

Composite Exhibit 3

From: Tom Darden <tdarden@industrialheat.co>
Sent: Thursday, July 10, 2014 12:19 PM
To: Andrea Rossi
Subject: Re: Andrea
Attachments: attachment-1.docx

I have sent this (see attached) to the lawyers, asking them for input. Please read it and offer your edits and corrections. I hope it includes everything you had in yours--I worked from yours as a model. If you like it, or if you like it once you have included your edits, we could send it to them prior to receiving lawyer edits if this is critical. I prefer to wait, but it is not a big problem if we do not wait. See attached. Thanks.

On Thu, Jul 10, 2014 at 12:09 PM, Andrea Rossi <ar.123@mail.com> wrote:

Dear Tom:
Do you think I will receive the contract draft by today ?
Warmest Regards,
Andrea

Sent: Thursday, July 10, 2014 at 12:28 AM
From: "Tom Darden" <tdarden@industrialheat.co>
To: "Andrea Rossi" <ar.123@mail.com>
Subject: Re: Andrea

Thanks for the reminder, we will get on this now!

Tom Darden
[919 522 4095](tel:9195224095) m

From: Andrea Rossi
Sent: Wednesday, July 9, 2014 5:46 PM
To: Tom Darden
Subject: Andrea

Dear Tom:
Among your multiple engagements, please do not forget to email me the draft on IH head letter of the contract with JM.
You have just to copy my sketch and add what you deem opportune.
I want to send it by this week to have it signed by next week.
Warmest Regards,
God bless you,
Andrea

--
Tom Darden
Industrial Heat

919 522 4095

tdarden@industrialheat.co

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"), the operator of a Miami production facility; and Leonardo Corporation ("Leonardo").

1. Industrial Heat, LLC owns a 1 mW E-Cat steam plant built by affiliates of Leonardo in Italy in 2013.
2. Johnson Matthey 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 Plant
4. IH intends to make available to JM the 1 MW plant for a period of 2 years.
5. Leonardo will assist in the installation of the 1 mW Plant at the Miami JM facility, at no cost to JM.
6. JM will pay rent of \$1000 per day, monthly in arrears, once the 1 MW plant is installed in their facility and operating at a capacity of 1 mW. However, if the plant provides less than 1 mW of thermal energy, the rental rate will be reduced proportionally. If the plant produces more than 1 mW, there will be no increase in the rental rate.
7. IH will provide all maintenance on the 1 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
9. The personnel of IH and Leonardo will not have access to the plant of JM, and the personnel of JM will not have access to the inside of the 1 MW Plant or to information about how the 1 mw Plant operates, which are trade secrets of Leonardo and IH.
10. If the 1 mW Plant fails to operate, rent will be reduced proportional to the time that the 1 mW Plant fails to operate, unless the reason for the failure is caused by some other party besides IH or Leonardo. If the 1 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 Plant fails to operate for any reason, JM will not be paid any consequential damages or costs.
12. JM will provide reasonable insurance covering the cost of any damage caused by the 1 mW Plant, naming IH and Leonardo as additional insureds.
13. IH will be allowed to visit the 1 mw Plant at any time, with customers or with IH personnel, with 3 days notice.
14. Upon expiration of the rental period, or earlier if there is any disagreement associated with the rental agreement, IH will continue to own the 1 mW Plant and JM will not have any right to buy or retain the plant.
15. JM will not encumber the 1 mW Plant with any lien or obligation to any third party.

16. IH or Leonardo will furnish to JM 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, and JM will be responsible for their personnel inside their factory.

This term sheet is a non-binding expression of the current intentions of the IH, Leonardo and JM. If the parties agree with the terms above, they will negotiate a final agreement which would become binding only upon execution by the parties.

From: Tom Darden <tdarden@industrialheat.co>
Sent: Thursday, July 10, 2014 5:03 PM
To: Andrea Rossi
Subject: Re: Andrea

Great, thanks re "mW" vs "MW". Please fix that, but use the lawyer version assuming it is OK. I sent it to you a while back (did you get it?). It included the provision about no announcement.

