

TERMINATED 21st Jan 09 due to breach of contract by Bernd Schlagregen registered a patent OCTOPUS hydraulic generator in his name being an improvement to IIL 100% owned OTELLO patent

**Bernd Schlagregen and or www.big-biogas.de has no legal rights to use IIL patents for what he calls OCTOPUS or Hydraulic Generator
License Agreement**

AMPS Family & OTELLO heat engines (Exclusive Regional License NOT transferable without written approval from International Innovations Limited (IIL))

IIL grants to BIG BIOGAS / Germany an exclusive license for the following countries are Austria, Swiss, Belgium, Germany, Denmark, Spain, Netherlands, Croatia, Turkey, France, Italy and Portugal.

Between

B.I.G. BIOGAS Innovations GmbH

And/or Mr. Bernd Schlagregen
Rederstaller Strasse 31
D-25782 Tellingstedt

GERMANY

Email: otello@big-BIOGAS.de
Web: <http://www.big-BIOGAS.de>

- Hereinafter called BIG BIOGAS -

And

International Innovations Limited (IIL)

Mr. Stephen M. Hargreaves
Level 29, Chifley Tower,
2 Chifley Square,
Sydney, NSW, 2000

AUSTRALIA

Email: steve.hargreaves@internationalinnovations.com.au
Web: <http://www.internationalinnovations.com.au>

- hereinafter called „IIL“ -

PREAMBLE

BIG BIOGAS was established in July 2007 by Bernd Schlagregen and has extensive experiences with energy and processes for generation of energy. The target of BIG BIOGAS is to be European leader in the energy waste business in converting HEAT ENERGY to CLEAN ELECTRICAL ENERGY. From engines today 65% of fuel burned in the engine combustion process is converted to waste heat energy (only 35% is useful work). Other sources of waste heat energy from geothermal, power stations, ovens, smelters producing metals, plastics, rubber, glass, processed food, desalination plants, BIOGAS plants and others all have waste heat energy. **It is BIG BIOGAS intention using IIL AMPS family of**

patents to start with OTELLO (European Patent EP08102877 Method for converting thermal energy into mechanical work) to convert waste heat energy into clean electrical power output.

IIL is the owner of several patents for heat engines and has developed a method and system for generating electric power from thermal energy (heat, waste heat & solar), hereinafter called AMPS Family (AMPS – Ambient Mobile Power System, EUROEMAPS (using bladder accumulators), MOREAMPS (using piston accumulators) & OTELLO (variation of EUROAMPS) and future new designs and patents). IIL is 100% owner of all „patents granted & patents pending“ with the newest application # **EP08102877** referred to as OTELLO.

IIL is agreeing to an exclusive license to BIG BIOGAS, so that BIG BIOGAS may incorporate a technique from the AMPS family and further developments of this system/s into power plants or in plants within adapted Heat exchange systems or turbines with **all new developments and improvements 100% owned by IIL.** BIG BIOGAS intend to start with producing approx. 700 units per year of the system OTELLO with various electrical outputs as the market demands and BIG BIOGAS can supply using parts from OLAER www.olaer.com

OLAER INTERNATIONAL GROUP supply parts:

IIL has an exclusive license with international group OLAER www.olaer.com to supply **all parts OLAER can supply** worldwide (if OLAER cannot supply after 3 months then other suppliers can be used from IIL preferred supplier). It is a condition of this license with BIG BIOGAS must order parts as first step at OLAER and second from IIL preferred supplier.

OLAER Delivery schedules

IIL and Associates and Dealers and Resellers will issue firm purchase orders and a rolling 12 week schedule on a monthly basis to OLAER based on a 16 week delivery lead-time ex-Factory. Olaer will acknowledge these orders within 72hrs.

IIL and Associates and Dealers and Resellers will accept financial responsibility for stock outside this schedule.

- *In case Olaer becomes insolvent IIL can source components from other companies following 3 month period during which Olaer can come up with alternative arrangements for supply.*

Quality

Olaer will carry out in process and post shipment quality control.

In case of any quality issues, IIL and Associates and Dealers and Resellers will return the pressure vessels, heat exchangers and all parts that OLAER can supply to Olaer Factory for QC control, corrective and preventive actions.

Identification, packaging, warranty clause

Olaer must guarantee the identification and traceability of delivered products until warranty obligations are discharged.

