 Leonardo and Rossi shall indemnify, defend and hold harmless the Company and its members, managers, officers, directors, employees, agents, successors, assigns, and sublicensees (each, a "Company Indemnitee") against all losses arising out of or resulting from any third party claim, suit, action or proceeding related to, arising out of or resulting from any breach by Leonardo or Rossi of any representation, warranty, covenant or obligation of Leonardo

or Rossi under this Agreement. The Company shall indemnify, defend and hold harmless Leonardo and Rossi, and their respective members, managers, officers, directors, employees, agents, successors, assigns and sublicensees (each a "Leonardo Indemnitee") against all losses arising out of or resulting from any third party claim, suit, action or proceeding related to, arising out of or resulting from any breach by the Company of any representation, warranty, covenant or obligation of the Company under this Agreement.

15.2 [Intentionally omitted]

15.3 The Company Indemnitee or the Leonardo Indemnitee, as the case may be, shall promptly notify in writing each Party responsible for indemnification of any claim subject to indemnification hereunder and cooperate with each indemnifying Party at such indemnifying Party's sole cost and expense. Each Party responsible for indemnification shall immediately take control of the defense and investigation of the claim and shall employ counsel reasonably acceptable to the Company Indemnitee or the Leonardo Indemnitee, as the case may be, to handle the defense of the same, at the sole cost and expense of the indemnifying Party or Parties. An indemnifying Party shall not settle any claim in a manner that adversely affects the rights of the indemnified Party without the indemnified Party's prior written consent, which shall not be unreasonably withheld or delayed. The failure of the Company Indemnitee or the Leonardo Indemnitee, as the case may be, to perform any obligations under this Section 15.3 shall not relieve any indemnifying Party of its obligation under this Section 15.3, except to the extent that the indemnifying Party can demonstrate that it has been materially prejudiced as a result of the failure. The Company Indemnitee or the Leonardo Indemnitee, as the case may be, may participate in and observe any proceedings that are the subject of this paragraph at such Party's own cost and expense with counsel of its choosing.

16. Miscellaneous.

16.1 **Certain Definitions.** As used in this Agreement, the following terms have the following meanings unless the context otherwise requires:

"Action or Proceeding" means any action, suit, proceeding or arbitration by any Person, or any investigation or audit by any Governmental or Regulatory Body.

"AEG Agreement" has the meaning set forth in the recitals to this Agreement.

"Affiliate" means with respect to any Person, any other person controlling, controlled by or under common control with such first Person, and with respect to any natural Person, includes such Person's spouse and other relatives by blood or marriage.

"Agreement" means this License Agreement.

"Business Day" means any day other than a day on which commercial banks in New York, New York are authorized or required by law to close.

"Company" has the meaning set forth in the recitals to this Agreement.

"Conditions Precedent" has the meaning set forth in Section 6 of this Agreement.

"E-Cat" has the meaning set forth in the recitals to this Agreement.

"E-Cat IP" has the meaning set forth in the recitals to this Agreement, and shall include all documents, manuals, technical data, formulae, and other items and materials necessary or useful to enable the Company to (i) operate the IMW E-Cat Unit, (ii) make E-Cat Products, and (iii) exploit the E-Cat IP as contemplated by this Agreement.

"E-Cat Products" has the meaning set forth in the recitals to this Agreement.

"Governmental or Regulatory Body" means any court, tribunal, arbitrator or any government or political subdivision thereof, whether federal, state, county, local or foreign, or any agency, authority, official or instrumentality of any such government or political subdivision.

"Law" means any law, statute, rule, regulation, ordinance and other pronouncement having the effect of law of the United States of America, any foreign country or any domestic or foreign state, country, city or other political subdivision or of any Governmental or Regulatory Body.