Tom Darden
919 522 4095 m

From: Andrea Rossi
Sent: Thursday, July 10, 2014 4:48 PM
To: Tom Darden
Subject: Re: Andrea

Dear Tom:
This is perfect. I have only corrected " 1 mW" making it "1 MW", where this typo occurred. If you don't mind, I use this and earn time. It is perfect, your corrections are due and logic. God Bless You!
Andrea

Sent: Thursday, July 10, 2014 at 6:18 PM
From: "Tom Darden" <tdarden@industrialheat.co>
To: "Andrea Rossi" <ar.123@mail.com>
Subject: Re: Andrea

I have sent this (see attached) to the lawyers, asking them for input. Please read it and offer your edits and corrections. I hope it includes everything you had in yours--I worked from yours as a model. If you like it, or if you like it once you have included your edits, we could send it to them prior to receiving lawyer edits if this is critical. I prefer to wait, but it is not a big problem if we do not wait. See attached. Thanks.

On Thu, Jul 10, 2014 at 12:09 PM, Andrea Rossi <ar.123@mail.com> wrote:

Dear Tom:
Do you think I will receive the contract draft by today ?
Warmest Regards,
Andrea

Sent: Thursday, July 10, 2014 at 12:28 AM
From: "Tom Darden" <tdarden@industrialheat.co>
To: "Andrea Rossi" <ar.123@mail.com>
Subject: Re: Andrea

Thanks for the reminder, we will get on this now!

Tom Darden
919 522 4095 m

From: Andrea Rossi
Sent: Wednesday, July 9, 2014 5:46 PM

To: Tom Darden
Subject: Andrea

Dear Tom:

Among your multiple engagements, please do not forget to email me the draft on IH head letter of the contract with JM.

You have just to copy my sketch and add what you deem opportune.

I want to send it by this week to have it signed by next week.

Warmest Regards,

God bless you,

Andrea

--

Tom Darden
Industrial Heat
919 522 4095
tdarden@industrialheat.co

From: Tom Darden <tdarden@industrialheat.co>
Sent: Thursday, July 10, 2014 1:26 PM
To: Andrea Rossi
Subject: Edited lawyer draft
Attachments: attachment-1.docx

They made a few clarifications and improvements. Please see if these are OK and edit as you want.

Tom Darden
919 522 4095 m

Term Sheet

The parties to this Term Sheet are Industrial Heat, LLC ("IH"); Johnson Matthey ("JM"), the operator of a Miami production facility; and Leonardo Corporation ("Leonardo").

1. Industrial Heat, LLC, directly or through its affiliates, owns a 1 mW E-Cat steam plant (the "1 mW Plant") built by affiliates of Leonardo in Italy in 2013.
2. Johnson Matthey 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 Plant
4. IH intends to make available to JM the 1 MW plant for a period of 2 years.
5. Leonardo will assist in the installation of the 1 mW Plant at the Miami JM facility, at no cost to JM or IH.
6. JM 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. However, if the plant provides less than 1 mW of thermal energy, the rental rate will be reduced proportionally. If the plant produces more than 1 mW, there will be no increase in the rental rate.
7. IH will provide all maintenance on the 1 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 JM or IH for these services.
9. The personnel of JM will not have access to the inside of the 1 MW Plant or to information about how the 1 mw Plant operates, which are trade secrets of Leonardo and IH.
10. If the 1 mW Plant fails to operate, rent will be reduced proportional to the time that the 1 mW Plant fails to operate, unless the failure is caused by some other party or reason besides IH or Leonardo. If the 1 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 Plant fails to operate for any reason, JM 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 will provide reasonable insurance covering the cost of any damage caused by the 1 mW Plant, naming IH and Leonardo as additional insureds.
13. IH will be allowed to visit the 1 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 JM will not have any right to buy or retain the plant. Upon expiration of the rental period, or earlier termination if there is a default under the rental agreement, IH may pick up the 1 mW Plant.

15. JM will not encumber the 1 mW Plant with any lien or obligation to any third party.
16. IH or Leonardo will furnish to JM 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, and JM will be responsible for their personnel inside their factory.
18. JM 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. JM agrees that it will not make any public announcements regarding the 1 mW Plant unless first approved by IH.

Except for JM's agreement set forth in paragraph 19 above, this term sheet is a non-binding expression of the current intentions of IH, Leonardo and JM. 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.

From: eon333@libero.it
Sent: Thursday, July 10, 2014 7:29 PM
To: tdarden@industrialheat.co
Subject: R: Re: Edited lawyer draft

Very good, I will.
Warmest Regards,
Andrea

-----Messaggio originale-----
Da: tdarden@industrialheat.co
Data: 10/07/2014 23.32
A: <eon333@libero.it>
Ogg: Re: Edited lawyer draft

Excellent; and also, please offer for me to see them July 21 or 22 in London if they want. No need to, I can meet them in FL, but it might be polite if I stopped by to say hello--if it will not interfere.

