

Term Sheet

The parties to this Term Sheet are Industrial Heat, LLC ("IH"), ~~the owner of the 1 mW E-cat steam plant (the "1 mW Plant")~~; ~~Johnson Matthey ("JM")~~; JM Chemicals, Inc. ("JMC"), the operator of a Miami production facility; and Leonardo Corporation ("Leonardo").

1. Industrial Heat, LLC, directly or through its affiliates, owns a 1 ~~mW~~MW E-Cat steam plant (the "1 MW Plant") built by affiliates of Leonardo in Italy in 2013.
2. ~~Johnson Matthey~~JMC operates a production facility in Miami, FL, which requires low temperature steam.
3. Leonardo has technical knowledge about the operation and maintenance of the 1 ~~mW~~MW Plant.
4. IH intends to make available to ~~JM~~JMC the 1 MW plant for a period of 2 years.
5. Leonardo will assist in the installation of the 1 ~~mW~~MW Plant at the Miami ~~JM~~JMC facility, at no cost to ~~JM~~JMC or IH.
6. ~~JM~~JMC will pay rent of \$1000 per day to IH or its designee, monthly in arrears, once the 1 MW plant is installed in their facility and operating at a capacity of 1 ~~mW~~MW. However, if the plant provides less than 1 ~~mW~~MW of thermal energy, the rental rate will be reduced proportionally. If the plant produces more than 1 ~~mW~~MW, there will be no increase in the rental rate.
7. IH will provide all maintenance on the 1 ~~mW~~MW Plant during the 2 year rental period.
8. Dr. Andrea Rossi of Leonardo Corp will be responsible for the operation of the 1 MW Plant, assisted by Eng. Fulvio Fabiani and any others designated by IH. There will be no additional cost to JMC or IH for these services.
9. ~~The personnel of IH and Leonardo will not have access to the plant of JM, and the personnel of JM~~JMC will not have access to the inside of the 1 MW Plant or to information about how the 1 ~~mW~~MW Plant operates, which are trade secrets of Leonardo and IH.
10. If the 1 ~~mW~~MW Plant fails to operate, rent will be reduced proportional to the time that the 1 ~~mW~~MW Plant fails to operate, ~~unless the reason for~~ the failure is caused by some other party or reason besides IH or Leonardo. If the 1 ~~mW~~MW Plant fails to operate for reasons which are not controlled by IH or Leonardo, rent will not be reduced. By way of example, if electrical power is not furnished to the plant, and as a result it fails to operate, rent will be owed nonetheless.
11. If the 1 ~~mW~~MW Plant fails to operate for any reason, ~~JM~~JMC will not be paid any consequential damages or costs and IH will have the option to terminate the rental agreement and pick up the 1mW Plant.
12. ~~JM~~JMC will provide reasonable insurance covering the cost of any damage caused by the 1 ~~mW~~MW Plant, naming IH and Leonardo as additional insureds.
13. IH will be allowed to visit the 1 ~~mW~~MW Plant at any time, with customers or with IH personnel, ~~with 3 days notice.~~
14. IH will continue to own the 1 MW Plant and JMC will not have any right to buy or retain the plant. Upon expiration of the rental period, or earlier termination if there is ~~any disagreement associated with a default under~~ the rental agreement, IH ~~will continue to own~~may pick up the 1 ~~mW Plant and JM will not have any right to buy or retain the plant~~MW Plant.

15. ~~JM~~JMC will not encumber the 1 ~~mW~~MW Plant with any lien or obligation to any third party.
16. IH or Leonardo will furnish to ~~JM~~JMC a letter from the Healthcare Office of Miami allowing the operation of the 1 MW Plant.
17. IH and Leonardo will be responsible for their personnel inside the factory of ~~JM~~JMC, and ~~JM~~JMC will be responsible for their personnel inside their factory.
18. JMC will keep records of the operation of the 1mW Plant as reasonably requested by Leonardo or IH and will provide copies of such records to Leonardo and IH upon request.
19. Definitive documentation for the transaction will include appropriate confidentiality provisions. JMC agrees that it will not make any public announcements regarding the 1 MW Plant unless first approved by IH.

~~This~~Except for JMC's binding agreement set forth in paragraph 19 above, this term sheet is a non-binding expression of the current intentions of ~~the~~IH, Leonardo and ~~JM~~JMC. If the parties agree with the terms above, they will undertake to negotiate a final agreement which would become binding only upon execution by the parties.

INDUSTRIAL HEAT, LLC

By: _____

Name: _____

Title: _____

LEONARDO CORPORATION

By: _____

Name: _____

Title: _____

JMC CHEMICALS, INC.

By: _____

Name: _____

Title: _____

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