"Licensed Patents" means the patents, patent applications, and patents pending designated as "Licensed Patents" on Exhibit A attached hereto, all patents issued from such patent applications and all continuations, continuations-in-part, divisions, extensions, substitutions, reissues, re-examinations and renewals of any of the foregoing, and any patents in the Territory issuing from any applications filed after the date of this Agreement that claim priority from any of the patents or patent applications designated as "Licensed Patents" on Exhibit A or from which any of the patents or patent applications designated as "Licensed Patents" on Exhibit A claim priority.

"Lien" means any lien, pledge, hypothecation, mortgage, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, transfer restriction under any instrument, agreement, encumbrance or any other restriction or limitation of any nature or kind whatsoever.

"Order" means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Body, in each case whether preliminary or final.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental or Regulatory Body or other entity.

"Plant" has the meaning set forth in Section 1.2 of this Agreement.

"Tax" and "Taxes" means all taxes or other assessments imposed by any federal, state or local taxing authority, including income, excise, property, sales, use, ad valorem, and franchise taxes other than E-Cat Taxes.

"Valid Claim" means, on a country-by-country basis, a claim of an unexpired issued or granted Licensed Patent so long as the claim has not been admitted by Leonardo or otherwise caused to be invalid or unenforceable through reissue, disclaimer or otherwise, or held invalid or unenforceable by a tribunal or governmental agency of competent jurisdiction from whose judgment no appeal is allowed or timely taken.

"Validation" has the meaning set forth in Section 4 of this Agreement.

"Watts", "kW", "MW", "GW": it is intended that in this Agreement Watts are always Thermal Watts, not Electric Watts.

- 16.2 **Expenses.** Except as otherwise expressly provided herein, whether or not the transactions contemplated by this Agreement shall be consummated, each of the parties hereto shall pay its own expenses (including, without limitation, attorney's and accountants' fees and out-of-pocket expenses) incident to this Agreement and the transactions contemplated hereby.
- 16.3 **Notices.** All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be given personally, sent by facsimile transmission or sent by prepaid air courier or certified registered mail, postage prepaid. Any such notice shall be deemed to have been given (a) when received, if delivered in person, sent by facsimile transmission and, in the case of facsimile, confirmed in writing within three (3) Business Days thereafter, or sent by prepaid Federal Express or other generally recognized prepaid air courier or (b) three (3) Business Days following the mailing thereof, if mailed by registered or certified first class mail, postage prepaid, return receipt requested, in each such case to the respective address as set forth on the signature page hereto (or to such other address or addresses as a party may have advised the other). A copy of all notices shall also be sent via e-mail, but the failure of any such notice by email to be received shall not affect notice otherwise validly given under this Agreement.
- 16.4 **Publicity; Confidentiality.** No publicity release or public announcement concerning this Agreement or the transactions contemplated hereby shall be made by Leonardo, Rossi, AEG or the Company without written advance approval thereof by each of Leonardo and the Company. While this Agreement is in effect and after this Agreement terminates, each party hereto and its Affiliates shall keep confidential, and shall not disclose, the terms of this Agreement to any other Person without the prior consent of each other Party hereto unless (i) the disclosure is required by law or legal process (including without limitation the federal securities laws and the rules and regulations of the Securities and Exchange Commission promulgated there

under) or (ii) the disclosure is to any officer, director, employee or agent of any party hereto or of any of its Affiliates and such Person needs to know such information for purposes of consummating the transactions contemplated by or the performance of this Agreement. In the case of press conferences or press releases, Leonardo shall have the right to select or reject certain journalists, who will be a part thereof or who will receive such releases.