Tom Darden
919 522 4095 m

From: eon333@libero.it
Sent: Thursday, July 10, 2014 5:04 PM
To: tdarden@industrialheat.co
Reply To: eon333@libero.it
Subject: R: Edited lawyer draft

PERFECT !!!!!
I USE THIS ONE.
I WILL JUST CORRECT WHERE THEY WROTE 1 mW (= 1 MILLIWATT)
WRITING 1 MW (= 1 MEGAWATT).
I think JM could have some perplexity about 1 milliwatt (he,he,he...)
God Bless You!
Andrea

-----Messaggio originale-----
Da: tdarden@industrialheat.co
Data: 10/07/2014 19.26
A: "Andrea Rossi"<eon333@libero.it>
Ogg: Edited lawyer draft

They made a few clarifications and improvements. Please see if these are OK and edit as you want.

Tom Darden
919 522 4095 m

From: Andrea Rossi <ar.123@mail.com>
Sent: Friday, July 11, 2014 7:28 AM
To: Tom Darden
Attachments: attachment-1.doc

Dear Tom,

Here is the contract they are ready to sign: they just touched the # 19 in a way I deem acceptable, they just made it reciprocal.

About the meeting in London: they prefer to act as the US company (JM Corp) because they are a public company and the only point on which I had to insist has been their terror to get engaged in a thing like the one happened with the Swedish radio, Krivit etc. We will meet The officers of JM in the USA. So far . I wouldn't touch this botton now.

Next week we should receive it signed from them, then I will sign it, then it will be forwarded to you.

Please send me a confidentiality agreement form to be attached to the contract, to make it integral part of the contract. I am sure your Attorney will make it perfect.

Warmest Regards,
Andrea

RENTAL AGREEMENT OF THE 1 MW E-CAT OF INDUSTRIAL HEAT

The parties to this Term Sheet are Industrial Heat, LLC ("IH"); JM CORPORATION (JM), the operator of a Miami production facility; and Leonardo Corporation ("Leonardo").

1. Industrial Heat, LLC, directly or through its affiliates, owns a 1 MW E-Cat steam plant (the "1 MW Plant") built by affiliates of Leonardo in Italy in 2013.
2. JM 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 Plant
4. IH intends to make available to JM the 1 MW plant for a period of 2 years.
5. Leonardo will assist in the installation of the 1 MW Plant at the Miami JM facility, at no cost to JM or IH.
6. JM 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. However, if the plant provides less than 1 MW of thermal energy, the rental rate will be reduced proportionally. If the plant produces more than 1 MW, there will be no increase in the rental rate.
7. IH will provide all maintenance on the 1 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 M.Eng. Fulvio Fabiani and any others designated by IH. There will be no additional cost to JM or IH for these services.
9. The personnel of JM will not have access to the inside of the 1 MW Plant or to information about how the 1 MW Plant operates, which are trade secrets of Leonardo and IH.
10. If the 1 MW Plant fails to operate, rent will be reduced proportional to the time that the 1 MW Plant fails to operate, unless the failure is caused by some other party or reason besides IH or Leonardo. If the 1 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 Plant fails to operate for any reason, JM 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 will provide reasonable insurance covering the cost of any damage caused by the 1 MW Plant, naming IH and Leonardo as additional insureds.
13. IH will be allowed to visit the 1 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 JM will not have any right to buy or retain the plant. Upon expiration of the rental period, or earlier termination if there is a default under the rental agreement, IH may pick up the 1 MW Plant.
15. JM will not encumber the 1 MW Plant with any lien or obligation to any third party.
16. IH or Leonardo will furnish to JM 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, and JM will be responsible for their personnel inside their factory.
18. JM 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. JM agrees that it will not make any public announcements regarding the 1 MW Plant unless first approved by IH, while IH and/or Leonardo will not make any public announcements regarding the same unless first approved by JM.

Signed in Miami, on

Signatures:

For JM Corporation

For Industrial Heat

For Leonardo Corporation

From: Andrea Rossi <ar.123@mail.com>
To: Tom Darden <tdarden@industrialheat.co>
Sent: 7/11/2014 9:44:05 AM
Subject: Re:

No problem, you will sign after the meeting .

