United States Securities and Exchange Commission

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15[d] of the Securities Exchange Act of 1934

November 12, 2015
Date of Report

AnPath Group Inc.

(Exact name of Registrant as specified in its Charter)

Delaware	000-55148	20-1602779
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1858 Cedar Hill Rd.
Lancaster, Ohio 43130
(Address of Principal Executive Offices)

(740) 415-2073
(Registrant's Telephone Number, including area code)

515 Congress Ave., Suite 1400
Austin, Texas 78701
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see general instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14-a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

FORWARD-LOOKING STATEMENTS

This Current Report contains certain forward looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including or related to our future results, events and performance (including certain projections, business trends and assumptions on future financings), and our expected future operations and actions. In some cases, you can identify forward-looking statements by the use of words such as “may,” “should,” “plan,” “future,” “intend,” “could,” “estimate,” “predict,” “hope,” “potential,” “continue,” “believe,” “expect” or “anticipate” or the negative of these terms or other similar expressions. These forward-looking statements generally relate to our plans and objectives for future operations and are based upon management’s reasonable estimates of future results or trends. In evaluating these statements, you should specifically consider the risks that the anticipated outcome is subject to, including the factors discussed under "RISK FACTORS" and elsewhere. These factors may cause our actual results to differ materially from any forward-looking statement. Actual results may differ from projected results due, but not limited to, unforeseen developments, including those relating to the following:

- We fail to compete at producing cost effective products;
- We fail to identify and secure a joint venture with manufacturing companies;
- Risks related to delays and expenses of engine technology development and pilot programs;
- The inability of our engines to compete with other forms of renewable energy;
- Market demand for electricity and alternative energy sources;
- The availability of additional capital at reasonable terms to support our business plan;
- Economic, competitive, demographic, business and other conditions in our markets;
- Changes or developments in laws, regulations or taxes in the energy industry;
- Actions taken or not taken by third-parties, including our suppliers and competitors;
- The failure to acquire or the loss of any license or patent;
- Changes in our business strategy or development plans;
- The availability and adequacy of our cash flow to meet its requirements; and
- Other factors discussed under the section entitled “RISK FACTORS” or elsewhere herein.

You should read this Current Report completely and with the understanding that actual future results may be materially different from what we expect. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, future financings, performance, or achievements. Moreover, we do not assume any responsibility for accuracy and completeness of such statements in the future. We do not plan to update any of the forward-looking statements after the date of this Current Report to conform such statements to actual results.

NAME REFERENCES

In this Current Report, references to “AnPath,” “APGR,” the “Company,” “we,” “our,” “us” and words of similar import refer to “AnPath Group, Inc.,” the Registrant, which is a Delaware corporation, and where applicable, Q2Power Corp., a Delaware corporation (“Q2P”), our acquisition of which, by merger, is discussed below under the heading “Merger” of Item 1.01.

Item 1.01 Entry into Material Definitive Agreement.

DESCRIPTION OF THE MERGER

Merger Transaction Documents

The summaries of the Merger transaction documents (the “Transaction Documents”) and the other agreements, documents and instruments related to the Transaction Documents or otherwise described herein which were included as Exhibits to the Company’s Current Report on Form 8-K dated August 24, 2015, and filed with the Securities and Exchange Commission (the “SEC”) on August 26, 2015, and which are incorporated herein by reference do not purport to be complete and are qualified in their entirety by reference to such Transaction Documents, agreements, documents and instruments that are summarized. Capitalized terms not otherwise defined

herein shall have the meanings ascribed to them under the Merger Agreement (as defined below) or other instrument referenced. See Item 9.01 of this Current Report.

Effective August 5, 2015, AnPath effected a one for seven (1 for 7) reverse split of its outstanding common stock (the "Reverse Split"). All computations contained herein take into account the Reverse Split.

Merger

On August 24, 2015, AnPath, its newly formed and wholly-owned subsidiary, AnPath Acquisition Sub, Inc., a Delaware corporation ("Merger Subsidiary"), and Q2P executed and delivered an Agreement and Plan of Merger (the "Merger Agreement") and certain other documentation necessary to complete the Merger Agreement (collectively, the "Transaction Documents"). On August 26, 2015, we filed with the SEC a Current Report on Form 8-K disclosing the material terms of the Merger Agreement. On November 12, 2015, the date of this Current Report, all closing conditions discussed below were satisfied and the appropriate documents were filed with the State of Delaware (the "Effective Date"), resulting in the Merger Subsidiary merging with and into Q2P. As a result, Q2P is the surviving company and a wholly-owned subsidiary of AnPath (the "Merger").

The respective Boards of Directors of AnPath and Q2P approved the Merger by written consents, as have Q2P stockholders holding at least 51% of the total issued and outstanding shares of Q2P. Under the Merger Agreement, the Company is issuing 24,000,000 shares of its common stock in exchange for all of the 70,689,631 outstanding shares of common stock of Q2P, equivalent to a conversion ratio of approximately 0.34 shares of the Company for each share of Q2P, assuming none of the Q2P stockholders exercise dissenters' rights of appraisal under the Delaware General Corporation Law (respectively, "Appraisal Rights" and the "DGCL"). Should any Q2P stockholder exercise Appraisal Rights, the shares that would be issued to such stockholder will be held in treasury pending resolution of appraisal proceedings, at which time any remaining dissenting shares will be divided pro-rata among all the non-dissenting stockholders of Q2P existing as of the Effective Date.

In addition, Q2P had 3,222,000 outstanding stock options under its 2014 Founders Stock Option Plan and 2014 Employees Stock Option Plan (the "Option Plans") as of the Effective Date, and each Q2P option is being exchanged for the options to acquire shares of common stock of the Company in the same ratio of 0.34, equal to 1,095,480 Company shares if all options are exercised in the future. The options are be exercisable at a price of $0.26 per share, as approved by the Board of Directors. The Company has assumed, adopted, ratified and approved the Option Plans under the Merger, which provide for the grant of options to acquire up to 1,584,520 additional shares of Company common stock under the 2014 Employees Stock Option Plan by resolution of the Board of Directors (the Founder Stock Option Plan has previously issued all available shares thereunder).

The Q2P stockholders have been provided notice of their respective rights to dissent to the Merger and exercise their Appraisal Rights under the DGCL, which allows each such stockholder 20 days in which to advise the Company of an intention to dissent to the Merger. Failure to respond in such 20 day period or to otherwise perfect such Appraisal Rights under the DGCL will constitute a waiver of dissenters' rights and consent to the Merger.

The following Capitalization Table and the share figures contained elsewhere in this Current Report (unless indicated otherwise) do not take into account: (i) the Q2P stock options, (ii) the issuance of securities under currently outstanding AnPath convertible notes or warrants as reported its SEC filings, or (iii) any securities that could be issued pursuant to the APGR Funding, defined below.

CAPITALIZATION TABLE OF ANPATH
POST-MERGER

Common Stockholders	Ownership Interest %	Category of Stockholders
24,000,000 (1)	94.9%	Q2P Stockholders
1,289,639 (2)	5.1%	APGR Pre-Merger Stockholders
25,289,639 (1)(2)	100%	All Q2P and APGR Stockholders

(1) Not including 1,095,480 shares that could be issued upon the exercise of vested and outstanding Q2P options.

(2) Not including approximately 2,490,000 shares that could be issued upon the conversion of AnPath notes and warrants outstanding immediately prior to the Effective Date; nor any shares issued in the APGR Financing.

Conditions Precedent to Closing of Merger

The closing of the Merger was subject to customary conditions including, but not limited to: (i) the continued accuracy of each party's representations and warranties as contained in the Merger Agreement; (ii) no material adverse change in either party's results of operations or assets; (iii) the good standing of each party in its state of organization, and the like. In addition, the Merger Agreement contained the following pre-closing conditions that have been met:

APGR Funding. In connection with the closing of the Merger, on November 17, 2015, the Company completed $500,000 of a Series A 6% Convertible Preferred Stock offering, the material terms of which are disclosed herein including the Exhibits hereto. By consent of the Board of Directors, Q2P waived the requirement to close a minimum of $1,000,000 in this offering prior to closing the Merger in return for agreement to keep the offering open for 30 days after the closing of the Merger. The Company is authorized to raise up to $1,500,000 in this preferred stock offering at a price of $1,000 per share, which will be held open following the Merger closing for a period not to exceed 30 days. The terms under which these funds were and will be raised are as follows:

- The Series A 6% Convertible Preferred Stock (the "Preferred Stock") is convertible at $0.26/share of the Company's common stock (the "Conversion Price"), subject to price protection provisions set forth in Certificate of Designation of Preferences, Rights and Limitations (the "Certificate of Designation") filed with the Delaware Secretary of State on November 12, 2015.

- The Preferred Stock bears 6% dividend per annum, calculable and payable per quarter in cash or additional shares of common stock as determined in the Certificate of Designation. The Preferred Stock has no voting rights until converted to common stock, and has a liquidation preference equal to the Purchase Price.

- The Preferred Stock has price protection provisions in the case that the Company issues any shares of stock not pursuant to an "Exempt Issuance" at a price below the Conversion Price. Exempt Issuances include: (i) shares of Common Stock or common stock equivalents issued pursuant to the Merger or any funding contemplated by the Merger; (ii) any common stock or convertible securities outstanding as of the date of closing; (iii) common stock or common stock equivalents issued in connection with strategic acquisitions; (iv) shares of common stock or equivalents issued to employees, directors or consultants pursuant to a plan, subject to limitations in amount and price; and (v) other similar transactions.

- The Certificate of Designation contains restrictive covenants not to incur certain debt, repurchase shares of common stock, pay dividends or enter into certain transactions with affiliates without consent of holders of 67% of the Preferred Stock.

The Securities Purchase Agreement ("SPA") contains other representations, warranties, covenants and restrictions for the Company including;

- Security and guarantees on the assets of the Company for the benefit of the Preferred Stockholders;

- Requirements to maintain sufficient common stock to allow the conversion of the Preferred Stock and warrants, and penalties for failure to do so, or failure to deliver such stock in a specified period of time;

- A restriction for 180 days after closing from issuing additional common shares or convertible securities, except for specific Exempted Issuances (the Company may raise additional funding after 90 days from closing at a higher valuation than the Preferred Stock, as set forth in the SPA);

- A 12 month right for the holders to participate in future financings of the Company; and

- Piggy-back registration rights.

Each share of Preferred Stock receives warrants (the "Warrants") equal to one-half of the Purchase Price to purchase common stock in the Company exercisable for five (5) years following closing at a price of $0.50 per share. The Warrants will be eligible for "cashless exercise" if the underlying shares of common stock are not registered with the SEC for resale, and include similar price protection and other provisions as the Preferred Stock.

Additional descriptions of the Preferred Stock and Warrants are provided in the section to this Current Report entitled "**Description of Capital Stock**." The Certificate of Designation, SPA and Warrant Agreement are all filed as Exhibits to this Current Report, and all summary descriptions herein are qualified in their entirely by the actual agreements.

Share Exchange Agreement. Following the closing of the Merger, the Company completed a Share Exchange Agreement (the "Exchange Agreement") to sell the Company's wholly-owned subsidiary, EnviroSystems, Inc., a Nevada corporation ("ESI"), to three of the current stockholders of AnPath, with 770,560 Company shares being returned by such stockholders and retired by the Company. Pursuant to this agreement, ESI has retained all liabilities and payables currently on the books of ESI, including the litigation judgment described elsewhere in this Current Report. The Exchange Agreement is filed as an Exhibit to this Current Report.

Consent from Debt Holder. Through the execution of a Modification and Extension Agreement dated September 23, 2015 (the "Extension Agreement"), the Company has received consent for the Merger from its note holder and warrant holder Alpha Capital Anstalt ("Alpha"), as disclosed in our Current Report dated September 23, 2015, and filed with the SEC on September 24, 2015. In the Extension Agreement, Alpha agreed that the Merger and the APGR Funding do not trigger any anti-dilution or repricing provisions under the outstanding Company notes and warrants held by Alpha. The Extension Agreement also extended the term of Alpha's outstanding notes for another 12 months, repriced the notes' conversion price to $0.21 per share, and modified certain other terms of the notes and warrants. Alpha had no right to block or delay the closing of the Merger, however, without the Extension Agreement, the Company may be deemed to have been in default of its debt obligations.

Cancelled Affiliated Debt. APGR cancelled $79,205 in affiliate debt and interest prior to the Effective Date. APGR converted an additional $27,873 in affiliate debt to 225,000 shares of APGR common stock. At June 30, 2015, advances from this affiliate were $21,553 and an agreement was made to retire this advance with the issuance of 200,000 shares of APGR common stock. Subsequent to June 30, 2015, the affiliate made an additional advance of $6,320 to APGR in return for 25,000 shares of APGR common stock.

Material Relationships between AnPath Affiliates and Affiliates of Q2P

The following are the material relationships between each of AnPath's affiliates and affiliates of Q2P:

Christopher Nelson, the Chief Executive Officer and Director of Q2P, is also a Managing Director of GreenBlock Capital LLC, a Delaware limited liability company ("GBC"). GBC is expected to sign a 12 month Consulting Agreement with the Company by which GBC may be issued up to 1,000,000 shares of common stock. Such fee is specifically not a finder's or success fee based on the raising of funds for the Company. No agreement has been signed as of this date, and any such agreement must be approved by the independent member of the Company's Board of Directors. Mr. Nelson presently holds no ownership or equity interest in GBC. Prior to the closing of the Merger, he held 4,580,000 shares of Q2P, representing approximately 6.5% of its outstanding voting securities not including his stock options. Following the closing of the Merger, he holds 1,812,200 shares of the Company's common stock, representing approximately 7.1% of our post-Merger outstanding common shares inclusive of his vested stock options. AnPath's director, Christopher J. Spencer, owns a majority interest in GBC. Prior to the closing of the Merger, he held 128,572 shares of the Company's common stock, as well as 252,500 shares of Q2P common stock representing approximately 0.4% of its outstanding shares, plus 800,000 shares of Q2P common stock in the name of GBC representing an additional 1.13%. Upon the closing of the Merger, Mr. Spencer individually and through GBC owns a total of 486,422 shares of our common stock, representing approximately 1.9% of our outstanding shares. GBC has been instrumental in various matters related to the Merger including, but not limited to, the negotiation of the ESI Exchange Agreement, the negotiations relating to the Alpha Extension

Agreement, and other matters related to the Merger, and we expect GBC to provide continuing services to the Company following closing.