Warranty claims are subject to confirmation of working conditions, no claim will be accepted, for applications where working conditions are other than strictly in accordance with those specified for each product in the literature and documentation provided by OLAER.

This warranty specifically excludes any consequential damages or out of pocket expenses related to the failure of any items or its unavailability during the period of inspection, repair or replacement. Olaer reserve the right to repair or replace any item claimed under warranty, at their sole discretion.

Terms of payment to OLAER for parts

IIL and Associates and Dealers and Resellers shall effect payment of Olaer invoices no later than 30 days after shipment of the goods. Any new customers must pay by TT transfer at the time of order.

One of the main interests for BIG BIOGAS is to offer the AMPS family starting with OTELLO to the market of renewable energy, to increase efficiency and power output by attaching the system. The system OTELLO converting the heat generated and OTELLO can use this heat and can convert thermal energy into electrical energy to produce fuel savings and or power increase around 20% (could be as high as 29% is BIG BIOGAS claim when system is optimised)

License Fee is 10% to IIL from all BIG BIOGAS sales: The current market price is actual 2.500 Euro per kW electricity. That means for actual 60kW electrical output (OTELLO 200) sales price is €150,000 and 10% license fee payable to IIL = EUR 15,000 per machine. And for actual 80kW electrical output (OTELLO 300) sales price is €200,000 10% license fee payable to IIL = EUR 20,000 per machine to IIL

Additionally license fees are payable to IIL from ALL sales from BIG BIOGAS at 10% of all income sales for converting waste heat energy to electrical energy from all waste heat sources .i.e. Geothermal, Power Stations, Bio Gas Plants, Ovens, Smelters, Engines, Turbines, Desalination Plants, Metals-Rubber-Plastic-Glass-Food Processing-all Industrial waste heat sources and others.

And when sold as a Power Station connected to the grid IIL receives 10% from income generated from power sold.

IIL has preferred suppliers for components / parts and control systems .i.e. pressure vessels, valves, turbine / motor, generator, radiator / coolers, pump/s, control system.

END PREAMBLE

§ 1 PROTECTIVE RIGHT& LICENSE TYPE

(1) IIL is the owner of Austrian Patent Application and PCT-Application now patent GRANTED 502.402 claiming priority 10th January 2006. EOROAMPS patent application 1-806-501 filed 29th December 2006 is also **GRANTED** in Austria and allowed European PCT covering all European countries and pending is valid in the following countries; **Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Great Britain, Hungary, Ireland, Iceland, Italy, Lithuania, Latvia, Luxembourg, Monaco, the Netherlands, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia and Turkey.** Further patent applications are pending in the following countries: **Australia, Brazil, Canada, India, Japan, Mexico, New Zealand, Russia, United States of America and South Africa.**

(2) OTELLO is a new patent application pending **EP08102877** with the intention to cover all listed countries above and maybe more additional countries 100% owned by IIL.

(3) This license agreement relates to an **“Exclusive” License from IIL to Big BIOGAS for commercialising IIL patents and products in Austria, Swiss, Belgium, Germany, Denmark, Spain, Netherlands, Croatia, Turkey, France, Italy and Portugal. “Not Transferable” without written approval from IIL.**

(4) **BIG BIOGAS will pay IIL 10% from all sales less VAT to commercially develop, build and sales of products using IIL owned patent/s applications and utility models based upon these patents protecting further developments of the AMPS system and including all actual and further developments of**

the OTELLO system AMPS Family owned by IIL (hereinafter protective rights).

(5) CONDITIONS: This licence is conditional upon BIG BIOGAS receiving third party certification and regulatory approvals for sales to customers! For example the currently constructed OTELLO is due for independent certification in three week from the signing of this contract / license. IIL is compassionate and understanding that delays are part of life and some modifications will be necessary for this first waste heat machine built called OTELLO.

- **IIL congratulates Herron Bernd Schlagregen / B.I.G. BIOGAS Innovations GmbH for using IIL patents and constructing the very first OTELLO 60 kW waste heat engine ready for 700 unites for production and supply during next two years. It is IIL intention to support and review this license from a performance and business cooperation success point of view this license could be extended to other countries.**

KIT SYSTEMS “OTELLO”: Additionally, it is IIL’s intention to work with our parts supplier OLAER group www.olaer.com and others internationally towards supplying a full range of products in KITS using OLAER parts worldwide supply and sales / service from OLAER and partners.