A.

Warmest Regards

Andrea

Sent using the free mail.com iPhone App

On 7/11/14 at 8:26 AM, Tom Darden wrote:

> Just one limitation: I want to talk to them before reaching a final agreement, not after.
> Or, we can sign contingent upon meeting. But I must meet first to discuss---in the US is
> fine for the meeting, of course.

>

>

>

> Tom Darden

>

> 919 522 4095 m

>

>

>

> From: Andrea Rossi

>

> Sent: Friday, July 11, 2014 7:27 AM

>

> To: Tom Darden

>

> Subject:

>

>

>

>

>

> Dear Tom,

>

> Here is the contract they are ready to sign: they just touched the # 19 in a way I deem
> acceptable, they just made it reciprocal.

>

> About the meeting in London: they prefer to act as the US company (JM Corp) because they
> are a public company and the only point on which I had to insist has been their terror to get
> engaged in a thing like the one happened with the Swedish radio, Krivit etc. We will meet The
> officers of JM in the USA. So far . I wouldn't touch this botton now.

>

> Next week we should receive it signed from them, then I will sign it, then it will be
> forwarded to you.

>

> Please send me a confidentiality agreement form to be attached to the contract, to make it
> integral part of the contract. I am sure your Attorney will make it perfect.

>

> Warmest Regards,

>

> Andrea

From: JT Vaughn <jvaughn@industrialheat.co>
Sent: Saturday, July 12, 2014 8:15 AM
To: Tom Darden
Subject: Re: Fw:

Will do

On Fri, Jul 11, 2014 at 9:16 PM, Tom Darden <tdarden@industrialheat.co> wrote:
JT: can you send AR one of our standard NDA's? Thanks.

Tom Darden
919 522 4095 m

From: Andrea Rossi <ar.123@mail.com>
Sent: Friday, July 11, 2014 8:59 PM
To: Tom Darden; JT Vaughn
Subject: Re:

Thank you,
God bless you!
As you have seen, I have also added at the point 6 a clause to enforce the payments from JM.
Warmest Regards,
Andrea

Sent: Saturday, July 12, 2014 at 12:57 AM
From: "Tom Darden" <tdarden@industrialheat.co>
To: "Andrea Rossi" <ar.123@mail.com>
Subject: Re:

Great, will send you the NDA form from JT this weekend. Thanks.

Tom Darden
919 522 4095 m

From: Andrea Rossi
Sent: Friday, July 11, 2014 6:06 PM
To: Tom Darden
Subject: Re:

Dear Tom:
Of course I totally agree with you.
Please send me also the NDA text: you can use your standard NDA .
I in the meantime collect their signature, to be sure. Eventually, you will sign contingent with the meeting.
Warmest Regards,
Andrea

Sent: Friday, July 11, 2014 at 2:26 PM
From: "Tom Darden" <tdarden@industrialheat.co>
To: "Andrea Rossi" <ar.123@mail.com>
Subject: Re:

Just one limitation: I want to talk to them before reaching a final agreement, not after. Or, we can sign contingent upon meeting. But I must meet first to discuss---in the US is fine for the meeting, of course.

Tom Darden
919 522 4095 m

From: Andrea Rossi
Sent: Friday, July 11, 2014 7:27 AM
To: Tom Darden
Subject:

Dear Tom,
Here is the contract they are ready to sign: they just touched the # 19 in a way I deem acceptable, they just made it reciprocal.
About the meeting in London: they prefer to act as the US company (JM Corp) because they are a public company and the only point on which I had to insist has been their terror to get engaged in a thing like the one happened with the Swedish radio, Krivit etc. We will meet The officers of JM in the USA. So far . I wouldn't touch this botton now.
Next week we should receive it signed from them, then I will sign it, then it will be forwarded to you.
Please send me a confidentiality agreement form to be attached to the contract, to make it integral part of the contract. I am sure your Attorney will make it perfect.
Warmest Regards,
Andrea

--
JT Vaughn
Industrial Heat
jvaughn@industrialheat.co

From: JT Vaughn <jvaughn@industrialheat.co>
Sent: Sunday, August 10, 2014 1:34 PM
To: John Mazzarino; Tom Darden
Subject: Fwd: IH - JM Chemicals OFAC rep.DOCX
Attachments: attachment-1.pdf; attachment-2.docx

John: see attached. This is what I sent AR on Friday and he said it was fine, though he did mention minor corrections (which I haven't seen yet). He is supposed to be sending a copy signed by Henry Johnson tomorrow for our review.