Name Change

On May 14, 2015, our Board of Directors and the holders of approximately 56% of our outstanding shares of common stock voted to authorize the Board to amend our Certificate of Incorporation to change the Company's name to comport with such new business, product or industry as the Company may engage in the future, without further stockholder approval. Pursuant to such delegated authority, we will amend our Certificate of Incorporation to change our name to "Q2P Holding Corp." or such other name that our Board believes will more accurately reflect the Company's business operations following the closing of the Merger. We will be required to submit our intention to change our name to the Financial Industry Regulatory Authority ("FINRA"), along with other information about us, at least 10 days prior to the effectiveness of the name change. Once that is accomplished and FINRA has set the date for the public market announcement of the name change, with a corresponding change in the trading symbol of our common stock on The OTC Marketplace, we will file a Certificate of Amendment with the Secretary of State of Delaware reflecting the name change, and our name will become "Q2P Holding Corp.", or such other name so determined, on the date of that filing. We will promptly file with the SEC a Current Report on Form 8-K disclosing our name change and the filing of the Certificate of Amendment.

Item 3.02 Unregistered Sales of Equity Securities.

The Company is issuing a total of 24,000,000 "unregistered" and "restricted" shares of its common stock to the stockholders of Q2P on a pro rata basis. In order to ensure compliance with applicable securities laws, rules and regulations, including Rule 506 of Regulation D of the Securities and Exchange Commission, each Q2P stockholder is required to execute a Stockholder Merger Consent and Representations and Warranties form (the "Stockholders' Consent Form") that has been emailed to each such stockholder along with certain required information about the Q2P stockholders' rights under the DGCL. The Stockholders' Consent Form provides a space for Q2P stockholders to represent, if applicable, that they are "accredited" investors as defined in Rule 501 of Regulation D and/or "sophisticated" investors who alone or with their purchaser representative(s) have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in AnPath's common stock. Q2P stockholders who do not complete and return their Stockholders' Consent Form to the Company within 20 days will be deemed to have consented to this transaction. Should any Q2P stockholder exercise Appraisal Rights, the shares that would be issued to such stockholder will be held in treasury pending resolution of appraisal proceedings, at which time any remaining dissenting shares will be divided pro-rata among all the non-dissenting stockholders of Q2P existing as of the Effective Date. As of the date of this Current Report, the Company has received consent of holders of over 75% of Q2P common stock.

We will issue all of these securities to persons who were "accredited investors" or "sophisticated investors" within the meaning of Regulation D. Each such person will have had prior access to all material information about the Company. We believe that the offer and sale of these securities will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Sections 4(a)(2) and 4(6) thereof. Registration of sales to "accredited investors" is preempted from state regulation by Section 18 of the Securities Act, though states may require the filing of notices, a fee and other administrative documentation.

Item 5.01 Changes in Control of the Registrant

The completion of the Merger has resulted in a change of control of the Company, and the persons who were directors and executive officers of Q2P have been designated, in seriatim, as our directors and executive officers. Our pre-Merger directors and executive officers have resigned. Joel Mayersohn has been designated as a director; Christopher Nelson has been designated a director and our Chief Executive Officer; and Michelle Murcia has been designated as our Chief Financial Officer. These persons collectively own approximately 2,170,402 shares of our post-Merger outstanding common stock inclusive of vested stock options, or approximately 8.7% of our outstanding voting securities.

The stockholders of Q2P beneficially own approximately 94.9% of the outstanding voting securities of the Company as a result of the closing of the Merger, not taking into account the exercise of issued Q2P stock options or the conversion of Alpha notes or warrants, all of which if fully exercised and/or converted, would amount to a net

figure of approximately 3,585,480 additional shares being issued. The percentage also does not account for any securities that the Company may issue upon conversion of Preferred Stock or Warrants that we have sold or will sell in the APGR Funding, described above. The exercise of dissenters' rights by any Q2P stockholders may result in an increase in the percentage of stock ownership of the non-dissenting Q2P stockholders.

Other than the foregoing, there are no arrangements known to the Company, including any pledge by any person of the Company's securities, the operation of which may at a subsequent date result in a change in control of the Company.

BUSINESS OF Q2P

History

Q2Power Corp., a Delaware corporation ("Q2P" or as used in the remainder of the disclosure under the heading "Business" of this Current Report unless specifically described otherwise, the "Company", "we", "us" or "our"), was originally formed by Cyclone Power Technologies Inc. ("Cyclone") in April 2010 in the state of Florida as a limited liability company called "Cyclone-WHE LLC." The purpose of the Company at such time was essentially the same as it is today: to pursue waste-to-power and waste heat recovery business opportunities on a global basis. The Company re-domiciled to Delaware as a corporation in April 2014, formally split from Cyclone in July 2014 pursuant to a Separation Agreement, and changed its name to "Q2Power Corp." in February 2015. "Q" is the scientific symbol for "heat", and the Company's new name reflects the operation of its core technology which converts thermal energy from multiple sources into useful mechanical power.

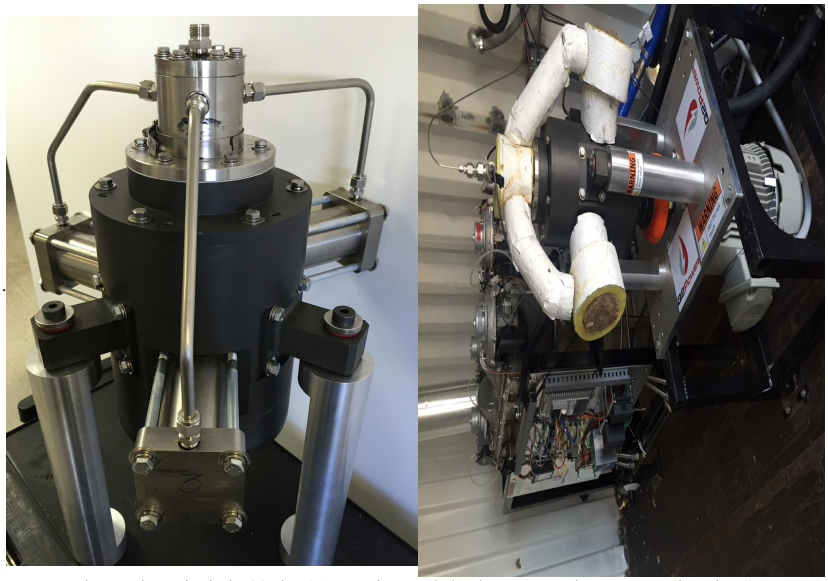
Description of Our Business

Q2P's business is converting waste fuels and waste heat to power. Such fuels include biogas and methane that occur from the decomposition of organic waste at water treatment plants, landfills, farms and industrial sites. It also includes waste liquid fuels such as used motor or cooking oils. We can also capture waste heat from exhaust streams and other industrial processes, and use that otherwise lost energy to generate power. In doing so, Q2P provides multi-faceted technology integration solutions for its customers in terms of (i) renewable power production, (ii) process heat generation, and (iii) distributed waste management, among other useful services.

Proprietary Technology

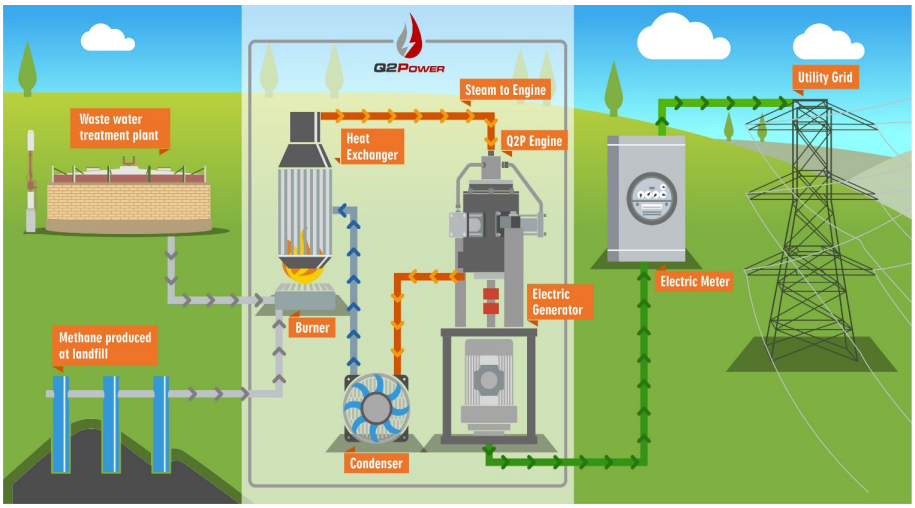
The Company's business model is based in large part on our prorietary technology, which includes a reciprocating piston external heat engine (the "Q2P Engine"). The foundation for this technology comes from a 20-year (with a 20-year renewal period) worldwide exclusive license agreement with Cyclone, our former parent. Independently from Cyclone since July 2014, we have developed this core technology to a working "pilot stage" product currently in the field generating power from methane produced at a waste water treatment plant. We have also developed other critical technologies to support a total combined heat and power ("CHP") system (the "Q2P System"), such as waste fuel burners, intellegient controls, heat exchangers and other key subcomponents.

The core of the the Q2P System, the Q2P Engine, runs on a steam-based Rankine cycle – similar to how large-scale coal and nulear plants produce power; however, our technology is designed for small-scale distributed power generation applications under 250 kilowatts ("kWs"). Our engine produces mechanical power when the working fluid (water) is pressurized and super-heated to about 600°F in a heat exchanger that is placed in the hot exhaust stream of another work-producing piece of equipment (such as our proprietary biogas burner system). Through a specialized valving subsystem, this fluid is piped to the Q2P Engine's cylinders where it expands rapidly to push pistons and turn a crank shaft. The cooling gas then goes into a condensor where it turns back into liquid to start the process again. In this way, the system is "closed-loop", not requiring any additional fluids to be added. Q2P Engines have been running both in our facility and in initial field pilot programs for almost one year, logging hundreds of hours of operating time.



Photos above include (a) the Q2P Engine, and (b) the Q2P Engine connected to the Company's proprietary biogas burner, as deployed in the field at an Ohio waste water treatment facility.

The balance of the proprietary Q2P System includes combustion units that can burn waste liquid or gaseous fuels, corrosion resistant heat exchangers, grid-tied electric generation equipment, and robust and intelligent controls that monitor and operate the different components of the system. The Q2P System is designed to be modular, so that we can combine multiple units to dispose more waste and generate more power, as the circumstances allow.



The diagram above illustrates the process from methane capture at a waste water treatment plant or landfill, into the Q2P burner system to generate steam, and then through the Q2P Engine where the thermal energy of steam is converted to mechanical power that spins a generator making electricity. That electricity can be connected to the grid where it reduces the kilowatts that a facility owner needs to purchase from the utility – often at the most expensive "peak" times.

Business Model

We have a two-pronged business model. First, we have implemented a strategy to market and sell our Q2P Systems (or system components) as an integrated solution to owners, manufacturers and distributors of waste disposing or heat producing equipment. These include anaerobic digesters, furnaces, gasifiers, flares and other similar "vertical technologies". Our approach to these customers is to demonstrate that by using a Q2P System, we can make their product and/or processes more efficient, cost effective, useful or desirable for them or their customers, as the table below describes. Our Q2P System has just reached the point in its development that we have commenced discussions with potential customers, but as of the current date we have not secured any sales.

Vertical Technology & Equipment	**User Benefits / Applications**
Anaerobic Digesters	Municipal waste water facilities – especially smaller facilities -- typically flare their methane as opposed to using it for power generation and process heat for the digesters as a Q2P System can do. For small livestock farms, a power and heat solution can provide an economic reason to collect manure and eliminate methane emissions to the atmosphere.
Industrial Furnaces, Forges and Ovens	Existing commercial and industrial equipment generating exhaust can be retrofitted to capture lost heat to generate power for peak load shaving.
Biomass Gasifiers/ Pyrolizers	Technologies used for on-site disposal of waste streams (vs. shipping to landfills) can utilize Q2P Systems to generate power and off-set system electrical and heat requirements.
"Stranded" Natural Gas Flares	Regulations are rapidly arising to make use of flared gas at well-head sites – such as oil and shale gas; and lower world market oil prices create financial pressure to reduce costs for diesel gen-sets or grid-tie power to outlying wells.
Waste Fuel Furnaces	Heat-only units can be converted to year round combined heat and power (CHP) systems, and reduce disposal costs of waste fuels like used motor oil.
Wood Pellet Furnaces	Off-grid homes can create power from a pre-existing heat source and supplement other renewable technologies like solar or wind.

Our business model also involves the marketing of Power Purchase Agreements ("PPAs") and leasing programs directly to municipal, commercial and industrial facility owners. In this manner, we expect to retain ownership of our equipment and sell electricity and heat to our customers at a cost below their standard utility rates over a long-term agreement (typically 10 years). These types of PPAs have been utilized for decades in the commercial and residential solar power industry. Currently we have no PPAs in place, but our contracts for the pilot units we have and are deploying contain an opt-in provision that would allow the site owner to maintain the Q2P System on their facility after the pilot period in return for purchasing the power and heat we produce. We cannot make any guaranty that any such pilot sites will exercise this option.

As of the current date, the Company has installed one pilot system at a waste water treatment facility in Lancaster, Ohio, which is currently generating up to 10kW of power for that plant. We are in discussions to install additional units at nearby facilities that are larger in size and utilize heat recapture technology to place our waste

heat back into the anaerobic digestion process. In this way, our systems will provide two useful outputs (electricity and heat) from the host site's waste methane, and presumably create additional value that can be monetized through the PPA structure.

Future Strategic Partnerships and Acquisitions

Management believes that many opportunities exist now and in the future to pursue strategic partnerships, joint ventures or acquisitions of renewable energy or waste management technologies and businesses. These transactions could provide a broader array of offerings for our core products, supplement services that we can provide customers, and provide other streams of revenue to support our growth. Such technologies or businesses may include anaerobic digesters, gasifiers, gas flares, sludge incineration or treatment equipment, CHP systems, and other similar opportunities. There can be no assurances that the Company will be able to consummate any such transactions, and even if we do, there is no guaranty that we will be successful in integrating new products and services into our current business.

Market Drivers

In 2012, the global market for waste-to-energy technologies was valued at USD $24 billion, an average annual increase of 5% from 2008, according to a 2013 report from the World Energy Counsel. The report defined waste-to-energy technologies as any waste treatment process that creates energy in the form of electricity, heat or transport fuels (e.g. diesel) from a waste source. According to the same report, this growth is expected to continue at a Compounded Annual Growth Rate (CAGR) of 5.5% over the next decade. Lawrence Berkeley National Laboratory has estimated that energy recycling – including waste-to-power and waste heat recovery -- represents nearly 100 gigawatts ("GW") of untapped electrical capacity in the U.S. alone. This figure is roughly equal to 10% of our nation's current electric capacity and, as an alternative electricity source, would reduce carbon dioxide emissions ("CO2") by nearly 400 million metric tons.

