

## SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASES

This Settlement Agreement and Mutual General Releases (the “**Settlement Agreement**”) is entered into among (a) Andrea Rossi (“**Rossi**”) and Leonardo Corporation (“**Leonardo**”)<sup>1</sup>, collectively “**Plaintiffs**,” (b) Industrial Heat, LLC (“**IH**”), IPH International B.V. (“**IPH**”), Cherokee Investment Partners, LLC (“**CIP**”), Thomas Darden (“**Darden**”) and John T. Vaughn (“**Vaughn**”), collectively “**Defendants**,” and (c) J.M. Products, Inc. (“**JMP**”), Henry Johnson (“**Johnson**”), United States Quantum Leap, LLC (“**USQL**”), Fulvio Fabiani (“**Fabiani**”), and James Bass (“**Bass**”), collectively “**Third Party Defendants**.” The Settlement Agreement is effective as of July 12, 2017 (the “**Effective Date**”). Plaintiffs, Defendants and Third Party Defendants are referred to collectively below as the “**Parties**” and individually as a “**Party**.”

WHEREAS, Plaintiffs, Defendants and Third Party Defendants have been parties to a litigation in the Southern District of Florida styled *Rossi, et al. v. Darden, et al.*, Case No. 1:16-cv-21199-CMA (the “**Litigation**”); and

WHEREAS, Plaintiffs, Defendants and Third Party Defendants desire to settle the Litigation by exchanging mutual releases among each other and based on additional terms as specified below;

NOW, THEREFORE, in consideration of the obligations and covenants contained in this Settlement Agreement, the Parties, intending to be legally bound, hereby agree as follows:

1. **Dismissal with Prejudice of the Cases.** The Parties in open court on July 5, 2017 dismissed with prejudice all claims in the Litigation. Within two (2) business days of the Effective Date, the Parties shall file with the Court an executed stipulation memorializing the dismissal with prejudice of the Litigation and all claims, counterclaims and third party claims asserted in the Litigation (the “**Stipulation**”).
2. **Mutual General Releases and Waivers.** Plaintiffs and Third Party Defendants, on behalf of themselves and their officers, directors, employees, members, administrators, executors, beneficiaries, heirs, assigns, and anyone claiming through any of the foregoing (collectively, the “**Plaintiff Releasing Parties**”) hereby knowingly, voluntarily and completely release, remise, acquit, satisfy and forever discharge Defendants and their past and present officers, directors, employees, members, affiliates, insurers, agents, representatives, attorneys, accountants, auditors, advisors, administrators, executors, beneficiaries, heirs, predecessors, successors and assigns (the “**Plaintiff Released Parties**”) from any and all past or present claims, counterclaims, demands, indebtedness, obligations, promises, agreements, damages, liabilities or causes of action of any kind or nature, in law, equity or otherwise, whether known or hereafter discovered, liquidated or unliquidated, disputed or undisputed, and whether brought in court, arbitration, or administrative, governmental or regulatory proceedings, or in any other forum, that they now have, or which they may hereafter accrue or otherwise acquire, for or by reason of any matter, cause, or thing whatsoever, up to and including the Effective Date, including,

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<sup>1</sup> For purposes of this Settlement Agreement, “Leonardo” means both Leonardo Corporation, a Florida corporation, and Leonardo Corporation, a New Hampshire corporation.

without limitation, any and all claims, counterclaims or third party claims which were asserted or could have been asserted among the Parties in the Litigation (the “**Plaintiff Released Claims**”). Excluded from the Plaintiff Released Claims is any claim to enforce this Settlement Agreement.

Defendants, on behalf of themselves and their officers, directors, employees, members, administrators, executors, beneficiaries, heirs, assigns, and anyone claiming through any of the foregoing (collectively, the “**Defendant Releasing Parties**”) hereby knowingly, voluntarily and completely release, remise, acquit, satisfy and forever discharge Plaintiffs, Third Party Defendants and their past and present officers, directors, employees, members, affiliates, insurers, agents, representatives, attorneys, accountants, auditors, advisors, administrators, executors, beneficiaries, heirs, predecessors, successors and assigns (the “**Defendant Released Parties**”) from any and all past or present claims, counterclaims, demands, indebtedness, obligations, promises, agreements, damages, liabilities or causes of action of any kind or nature, in law, equity or otherwise, whether known or hereafter discovered, liquidated or unliquidated, disputed or undisputed, and whether brought in court, arbitration, or administrative, governmental or regulatory proceedings, or in any other forum, that they now have, or which they may hereafter accrue or otherwise acquire, for or by reason of any matter, cause, or thing whatsoever, up to and including the Effective Date, including, without limitation, any and all claims, counterclaims or third party claims which were asserted or could have been asserted among the Parties in the Litigation (the “**Defendant Released Claims**”). Excluded from the Defendant Released Claims is any claim to enforce this Settlement Agreement.