The target is to produce products to be mass produced in KITS and supply worldwide to reduce waste heat.

§ 2 FIELD OF LICENSE

(1) The license covers the entire area of the application of the invention **EP08102877**, as described in the preamble of the contract, including further technical developments, as far as they relate to the technical field of this contract.

(2) The term licensed item shall mean any item for which either the item itself or its manufacture falls under at least one claim of the patent above identified and/or utilized confidential information conveyed to BIG BIOGAS hereunder.

§ 3 IMPROVEMENTS

(1) All improvements are owned by IIL and of the licensed item shall be reported by BIG BIOGAS to IIL. It is agreed that IIL will file patent applications in their name to protect further developments of the AMPS system (AMPS, MOREAMPS, EUROAMPS, OTELLO **EP08102877**) if such patent applications are to be useful and necessary. IIL has the right to be mentioned as a joint inventor, and to exploit and utilize the Improvements.

§ 4 ROYALTIES

(1) BIG BIOGAS pays to IIL a royalty of 10% of the sales price charged to customers excluding VAT, freight and also excluded are costs for installations and services. The royalties are due on the date of BIG BIOGAS’s invoice, non-payment by BIG BIOGAS’s customer having no influence on the amount of the royalties. This includes 10% from income from sales connected to the grid when sold as power station.

§ 5 RECORDS

(1) BIG BIOGAS shall keep records relation to the manufacture of the licensed item in such a way that the precise number of items produced by BIG BIOGAS under this agreement the customer, the shipment date and other important information are apparent. Thereby the recorded data are stored under the cover of law.

(2) IIL has the right to inspect and audit BIG BIOGAS books using PKF auditors or an auditor of IIL choice giving one month notice.

§ 6 REPORTS AND PAYMENTS

(1) BIG BIOGAS shall submit a report within one month after the expiration of each calendar quarter year. Within the same period BIG BIOGAS shall effect payment of the royalties due to IIL. The payment shall be made in currency of IIL. Half costs of the payment being borne by IIL. The rate of exchange shall be the exchange rate on the last day of the reported period.

(2) BIG BIOGAS agrees to pay IIL interest on the royalties due from the date said payment is due through the date the payment is made, said interest being calculated at an annual rate of 8% above the applicable discount rate of the European Central bank at the time, without need for a specific notice by IIL.

(3) BIG BIOGAS will forward IIL every financial year end audited records BIG BIOGAS will send an auditor's report showing sales numbers, sales income revenue and calculate and audit payments due to IIL for last 12 months and that correct payments were delivered to IIL.

IIL Bank Account is:

Bank Name: COMMONWEALTH BANK AUSTRALIA
Bank Address: 48 Martin Place, Sydney, branch #: 062-000,
Account Name: INTERNATIONAL INNOVATIONS LIMITED
Account Number 1140-0815. SWIFT CODE: CTBAAU2S

§ 7 MAINTENANCE OF THE PATENT

(1) IIL shall maintain protective rights which are the subject of this agreement for the duration of this agreement as long as it is useful and necessary in the eyes of one of the parties.

§ 8 FURTHER COOPERATION

(1) IIL will establish BIG BIOGAS as preferred supplier in any cooperation partnership or license agreement with third parties in European countries.

(2) IIL and suppliers of current and future products are to indicate on their websites that BIG BIOGAS is the AGENT for countries BIG BIOGAS has exclusive license to the following countries:

Austria, Swiss, Belgium, Germany, Denmark, Spain, Netherlands, Croatia, Turkey, France, Italy and Portugal.

It is IIL intention to review the countries and possibility of adding additional countries to have exclusive rights for BIG BIOGAS.

(3) The intention for example is when IIL, OLAER or other partner is contacted for supply of IIL products .i.e. AMPS Family; AMPS-EUROAMPS-MOREAMPS-OELLO that BIG BIOGAS is the agent for collecting orders, payments, delivery and servicing.

§ 9 INFRINGEMENT AND LITIGATION

(1) The parties hereto shall inform each other promptly of any infringement of the patent rights in the territory which are subject to this agreement. IIL shall take all reasonable efforts to defend the licensed patent against validity challenges by third parties. IIL may allow BIG BIOGAS to take the necessary actions against infringers of the license.