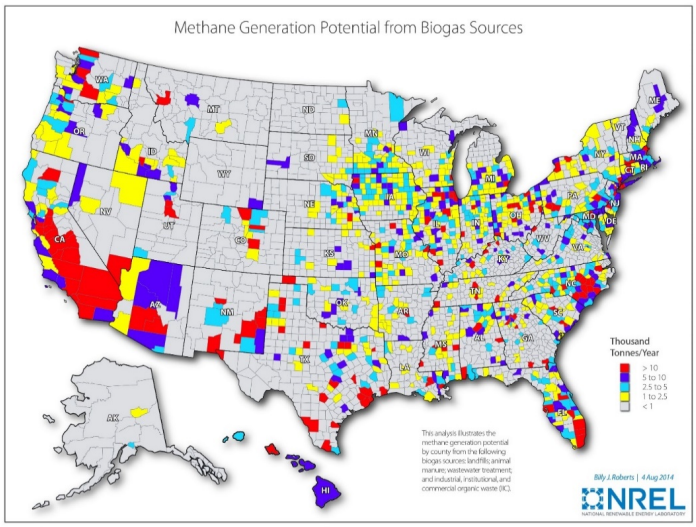
The main drivers for this growth include new technologies and growing regulation and legislation meant to promote distributed renewable energy and more sustainable waste management practices. For instance in 2012, the White House tasked the U.S. Department of Agriculture ("USDA"), U.S. Environmental Protection Agency ("EPA") and U.S. Department of Energy ("DOE") with the challenge of reducing methane emissions from landfill, waste water treatment plants, farms and other sites. Methane is considered 20X more potent of a greenhouse gas than CO2 over its lifetime in the atmosphere. This collective released the *Biogas Opportunities Roadmap* in August 2014, which specifically suggested more widespread use of technologies such as anaerobic digesters ("AD"), and laid a framework to include federal assistance for the development of AD systems in the U.S.

There are several states now implementing legislation to promote waste-to-power solutions. Currently, 37 states consider biogas a renewable source of energy that can go towards meeting both individual state Renewable Portfolio Standards (RPS") and the federal target of 20% renewable consumption by 2020. The most forward pressing state legislation to date was recently passed in California requiring the diversion of organic waste from landfills to more sustainable systems such as AD. Businesses meeting certain criteria are required to meet this plan on and after April 2016, and local jurisdictions will also be required to implement organic waste recycling programs on and after January 2016 in order to handle the organic waste coming in from these businesses. Several Northeastern states are following California's lead not only for environmental reasons, but more importantly, because landfill space is at a great premium in the overcrowded east coast region.

In the *Biogas Opportunities Roadmap*, the USDA, EPA and DOE identified upwards of 13,000 sites across the U.S. that are considered strong potential locations for waste-to-power implementation, and specifically AD. If all these sites were to be fully realized, the report concluded, biogas would become a significant reliable source of renewable energy, providing enough energy to power more than 3 million U.S. homes or produce the equivalent of 2.5 billion gallons of gasoline for vehicles.

Q2P Systems are designed for micro-grid waste-to-power applications less than 250kW in output size. Management believes that this sub-category of the larger waste-to-power market represents the most underserved and potentially largest market for these technologies. The following map, compiled by the DOE's National Renewable Energy Lab, demonstrates the methane generation potential from landfills, animal manure, waste water

and industrial sites. As can be observed, the vast majority of these are comprised of smaller producing regions (yellow and light blue), which are typically made up of many smaller individual sites. Management believes that these are prime customer targets.



The value proposition to the ultimate end-users of our Q2P Systems is the ability to decrease the costs of energy consumption and waste disposal (or utilize otherwise wasted resources – i.e., exhaust heat) by placing a power generation system at the site where waste and/or heat is created and power is needed. In this way, waste that is typically disposed of at a cost (or lost to the atmosphere) can now be utilized as a sustainable and renewable fuel source for distributed power generation. Management believes that our nation is at an important crossroads of distributed renewable power solutions and sustainable waste management practices, and believes that Q2P can be well positioned to benefit from these larger market forces.

Manufacturing

Manufacturing Agreement. Q2P has a manufacturing agreement with Precision CNC LLC ("PCNC"), located in Lancaster, Ohio. This relationship is expected to cover a substantial part of our engine manufacturing over the following three to five years. PCNC is an ISO 9001 manufacturing company that specializes in tight tolerance, multi-axis, high speed machining for high or low quantity production needs, and possesses significant prototype production and manufacturing expertise that are useful to us.

Pursuant to our agreement, we are also subleasing approximately 2,500 square feet of facility space from PCNC consisting of approximately 1,000 square feet for engineers and administration, 500 square feet for assembly of the Q2P Engines, and 1,000 square feet for testing and inventory. For this operating space, the Company is paying PCNC a monthly flat fee of $2,500 including utilities. The two principals of PCNC, including Nate Hawkins who is the Company's VP of Manufacturing, receive an aggregate of $100,000 annually in compensation from the Company for their consultation and expertise in the manufacturing process of our technology. We believe that this expertise is key in helping us eliminate costly errors, reduce turn time and develop a better overall product.

Materials and Parts. Parts production comprises a major portion of our cost in manufacturing our power systems. This is predominantly due to the fact that the Q2P Engine and System are just emerging from their prototype phases. Because we are constantly testing and improving part design, we have not yet invested in dies

and molds required to achieve volume efficiencies of scale. There are approximately 20 major parts and components in each Q2P Engine (some require multiple pieces per engine) that require custom manufacturing, most through PCNC.

We intend to use a portion of the proceeds in each of our future offerings to ramp-up our manufacturing capabilities and support our contracted manufacturers like PCNC, including investing in dies and molds starting with the units which will have the greatest impact on our cost structure. We expect that this investment will substantially reduce the costs of parts, and consequently, our total cost of manufacturing each power system. We estimate that we can reduce total costs by over 50% once part production has been automated, and approximately another 10% to 20% as volume increases.

Assembly. We currently assemble and test all engines and systems in-house. We are in the process of hiring additional technicians who are each capable of assembling one to two engines per day, and one system per week, although we are not yet at that level of production. With proper funding, we estimate that we can scale up to 10 to 20 engines per day and one to two systems per week in our current facility at PCNC over the next year. Mass assembly and manufacturing, if required, could be contracted to even larger facilities in the future.

Warranties and Maintenance. We intend to provide customers with a warranty covering the replacement of parts and materials. Such warranties will generally between six months and two years, subject to the useful life and payback expectations of the particular engine and system. It is our expectation that resale customers (such as equipment manufacturers) will provide additional warranties on their products, service and work for a commensurate period of time. With respect to PPAs, since we will own the equipment during the agreement term, we will be required to maintain, fix or replace engines and system components during this term. This could amount to expenses more than originally estimated, which could reduce profitability or otherwise negatively affect our business.

Testing and Quality Compliance. We expect to implement rigorous testing protocols for our products as we enter into the production phase of our business. This will include testing for performance, efficiencies, durability and safety. We expect our engines to be engineered to perform for hours of operation commensurate with similar engine technologies of that size, and meet all consumer safety regulations. We may also contract testing labs to perform and report on these tests procedures.

Competitive Business Conditions

Competitive Technologies. The waste-to-power and waste heat recovery markets are still relatively underdeveloped. Most systems that exist are large-scale, generating multi-megawatts of electricity through internal combustion and turbines systems. This is not our market.

The Company's primary competition in small-scale waste-to-power applications (below 1 MW of total output) comes from a patchwork of equipment and technologies that are usually "make-do" options, operating at relatively low efficiencies and high maintenance and capital costs. Management believes that the Q2P System can provide a lower cost, efficient and modular solution that is not otherwise available; however, the following equipment and alternative technologies are on the market:

1) **Internal Combustion ("IC") engines modified to run "dirty" syngas and methane** In most waste-to-power systems that use biomass or bio-waste as the feedstock, either a biogas (such as through anaerobic digestion) or a syngas (such as through gasification) is created during organic waste processing. These gasses must usually be scrubbed, filtered, cooled, and compressed before they are fed into an IC engine to combust. The process of removing sulfides, siloxines, tars, water and other impurities from biogas and syngas sufficiently to use in IC engines is expensive, requires routine maintenance, and limits the types of feedstock that can be used (as different biomass has different chemical properties). The benefits of the Q2P Engine is that such "dirty" gasses are never introduced into our engine, and therefore, we are much less effected by the quality of the fuel. On a larger scale – 500kW to multi-megawatts – companies like GE/Jenbacher are major players in the IC engine market for waste-to-power applications. At this size, the economics of using advanced filtration systems works better than at the micro-scale.

2) Gas Micro-Turbines: Similar to the IC engine, a gas micro-turbine can be used after the biogas or syngas is cleaned and compressed. Once again, this is inefficient and expensive for micro-grid sized applications, and turbines are especially susceptible to impurities and inconsistencies in the input fuel. Also, turbines typically work better at larger scale – for instance in industrial and power plant sized units. However, there are companies in this micro-sized field, including Capstone Turbine, building waste fuel systems.

3) Organic Rankine Cycle ("ORC") systems: ORC heat engines and turbines use an organic working fluid that has a lower boiling point, higher vapor pressure, higher molecular mass, and higher mass flow compared to water. ORC systems can be utilized for waste heat recovery ("WHR") with heat sources as low as 300F, whereas steam systems are limited to heat sources greater than 500F. ORCs have commonly been used to generate power in geothermal power plants and pipeline compressor heat recovery applications. For high heat applications, ORC systems are relatively inefficient, expensive and wasteful of useful energy resources.

4) Future Technologies: There are a number of advanced technologies in the research and development stage that can generate electricity directly from heat, and that could in the future provide additional options for power generation from waste heat sources. These technologies include thermoelectric, piezoelectric, thermionic, and thermo-photovoltaic ("thermo-PV") devices. Several of these have undergone prototype testing in automotive applications and are under development for larger heat recovery. All devices demonstrated to date, however, have been very small (several watts) and relatively expensive, to the knowledge of management.

Competitive Advantages. In comparison to other products on the market today, management believes that the competitive advantages of the Q2P System are vast, especially as our technology advances and production volumes increase. They include: (i) compact size (for equipment placement and portability issues); (ii) operation of the Q2P Systems with virtually unlimited heat sources and feedstock; (iii) robustness of the Q2P System during fluctuating heat inputs; and (iv) cost of the Q2P System to manufacture and operate (in the future, subject to volume). In many circumstances, we have found that there are no viable alternative technologies for certain customer needs, and therefore, the Q2P System would be able to fill an important gap in the market.

COMPETITIVE ADVANTAGES	BENEFITS / APPLICATIONS FOR CUSTOMERS
Highly compact, scalable units:	○ On-site system location allows for combined heat and power ○ "Containerized" portability with modularity ○ Eliminates cost of transporting solid wastes to a central facility ○ Creates value for methane / flare gas / waste heat which do not transport easily or at all
Use any raw heat source	○ No limits on the type of feedstock / waste that can be used – as long as we can create "heat" ○ Reduces scrubbing / cooling of gases and resulting maintenance costs – especially compared to IC engines and micro-turbines
Fewer systems and higher efficiencies:	○ With less filtering and cooling equipment needed, this may increase the value of waste resources for the end-user ○ Can provide more attractive ROI on equipment – especially when this equipment can perform multiple uses (not yet proven)
Competitive manufacturing costs	○ Engine has relatively few parts, and requires only standard manufacturing processes ○ No "rare earth" materials are used

Industry Regulation

Emissions. Power systems generally are subject to extensive statutory and regulatory requirements that directly or indirectly impose standards governing emissions and noise. Our engines, when they will ultimately be installed in power systems, will be subject to compliance with all current emissions standards imposed by the EPA, state regulatory agencies in the United States, including CARB, and other regulatory agencies around the world and established for power systems utilized in applications such as electric generators or off-highway industrial equipment. EPA and CARB regulations imposed on engines utilized in industrial off-highway equipment generally serve to restrict emissions, with a primary focus on oxides of nitrogen, particulate matter and hydrocarbons. Emission regulations for engines utilized in off-highway industrial equipment vary based upon the use of the equipment into which the engine is incorporated (such as stationary power generation or mobile off-highway industrial equipment), and the type of fuel used to drive the power system. Further, applicable emission thresholds differ based upon the gross power of an engine utilized in industrial off-highway equipment.

Additionally, most emissions thresholds are designed for gasoline and diesel-powered “spark-ignited” internal combustion engines, and not external combustion engines like the Q2P Engine. Therefore, we are not entirely certain as to how the EPA and other regulatory agencies will apply these rules to our technology.

While we have not yet performed this testing on our engines or engine systems to meet any existing emission standards of the EPA and CARB, it is important to note that our engines alone do not produce any additional emissions. All testing of exhaust gasses would need to be performed on the the furnace, gasifier or flare that is combusting waste products or otherwise expelling exhaust. In this manner, our partners could share a portion of the costs to perform any needed testing for emission standards.

Utilities / Interconnectivity. Our markets can be positively or negatively impacted by the effects of governmental and regulatory matters. We are affected not only by energy policy, laws, regulations and incentives of governments in the markets into which we sell, but also by rules, regulations and costs imposed by utilities. Utility companies or governmental entities could place barriers on the installation of our product or the interconnection of the product with the electric grid. Further, utility companies may charge additional fees to customers who install on-site power generation, thereby reducing the electricity they take from the utility, or for having the capacity to use power from the grid for back-up or standby purposes. These types of interconnection restrictions, fees or charges could hamper the ability to install or effectively use our products or increase the cost to our potential customers for using our systems in the future. This could make our systems less desirable, thereby adversely affecting our revenue and profitability potential.

In addition, utility rate reductions can make our products less competitive which would have a material adverse effect on our future operations. These costs, incentives and rules are not always the same as those faced by technologies with which we compete. However, rules, regulations, laws and incentives could also provide an advantage to our distributed generation solutions as compared with competing technologies if we are able to achieve required compliance at a lower cost when our technology is commercialized. Additionally, reduced emissions and higher fuel efficiency could help our future customers combat the effects of global warming. Accordingly, we may benefit from increased government regulations that impose tighter emission and fuel efficiency standards. See “Market Drivers” above, for some examples of legislation that is benefiting companies like Q2P.

Operations. Our operations are also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. We may be required to incur significant costs to comply with such laws and regulations in the future, and any failure to comply with such laws or regulations could have a material adverse effect upon our ability to do business.

Taxes / Incentives. In February 2009, the President of the United States signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA"). ARRA has dedicated billions of dollars towards clean energy research and deployment. Members of Congress introduced legislation in calendar 2009 and 2010 that may benefit us in the future. In addition, certain proposed changes to the Internal Revenue Code of 1986 may result in positive tax benefits for our end users. This proposed legislation targets combined heat and power and waste heat (“CHP”,

otherwise called “co-generation”) and solar power.

