

COMPOSITE EXHIBIT 16

From: JT Vaughn <jvaughn@industrialheat.co>
Sent: Wednesday, April 24, 2013 11:40 AM
To: Tom Watkins; Cain, Mark
Subject: Fwd: Test process

----- Forwarded message -----

From: eon333@libero.it <eon333@libero.it>
Date: Wed, Apr 24, 2013 at 3:45 AM
Subject: R: Test process
To: tdarden@industrialheat.co
Cc: JT Vaughn <jvaughn@industrialheat.co>, John Mazzarino <jmazzarino@industrialheat.co>

Dear Tom,
Please find in capital letters my answers along your text:

>---Messaggio originale---

>Da: tdarden@industrialheat.co
>Data: 24/04/2013 6.18
>A: "Dr. Andrea Rossi" <eon333@libero.it>
>Cc: "JT Vaughn" <jvaughn@industrialheat.co>, "John Mazzarino" <jmazzarino@industrialheat.co>
>Ogg: Test process

>

>Andrea:

>

>I have some thoughts about the test and some ideas an how we could improve its significance or meaning to the outside world, such as investors and potential customers. In other words, these ideas would improve our credibility with outsiders. I do agree with you that the prior test with the professors is important, probably more so than our test, and also that operating only a portion of the plant is not technically or theoretically any different than operating the whole plant.

OK

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>Here are my thoughts. First, as we indicated, we can accept Fabio Penon as the ERV, instead of BV. We also can make our payment based on his report of the results from only a portion of the reactors, eg 20% or 25%. Said another way, we will agree to do a test of only those reactors constituting the allowable percentage of the plant (eg 35kw/210kw instead of 165kw/1mw). We would like to get details about how this will work: how many reactors, how will you decide which ones, etc?

VERY GOOD: WE WILL OPERATE 30 REACTORS, NO PREFERENCE ABOUT WHICH

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>In order to improve the credibility of the test with outsiders, we would like

to do something else. We have two problems with the current situation, when we compare it to what we thought was going to happen and what we represented to others. First, the ERV is an individual instead of a large company, and second, the test is of only a portion of 1mw.

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>I would like to add someone else to the testing team, from one of the big testing companies (if we can get them--we are calling them now). We have spoken to SGS and will speak soon to BV and TUV. They say they might be able to furnish someone who will observe the test and offer an opinion about it.

THIS CREATES A BIG PROBLEM, BECAUSE IN CASE OF DISAGREEMENT WE CAN HAVE TROUBLES. YOU HAVE SEEN THAT PENON IS A CERTIFIED PROFESSIONAL, AND ALL HE HAS TO DO IS TO MEASURE A FLOW, AN ELECTRICITY CONSUME, A TEMPERATURE, WITH CERTIFIED INSTRUMENTATION. ANOTHER GUY WE DO NOT KNOW POSES MANY PROBLEMS, AND

I EXPLAINED THEM IN MY FIRST EMAIL ABOUT THIS ISSUE; FOR EXAMPLE, HE COULD ASK TO LOOK AT PARTICULARS WE DEEM INDUSTRIAL SECRETS, AT THAT POINT WHAT HAPPENS?

WE TRUST IN PENON BECAUSE HE ALREADY PARTICIPATED TO INDIPENDENT TESTS ,

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>We are not doing this for purposes of deciding whether to pay--that will be decided by Penon, the ERV. But we want a report from one of these companies that we can use to give to customers or investors. So, we want to have someone at the test, for this reason.

I CAN ONLY REPEAT WHAT I WROTE ALREADY IN MY FORMER EMAILS AND HERE ABOVE.

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>Second, we would like to run a test of another 200kw of the plant, maybe the next day or the day before the Penon test. Can we test another set of about 25 reactors, the day before our Penon test or the day after? If we tested 40% of 1 mw, and If we did this in two tests with two different testing entities (Penon and SGS, for example), that would be highly credible.

THIS IS NOT A PROBLEM. WE CAN MAKE 24 HOURS WITH A SET OF REACTORS AND OTHER 24 HOURS WITH ANOTHER SET

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>So, we would like to consider having someone there from one of the big companies (TUV, BV or SGS)

and we would like to test another 20% of the unit for a second day, either before or after the day of the Penon test.

SO, TO MAKE A DOUBLE TEST WITH 2 DIFFERENT SERIES OF REACTORS IS NOT A PROBLEM, AS FOR THE OTHER ISSUE , AS I SAID, YOU HAVE AT YOUR DISPOSITION THE REPORT OF THE THIRD INDIPENDENT PARTY WHICH WILL BECOME OFFICIAL WITHIN A COUPLE OF DAYS.

WARMEST REGARDS,

ANDREA

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>Please offer your thoughts about these ideas.

>

>Thanks very much.

>Tom Darden

>Industrial Heat

>919 522 4095 m

>tdarden@industrialheat.co

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JT Vaughn
Industrial Heat
919-649-5299
jvaughn@industrialheat.co

From: JT Vaughn <jvaughn@cherokeefund.com>
Sent: Wednesday, April 24, 2013 11:39 AM
To: Tom Watkins; Cain, Mark
Cc: jvaughn@industrialheat.co
Subject: Fwd: Andrea Rossi

----- Forwarded message -----

From: eon333@libero.it <eon333@libero.it>
Date: Wed, Apr 24, 2013 at 10:27 AM
Subject: Andrea Rossi
To: tdarden@cherokeefund.com, jvaughn@cherokeefund.com, jmazzarino@cherokeefund.com
Cc: fabioopenon@iol.it

Dear All:

I have spoken few minutes ago with Eng. Penon, who said me that you want also an official report regarding the Hot Cat. For me is OK.

The timing will be as follows, if for you is OK:

from April 30 09.00 a.m. to May 1 09.00 a.m. test on 30 reactors of the 1 MW plant

from May 1 05.00 p.m. to May 2 05.00 p.m. test on other 30 reactors of the 1 MW plant

from May 2 06.00 p.m. to May 3 09.00 a.m. test on the module of the Hot Cat (this period of time is considered enough for the Hot Cat Module)

Warmest Regards,
Andrea Rossi

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JT Vaughn
CHEROKEE
111 E. Hargett St., Suite 300
Raleigh, NC 27601
cherokeefund.com
cherokeechallenge.com
919-743-5727 t
919-649-5299 m
@jt_vaughn
jvaughn@cherokeefund.com

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