Tom: are you going to be able to order all the materials and work w/ AR on fueling? If that cannot happen, I'm not sure we should sign this. But if you're planning to do that, then I feel relatively better about signing it.

JT

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

From: **JT Vaughn** <jvaughn@industrialheat.co>
Date: Thu, Aug 7, 2014 at 12:25 PM
Subject: Fwd: IH - JM Chemicals OFAC rep.DOCX
To: "ar.123@mail.com" <ar.123@mail.com>
Cc: Tom Darden <tdarden@industrialheat.co>, John Mazzarino <jmazzarino@industrialheat.co>

Andrea: please see attached. I was in the air earlier and so I missed your call--my apologies.

Tom and John are both traveling and will still need to review this, but I hope it works for JMC.

Best,
JT

--
JT Vaughn
Industrial Heat
jvaughn@industrialheat.co

THIS ELECTRONIC TRANSMISSION IS DIRECTED TO ITS INTENDED RECIPIENT ONLY AND MAY CONTAIN INFORMATION THAT IS PROPRIETARY AND CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any use, disclosure, distribution or copying of this communication or any attachment is strictly prohibited. If you have received this electronic transmission in error, please delete it from your system without copying it, and notify the sender immediately by reply e-mail or by calling 919.743.5724. Thank you.

--

JT Vaughn
Industrial Heat
jvaughn@industrialheat.co

THIS ELECTRONIC TRANSMISSION IS DIRECTED TO ITS INTENDED RECIPIENT ONLY AND MAY CONTAIN INFORMATION THAT IS PROPRIETARY AND CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any use, disclosure, distribution or copying of this communication or any attachment is strictly prohibited. If you have received this electronic transmission in error, please delete it from your system without copying it, and notify the sender immediately by reply e-mail or by calling 919.743.5724. Thank you.

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 will not have access to the inside of the 1 MW Plant or to information about how the 1 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

Bv: _____

Name: _____

Title: _____

LEONARDO CORPORATION

Bv: _____

Name: _____

Title: _____

JMC CHEMICALS, INC.

Bv: _____

Name: _____

Title: _____

Document comparison by Workshare Professional on Thursday, August 07, 2014
10:36:54 AM

Input:	
Document 1 ID	interwovenSite://SBADMS01/SBAAL/393368/1
Description	#393368v1<SBAAL> - Industrial Heat Leonardo Johnson Matthey term sheet draft 7-10-14
Document 2 ID	interwovenSite://SBADMS01/SBAAL/393368/4
Description	#393368v4<SBAAL> - Industrial Heat Leonardo JM Chemicals - term sheet draft 8-7-14
Rendering set	standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	60
Deletions	37
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	99

Term Sheet

The parties to this Term Sheet are Industrial Heat, LLC ("IH"); 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 E-Cat steam plant (the "1 MW Plant") built by affiliates of Leonardo in Italy in 2013.
2. 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 Plant.
4. IH intends to make available to JMC the 1 MW plant for a period of 2 years.
5. Leonardo will assist in the installation of the 1 MW Plant at the Miami JMC facility, at no cost to JMC or IH.
6. 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. However, if the plant provides less than 1 MW of thermal energy, the rental rate will be reduced proportionally. If the plant produces more than 1 MW, there will be no increase in the rental rate.
7. IH will provide all maintenance on the 1 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 JMC will not have access to the inside of the 1 MW Plant or to information about how the 1 MW Plant operates, which are trade secrets of Leonardo and IH.
10. If the 1 MW Plant fails to operate, rent will be reduced proportional to the time that the 1 MW Plant fails to operate, unless the failure is caused by some other party or reason besides IH or Leonardo. If the 1 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 Plant fails to operate for any reason, 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. JMC will provide reasonable insurance covering the cost of any damage caused by the 1 MW Plant, naming IH and Leonardo as additional insureds.
13. IH will be allowed to visit the 1 MW Plant at any time, with customers or with IH personnel.
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 a default under the rental agreement, IH may pick up the 1 MW Plant.
15. JMC will not encumber the 1 MW Plant with any lien or obligation to any third party.

16. IH or Leonardo will furnish to 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 JMC, and 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.

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 IH, Leonardo and 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: _____