Intellectual Property

License with Cyclone. We license the Q2P Engine technology from Cyclone, which developed and patented the relevant engines and components over the previous 10 years with over $8 million in R&D expenditures during this time. The following summary of our Amended and Restated License Agreement (the “License”) does not purport to be complete description of the terms and conditions therein, and is qualified entirely by reference to the License, which is provided as an Exhibit to this Current Report. Key terms of the License between the Company and Cyclone are as follows:

- **Term:** We have a 20-year exclusive right to manufacture, market, sell, sub-license and sub-contract all Cyclone technology, including engines, components and other devices, for the waste-to-power and WHR markets. The term has two 10-year renewal periods.

- **Territory:** Our rights are worldwide.

- **Royalties**: We pay a 5% royalty to Cyclone on all sales of the Q2P Engine. We do not pay any royalties on the complete Q2P System, including other components that we have developed or purchased.

- **Guarantees**: There are no minimum annual guarantees during the license term, but if Q2P is not using specific engine models within the first 7 years, our license rights will be non-exclusive with respect to those specific engine models.

- **Up-Front Fee**: We paid a one-time payment of $175,000 in September 2014 for the rights in the License.

- **Transfers**: We must receive the approval of Cyclone to sell or transfer our License, which may not be unreasonably withheld; however, such consent is not needed for a transfer in the case of merger such as the current transaction.

- **Improvements**: We share equally with Cyclone the patent rights of all improvements we make to the licensed technology. New patents will be owned 50:50 with commercial rights to such improvements for waste-to-power and waste heat recovery applications exclusively held by Q2P, and other applications exclusively held by Cyclone. If Cyclone declares bankruptcy, its 50% ownership of these co-owned patents and its patents generally will be transferred to the Company. We have filed a lien on Cyclone’s patents to protect our interests in this event.

- **Infringement**: We have the obligation to participate in the defense of patent infringement cases involving the Q2P Engine or its improved technology.

Patents. Currently, the Q2P Engine is protected by one patent issued in the Unites States, four internationally, and approximately 16 more international patents pending, according to the most recent information we have received from Cyclone. In addition, Cyclone has represented to us that is has 29 other patents on the Cyclone engine technology and its components generally. All of these patents are covered under our License.

Our success depends in part on our and Cyclone’s ability to maintain and protect our proprietary technology and to conduct our business without infringing on the proprietary rights of others. We rely primarily on a combination of patents and trade secrets, as well as employee and third party confidentiality agreements and our license agreement with Cyclone, to safeguard our intellectual property.

The patents covered under our License with Cyclone include:

US Patents
Waste Heat Engine (US Patent No. 7,992,386)

Heat Regenerative Engine (US Patent No. 7,080,512 B2)
Heat Regenerative Engine (Continuation) (US Patent No. 7,856,822 B2)
Steam Generator in a Heat Regenerative Engine (US Patent No. 7,407,382)
Engine Reversing and Timing Control Mechanism (US Patent No. 7,784,280 B2)
Centrifugal Condenser (US Patent No. 7,798,204 B2)
Valve Controlled Throttle Mechanism (US Patent No. 7,730,873 B2)
Pre-Heater Coil in a Heat Regenerative Engine (US Patent No 7,856,823 B2)

International Patents on Heat Regenerative Engine

European Union (10)	Australia	South Africa	Canada
Russia	China	Korea	Indonesia
Mexico	Japan	India	Brazil

Trade Secrets. With respect to proprietary know-how that is not patentable and processes for which patents are difficult to enforce, we rely on among other things, trade secret protection and confidentiality agreements to safeguard our interests. We believe that some elements of our system involve proprietary know-how, technology or data that are not covered by patents or patent applications, including certain technical processes, equipment designs, algorithms and procedures. We have taken security measures to protect these elements. All of our research and development personnel have entered into confidentiality and proprietary information agreements with us. These agreements address intellectual property protection issues and require our associates to assign to us all of the inventions, designs and technologies they develop during the course of employment with us. We also require our customers and business partners to enter into confidentiality agreements before we disclose any sensitive aspects of our technology or business plans.

Trademarks. We acquired from Cyclone the U.S. trademarks for "WHE", WHE Generation" and "Generation WHE" in connection with our Separation Agreement. The Company is not currently using these marks.

Litigation

There are no legal proceedings pending, or to our knowledge, threatened against Q2P.

Smaller Reporting Company

We are subject to the reporting requirements of Section 13 of the Exchange Act, and subject to the disclosure requirements of Regulation S-K of the SEC, as a "smaller reporting company." That designation will relieve us of some of the informational requirements of Regulation S-K.

Emerging Growth Company

We are also an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or "JOBS Act." As long as we remain an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not an "emerging growth company," like those applicable to a "smaller reporting company," including, but not limited to, a scaled down description of our business in SEC filings; no requirements to include risk factors in Exchange Act filings; no requirement to include certain selected financial data and supplementary financial information in SEC filings; not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act; reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements that we file under the Exchange Act; no requirement for Sarbanes-Oxley Act Section 404(b) auditor attestations of internal control over financial reporting; and exemptions from the requirements of holding an annual nonbinding advisory vote on executive compensation and seeking nonbinding stockholder approval of any golden parachute payments not previously approved. We are also only required to file audited financial statements for the previous two fiscal years when filing registration statements, together with reviewed financial statements of any applicable subsequent quarter.

We may take advantage of these reporting exemptions until we are no longer an "emerging growth company." We can remain an "emerging growth company" for up to five years. We would cease to be an

"emerging growth company" prior to such time if we have total annual gross revenues of $1 billion or more and when we become a "larger accelerated filer," have a public float of $700 million or more or we issue more than $1 billion of non-convertible debt over a three-year period.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Sarbanes/Oxley Act

Except for the limitations excluded by the JOBS Act discussed under the preceding heading "Emerging Growth Company," we are also subject to the Sarbanes-Oxley Act of 2002. The Sarbanes/Oxley Act created a strong and independent accounting oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members' appointment, compensation and oversight of the work of public companies' auditors; management assessment of our internal controls; prohibits certain insider trading during pension fund blackout periods; requires companies and auditors to evaluate internal controls and procedures; and establishes a federal crime of securities fraud, among other provisions. Compliance with the requirements of the Sarbanes/Oxley Act will substantially increase our legal and accounting costs.

Exchange Act Reporting Requirements

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act like we are to comply with the rules and regulations of the SEC regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to shareholders at a special or annual meeting thereof or pursuant to a written consent will require us to provide our shareholders with the information outlined in Schedules 14A (where proxies are solicited) or 14C (where consents in writing to the action have already been received or anticipated to be received) of Regulation 14, as applicable; and preliminary copies of this information must be submitted to the SEC at least 10 days prior to the date that definitive copies of this information are forwarded to our shareholders.

We are also required to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the SEC on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

Number of Total Employees and Number of Full-Time Employees

Q2P has nine full-time employees, four part-time employees and two part-time consultants, including our CFO and controller.

Reports to Security Holders

You may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also find all of the reports that we have filed electronically with the SEC at their Internet site www.sec.gov.

RISK FACTORS

You should carefully review and consider the following risks as well as all other information contained in this Current Report. The following risks and uncertainties are not the only ones facing the Company and its wholly-owned subsidiary Q2P. Additional risks and uncertainties of which we are currently unaware or which we believe are not material also could materially adversely affect the business, financial condition, results of operations, or cash flows of the Company and Q2P. In any case, the value of our common stock could decline and you could lose all or a portion of your investment. To the extent any of the information contained in this Current Report constitutes forward-looking information, the risk factors set forth below are cautionary statements identifying important factors that could cause our actual results for various financial reporting periods to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company and could materially adversely affect the financial condition, results of operations or cash flows of Q2P.

An investment in the Company involves a high degree of risk. You should consider carefully all of the risks described below, together with the other information contained in this Current Report before making a decision to invest in such securities. If any of the following risks occur, the business, financial condition and results of operations of Q2P may be adversely affected. In that event, the value of the Company's securities could decline and you could lose all or a part of your investment.

Liquidity and Market Risks Associated with our Common Stock and the Merger

Q2P stockholders will be able to sell their shares only in compliance with applicable SEC rules.

Rule 144 of the SEC will prohibit Q2P stockholders who receive Company shares in the Merger from trading their shares of our common stock until at least six (6) months have elapsed. In addition, in order to sell their shares under applicable SEC rules, the Company must remain current in its reporting obligations with the SEC until the Q2P stockholders have held their Company shares for at least twelve (12) months. There can be no assurance that they will be able to resell their securities at any price once these periods have elapsed. See the caption "Rule 144" of this Current Report.

Our common stock is quoted on the OTC Markets and there is an extremely limited trading market for our common stock.

Our common stock is quoted on the OTC Markets. There is extremely limited and sporadic trading of our common stock and no assurance can be given when, if ever, an active trading market will develop or, if developed, that it will be sustained. As a result, investors in our common stock may be unable to sell their shares.

The price of our common stock may fluctuate significantly, which could lead to losses for stockholders.

The securities of public companies can experience extreme price and volume fluctuations, which can be unrelated or out of proportion to the operating performance of such companies. We expect our common stock price will be subject to similar volatility. Any negative change in the public's perception of the prospects of our Company or companies in our market could also depress our common stock price, regardless of our actual results. Factors affecting the trading price of our common stock may include:

* regulatory actions;
* variations in our operating results;
* announcements of technological innovations, new products or product enhancements, strategic alliances or significant agreements by us or by our competitors;
* recruitment or departure of key personnel;
* litigation, legislation, regulation or technological developments that adversely affect our business;
* changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow our common stock; and
* market conditions in our industry, the industries of our customers and the economy as a whole.

If securities analysts do not publish research or reports about our business or if they downgrade our stock, the price of our stock could decline.

The trading market for our common stock may be affected by research and reports that industry or financial analysts may in the future publish about us or our business, over which we will have no control. There are many large, well-established publicly traded companies active in our industry and market, which means it will unlikely that we will receive widespread, if any, analyst coverage. Furthermore, if one or more of the analysts who in the future elect to cover us, downgrade our stock, our stock price would likely decline rapidly.

We have no intention to pay dividends on our common stock.

For the foreseeable future, we intend to retain future earnings, if any, to finance our operations and do not anticipate paying any cash dividends with respect to our common stock. There are also contractual limitations on our ability to pay dividends on our common stock. As a result, investors should not expect to receive dividends on any of the shares of our common stock purchased by them, for a long period of time, if ever. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them.

The application of the "penny stock" rules could adversely affect the market price of our common stock and increase your transaction costs to sell those shares.

Our stock is a penny stock. A "penny stock" is an equity security that has a market price of less than $5.00 per share, subject to certain exemptions. The penny stock rules impose additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of $1 million or annual income exceeding $200,000 or $300,000 together with their spouses). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of securities and have received the purchaser's written consent to the transaction before the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the broker-dealer must deliver, before the transaction, a disclosure schedule prescribed by the Commission relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. These additional burdens imposed on broker-dealers may restrict the ability or decrease the willingness of broker-dealers to sell our common stock, and may result in decreased liquidity of our common stock and increased transaction costs for sales and purchases of our common stock as compared to other securities.

The exercise of outstanding options and warrants, as well as the conversion of convertible debt and preferred stock instruments, may have a dilutive effect on the price of our common stock.

To the extent that outstanding stock options and warrants are exercised and convertible debt and preferred stock instruments are converted into shares of our common stock, dilution to our stockholders will occur. Moreover, the terms upon which we will be able to obtain additional equity capital may be adversely affected, since the holders of the outstanding options, warrants and convertible debt instruments can be expected to exercise them at a time when we would, in all likelihood, be able to obtain any needed capital on terms more favorable to us than the exercise terms provided by the outstanding options, warrants or convertible debt instruments. At the Effective Date, the total dilutive securities outstanding, including options, warrants and shares issuable upon conversion of convertible debt instruments was approximately 3,585,480 shares, not including shares issued in the APGR Funding as described elsewhere in this Current Report.

Terms of the current APGR Funding could restrict management's ability to make key decisions on behalf of the Company.

The APGR Funding contains negative covenants and restrictions prohibiting the Company from conducting certain activities in the future, such as issuing additional shares of common stock or common stock equivalents except in limited circumstances for a defined period of time, repaying other debt, issuing new debt, changing is Board of Directors, and other similar types of transactions that could severely limit management's ability to operate the Company in manners they determine important or necessary. The terms of the APGR Funding could make it

more difficult to raise financing in the future that is needed for the survivability or growth of the Company. In such circumstances, management may need to seek approval from the holders of securities issued in the APGR Funding, which approval may not be granted.

If undisclosed liabilities from the past operations of AnPath arise after the merger closing, it may be impossible to seek indemnification from past company management.

All current and potential liabilities of AnPath have been set forth the in the Merger Agreement, Transaction Documents and SEC filings made prior to the Effective Date, as represented to us by the former management of AnPath. If other liabilities arise, including additional payables, litigation or judgements from past claims, debt or otherwise that was not disclosed, whether or not such disclosure arises to misrepresentations, the new management and stockholders of the Company may be liable for such liabilities. In such circumstance, it may be difficult or impossible to seek damages, indemnification or contribution from the old management of AnPath for such additional expenses. Such circumstances could have a materially negative impact on our cash flow and ability to pursue our business plan.

Risks Related to Our Business and Industry

Q2P has a limited operating history and is operating at a loss, and there is no guaranty that it will become profitable.

Our operating subsidiary, Q2P, began operations approximately 15 months ago and we anticipate that it will operate at a loss for some time. Since we have limited operating history and no history of profitability, we have no financial results upon which you may judge our potential. There can be no guarantee that we will ever become profitable. In the future, we may experience under-capitalization, technological development delays, lack of funding options, setbacks and many of the problems, delays and expenses encountered by any early stage business, many of which are beyond our control. These include, but are not limited to:

- inability to identify suitable companies for customer sales and joint ventures;
- inability to raise sufficient capital to fund our business plan;
- development and marketing problems encountered in connection with new technologies;
- delays and expenses related to testing, development and deployment of our products;
- competition from larger and more established renewable power companies; and
- lack of market acceptance of our anticipated products and services.

Because our history is limited and we are subject to intense competition, any investment in us would be inherently risky.

Because we are a company with limited operational history and no profitability, our business activity can be expected to be extremely competitive and subject to numerous risks. The waste-to-power business is highly competitive with many companies having access to the same market. Substantially all of them have greater financial resources and longer operating histories than we have and can be expected to compete within the business in which we engage and intend to engage. There can be no assurance that we will have the necessary resources to become or remain competitive. We are subject to the risks which are common to all companies with a limited history of operations and profitability. Therefore, investors should consider an investment in us to be an extremely risky venture.

We will require additional financing.