During the term of this Agreement, each of Leonardo, Rossi, and AEG agrees to keep the E-Cat IP strictly confidential and not disclose any of the E-Cat IP to any other party; provided, however, that Leonardo and/or Rossi may disclose the E-Cat IP (i) to its employees as necessary in connection with the business of Leonardo and/or Rossi, provided that such business does not violate the provisions of this Agreement and further provided that such employees enter into a confidentiality agreement requiring them to keep the E-Cat IP strictly confidential, and (ii) in connection with any license agreement entered into in accordance with the procedure set forth in Section 13.2 hereof, provided that such disclosure is made only to the extent necessary to permit such licensee to utilize the license granted and such licensee enters into a confidentiality agreement requiring it to keep such E-Cat IP strictly confidential. Any confidentiality agreement entered into with an employee or licensee as contemplated in the preceding sentence shall include a provision stating that the Company is a third party beneficiary of such confidentiality agreement and may enforce the terms thereof. Each of Leonardo, Rossi, and AEG acknowledges that unauthorized use or disclosure of the E-Cat IP may result in irreparable damage to the Company. Accordingly, the Parties agree that injunctive relief shall be an appropriate remedy in the event of any breach or threatened breach of this paragraph, in addition to money damages or such other remedies as may be available with respect to such breach or threatened breach.

- 16.5 **Bankruptcy.** All rights and licenses granted under this Agreement are and shall be deemed to be "embodiment(s)" of "intellectual property" for purposes of, and as such terms are used in and interpreted under, Section 365(n) of the United States Bankruptcy Code (the "Bankruptcy Code"). The Company shall have the right to exercise all rights and elections with respect to the E-Cat IP and all E-Cat Products. Without limiting the generality of the foregoing, each of Leonardo and Rossi acknowledges and agrees that, if Leonardo or Rossi (or Rossi's estate) shall become subject to any bankruptcy or similar proceeding: (a) subject to the Company's rights of election, all rights and licenses granted to the Company hereunder will continue subject to the terms and conditions of this Agreement, and will not be affected, even by Leonardo's or Rossi's rejection of this Agreement, and (b) the Company shall be entitled to a complete duplicate of (or complete access to, as appropriate) all such intellectual property and embodiments of intellectual property comprising or relating to any E-Cat IP or E-Cat Products, and the same, if not already in the Company's possession, shall be promptly delivered to the Company, unless Leonardo elects to and does in fact continue to perform all of its obligations under this Agreement.


- 16.6 **AEG.** By joining into this Agreement as a Party, AEG acknowledges the terms of this Agreement, agrees that this Agreement does not violate the provisions of the AEG Agreement, agrees that the rights granted to AEG under the AEG Agreement do not and will not infringe upon or interfere with the License, agrees to indemnify and hold harmless the Company from and against any claim or dispute arising between AEG and Leonardo or Rossi in connection with the AEG Agreement or otherwise, and agrees to indemnify Leonardo and Rossi from and against any claim or dispute arising between AEG and the Company in connection with this Agreement or otherwise. All Parties hereby acknowledge and agree that the payments due to AEG pursuant to the AEG Agreement with respect to this Agreement will be made directly by the Company to AEG pursuant to a separate agreement to be entered into between AEG and the Company. The amounts payable to Leonardo hereunder reflect the fact that Leonardo will not make any payments to AEG under the AEG Agreement. AEG further acknowledges that upon execution of this Agreement and compliance by the Company with the provisions set forth herein, AEG will have no further rights under the AEG Agreement to market or sell the E-Cat IP or the license to manufacture of the E-Cat Products; provided, however, that in the event this Agreement is terminated by the Company for any reason or by Leonardo or Rossi due to the Company's failure to comply with the provisions of this Agreement, the AEG Agreement will be deemed reinstated in full and shall thereafter remain in full force and effect in accordance with its terms, except that no amount shall be payable under the AEG Agreement by Leonardo with respect to this Agreement.
- 16.7 **Assignment.** Other than the Company's right to sublicense as provided in Section 1, neither Leonardo nor Rossi, nor the Company, 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. No delegation or other transfer will relieve Leonardo or Rossi or the Company of any of their obligations or performance under this Agreement. Any purported assignment, delegation or transfer in violation of this Section 16.7 is void. This Agreement is binding upon and inures to the benefit of the Parties and their respective permitted successors and assigns.
- 16.8 **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.
- 16.9 **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.