(2) The cost of the infringement suit of BIG BIOGAS shall be borne by both parties each one to the half. IIL may at its own cost join BIG BIOGAS in infringement litigation.

(3) If BIOG BIOGAS pursues an infringement litigation by himself and receive damage payments for lost profits or a reasonable royalty, BIG BIOGAS shall pay 50% of this damage payments to IIL as the contractual royalty as mentioned in §4 in this contract.

§ 10 THIRD PARTIES PATENTS

(1) If BIG BIOGAS is charged with patent infringement based on the exploitation of the licensed patent BIG BIOGAS shall immediately inform IIL, IIL has the right to join a corresponding lawsuit. Each party shall bear its own costs of the litigation.

§ 11 NO CONTEST CLAUSE

(1) During the time of this license agreement, BIG BIOGAS shall not challenge the validity of the patent or support third parties in such a challenge.

§ 12 PARTIAL OR COMPLETE INVALIDATION OF THE LICENSED PATENT

(1) This agreement and its validity shall not be influenced by the fact that one of the protective rights should finally be declared invalid.

(2) Royalties already paid shall be non-refundable. Royalties which were due until the final declaration of invalidity but have not yet paid shall be not paid by BIG BIOGAS until the the final declaration of invalidity. The latter does not apply if BIG BIOGAS has informed IIL by registered mail of the fact that competitors infringe the licensed patent and have refused to sign a cease and desist declaration submitted to them with a warning letter. If BIG BIOGAS did not file an Infringement action within a reasonable period, BIG BIOGAS shall remain obliged to make royalties payments hereunder.

(3) If the licensed patent is partially invalidated or the licensed patent is determined to be dependent upon an earlier patent, BIG BIOGAS has the right to request an adaption of the contract to the changed circumstances. This does not apply to a case of dependency on an earlier patent if IIL holds BIG BIOGAS harmless, e.g. royalty payments to the owner of the earlier patent.

§ 13 TERM

(1) The contract comes into existence upon signing by both parties and following the issuance of all necessary permits and government approvals and be in force until termination, which is possible under the following conditions. In the case of significant contract violations both parties shall have a right of termination of cause which shall be exercised within four weeks from the notice of the validation. Significant reasons for exercising the right of termination for cause by IIL are: non-compliance with the reporting and payment periods for royalties, bankruptcy of BIG BIOGAS GMBH or filing by BIG BIOGAS of an invalidity suit against the contract patent.

§ 14 APPLICABLE LAW AND LEGAL VENUE

(1) The parties agree that all disputes or claims shall be subject to the jurisdiction of Australia.

(2) This agreement shall be construed according to Australian law.

§ 15 SEVERABILITY

(1) Should any provision of this agreement be invalid or unenforceable or should the contract contain an omission, the remaining provisions shall be valid. In the place of an invalid provision, a valid provision is presumed to be agreed upon by the parties which comes economically closest to the one

actually agreed upon; the same shall apply in the case of an omission.

(2) The license is exclusive in **Austria, Swiss, Belgium, Germany, Denmark, Spain, Netherlands, Croatia, Turkey, France, Italy and Portugal** and **NOT TRANSFERABLE**.

B.I.G. BIOGAS Innovations GmbH

and/or Mr. Bernd Schlagregen
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D-25782 Tellingstedt

GERMANY

Email: otello@big-BIOGAS.de
Web: <http://www.big-BIOGAS.de>

Signature:



Witness Signature:



Hamburg, 2008-03-21 SIGNED BY Bernd Schlagregen
(BIG BIOGAS)

International Innovations Limited (IIL)

Mr. Stephen M. Hargreaves
Level 29, Chifley Tower,
2 Chifley Square,
Sydney, NSW , 2000

AUSTRALIA

Email: steve.hargreaves@internationalinnovations.com.au
Web: <http://www.internationalinnovations.com.au>

Signature:



WITNESS: Dr. Nicholas Ward

Witness Signature:



Hamburg, 2008-03-21 SIGNED by Stephen M. Hargreaves
(INTERNATIONAL INNOVATIONS LIMITED)

WITNESS: Dr. Nicholas Ward

TERMINATED 21st January 2009 IIL reserves its legal rights. Bernd Schlagregen and or his company www.big-biogas.de have no legal rights to use IIL patented heat engines or hydraulic generators are AMPS, EUROAMPS, MOREAMPS, OTELLO/OCTOPUS