For the foreseeable future, we expect to rely upon funds raised from the offering of our common or preferred stock or debt to provide operating capital for the Company. The APGR Funding competed in connection with the Merger is anticipated to provide operating capital for several months, at which point it is the Company's intention to engage in a larger offering. We expect to rely on the proceeds of this current offering and later offerings to provide further funding for working capital to commercialize our technology, secure relationships with different suppliers, finance pilot programs, and prove-out our business model. Therefore, we believe that from time to time

we will have to obtain additional financing in order to expand our business consistent with our proposed operations and plan. There can be no guaranty that additional funds will be available when and if needed. If we are unable to obtain such financing, or if the terms thereof are too costly, we may be forced to curtail or cease operations until such time as alternative financing may be arranged, which could have a materially adverse impact on our planned operations and our shareholders' investment. Any additional financing may result in significant dilution to our Company's existing shareholders.

We remain at risk regarding our ability to conduct successful operations.

The results of our operations will depend, among other things, upon our ability to develop, install, manage and market waste- to-power products and services. Further, it is possible that our operations will not generate income sufficient to meet operating expenses or will generate income and capital appreciation, if any, at rates lower than those anticipated or necessary to sustain ourselves. Our operations may be affected by many factors, some known by us, some unknown, and some which are beyond our control. Any of these problems, or a combination thereof, could have a materially adverse effect on our viability as an entity and might cause the investment of our shareholders to be impaired or lost. Our strategic relationships are in various stages of development. Some of our developing projects may not be completed in time to allow production or marketing due to the inherent risks of new product and technology development, limitations on financing, competition, obsolescence, loss of key personnel and other factors. Unanticipated obstacles can arise at any time and result in lengthy and costly delays or in a determination that further development is not feasible.

The development of our engine technology may take longer than anticipated and could be additionally delayed. Therefore, there can be no assurance of timely completion and introduction of projects on a cost-effective basis, or that such projects, if introduced, will achieve market acceptance such that, in combination with existing projects, they will sustain us or allow us to achieve profitable operations.

For the foreseeable future, our success will be dependent upon our management.

Our success is dependent upon the decision making of our directors, executive officers and other key employees. We believe that our success depends on the continued service of these employees and our ability to hire additional key employees when and as needed. Although we currently intend to retain our existing management, we cannot assure you that such individuals will remain with us. We have fixed term employment agreements with only a few of our key employees, and have not obtained key man life insurance on the lives of any of them. The unexpected loss of the services of one or more of our key executives, directors and advisors, and the inability to find suitable replacements within a reasonable period of time thereafter could have a material adverse effect on the economic condition and results of operations of the Company.

We may not be able to effectively control and manage our growth.

Our strategy envisions a period of potentially rapid growth. We currently maintain nominal administrative and personnel capacity due to the startup nature of our business, and our expected growth may impose a significant burden on our future planned administrative and operational resources. The growth of our business will require significant investments of capital and increased demands on our management, workforce and facilities. We will be required to substantially expand our administrative and operational resources and attract, train, manage and retain qualified management and other personnel. Failure to do so or satisfy such increased demands would interrupt or would have a material adverse effect on our business and results of operations.

We are dependent to certain extent on the success of our licensor.

While we operate independently of our licensor and former parent company, Cyclone Power Technologies, the success or failure of Cyclone could have an effect on our reputation, results of operations, our assets, and our ultimate success. A failure of Cyclone to maintain patents, defend patent infringement claims, or improve upon its technology could affect our business. A failure of Cyclone to remain a going concern and satisfy its creditors could result in Q2P and its contracts with Cyclone as the subject of costly and/or protracted litigation, which would also negatively affect our operations, assets and our ability to raise capital. Should Cyclone become bankrupt or insolvent, Q2P has a UCC-1 lien on all Cyclone's patent rights.

We must hire qualified engineering, development and professional services personnel.

We cannot be certain that we can attract or retain a sufficient number of highly qualified mechanical engineers, industrial technology and manufacturing process developers, and professional services personnel. To quickly and efficiently deploy our products, maintain them and enhance them, we will require an increasing number of technology developers. We expect customers that purchase or license our technology will typically engage our professional engineering staff to assist with support, training, consulting and implementation. We believe that growth in sales depends on our ability to provide customers with these services and to attract and educate third-party consultants to provide similar services. As a result, we plan to hire professional services personnel to meet these needs. New technical and professional services personnel will require training and education and it will take time for them to reach full productivity. To meet our needs for engineers and professional services personnel, we also may use more costly third-party contractors and consultants to supplement our own staff. Competition for qualified personnel is intense. Additionally, we will rely on third-party implementation providers for these services. Our business may be harmed if we are unable to establish and maintain relationships with third-party implementation providers.

Our sales cycles may be long.

We expect that the period between our initial contact with a potential customer and the purchase of our products and services will often be long and subject to delays associated with the budgeting, approval, and competitive evaluation processes which frequently accompany capital expenditures. We are attempting to overcome these risks by offering our customers zero-capital cost financing methods for our power generation services, including Power Purchase Agreements; however, we have not yet proven that such financing strategies will be accepted by our future customers and we may not have adequate capital to offer such financing options in the future. We believe that a customer's decision to purchase our engines or power services is discretionary, involves a significant commitment of resources, and is influenced by customer budgetary cycles. To successfully sell our engines or power services, we generally must educate our potential customers regarding their use and benefits, which can require significant time and resources that we may not have.

We must be prepared to enforce our intellectual property, which may place unanticipated financial burdens on us.

If we are unable to protect our intellectual property, we may lose a valuable asset, experience reduced market share, or incur costly litigation to protect our rights. Our success depends, in part, upon our proprietary technology and other intellectual property rights. We plan to file new patent applications domestically and internationally as they apply to the core engine technology and its components. Although our licensor, Cyclone, holds the rights to certain patents and patent applications pending on the core engine and other engine technology, there can be no assurance that pending patent applications will be approved or that the issued patents or pending applications will not be challenged or circumvented by competitors. Certain critical technology incorporated in the products is also protected by trade secret laws and confidentiality and licensing agreements. We intend to rely upon a combination of trade secret and patent laws, and nondisclosure and other contractual restrictions on copying and distribution to protect our proprietary technology.

Under our license agreement with Cyclone, we have the financial responsibility for sharing in the enforcement and protection of the intellectual property rights related to the engine, including any advancements or improvements thereto. Such enforcement would most likely be very costly, and we may not have the financial resources to pursue required action. Even if we were to litigate to enforce our intellectual property rights or protect our trade secrets, we may not be successful. There can be no assurance that such protection will prove adequate or that we will have adequate remedies for disclosure of the trade secrets or violations of the intellectual property rights. Any inability to protect our intellectual property rights could seriously harm our business, operating results and financial condition. In addition, the laws of certain foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States.

We may experience claims of infringement upon proprietary rights of others.

We may be exposed to future litigation based on claims that our products and/or the intellectual property related to the use of our products infringe on the intellectual property rights of others, including, but not limited to, the patent, copyright, trademark, and publicity rights of others. Claims of infringement could require us to re-engineer our products or seek to obtain licenses from third parties in order to continue offering our products. In addition, an adverse legal decision affecting our intellectual property, or the use of significant resources to defend against this type of claim, could place a significant strain on our financial resources and harm our reputation.

Our failure to further refine our technology and develop and introduce improved products could render our systems uncompetitive or obsolete.

We will need to invest significant financial resources in research and development to keep pace with technological advances in the alternative energy industries. However, research and development activities are inherently uncertain and we could encounter practical difficulties in commercializing our research results. Our significant expenditures on research and development may not produce corresponding benefits. Other companies are developing a variety of competing technologies and could produce solutions that prove more cost-effective or have better performance than our engine systems. As a result, our engines may be rendered obsolete by the technological advances of our competitors which could reduce our net sales and market share.

Our future success depends on our ability to ramp-up manufacturing and add or outsource production lines in a cost-effective manner, both of which are subject to risks and uncertainties. Our future success depends on our ability to significantly increase both our manufacturing capacity and production throughput in a cost-effective and efficient manner. If we cannot do so, we may be unable to expand our business, decrease our cost on a per-watt basis, create or maintain a competitive position, satisfy future contractual obligations or reach or sustain profitability.

Problems with product quality or performance may cause us to incur warranty expenses, damage our market reputation and prevent us from maintaining or increasing our market share.

Our engines and systems will be sold with a materials and workmanship warranty for technical defects. As a result, we bear the risk of extensive warranty claims long after we have sold our products and recognized net sales. Any widespread product failures may damage our market reputation and cause our sales to decline and require us to repair or replace the defective engines, which could have a material adverse effect on our financial results.

We may encounter adoption risks of our technology.

If our waste-to-power technology is not suitable for widespread adoption, or if sufficient demand for waste-to-power solutions does not develop or takes longer to develop than we anticipate, a major portion of our business may fail to develop. The waste-to-power market (especially at the micro-grid scale) is at a relatively early stage of development and the extent to which such systems will be widely adopted is uncertain. If such technology proves unsuitable for widespread adoption or if demand for renewable power fails to develop sufficiently, we may be unable to grow our business or generate sufficient net sales to sustain profitability. In addition, demand for waste-to-power solutions in our targeted markets —mainly the United States — may not develop or may develop to a lesser extent than we anticipate. Many factors may affect the viability of widespread adoption of this technology including the following:

- Cost-effectiveness of waste-to-power systems compared to conventional and other non-renewable energy sources and products;
- Performance and reliability of waste-to-power technology compared to conventional and other non-renewable energy sources and products;
- Availability and substance of government subsidies and incentives to support the development of the waste-to-power, waste heat recovery and cogeneration industries;
- Fluctuations in economic and market conditions that affect the viability of conventional and non- renewable energy sources, such as increases or decreases in the price of oil, natural gas and other fossil fuels;
- Fluctuations in capital expenditures by end-users, which tend to decrease when the economy slows and interest rates increase; and

- Deregulation of the electric power industry and the broader energy industry to permit wide spread adoption of renewable micro-grid electricity.

Elimination or expiration of government subsidies, economic incentives and other support for alternative energy could reduce demand for our power systems.

Reduced growth in or the reduction, elimination or expiration of government subsidies, economic incentives and other support for on-grid alternative power may result in the diminished competitiveness of solutions relative to conventional and non-renewable sources of energy, and could materially and adversely affect the growth of the alternative energy industry and our sales. We believe that the near-term growth of the market for on-grid applications, where energy is used to supplement the electricity a consumer purchases from the utility network, depends significantly on the availability and size of government subsidies and economic incentives. For instance, currently the cost of many renewable power forms (such as solar and wind) exceeds the retail price of electricity in most significant markets in the world. As a result, federal, state and local governmental bodies in many countries, including the United States, have provided subsidies in the form of feed-in tariffs, rebates, tax incentives and other incentives to end-users, distributors, systems integrators and manufacturers of renewable power products. Many of these government incentives expire (such as the current 2016 expiration of the Investment Tax Credit in the US), phase out over time, exhaust the allocated funding or require renewal by the applicable authority.

Electric utility companies or generators of electricity from fossil fuels or other renewable energy sources could also lobby for a change in the relevant legislation in their markets to protect their revenue streams. Reduced growth in or the reduction, elimination or expiration of government subsidies and economic incentives for on-grid alternative energy applications, especially those in our target markets, could cause our net sales to decline and materially and adversely affect our business, financial condition and results of operations.

Tightening of the supply of capital by global financial markets may make it difficult for end-users or us to finance the cost of our systems and could reduce the demand for our products.

We expect that many of our end-users will depend on debt financing to fund the initial capital expenditure required to purchase and install a power system utilizing our technology. Further, our PPA financing model for our customers requires us to raise substantial funding, which will ultimately need to be debt financing. As a result, increases in interest rates could make it difficult for our end-users or us to secure the financing necessary to purchase and install a system on favorable terms or at all, and thus lower demand for our products and reduce our net sales. In addition, the reduction in the supply of non-recourse project debt financing or tax equity investments could reduce the number of power projects that receive financing and thus lower demand for our products. An increase in interest rates or decrease in access to capital could make alternative investments more attractive relative to our products.

Existing regulations and policies and changes to these regulations and policies may present technical, regulatory and economic barriers to the purchase and use of power products.

The market for electricity generation products is heavily influenced by foreign, federal, state and local government regulations and policies concerning the electric utility industry, as well as policies promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation. In the United States and in a number of other countries, these regulations and policies have been modified in the past and may be modified again in the future. These regulations and policies could deter end-user purchases of alternative power products and investment in the research and development of this technology. For example, without a mandated regulatory exception for waste-to-power and waste heat recovery systems, utility customers are often charged interconnection or standby fees for putting distributed power generation on the electric utility grid. These fees could increase the cost to end-users of using Q2P-based systems and make them less desirable, thereby harming our business, prospects, results of operations and financial condition. We anticipate that our power systems and their installation will be subject to oversight and regulation in accordance with national and local ordinances relating to building codes, safety, environmental protection, utility interconnection and metering and related matters. It is difficult to track the requirements of individual states and design equipment to comply with the varying standards. Any new government regulations or utility policies pertaining to our systems may result in significant additional expenses to us, our resellers and their customers and, as a result, could cause a significant reduction in demand for our products.

We shall be dependent upon our suppliers for the components used in the systems we install.

Many of the components used in our anticipated engine systems are to be purchased from a limited number of manufacturers, including our agreement with Precision CNC for the machining of custom parts. Loss of or a negative change in our relationship with PCNC could materially affect our ability to build parts and manufacture products cost effectively, if at all. We are subject to market prices for the components that we purchase for our planned installations, which are subject to fluctuation. We cannot ensure that the prices charged by our suppliers will not increase because of changes in market conditions or other factors beyond our control. An increase in the price of components used in our potential systems could result in reduced margins and/or an increase in costs to our customers and could have a material adverse effect on our revenues and demand for our services. There is no assurance that we will be able to have our engine systems manufactured on acceptable terms or of acceptable quality, the failure of which could lead to a loss of sales and revenues.

We face intense competition, and many of our competitors have substantially greater resources than we do.

We operate in a competitive environment that is characterized by price inflation and rapid technological change. We will be competing with major international and domestic companies with substantially greater resources than our own. Our major competitors include General Electric, Siemens, Cummins, Caterpillar, Capstone Turbine and similar companies on a large scale, plus numerous other smaller players and other similar companies. Our competitors may have greater market recognition and substantially greater financial, technical, marketing, distribution, purchasing, manufacturing, personnel and other resources than we do. Many of our competitors are developing and are currently producing and/or installing products based on waste-to-power and cogeneration energy technology and services that may ultimately have costs similar to, or lower than, our projected costs. Many of our current and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we do. As a result, they may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sales of products than we can. There can be no assurance that we will be able to compete successfully against current and future competitors. If we are unable to compete effectively, or if competition results in a deterioration of market conditions, our business and results of operations would be adversely affected.