- 16.10 **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, shall be settled exclusively by the Court of Miami, Florida, USA.
- 16.11 **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.
- 16.12 **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.
- 16.13 **Variations in Pronouns.** All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.
- 16.14 **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.
- 16.15 **Exhibits and Schedules.** The following Exhibits and Schedules are attached to this Agreement and incorporated herein:

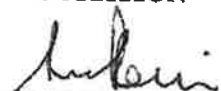
Exhibit A	Description of E-Cat IP, including Licensed Patents
Exhibit B	AEG Agreement
Exhibit C	Description of the the 1 MW E-CAT Unit and the "Hot Cat" Unit
Exhibit D	List of agreements related to E-Cat IP or E-Cat Products
Schedule 3.2(b)	Procedures for validation of E-Cat IP

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

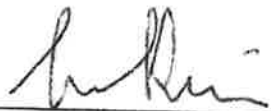
INDUSTRIAL HEAT, LLC

By: 
Name: THOMAS F. HARGETT
Title: MANAGER
Address for Notices:
111 East Hargett Street, Ste 300
Raleigh, NC 27601
Email:

LEONARDO CORPORATION

By: 
Name: ANDREA ROSSI
Title: PRESIDENT
Address for Notices:
Andrea Rossi
1331 Lincoln RD., APT 601
Miami Beach FL 33139
Email: eon333@libero.it

ROSSI


Andrea Rossi ANDREA ROSSI
Address for Notices:
1331 Lincoln RD., APT 601
Miami Beach FL 33139
Email: eon333@libero.it

AEG:

AmpEnergio, Inc.


By: 
Name: Karl Nassel
Title: member
Address for Notices:
4110 Sunset Boulevard
Steubenville, Ohio 43952
Email: crgcassarino67@gmail.com

EXHIBIT A

Description of E-Cat IP, including Licensed Patents

See attached.






EXHIBIT A

Description of the IP:

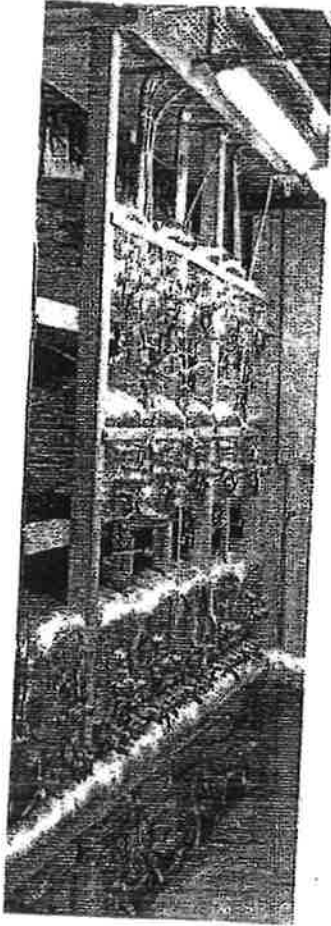
The IP is constituted by a volume in which are explained all the constructive drawings, with the dimensions and the characteristics of the materials, along with the instructions necessary to:

- 1- Manufacture the E-Cats
- 2- Operate the E-Cats
- 3- Manufacture the control systems
- 4- Operate the control systems

 The IP will also contain 9 patents: *(the "Licensed Patents")*

- 1- Italian patent granted for process and apparatus
 - 2- USA patent pending for process and apparatus
 - 3- Europe patent pending for process and apparatus
 - 4- USA patent pending for particulars and theory
 - 5- USA patent pending for control systems
 - 6- USA patent pending for additives and catalyzers in process and apparatus
 - 7- USA patent pending for Hot Cat
 - 8- USA patent pending for direct conversion of photons into electric energy
 - 9- USA patent pending for particulars of the reactor
- 