The Plaintiff Released Claims and the Defendant Released Claims are hereinafter referred to collectively as the “**Released Claims**.” The Plaintiff Releasing Parties and the Defendant Releasing Parties are hereinafter referred to collectively as the “**Releasing Parties**.” The Plaintiff Released Parties and the Defendant Released Parties are hereinafter referred to collectively as the “**Released Parties**.”

Notwithstanding the foregoing, all Parties agree that, for purposes of this Settlement Agreement, Released Parties shall not include AmpEnerg, Inc. or its predecessors, successors or assigns, if any (“**AEG**”), and as a consequence this Settlement Agreement does not release or discharge any Released Claims as against AEG.

3. **Covenant Not to Sue.** The Parties agree, promise, and covenant that the Parties will not, nor will any person, organization, or any other entity acting on their behalf, file, charge, claim, sue, participate, join or cause to be filed, charged or claimed, any lawsuits, arbitrations, administrative proceedings, or complaints, or make demands, involving the Released Claims, other than any action to enforce this Settlement Agreement. The Parties agree that this Settlement Agreement may be pled as a full and complete defense to any and all Released Claims and causes of action being released pursuant to this Settlement Agreement. Each Party acknowledges and consents that the Settlement Agreement may be used as the basis for an injunction to halt any action, suit, or other proceeding based upon the Released Claims.

4. **Each Party to Bear Its Own Attorneys' Fees and Costs.** Plaintiffs and Third Party Defendants shall bear, and shall satisfy, their own attorneys' fees and other costs and expenses related to the Litigation, this Settlement Agreement and the Released Claims released hereunder. Defendants shall bear, and shall satisfy, their own attorneys' fees and other costs and expenses related to the Litigation, this Settlement Agreement and the Released Claims released hereunder.
5. **No Admission of Fault or Liability.** Nothing in this Settlement Agreement shall be interpreted as an admission of liability, fault, or wrongdoing of any type or nature, and the Parties expressly deny any such liability, fault or wrongdoing. The terms of this Settlement Agreement, the performance of this Settlement Agreement, and the negotiations among the Parties surrounding this Settlement Agreement shall not be construed as an admission by any Party of any violation of the rights or interests of any other Party or of any other person or entity.
6. **Waiver and Release of Obligations under License Agreement and Termination of Term Sheet.** Plaintiffs, IH and IPH are parties to a license agreement, as entered on October 26, 2012 and as amended thereafter, and to other written agreements, certificates and documents incorporated by reference into the license agreement (the "**License Agreement**"). Plaintiffs, IH and IPH hereby agree to waive, and thereby to terminate, all of their respective obligation and rights with respect to each other under the License Agreement, to waive compliance by each other with any and all provisions of the License Agreement, and to release each other from any obligations under the License Agreement. To be clear, IH and IPH shall have no further payment obligations to Plaintiffs, and IH and IPH shall have no right, title or interest in the E-Cat IP (as defined in the License Agreement). Leonardo, IH and JMP are parties to a term sheet, as entered on August 13, 2014 (the "**Term Sheet**"). Leonardo, IH and JMP agree to terminate the Term Sheet, release each other from any obligations under the Term Sheet, and waive compliance by each other with any and all provisions of the Term Sheet.
7. **Return or Destruction of Intellectual Property and Documents.** As to Confidential and Highly Confidential Information produced by any Party in the Litigation, the Parties shall abide by and follow the provisions of the Agreed Protective Order entered in the Litigation (docket entry # 65). To the extent not addressed by the Agreed Protective Order, Defendants shall destroy any written materials containing or memorializing the Energy Catalyzer Fuel Formula. The "**Energy Catalyzer Fuel Formula**" means the fuel formula provided by Rossi to Darden in 2013 and consists of (a) the publicly disclosed elements of lithium, lithium aluminum hydride, and nickel or another element in column 10 of the periodic table plus (b) one additional element not listed above (the "**Additional Element**"). The Parties acknowledge and agree that the Energy Catalyzer Fuel Formula as defined herein only applies to (a) the complete formula, including the Additional Element, meaning that a disclosure of the elements in the Energy Catalyzer Fuel Formula other than the Additional Element is not a disclosure of the Energy Catalyzer Fuel Formula, and/or (b) the Additional Element alone, if disclosed in a manner that connects the Additional Element to a fuel formula developed by Rossi or to the E-Cat IP. Within 10 days after the Effective Date, Defendants shall deliver or cause to be delivered to Plaintiffs' counsel a certificate, executed by Darden, confirming the destruction of any written materials containing or memorializing the Energy Catalyzer Fuel Formula and