We have experienced technological changes in our industry. New technologies may prove inappropriate and result in liability to us or may not gain market acceptance by our customers.

The waste-to-power industry (and the alternative energy industry, in general) is subject to rapid technological change. Our future success will depend on our ability to appropriately respond to changing technologies and changes in function of products and quality. Significant improvements in the efficiency of alternative engine systems may give competitors using those products competitive advantages that we cannot overcome.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs, and actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Current Report, particularly in "RISK FACTORS."

Plan of Operations/Business Strategy

Overview

The Company's operating subsidiary, Q2P was originally formed by Cyclone Power Technologies Inc. ("Cyclone") in April 2010 in the state of Florida as a limited liability company called "Cyclone-WHE LLC." The purpose of the Company at such time was essentially the same as it is today: to pursue waste-to-power and waste heat recovery business opportunities on a global basis. The Company re-domiciled to Delaware as a corporation in April 2014, formally split from Cyclone in July 2014 pursuant to a Separation Agreement, and changed its name to "Q2Power Corp." in February 2015. It is licensed to do business in Florida and Ohio, where it maintains offices.

A. Plan of Operation

The general technology underlying the Q2P Engine has been in development since 2008. Until 2014, this research and development ("R&D") was conducted and financed primarily by its former parent, Cyclone. Funds for this R&D from investors, corporate partners and government sources amounted in the aggregate to over $8 million for all of Cyclone's engine technology during this time period. Through its License, Q2P has the benefit of these R&D expenditures of time, resources and funding upon which it is in the process of commercializing the Q2P Engine and its relevant components for its business.

A major portion of the funds raised in the APGR Funding and future offerings will be used for technology commercialization, which includes testing, third-party validation, pilot programs and ramping-up manufacturing operations. To support these operations, we anticipate the purchase or leasing of certain manufacturing equipment, testing equipment, engineering software, and other capital expenses. We are currently deploying pilot programs for our technology. Some of the expenses for these programs and the surrounding R&D may be paid-for or subsidized by customers and partners, which would generate revenue for us.

Results and knowledge from our pilot testing in the field will be used to build our production Q2P Systems. We expect these systems to be ready for early adaptor sales in three to six months and for limited-scale commercial manufacturing over the following 12 months. We expect to start generating revenue during this time, which will be used to support operations, further advance R&D and intellectual property ("IP") capture, and expand manufacturing capabilities towards mass-production scale.

In the next 12 months we will need to raise additional funds to keep us operating at full capacity and on schedule with these plans. Our average monthly burn-rate is currently $120,000 per month, which has been reduced by management from about $200,000 per month in the first half of 2015; but we estimate that this will increase again to approximately $200,000 per month by the middle of 2016. We anticipate that we will have sufficient capital reserves to fund operations until the second quarter of our 2016 fiscal year if the APGR Funding is completed in full. By the end of 2016, we expect to have engines and power systems in production, customers in place, and our business model fully established. Meeting these benchmarks should provide greater value to our Company and provide broader funding opportunities. We cannot make any guarantees, however, that we will be able to meet these milestones or generate the expected shareholder value from our efforts.

B. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

Results of Operations

Six-Months Ended June 30, 2015 and 2014

During the six months ended June 30, 2015, we incurred operating expenses totaling $1,943,728. Our operating expenses consisted of general and administrative expenses of $1,259,415, research and development of $659,452, advertising and promotion of $11,823, and other expenses of $13,038. Operating expenses for the same period in 2014 were $391,371, consisting of general and administrative expenses of $215,789, research and development of $174,582, and advertising and promotion of $1,000. The dramatic increase in operating expenses in the latter period is a result of operations for the Company expanding rapidly after the separation from Cyclone in July 2014, and capital funding raised through May 2015, and is not necessarily indicative of any future trends.

Of the operating expenses in the 2015 period, non-cash general and administrative expense related to equity-based compensation totaled $529,220. Stock and options to purchase stock issued to consultants totaled $470,186, and stock and options issued to employees totaled $59,034.

Capital expenditures related to software, property and equipment at June 30, 2015 totaled $86,946. Depreciation and amortization expenses for the interim period ended June 30, 2015 totaled $13,333.

We did not generate any revenue during either the 2015 or 2015 period.

Years Ended December 31, 2014 and 2013

During the years ended December 31, 2014 and 2013, we incurred operating expenses totaling $1,612,092 and $157,266, respectively. For 2014, our operating expenses consisted of general and administrative expenses of $1,035,454, research and development of $560,608, and advertising and promotion of $11,640. For 2013, all of our expenses were general and administrative, consisting primarily of stock issued to consultants for services. As noted above, the dramatic increase in operating expenses in the latter period is a result of operations for the Company expanding rapidly after the separation from Cyclone in July 2014, and capital funding raised through the end of 2014, and is not necessarily indicative of any future trends.

Of the operating expenses incurred for the year ended 2014, non-cash general and administrative expenses related to equity-based compensation totaled $561,872. Stock and options to purchase stock issued to consultants totaled $517,951, and stock and options issued to employees totaled $43,931.

Capital expenditures related to software, property and equipment at December 31, 2014 totaled $56,707. Depreciation and amortization expenses for the year ended December 31, 2014 totaled $4,318.

We did not generate any revenue in the fiscal years ended 2014 or 2013.

Financial Condition, Liquidity and Capital Resources

SinceJuly 2014 Q2P has primarily devoted its efforts to commercializing the Q2P Engine and Q2P System, developing its business model and recruiting executive management and key employees. Accordingly, Q2P is considered to be in the development stage. As a new entity, Q2P has limited current business operations and nominal assets. Q2P currently operates at a loss with no revenue and approximately $120,000 a month in operating expenses, which is comprised of salaries and fees to officers, directors and advisors, our R&D budget, some marketing and other general expenses. We have also used equity, including common stock and stock options, to pay some expenses over the last year. Since the beginning of the year, we have reduced our monthly burn from about $200,000 per month by terminating or renegotiating some consulting fees and employment contracts, and making other cuts in our operational budget. This monthly burn is expected to increase materially, however, over the following months as we add costs of being a public company and fund our growth.

Since July 2014, Q2P has raised approximately $3 million in capital over three separate financings, inclusive of cash invested and some debt and payables converted to stock. With these funds, the Company has been able to complete the prototype stage of its technology, place our first operating pilot unit in the field, and recruit a solid engineering and business team. It is anticipated that we will attempt to raise additional funding in mid-2016 to advance the Company's technology through full commercialization and manufacturing. Details of these prior financings follows:

During the year ended December 31, 2014, the Company issued 2,945,835 shares of restricted common stock valued at $353,501 in its initial Seed Round Funding. Transaction costs related to the Seed Round were $51,000. The Seed Round was funded through convertible debt with accrued interest, which automatically converted to common stock at $0.12 per share on September 30, 2014.

The Company sold 5,245,804 shares of common stock at $0.27 per share, in its Series A Funding Round valued at $1,416,367 during the year ended December 31, 2014. Direct offering costs related to the Series A Funding Round were $30,000. In January 2015, the Company closed a continuation round of its Series A Funding, whereby it raised $362,360 with the issuance of 1,342,075 shares of common stock, priced at $.27 per share.

All promissory notes and shares in these offerings were sold pursuant to an exemption from the registration requirements of the Securities Exchange Commission under Regulation D to accredited investors who completed questionnaires confirming their status. Unless otherwise described in this Current Report, reference to "restricted" common stock means that the shares are restricted from resale pursuant to Rule 144 of the Securities Act of 1933, as amended.

On May 14, 2015, the Company's Board of Directors authorized the offer of 17,700,000 Subscriptions Rights (the "Subscription Rights") to all current shareholders. Each Subscription Right was exercisable into three (3) shares of common stock, representing 53,100,000 aggregate shares of common stock among all Subscription Rights. Stockholders received one Subscription Right for each share of common stock owned as of May 14, 2015, which was the record date for the Subscription Rights offering (the "Rights Offering"). The maximum Rights Offering amount was $1,062,000 if all Subscription Rights were exercised. The Offering Price was $0.06 per Subscription Right, equivalent to $0.02 per common share contained in each Subscription Right. Stockholders were able to over-subscribe to purchase additional shares of common stock at a price of $0.02 per share, if all Subscription Rights had not been exercised pro-rata by the other stockholders. In order to reduce the short term financial obligations of the Company, the Board in its discretion, allowed employees and consultants to cancel salary, debt, payables or contractual monetary obligations of the Company due to them, and convert such obligations into common stock in connection with the Rights Offering.

The Rights Offering closed on June 3, 2015, at which time Subscriptions totaling $1,061,975 had been received, inclusive of $821,516 in cash, the cancellation of $83,158 and $103,251 of payables and accrued expenses incurred in 2014 for outside and employee services, respectively, and $54,050 of subscriptions receivable. Subsequent to the closing due to an oversight of one subscription in the amount of $3,788, an additional 189,375 shares were due to be issued. This amount increased the value of the total shares issued to $1,065,783, which was $3,783 more than what was initially authorized by the Board of Directors. The Board determined that such over-issuance of 0.3% (less than one-half of one percent of total shares issued) was not material and that the costs of recalculating and reissuing all shares to all shareholders would be more costly. This $3,788 was recorded as an additional subscription receivable. A total of 53,288,150 shares were issued under the Rights Offering. Transaction costs associated with the Rights Offering totaled $10,000.

Cash and Working Capital

We have incurred negative cash flows from operations since inception. As of June 30, 2015, Q2P had an accumulated deficit of $3,773,087.

Sources and Uses of Liquidity

Since inception, Q2P has satisfied its operating cash requirements from the private placement of its common stock and some small loans. During the next 12 months, we expect to spend approximately $1,200,000 on

development of our engine products and power systems. With these expenditures we anticipate launching our commercialized Q2P System and commencing sales of these products to early adaptor customers. We expect to also incur approximately $750,000 in general and administrative costs in that period to support our ongoing research and development expenses, and an additional $250,00 of accounting, legal and other costs of being a public company.

Management believes the Company will start generating revenues through the sale of its Q2P Engine and Q2P System to early adaptor customers within the next six months. Additional funds may be raised through debt financing and/or the issuance of equity securities. At this time no additional fundraising has been initiated, and no specific terms have been set. There can be no assurance that financing will be available when required in sufficient amounts, on acceptable terms or at all.

Separation from Cyclone and Related License Agreement

On July 29, 2014, Q2P (which at such time was called WHE Generation Corp., and renamed Q2Power Corp. on January 26, 2015) commenced operations as an independent company after receiving its initial round of seed funding and signing a formal separation agreement (the "Separation Agreement") from Cyclone. Cyclone had originally established Q2P as a wholly-owned Florida limited liability company ("LLC") in 2010. In April 2014, in contemplation of its separation from Cyclone and initial funding, the Company re-domiciled from Florida to Delaware and converted from an LLC to a corporation. In connection with this transaction, 1,132,268 membership interests in the LLC were exchanged for 5,661,338 shares in the Company. As of June 30, 2015, Cyclone owned 3.80% in Q2P after dilution of its interest as a result of Seed Round, Series A Funding and the Rights Offering.

The Separation Agreement between Q2P and Cyclone provided for a formal division of certain assets, liabilities and contracts related to Q2P's business, as well as establishing procedures for exchange of information, indemnification of liability, and releases and waivers for the principals moving forward. As part of the separation from Cyclone, Q2P also purchased for $175,000 certain licensing rights to use Cyclone's patented technology on a worldwide, exclusive basis for 20 years with two 10-year renewal terms for Q2P's waste heat and waste-to-power business (the "License Agreement"). The License Agreement contains a royalty provision equal to 5% of gross sales payable to Cyclone on sales of engines derived from technology licensed from Cyclone.

Also, as part of the separation from Cyclone, Q2P assumed a license agreement between Cyclone and Phoenix Power Group, which included deferred revenue of $250,000 from payments previously made to Cyclone for undelivered products. The net balances as of December 31, 2014 for the Cyclone licensing rights and the Phoenix deferred revenue were $156,771 and $250,000, respectively. The Company also assumed a contract with Clean Carbon of Australia and a corresponding $10,064 prepayment for services or other value to be provided in the future. This deposit has been presented as deferred revenue on the June 30, 2015 and December 31, 2014 balance sheet.

The licensing rights are amortized over 4 years. Amortization expense for the interim period ended June 30, 2015 and for the year ended December 31, 2014 was $21,875 and $18,229, respectively.

Stock Repurchase Agreement

On September 25, 2014, the Company entered into a Stock Repurchase Agreement with Cyclone (the "Stock Repurchase Agreement") whereby the Company agreed to purchase 2,083,333 shares of restricted common stock of the Company at a purchase price of $0.24 per share, for total consideration of $500,000. Of the purchase price, $350,000 was paid on September 30, 2014, at which time the Company retired 1,458,333 shares previously held by Cyclone. The $150,000 balance of the purchase price was recorded as Due to Related Party – Cyclone. The 624,999 shares associated with the $150,000 portion of the purchase price were reissued to Cyclone on July 21, 2015, based on claims made by the Company that Cyclone had not fulfilled material terms in the Stock Repurchase Agreement, as well as other claims, and as a result the balance of $150,000 would not be owed. Cyclone has disputed these claims. The Company also recorded $567,637 against additional paid in capital related to the shares of common stock of Cyclone held as an investment by the Company that were returned to Cyclone, payables of Cyclone paid by the Company on behalf of Cyclone and write-off of the intercompany receivable from Cyclone.

This was offset by the deferred revenue from Phoenix Power and Clean Carbon of Australia that was transferred to the Company in the Separation Agreement.

Off-Balance Sheet Arrangements

The Company did not engage in any "off-balance sheet arrangements" (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) as of June 30, 2015.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of the Company immediately after the Merger by each of its executive officers and directors, and all executive officers and directors as a group, and based on 25,289,639 shares of common stock outstanding. Unless otherwise indicated, the address for each person or entity named below is c/o Q2Power Corp., 1858 Cedar Hill Rd., Lancaster, Ohio 43130.

	Common Shares Beneficially Owned Post-Merger	
Name of Beneficial Owner	**# of Shares**	**% of Class**
Christopher Nelson, CEO & Director (1)	1,812,200	7.1%
Joel Mayersohn, Director (2)	222,202	*
Michelle Murcia, CFO (3)	136,000	*
Sudheer Pimputkar (4)	244,800	*
All officers and directors as a group (4 persons)	2,395,202	9.3%

* Less than one percent

(1) Mr. Nelson's beneficial holdings include 255,000 vested options.
(2) Mr. Mayersohn's beneficial holdings include 136,000 vested options.
(3) Ms. Murcia's beneficial holdings include 102,000 vested options.
(4) Mr. Pimputkar's beneficial holdings include 122,400 vested options.