Specification of E-Cat 1Mw Unit



Thermal Output Power	1 MW
Electrical Input Power Peak	200 kW
Electrical Input Power Average	167 kW
COP	6
Power Ranges	20 kW-1 MW
Modules	52
Power per Module	20kW
Water Pump brand	
Water Pump Pressure	4 Bar
Water Pump Capacity	1500 kg/hr
Water Pump Ranges	30-1500 kg/hr
Water Input Temperature	4-85 C
Water Output Temperature	85-120 C
Control Box Brand	Natl. Instr.
Controlling Software	Leonardo
Operation and Maintenance Cost	\$0.5/MW/hr
Fuel Cost	\$0.1/MW/hr
Recharge Cost	\$10/module
Recharge Frequency	2/year
Warranty	2 years
Estimated Lifespan	20 years
Price	1.5 M US
Total Cost (20 years operation)	12.13/MWh Euro
Dimension	2.4x2.6x6m

A

kw

EXHIBIT D

List of Agreements Related to E-Cat IP or E-Cat Products

See attached.

EXHIBIT D

LIST OF THE EXCLUSIVE COMMERCIAL LICENSEES

- 1- AMPENERGO - AMERICAS
- 2- HYDROFUSION (LONDON): NORTH EUROPE
- 3- ECOGLOBALFUELS (SIDNEY): AUSTRALASIA, AFRICA, INDIA
- 4- LUBERONENERGIES (AMSTERDAM): FRANCE, BENELUX
- 5- LEONARDO SLOVENIA (LUBIANA): SLOVENIA
- 6- PROMETEON (BOLOGNA): ITALY AND AUSTRIA
- 7- ECAT DEUTSCHLAND (BERLIN) : GERMANY
- 8- ECAT SWISSE (ZURICH): SWISSE AND LIECHTENSTEIN
- 9- CASTIGAN (LA VALLETTA): MALTA
- 10- STREMMENOS (ATHENS): GREECE AND BALKANS
- 11- MAIMARIS (CYPRUS): CYPRUS

Handwritten signature and initials, possibly "K V", in the bottom right corner of the page.

SCHEDULE 3.2(b)

Procedures for Validation of E-Cat IP

No later than five days following Validation of the Plant, Leonardo and Rossi will deliver to any combination of one or more United States patent attorneys (the "Attorney(s)") and a nuclear engineer (the "Engineer"), in each case that are not an Affiliate of Rossi, to be selected by Leonardo (the "Validation Agent"), all documents, manuals, technical data, formulae, and other items and materials (collectively, the "Technical Information") necessary or useful to enable the Company to (i) operate the IMW E-Cat Unit and the "Hot Cat," (ii) make E-Cat Products, and (iii) exploit the E-Cat IP as contemplated by this Agreement; provided, however, that the Technical Information shall not include the catalyzer formula used to fuel the E-Cat and the "Hot Cat" (the "Catalyzer Formula").

The Engineer will be engaged to review the Technical Information delivered to it and verify to the Company in writing that such Technical Information includes all items and materials that appear to be reasonably necessary or useful to enable the Company to build and operate the IMW E-Cat Unit and the "Hot Cat," exclusive of the Catalyzer Formula. The Engineer will be required to submit the written verification to the Company, Leonardo, and the Escrow Agent as soon as possible following Validation, but in any event within thirty days following Validation. The Escrow Agent will be instructed to deliver to Leonardo the escrowed \$10,000,000 immediately upon receipt of the written verification from the Engineer.

Prior to delivery of the Technical Information to the Attorney(s) and the Engineer, if requested by Leonardo, such Attorney(s) and Engineer will be required to enter into an agreement pursuant to which they agree to keep the Technical Information delivered to them and the E-Cat IP in strict confidence and not disclose to any party any of the Technical Information or the E-Cat IP or the fact that they received and reviewed any of the Technical Information. Each Attorney and the Engineer will further agree to hold such materials in escrow and deliver the Technical Information in their possession (i) to the Company immediately upon receipt of notice from the Escrow Agent that the \$10,000,000 has been delivered to Leonardo by the escrow agent as contemplated by Section 3.2(b), or (ii) to Leonardo in the event the Engineer is unable to verify that the Technical Information delivered to it meets the conditions specified above within thirty days following Validation. The Company shall bear the costs of the Engineer.