confirming that, to the best of Defendants' knowledge, the only persons who know the Energy Catalyzer Fuel Formula are Rossi, Darden, and the two other individuals who attended the meeting at which Rossi communicated the Energy Catalyzer Fuel Formula to Darden. Within the same 10 day period, Defendants shall deliver to Plaintiffs' counsel who is a partner at Hinshaw & Culbertson LLP ("**Hinshaw**") a sealed envelope containing the names of the two other individuals, such envelop only to be unsealed and provided by Hinshaw to Rossi or counsel for Rossi pursuant to a valid court order based on a finding that there is reasonable cause to believe that one or both of the two other individuals disclosed the Energy Catalyzer Fuel Formula to someone other than Rossi or Darden.

8. **Assignment of Patent Applications.** To the extent that they have not already done so, IH and IPH shall assign to Rossi any non-expired patent applications that either IH or IPH has filed in which Rossi is listed as an inventor or co-inventor of the technology or apparatus sought to be patented (the "**Patent Applications**"). IH and IPH represent and warrant that neither has previously assigned the Patent Applications to anyone other than Rossi or Leonardo, and further that neither has filed any patent applications that do not list Rossi as an inventor or co-inventor but that nevertheless claim priority based upon a prior patent application that lists Rossi as an inventor or co-inventor.
9. **Delivery of Equipment.** Defendants shall deliver to Rossi any of the following in their possession, custody or control: (a) Energy Catalyzer Fuel Formula, (b) reactor vessels/tubes created to contain the Energy Catalyzer Fuel Formula for use in an E-Cat device (even if they were never "fueled" with such Formula), (c) the 1MW E-Cat Unit (as defined in the License Agreement), (d) the Six-Cylinder Unit (as defined in the License Agreement), and (e) Hot Cats (as defined in the License Agreement). Except as to the 1MW E-Cat Unit currently located in Doral, Florida, the other equipment specified in this Section shall be delivered to Rossi at an agreed upon location in Raleigh or Cary, North Carolina. Defendants represent that they are not aware of any third party that possesses any Energy Catalyzer Fuel Formula or any reactor vessel/tube that contained Energy Catalyzer Fuel Formula other than Plaintiffs or anyone to whom Plaintiffs provided such Formula or vessel/tube.
10. **Confidentiality.** Defendants shall not disclose the Energy Catalyzer Fuel Formula to any other person or entity unless and until the Energy Catalyzer Fuel Formula is publicly disclosed by Rossi, Leonardo or someone acting on behalf of Rossi or Leonardo. As to Confidential and Highly Confidential Information produced by any Party in the Litigation, the Parties shall abide by and follow the provisions of the Agreed Protective Order entered in the Litigation (docket entry # 65).
11. **Entire Agreement.** This Settlement Agreement constitutes the full understanding and entire agreement among the Parties with respect to the subject matter contained herein, is the final and complete expression of their intent, and supersedes any and all prior agreements and understandings of any kind, whether oral or written, formal or informal, among the Parties pertaining to the subject matter contained herein. Each of the Parties expressly warrants and represents that, in agreeing to the terms of this Settlement Agreement, no promise, agreement, arrangement, or understanding, which is not herein expressed, has been made to it in executing this Settlement Agreement, and it has not relied in any way upon representations or statements of another Party, anyone acting on

behalf of another Party, or any other person, regarding the subject matter hereof or the basis or effect of this Settlement Agreement, other than those representations or statements explicitly set forth herein.