The following table sets forth information with respect to the beneficial ownership of the Company immediately after the Merger by any person or group who beneficially owns more than 5% of any class of its capital stock.

	Common Shares Beneficially Owned Post-Merger	
Name of Beneficial Owner	**# of Shares**	**% of Class**
Blue Earth Fund LP (1)	1,418,066	5.7%
Benjamin Padnos (2)	1,947,744	7.7%

(1) Blue Earth Fund does not hold options to purchase shares of the Company's common stock.
(2) Mr. Padnos's beneficial holdings include 22,667 vested options.

SEC Rule 13d-3 generally provides that beneficial owners of securities include any person who, directly or indirectly, has or shares voting power and/or investment power with respect to such securities, and any person who has the right to acquire beneficial ownership of such security within 60 days. Any securities not outstanding which are subject to such options, warrants or conversion privileges exercisable within 60 days are treated as outstanding for the purpose of computing the percentage of outstanding securities owned by that person. Such securities are not treated as outstanding for the purpose of computing the percentage of the class owned by any other person.

Changes in Control

The closing of the Merger resulted in a change in control of AnPath. See the heading "Change in Control" of Item 5.01. To the knowledge of management, there are no other current arrangements or understandings that may result in a change in control of the reorganized Company.

MANAGEMENT

Our Executive Officers and Directors are as follows:

Name	Age	Position
Christopher Nelson	45	CEO & Director
Joel Mayersohn	57	Director
Michelle Murcia	48	Chief Financial Officer
Sudheer Pimputkar	65	Chief Technology Officer

Christopher Nelson – CEO & Director. Mr. Nelson oversees the strategic direction of the Company, including finance, business development, and legal aspects. He also serves as Managing Director of GreenBlock Capital LLC in Palm Beach, Florida, a boutique merchant bank specializing in technology investments and growth capital. Until July 31, 2014, Mr. Nelson served as President and General Counsel of Cyclone, positions he held since March 2011. Between January 2009 and March 2011, he was Executive Vice President and General Counsel of Cyclone. During his tenure at Cyclone, Mr. Nelson assisted and oversaw all aspects of the company's business and legal affairs, including public securities filings and over $8 million in financing transactions, licensing and development agreements with major customers such as Raytheon the U.S. Army / Tardac, investors and public relations, and general corporate matters.

Mr. Nelson has practiced law in Florida for over 19 years, and since 2001 has represented many start-up, early stage and established businesses seeking financing, acquisitions and general growth management counseling. Between 1997 and 2000, Mr. Nelson was an associate with Greenberg Traurig PA, and between 1995 and 1997 an associate with Akerman Senterfitt PA, both in Miami, Florida. At both firms he served in their corporate and securities practice, representing NYSE and NASDAQ companies such as AutoNation, Republic Industries and Wackenhut. Mr. Nelson received a BA from Princeton University, and JD from University of Miami School of Law, and is a member of the Florida Bar.

Joel Mayersohn – Director. Mr. Mayersohn is a Partner in the Ft. Lauderdale, FL, office of Roetzell & Andress, where he specializes in corporate, securities and business law. He advises a diversified client base in private placements, public offerings, mergers and acquisitions, financing transactions and general securities law matters. He also has experience in venture capital, bridge loans and pipe financings. Mr. Mayersohn was previously on the Board of Directors of Cyclone, until July 31, 2014. He is a member of the Florida and New York Bars, and received his J.D. and B.A from The State University of New York at Buffalo.

Michelle Murcia – Chief Financial Officer. Ms. Murcia has served as Acting CFO of Q2Power since December 2014. Previously, Ms. Murcia served as Co-Founder and COO of Ohio Advanced Energy Economy and the Advanced Energy Economy Ohio Institute. She also served as VP and CFO of TechColumbus, a public-private technology incubator in Columbus, OH, and for more than 7 years in finance and operating roles at Battelle Memorial Institute, a global science and technology enterprise that manages seven laboratories for the U.S. Department of Energy and conducts approximately $5 billion in annual research and development. At Battelle, Ms. Murcia served as Director, Corporate Financial Services, where she managed a 16-fund venture portfolio with strategic investments in energy and IT; managed six spin-out early stage technology companies from investment to exit; and served on the commercialization and deployment proposal team for re-compete of the National Renewable Energy Laboratory (NREL). Previously, Ms. Murcia was Director at Fletcher Spaght Ventures, a $100M venture capital fund headquartered in Boston which invests in emerging growth technology and healthcare companies, and served in finance roles at Maxwell Technologies (Nasdaq: MXWL), a power storage technology company. Ms. Murcia received her MBA from the Ohio State University, and a B.S. in Business Administration from California State University, San Marcos. Ms. Murcia is a licensed Certified Public Accountant in the State of Ohio.

Sudheer Pimputkar – Chief Technology Officer. Mr. Pimputkar is responsible for overseeing our engineering team and setting the technological development path for the company. Over the last 10 years, he has focused on technology scale-up and commercialization for early stage energy companies. His responsibilities included IP strategy and management, international business negotiations, and managing investor expectations as a board member. Before that he was with Battelle (a private, global RD&D organization with annual revenue

exceeding $5 billion that consults with industry and government, has a venture arm, and manages National Laboratories). At Battelle, Mr. Pimputkar developed and managed several large multiyear technology programs. He has deep technical expertise combined with a demonstrated ability to assess business problems, drive fact-based decision-making, and lead operational solutions including organizational change. He is an expert in creating innovative technology solutions and holds three issued patents. Mr. Pimputkar has a Ph.D. and M.S in Mechanical Engineering from Cornell University, and a Bachelor of Technology in Mechanical Engineering from the prestigious Indian Institutes of Technology.

Key Employees

Nathan Hawkins – VP Production. Mr. Hawkins oversees manufacturing of the Q2P Engine, including providing on-going engineering for production support, quality control, and other key elements of the Company commercialization program. Mr. Hawkins is also co-founder and President of Precision CNC, a high-tech, high-precision machine shop, with whom the Company has partnered for engine manufacturing. Between him and his partner at PCNC, they have over 50 years' experience in manufacturing.

Douglas Hutchinson – VP Business Development. Mr. Hutchinson has over 30 years of background in business development, corporate management, product development and sales/marketing/branding program creation. Prior to Q2P, he was VP Business Development for Cyclone. Previously, he has been an owner/operator of business incubator facilities and provided feasibility analysis, financial forecasting and operations consulting. He has over four decades of fabrication experience in automotive and mechanical production which has involved the use of a wide range of materials and fabrication methodologies. Mr. Hutchinson's projects have won 5 national awards and been featured in over a half dozen magazine articles for automotive fabrication excellence. He has also been involved in patent development projects writing patent claims, creating IP design elements and drawings for patent support including constructing working proof-of-concept models for several inventors.

Gerald Fly – Senior Engineer. Mr. Fly oversees design and development of the Q2P Engine. Prior to Q2P, he was a Senior Engineer at The Ohio State University's Center for Automotive Research, where one of his primary projects included the Q2P technology program. Before that, Mr. Fly spent over 21 years with General Motors as a Senior Research Engineer. For the last 14 years of that tenure, he helped run the Fuel Cell Activity division of GM in Honeoye Falls, NY, where he designed and developed new innovative fuel cell stacks including bipolar plates, seal mechanisms, cooling strategies, and new electrochemical methods of energy conversion. Mr. Fly is an expert with finite element based structural analysis of including stress analysis, vibration analysis, and thermal analysis. While at GM, he received the Chairman's Honor Award twice. Mr. Fly started his 38 year engineering career at Los Alamos National Lab. He holds his BS and MS in Mechanical Engineering, solid mechanics, thermodynamics from M.I.T., and has over 25 issued patents to his name.

Eric Schacht – Lead Systems Engineer. Mr. Schacht is the lead systems engineer responsible for the control and automation architecture for Q2P's technology. He works with controls software, simulation, power electronics, circuits, and testing for various aspects of the Q2P product. In addition, he contributes a significant amount of mechanical design expertise from automotive, energy storage systems, manufacturing, and agriculture. He has previous experience in software and controls ranging from laboratory automation, manufacturing automation, vehicle controls, and various types of simulation. His professional experience comes from time at General Electric (GE), General Motors (GM), CAR Technologies, and OSU Center for Automotive Research (CAR). He has both a bachelors and masters in electrical engineering from OSU with specializations in power systems, circuits, and power electronics. During college, he was a team member and leader of the OSU hybrid vehicle competition teams developing systems and software as well as testing the vehicle for competition.

Directorships Held in Other Reporting Companies

Other than the Company, none of our directors or executive officers is a director of a company that is required to file reports under Sections 15 or 13(d) of the Exchange Act.

Involvement in Certain Legal Proceedings

During the past 10 years, none of our present or former directors, executive officers or persons nominated to become directors or executive officers:

(1) A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

(2) Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

(i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) Engaging in any type of business practice; or

(iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

(4) Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;

(5) Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

(6) Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

(7) Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

(i) Any Federal or State securities or commodities law or regulation; or

(ii) Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

(iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

(8) Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Promoters and Control Persons.

To the best of our management's knowledge, no person who may be deemed to have been a promoter or founder of our Company was the subject of any of the legal proceedings listed under the heading "Involvement in Certain Legal Proceedings" above.

Compliance with Section 16(a) of the Exchange Act

Our shares of common stock are registered under the Exchange Act, and therefore the officers, directors and holders of more than 10% of our outstanding shares are subject to the provisions of Section 16(a), which requires them to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and our other equity securities. Officers, directors and greater than 10% beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

Code of Ethics

The Company has adopted a code of ethics that applies it its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The text of our code of ethics is posted on our web site (www.q2p.com)

Corporate Governance

Nominating Committee

We have not established a Nominating Committee. We have only two directors and three executive officers, and we believe that our Board of Directors is able to effectively manage the issues normally considered by a Nominating Committee. If we do establish a Nominating Committee in the future, we will disclose this change to our procedures in recommending nominees to our Board of Directors.

Audit Committee

We have not established an Audit Committee. We have only two directors and three executive officers and our business operations are conducted in one facility. We believe that our Board of Directors is able to effectively manage the issues normally considered by an Audit Committee. If we do establish an Audit Committee, we will disclose this change in our periodic reports as filed with the SEC.

EXECUTIVE COMPENSATION

The following table sets forth certain information concerning the annual and long-term compensation of our Chief Executive Officer and our other executive officers during the last two fiscal years.

Summary Executive Compensation Table

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Nonqualified Deferred Compensation ($)(h)	All Other Compensation ($) (i)	Total Earnings ($) (j)
Christopher Nelson, CEO	2015	138,461	25,523	-	-	-	-	-	$163,984
	2014	27,692	-	–	90,000	-	-	80,666	$198,358
Michelle Murcia, CFO	2015	-	-	–	54,000	0	-	80,500	$134,500
	2014	-	-	–	27,000	0	-	3,500	$30,500
Sudheer Pimputkar, CTO	2015	88,199	-	24,300	-	-	-	27,783	$140,282
	2014	-	-	-	97,200	-	_	5,025	$102,225

(c) Salaries include those amounts paid and accrued as an expense on the books of the Company.
(d) Mr. Nelson's bonus in 2015 related to a tax liability repayment to him for consulting fees the Company paid in 2014. This bonus is accrued as an expense on the Company's books, but has not been paid.
(e)(f) Stock and Option Awards are calculated based on the face value of awards as of the date of grant.
(i) All Other Compensation is comprised of consulting fees.

Director Compensation

The Company pays its sole outside director a quarterly cash retainer of $4,000, plus 85,000 stock options per year (adjusted herein based on the Merger Agreement's exchange ratio of 0.34). The Company believes that this is consistent with industry standards for such outside directors in the industry. Directors shall also be reimbursed for reasonable travel expenses incurred in connection with meetings of the Board of Directors.

Summary Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Joel Mayersohn	8,000	0	136,000	0	0	0	$144,000

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

Christopher Nelson, the Chief Executive Officer and Directorof Q2P, is also a Managing Director of GreenBlock Capital LLC, a Delaware limited liability company ("GBC"). GBC is expected to sign a 12 month Consulting Agreement with the Company by which GBC may be issued up to 1,000,000 shares of common stock. No agreement has been signed as of this date, and any such agreement must be approved by the independent member of the Company's Board of Directors. Such fee is specifically not a finder's or success fee based on the raising of funds for the Company. Mr. Nelson holds no ownership or equity interest in GBC. Prior to the closing of the Merger, he held 4,580,000 shares of Q2P representing approximately 6.5% of its outstanding voting securities not including his stock options. Following the closing of the Merger, he holds 1,812,200 shares of the Company's common stock, representing approximately 7.1% of our post-Merger outstanding common shares inclusive of his vested stock options. AnPath's director, Christopher J. Spencer, owns a majority interest in GBC. Prior to the closing of the Merger, he held 128,572 shares of the Company's common stock, as well as 252,500 shares of Q2P common stock representing approximately 0.4% of its outstanding shares, plus 800,000 shares of Q2P common stock in the name of GBC representing an additional 1.13%. Upon the closing of the Merger, Mr. Spencer individually and through GBC owns a total of 486,422 shares of our common stock, representing approximately 1.9% of our outstanding shares. GBC has been instrumental in various matters related to the Merger including, but not limited to, the negotiation of the ESI Exchange Agreement, the negotiations relating to the Alpha Extension Agreement, and other matters related to the Merger, and we expect GBC to provide continuing services to the Company following closing.

Joel Mayersohn, our Director, is also a partner in the law firm of Roetzell & Andress, which provides legal services for Q2P, including advising us on the Merger Agreement and APGR Funding.

Promoters and Certain Control Persons

See the heading "Transactions with Related Persons" above.

Parents of the Smaller Reporting Company

We have no parents.

Director Independence

We have one independent director, Joel Mayersohn, serving on our Board of Directors.

LEGAL PROCEEDINGS

To the best of our knowledge, there are no legal proceedings pending or threatened against Q2P; and there are no actions pending or threatened against any of Q2P's directors or officers that are adverse to Q2P.

On September 27, 2013, Susan Ladeau filed a Complaint against AnPath and its subsidiary, ESI, in the Superior Court of the County of Iredell, North Carolina, seeking payment of wages of approximately $25,000, together with vacation pay, the value of health insurance benefits and medical expenses collectively totaling approximately $12,000, and the issuance of 40,000 shares of the Company's common stock. The case was designated Case No. 13CV 02277. On April 10, 2015, the Superior Court of the County of Iredell, North Carolina, in the case designated Case No. 13CV 02277, entered judgment against ESI in favor of plaintiff Susan Ladeau in the sum of $29,634, together with interest at the rate of 8% on that sum, compounded annually until paid in full. Claims made by Ms. Ladeau against AnPath and certain of the officers and directors of Anpath at that time were dismissed by the Court. The Company has recorded the liability for this judgement, but has not made any payment towards it. On October 27, 2015, the Court awarded additional liquidated damages against ESI in the amount of $29,634 and attorney's fees in the amount of $31,750, plus additional interest.