Leonardo and Rossi shall deliver the Catalyzer Formula to the Company immediately following delivery of the \$10,000,000 to Leonardo by the Escrow Agent and shall concurrently advise, instruct and demonstrate to the Company the steps and procedures necessary to create the Catalyzer Formula and to use the Catalyzer Formula to make the IMW E-Cat Unit and the "Hot Cat" fully operable in the same manner as required for Validation of the Plant.

The Engineer's written verification, all Technical Information, the Catalyzer Formula, and all other E-Cat IP, to be delivered to the Company pursuant to the terms of the Agreement and this Schedule 3.2(b) must be in English.

COMPLIANCE WITH OFAC

SM ~~JMC Chemicals, Inc. ("JMC")~~ *SMC*

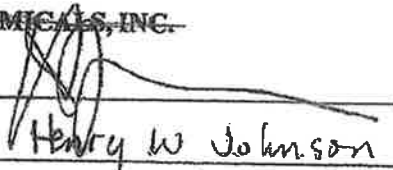
~~JMC Chemicals, Inc. ("JMC")~~ hereby represents and warrants to Industrial Heat, LLC ("IH") that the following representations are true and correct as of the date hereof and agrees to immediately notify IH if any of the following representations cease to be true and correct:

JMC and its subsidiaries, and their respective directors, officers, agents, employees and affiliates, are in compliance with the requirements of Executive Order No. 13224, dated September 23, 2001, and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control, Department of the Treasury ("OFAC") and in any enabling legislation or other executive Orders in respect thereof (the "Orders").

Neither JMC nor any of its subsidiaries nor any director, officer, agent, employee, affiliate or any person acting on behalf of JMC or any of its subsidiaries or affiliates, is, or is directly or indirectly owned or controlled by, an individual or entity that is currently subject to any sanctions administered by OFAC, or listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC on its official website pursuant to the Orders or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders, or is a person who has been determined by competent authority to be subject to the prohibitions contained in the Orders, or is owned or controlled by, or acts for or on behalf of, any person on such lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

JMC is owned by an entity formed in the United Kingdom, and none of Leonardo, Dr. Andrea Rossi, Henry W. Johnson nor any of their respective subsidiaries, directors, officers, agents, employees, affiliates, significant others, or relatives by blood or marriage has any ownership interest in JMC.

SM ~~JMC Chemicals, Inc.~~ *SMC*
~~JMC CHEMICALS, INC.~~

By: 
Name: Henry W Johnson
Title: President

FIRST AMENDMENT TO LICENSE AGREEMENT

THIS FIRST AMENDMENT TO LICENSE AGREEMENT (this "Amendment"), is made and entered into as of April 29, 2013 by and among LEONARDO CORPORATION, a New Hampshire Corporation ("Leonardo"), ANDREA ROSSI ("Rossi"), AMPENERGO, INC., an Ohio corporation ("AEG"), and INDUSTRIAL HEAT, LLC, a Delaware limited liability company (the "Company"). Each of Leonardo, Rossi, AEG and the Company are referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, the Parties entered into that certain License Agreement effective as of October 26, 2012 (the "Agreement"), and desire to amend the Agreement in certain respects. Capitalized terms used herein without definition have the respective meanings set forth in the Agreement.

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 hereby agree as follows:

1. Amendment. The Agreement is hereby amended as follows:

A. Section 3.2(a) of the Agreement is hereby amended to delete the fourth sentence in its entirety and replace it with the following:

"The Plant will be available for Validation and delivery on April 30, 2013 (unless otherwise agreed in writing by the Company and Leonardo) and will be delivered to the location specified by the Company, at Leonardo's expense, within thirty Business Days following Validation."