12. **Modification.** No change, modification or waiver of any of the terms of this Settlement Agreement will be binding unless it is in writing and executed by all Parties.
13. **Choice of Law.** This Settlement Agreement has been executed and delivered in, and shall be governed, construed and interpreted solely in accordance with the laws of, the State of Florida, without reference to conflict or choice of laws principles.
14. **Arbitration.** Any dispute, claim or controversy arising out of or relating to this Settlement Agreement, including as to the validity, interpretation, breach or termination of this Settlement Agreement, shall be fully and finally resolved through binding arbitration, administered by the American Arbitration Association pursuant to its Commercial Arbitration Rules and conducted by a single arbitrator. The Parties knowingly, voluntarily and irrevocably waive any right to trial by jury in connection with any dispute, claim or controversy arising out of or relating to this Settlement Agreement. The prevailing party in any such arbitration shall be entitled to recover its attorneys' fees and costs from the non-prevailing party or parties.
15. **Disclosure Required by Law.** Notwithstanding anything to the contrary in this Settlement Agreement, a Party may disclose information that it could not otherwise disclose under another Section of the Settlement Agreement if such disclosure is required by a court or other governmental authority, and such disclosure shall not be a breach or violation of the Settlement Agreement.
16. **Severability.** In the event that any term of this Settlement Agreement is held to be void, voidable, or unenforceable in any respect, that term will be severed, and the remaining portions of the Settlement Agreement shall remain in full force and effect and will be interpreted to give effect to the intent of the Parties as expressed in this Settlement Agreement. Moreover, the void, voidable, or unenforceable term of the Settlement Agreement will be replaced with a valid and enforceable term that is as close as possible in scope and intent to the severed term.
17. **Headings.** The headings of the Sections of this Settlement Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise affect the construction of the terms of this Settlement Agreement.
18. **Authority.** Each Party acknowledges and agrees that it (i) is represented by counsel of its own choosing, (ii) has reviewed and discussed the terms of this Settlement Agreement with its counsel, (iii) fully understands this Settlement Agreement and its legal effect, and (iv) is agreeing to the terms set forth herein with the advice of counsel. Each Party represents that they have the authority necessary to sign, enter into, and perform this Settlement Agreement, and each Party represents that it has the full right and power to accept the consideration for this Settlement Agreement and to provide the releases and agreements set forth herein. Each Party acknowledges and agrees that it enters into this Settlement Agreement as its free, voluntary, knowing and intentional act.

19. **No Assignment or Transfer.** Each Party represents and warrants that it has not sold, assigned, conveyed or otherwise transferred to another any of the Released Claims against any of the Released Parties.
20. **No Waiver.** The failure or delay of any Party to insist upon compliance with any term of this Settlement Agreement shall not operate as a waiver of that term. Furthermore, an express waiver of any term of this Settlement Agreement, in any instance, shall not be construed (a) as a general waiver or relinquishment by such Party of any other term of this Settlement Agreement or (b) as a waiver of future violations of such term. No waiver shall be effective unless in writing and executed by all Parties pursuant to Section 12 above.
21. **Counterparts.** This Settlement Agreement may be executed in multiple counterparts, and the signatures on the Settlement Agreement may be transmitted by one Party to the others by hand delivery or electronic mail. Each executed counterpart (original or “.pdf” via electronic mail) shall be deemed to be an original, all of which together shall be deemed to be one and the same instrument.
22. **Rule of Construction.** As used in this Settlement Agreement in reference to a Party, “it” or “its” shall include “he” or “his.”
23. **Binding Effect.** This Settlement Agreement is binding upon and inures to the benefit of the Parties and their respective administrators, executors, heirs, successors and assigns.

**PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS AND AN ARBITRATION PROVISION.**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Settlement Agreement effective as of the Effective Date written above.

**Leonardo Corporation**

\_\_\_\_\_  
By: Andrea Rossi  
President, Leonardo Corporation

Dated: July \_\_, 2017

**Andrea Rossi**

\_\_\_\_\_  
By: Andrea Rossi in his individual capacity

Dated: July \_\_, 2017

**Industrial Heat, LLC**

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By: Thomas Darden  
President, Industrial Heat, LLC

Dated: July \_\_\_, 2017

**IPH International B.V.**

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By: Thomas Darden, Director of IPHBV Holdings Ltd.,  
Managing Director A of IPH International B.V.

Dated: July \_\_\_, 2017

**Cherokee Investment Partners, LLC**

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By: Thomas Darden  
Managing Member, Cherokee Investment Partners, LLC

Dated: July \_\_\_, 2017

**Thomas Darden**

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By: Thomas Darden in his individual capacity

Dated: July \_\_\_, 2017

**John T. Vaughn**

\_\_\_\_\_  
By: John T. Vaughn in his individual capacity

Dated: July \_\_\_, 2017

**J.M. Products, Inc.**

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By: Henry Johnson  
President, J.M. Products, Inc.

Dated: July \_\_\_, 2017

**Henry Johnson**

\_\_\_\_\_  
By: Henry Johnson in his individual capacity

Dated: July \_\_\_, 2017

**United States Quantum Leap, LLC**

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By: Fulvio Fabiani  
Member, United States Quantum Leap, LLC

Dated: July \_\_\_, 2017

**Fulvio Fabiani**

\_\_\_\_\_  
By: Fulvio Fabiani in his individual capacity

Dated: July \_\_\_, 2017

**James Bass**

\_\_\_\_\_  
By: James Bass in his individual capacity

Dated: July \_\_\_, 2017