B. Section 4 of the Agreement is hereby amended to delete the second and third sentences of Section 4 in their entirety and to replace them with the following:

"The Validation will be made in the factory of Leonardo in Ferrara, Italy on April 30th and May 1st 2013 (unless otherwise agreed in writing by the Company and Leonardo)." "Validation" will be deemed successful and achieved when the expert responsible for such validation ("ERV") certifies that the performance standards for the Plant set forth in Exhibit A to this Amendment have been met.

C. Section 16.7 of the Agreement is hereby amended to delete it in its entirety and replace it with the following:

16.7 Assignment. Other than the Company's right to sublicense as provided in Section 1, neither Leonardo nor Rossi, nor the Company, 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; provided that all Parties hereby consent to the assignment and transfer of this Agreement to one or more subsidiaries of the Company that are directly or indirectly wholly-owned by the Company. No delegation or other transfer will relieve

Rossi



Leonardo or Rossi or the Company of any of their obligations or performance under this Agreement. Any purported assignment, delegation or transfer in violation of this Section 16.7 is void. This Agreement is binding upon and inures to the benefit of the Parties and their respective permitted successors and assigns.

2. **No Other Changes.** Except as expressly provided herein, the Agreement remains in full force and effect and is ratified and confirmed by the parties to this Amendment.
3. **Counterparts.** This Amendment may be executed in counterparts, no one of which need contain the original signatures of all Parties, provided that one or more counterparts collectively shall contain the signatures of all Parties to this Amendment. Execution hereof by facsimile shall have the same force and effect as execution by original signature.

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

[Signature page follows]



Rossi

346772-2

002389

[Signature page to First Amendment to License Agreement]

INDUSTRIAL HEAT, LLC

By: 

Name: Thomas F. Darden

Title: Manager

Address for Notices:

111 East Hargett Street, Suite 300

Raleigh, NC 27601

Email:

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

ROSSI


Andrea Rossi

Address for Notices:

1331 Lincoln Rd., Apt. 601

Miami Beach, FL 33139

Email: con333@libero.it

AEG:

AmpEnergio, Inc.

By: 

Name: Karl Woodward

Title: President

Address for Notices:

4110 Sunset Boulevard

Steubenville, Ohio 43952

Email: crgcassarino67@gmail.com

Rossi

002390

Exhibit A

E-Cat Validation Protocol

Description: Two separate units ("Unit A" and "Unit B"), each composed of a different set of 30 individual E-Cat reactors, will be tested for a period of 24 hours, per the schedule below. Subsequently, a Hot Cat unit will be tested for a period of 15 hours, as described below. For purposes concerning validation achievement, only the performance of Unit A will be considered. Unit B and the Hot Cat are being tested solely for purposes of further research and development.

Location: Factory of Leonardo Corporation, Ferrara, Italy

Schedule:

Unit A will be tested 9:00 a.m. April 30th - 9:00 a.m. May 1st

Unit B will be tested 5:00 p.m. May 1st - 5:00 p.m. May 2nd

The Hot Cat unit will be tested 6:00 p.m. May 2nd - 9:00 a.m. May 3rd

The time of consideration will be the local time in Ferrara, Italy.

Unit A performance requirements: Unit A will be required to consistently produce energy that is at least six times greater than the energy it consumes (that is, a coefficient of performance "COP" of six or greater) and steam that is consistently 100 degrees Celsius or greater during a 24 hour test period.

Unit A test requirements: Prior to the test, the expert responsible for validation ("ERV") must provide Industrial Heat: 1) a list, including make, model and calibration, of all instruments used during the test; and 2) a detailed test protocol which describes, among other things, how the ERV will extract measurements and where he will place thermometers, manometers, flow meters and other such measuring instruments used during the test.

Activation and deactivation of the unit will occur before and after the 24-hour test period. Measurements outside the 24-hour test period will not be included for purposes of calculating the COP. The COP will be calculated as the ratio between generated energy and absorbed energy during the 24-hour period. In the event the individual reactors produce differing COPs, an average COP will be calculated and used for purposes of determining the COP.

The ERV will measure the flow of the heated fluid and the Delta T between the temperature of the fluid before and after the E-Cat reaction. The energy absorbed by the unit will be determined by measuring the electricity consumed. From these measurements, the ERV will determine the COP of the unit.

At the conclusion of the test, the ERV will produce a final report showing the results.

Rossi

002391

SECOND AMENDMENT TO LICENSE AGREEMENT

THIS SECOND AMENDMENT TO LICENSE AGREEMENT (this "Amendment"), is made and entered into as of October _____, 2013 by and among LEONARDO CORPORATION, a New Hampshire Corporation ("Leonardo"), ANDREA ROSSI ("Rossi"), AMPENERGO, INC., an Ohio corporation ("AEG"), and INDUSTRIAL HEAT, LLC, a Delaware limited liability company (the "Company"). Each of Leonardo, Rossi, AEG and the Company are referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, the Parties entered into that certain License Agreement effective as of October 26, 2012, as amended by that certain First Amendment to License Agreement entered into as of April 29, 2013 (as amended, the "Agreement"), and desire to amend the Agreement in certain respects. Capitalized terms used herein without definition have the respective meanings set forth in the Agreement.

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 hereby agree as follows:

1. **Amendment.** Section 5 of the Agreement is hereby amended to delete it in its entirety and replace it with the following:

5. Guaranteed Performance.

Payment of the amount set forth in Section 3(c) above is contingent upon a six cylinder Hot Cat unit reasonably acceptable to the Company (the "Six Cylinder Unit") operating at the same level (or better) at which Validation was achieved for a period of 350 days (even if not consecutive) within a 400 day period commencing on the date agreed to in writing between the Parties ("Guaranteed Performance"). Each of Leonardo and Rossi will use their commercially reasonable best efforts to cause Guaranteed Performance to be achieved, including making repairs, adjustments and alterations to the Six Cylinder Unit as needed to achieve Guaranteed Performance. The ERV (or another party acceptable to the Company and Leonardo) will be engaged to confirm in writing the Guaranteed Performance. Guaranteed Performance will not be deemed achieved unless such written confirmation is received or waived by the Company. In the event Guaranteed Performance is not achieved within the time period set forth in this Section (as such time period may be extended by the Company in its sole discretion), but the ERV confirms that during such time period the Six Cylinder Unit consistently produced energy that is more than 2.6 times greater than the energy consumed by the Six Cylinder Unit and that the temperature of the steam produced by the Six Cylinder Unit was consistently 100 degrees Celsius or greater, then the amount payable by the Company pursuant to Section 3(c) above shall be reduced proportionally (based on a percentage rounded to two decimal places) to account for the reduction in the Energy Multiple (which shall be rounded to the nearest tenth), with the Energy Multiple of 6 (or greater) resulting in payment of 100% of the amount payable pursuant to Section 3(c) and the production of energy that is 2.6 (or less) times greater than the energy consumed by the Six Cylinder Unit resulting in zero being payable pursuant to Section 3(c), with the total purchase price



set forth in Section 3.1 to be reduced accordingly. If neither the foregoing standard nor Guaranteed Performance is achieved, the Company shall not be required to pay any amount pursuant to Section 3(c) above and the total purchase price set forth in Section 3.1 shall be reduced accordingly.


2. **No Other Changes.** Except as expressly provided herein, the Agreement remains in full force and effect and is ratified and confirmed by the parties to this Amendment.
3. **Counterparts.** This Amendment may be executed in counterparts, no one of which need contain the original signatures of all Parties, provided that one or more counterparts collectively shall contain the signatures of all Parties to this Amendment. Execution hereof by facsimile shall have the same force and effect as execution by original signature.

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

[Signature page follows]

[Signature page to Second Amendment to License Agreement]

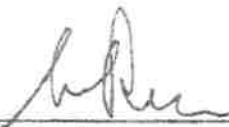
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