DESCRIPTION OF CAPITAL STOCK

Common Stock

We are authorized to issue 100,000,000 shares of common stock, $0.0001 par value per share. As of the Effective Date of the Merger, there are 25,289,639 shares of common voting stock issued and outstanding, taking into account the issuance of 24,000,000 shares of our common stock upon the closing of the Merger. The holders of our common stock are entitled to one vote per share on each matter submitted to a vote at a meeting of our shareholders.

Our shareholders have no pre-emptive rights to acquire additional shares of our common stock or other securities; nor shall our shareholders be entitled to vote cumulatively in the election of directors or for any other purpose. Our common stock is not subject to redemption rights and carries no subscription or conversion rights. All shares of the common stock now outstanding are fully paid and non-assessable, except 234,396 shares of common stock for which we have recorded a $13,788 subscription receivable (as assumed from Q2P, which related to 689,375 shares prior to the Merger).

On July 22, 2015, the Board of Directors authorized that AnPath effectuate a reverse split of its issued and outstanding Common Stock in the ratio of one (1) post-split share of Common Stock for every seven (7) shares of pre-split Common Stock, while retaining the current par value of $0.0001 per share, with appropriate adjustments being made in the additional paid-in capital and stated capital accounts of the Company, with all fractional shares that would otherwise result from such reverse split being rounded up to the nearest whole share. Unless indicated otherwise, all share figures in this Current Report take into account the reverse stock split.

Preferred Stock

We are authorized to issue 5,000,000 shares of preferred stock, $0.0001 par value per share, with the rights, privileges and preferences of the preferred stock to be set by the Board of Directors.

On November 9, 2015, the Company filed with the Delaware Secretary of State its Certificate of Designation of Preferences, Rights and Limitations of Series A 6% Convertible Preferred Stock (the "Certificate of Designation'), a copy of which is attached as Exhibit 4 hereto. See the Exhibit Index, Item 9.01 of this Current Report.

The Certificate of Designation created the series of Preferred Stock, consisting of up to 1,500 shares, with each share of Preferred Stock to have a par value of $0.0001 and a Stated Value of $1,000, subject to increase in the event that funds are not legally available for the payment of dividends and the Equity Conditions (as defined in the Certificate of Designation) have not been met. Under the terms of the Certificate of Designation, holders of the Preferred Stock are entitled to receive cumulative dividends at the rate of 6% of the Stated Value per share, payable quarterly on January 1, April 1, July 1 and October 1, beginning on July 1, 2016, and on each date on which all or a portion of the Preferred Stock is converted into shares of the Company's common stock as outlined below. The dividends shall be payable in cash or, at the Company's option in certain circumstances, in shares of its common stock.

The Preferred Stock has no voting rights. Upon the liquidation, dissolution or winding-up of the Company, the Holder is entitled to received out of the Company's assets an amount equal to the Stated Value, plus any accrued and unpaid dividends thereon on any other fees or liquidated damages then owing thereon, before any distribution or payment to the holders of junior securities, including the holders of the Company's common stock.

Each share of Preferred Stock is convertible, at the Holder's option, into that number of shares of the Company's common stock determined by dividing the Stated Value by the Conversion Price of $0.30 per share (which Conversion Price is subject to adjustment in the event of stock dividends, stock splits, dilutive issuances and the like). The foregoing notwithstanding, the Holder shall have no conversion right to the extent that any such conversion would result in the Holder beneficially owning more than 4.99% of the Company's issued and outstanding shares of common stock immediately after the issuance of the applicable conversion shares (the

"Beneficial Ownership Limitation"). The Holder may increase or decrease the Beneficial Ownership Limitation upon notice to the Company, provided that in no event shall the Beneficial Ownership Limitation exceed 9.99%.

On the second anniversary of the issuance of the Preferred Stock, the Company shall redeem all of the then-outstanding Preferred Stock for an amount equal to the sum of (a) 100% of the aggregate Stated Value then outstanding; (b) accrued but unpaid dividends; and (c) all liquidated damages and other amounts due with respect to the Preferred Stock. In addition, in the event of certain "Triggering Events" (including, but not limited to, failure to meet the "current public information" requirements of Rule 144 of the SEC; failure to timely deliver conversion shares of common stock; being a party to a change of control transaction; and the commencement of any bankruptcy proceeding), the Holder shall have the option to require the Company to redeem all of the Preferred Stock that it then holds for a cash redemption price equal to the sum of (a) the greater of (i) 130% of the Stated Value and (ii) the product of (y) the volume weighted average price of the Company's common stock on the trading day immediately preceding the date of the Triggering Event and (z) the Stated Value divided by the then Conversion Price, (b) all accrued but unpaid dividends thereon and (c) all liquidated damages and other costs, expenses or amounts due in respect of the Preferred Stock.

For so long as any shares of Preferred Stock are outstanding, the Company may not take certain actions (including, but not limited to, incurring certain types of indebtedness; creating certain liens; and repurchasing stock or paying cash dividends on its shares of common stock) without the prior written consent of the Holders of at least 67% in Stated Value of the then-outstanding shares of Preferred Stock. Failure to meet these restrictive covenants could result in a default or Triggering Event.

The full preferences, rights and limitations of the Series A Preferred Stock are provided in the Certificate of Designation, which is filed as Exhibit 4 with this Current Report.

Outstanding Options, Warrants or Calls

Prior to the Merger, the Company had no outstanding stock options. Pursuant to the Merger, the Company assumed 1,095,480 stock options issued to officers, directors, employees and some consultants of Q2P. These options are generally 10 years in length, and as a result of the Merger have become immediately vested. The exercise price for all of these stock options has been set by the Board of Directors of the Company at a price of $.26 per share.

As of the current date, the Company has issued 961,539 warrants in connection with the Series A Preferred Stock Offering. The warrants are exercisable for a period of five years. If at any time after the six month anniversary of the date of their issuance there is no effective registration statement registering, or no current prospectus available for, the resale of the underlying shares of common stock, then the warrants may also be exercised on a "cashless" basis. The holders are subject to a Beneficial Ownership Limitation on exercise of the warrants on the same material terms as the Beneficial Ownership Limitation relating to conversions of the Preferred Stock. The warrants contain price protection in the instance that the Company issues shares at a lower price that the conversion price, subject to several exclusions.

In connection with its convertible debentures issued in July 2014, the Company issued 415,000 warrants to Alpha Capital Anstalt, on a post 7:1 reverse-split basis. The warrants are exercisable for a period of five years. Pursuant to the recent Modification Agreement, if there is no effective registration statement registering, or no current prospectus available for, the resale of the underlying shares of common stock, then the warrants may be exercised on a "cashless" basis. Alpha is subject to a Beneficial Ownership Limitation on exercise of the warrants, and the warrants contain price protection in the instance that the Company issues shares at a lower price that the conversion price (currently $2.45 due to the 7:1 reverse stock split), subject to several exclusions.

No Provisions Limiting Change of Control

There is no provision in our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws that would delay, defer, or prevent a change in control of our Company. Under Article IV of our Amended and Restated Certificate of Incorporation, our Board of Directors has the authority to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of

Preferred Stock, including the designation of "poison pill" and other rights that may delay, defer or prevents such a change in control. However, as of the date hereof, the Board of Directors has not made any such determination and it has no intention to make such a determination in the foreseeable future.

Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law provides, in general, that a corporation incorporated under the laws of the State of Delaware, such as the Company, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws (see Article IX of our Amended and Restated Certificate of Incorporation and Article X of our amended and Restated Bylaws) provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the Delaware General Corporation Law. Any repeal or modification of these provisions shall be prospective only, and shall not adversely affect any limitation on the liability of our directors or officers existing prior to the time of such repeal or modification. We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the Delaware General Corporation Law would permit indemnification.

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is no "established trading market" for our shares of common stock. Commencing on or about August 25, 2011, our shares of common stock were listed on the OTC Pink market under the symbol "APGR". No assurance can be given that any market for our common stock will develop or be maintained. If a public market ever develops in the future, the sale of shares of our common stock that are deemed to be "restricted securities" pursuant to Rule 144 of the SEC by former Q2P stockholder, members of management or others may have a substantial adverse impact on any such market. With the exception of the shares outlined below under the heading "Recent Sales of Unregistered Securities," all current holders of shares of our common stock have satisfied the six-month holding period requirement of Rule 144. These listed persons' shares are subject to the resale limitations outlined below under the heading "Rule 144."

Set forth below are the high and low closing bid prices for our common stock for each quarter of our 2013 and 2014 fiscal years and the first two quarters of our 2015 fiscal year. These bid prices were obtained from OTC Markets Group, Inc. formerly known as the "Pink Sheets, LLC", formerly known as the "National Quotation Bureau, LLC." All prices listed herein reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

Period	High	Low
April 1, 2013 through June 30, 2013	$2.00	$0.55
July 1, 2013 through September 30, 2013	$1.08	$0.60
October 1, 2013 through December 31, 2013	$0.659	$0.35
January 1, 2014 through March 31, 2014	$0.35	$0.30
April 1, 2014 through June 30, 2014	$0.30	$0.25
July 1, 2014 through September 30, 2014	$0.22	$0.08
October 1, 2014 through December 31, 2014	$0.10	$0.06
January 1, 2015 through March 31, 2015	$0.08	$0.02
April 1, 2015 through June 30, 2015	$1.70	$0.02
July 1, 2015 through September 30, 2015*	$0.47	$0.03

* AnPath conducted a 1:7 reverse stock split on July 22, 2015

Rule 144

The following is a summary of the current requirements of Rule 144. In connection with the closing of the Merger, Q2P Stockholders that do not elect to exercise dissenters' rights of appraisal under the DGCL will be receiving shares that will be subject to Rule 144.

	Affiliate or Person Selling on Behalf of an Affiliate	Non-Affiliate (and has not been an Affiliate During the Prior Three Months)
Restricted Securities of Reporting Issuers	During six-month holding period – no resales under Rule 144 Permitted. After Six-month holding period – may resell in accordance with all Rule 144 requirements including: · Current public information, · Volume limitations, · Manner of sale requirements for equity securities, and · Filing of Form 144.	During six- month holding period – no resales under Rule 144 permitted. After six-month holding period but before one year – unlimited public resales under Rule 144 except that the current public information requirement still applies. After one-year holding period – unlimited public resales under Rule 144; need not comply with any other Rule 144 requirements.
Restricted Securities of Non-Reporting Issuers	During one-year holding period – no resales under Rule 144 permitted. After one-year holding period – may resell in accordance with all Rule 144 requirements including: · Current public information, · Volume limitations, · Manner of sale requirements for equity securities, and · Filing of Form 144.	During one-year holding period – no resales under Rule 144 permitted. After one-year holding period – unlimited public resales under Rule 144; need not comply with any other Rule 144 requirements.

Stock Holders

The number of record holders of our common stock as of the date of this Current Report is approximately 250, not taking into account the 85 stockholders of Q2P and assuming that none of such stockholders exercises dissenter's rights of appraisal under the DGCL. This figure does not include an indeterminate number of beneficial owners who may hold their shares in "street name."

Dividends

Section 3 of the Certificate of Designation of our Series A Preferred Stock prohibits the Company from declaring or paying any dividend on its common stock so long as any dividend due on the Preferred Stock remains unpaid. The declaration or payment of dividends on its common stock would also constitute an "Event of Default" on our outstanding Original Issue Discount Senior Secured Debentures. Presently, we have no plans to pay any dividends in the foreseeable future. The Board of Directors intends to pursue a policy of retaining earnings, if any, for use in our operations and to finance expansion of our business. Any declaration and payment of dividends in the future, of which there can be no assurance, will be determined by our Board of Directors in light of conditions then existing, including obligations to our other security holders, including the holders of our Preferred Stock and our debenture holders, our earnings, financial condition, capital requirements and other factors. There are presently no dividends which are accrued or owing with respect to our outstanding common stock. No assurance can be given that dividends will ever be declared or paid on our common stock in the future.

Securities Authorized for Issuance under Equity Compensation Plans

AnPath did not have any Stock Option or other Equity Compensation Plans. In connection with the Merger, we have assumed two Stock Option Plans from Q2P as follows:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	None		None
Equity compensation plans not approved by security holders	1,095,480	$.030 (1)	1,584,520 (1)
Total	1,095,480	$.030 (1)	1,584,520 (1)

(1) Stock price and remaining available shares were set by resolution of the Board of Directors as of the Effective Date of the Merger.

Recent Sales of Unregistered Securities

To whom	Date	Number of shares	Consideration
52 accredited investors	11-12-15	17,633,912	Merger (1)
6 sophisticated investors	11-12-15	519,920	Merger (1)
1 accredited investor	11-17-15	500 (2)	$500,000

(1) Terms of the Merger Agreement and shares issued thereunder are provided in Section 1.01 of this Current Report. 5,846,169 shares to be issued under the Merger Agreement are being held in treasury as of the date of this Current Report pending receipt of the respective holders' consent or dissent to the merger.

(2) Shares issued are Series A 6% Convertible Preferred Shares, the terms of which are provided elsewhere in this Current Report.

We issued all of these securities to persons who were "accredited investors" as that term is defined in Rule 501 of Regulation D of the SEC, "sophisticated investors," or persons who either alone or with their purchaser representative(s) have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Company; and each such person had prior access to all material information about us prior to the offer and sale of these securities. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act, pursuant to Sections 4(a)(2) and 4(6) thereof, and Rule 506 of Regulation D of the SEC.

Use of Proceeds of Registered Securities

There were no proceeds received by us during the fiscal years ended March 31, 2015 or 2014, from the sale of registered securities.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Audited financial statements of Q2Power Corp. for the calendar years ended December 31, 2014 and 2013, and unaudited for the six months ended June 30, 2015 and 2014.

(b) Pro forma financial information.

Condensed unaudited pro forma financial information for the calendar year ended December 31, 2014, and the six months ended June 30, 2015

(b) Exhibits.

Exhibit No.	**Exhibit Description**
4	Certificate of Designation of Preferences, Rights and Limitations of Series A 6% Convertible Preferred Stock
10.1	Share Exchange Agreement
10.2	Form of Securities Purchase Agreement
10.3	Form of Warrant Agreement
10.4	Q2Power Amended and Restated License Agreement with Cyclone
10.5	Separation Agreement between Q2Power and Cyclone
10.6	Employment Agreement, Christopher Nelson
10.7	Employment Agreement, Sudheer Pimputkar

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

ANPATH GROUP, INC.

Date:	*November 17, 2015*	*By:*	*/s/ Christopher Nelson* *Christopher Nelson* *Chief Executive Officer*
Date:	*November 17, 2015*	*By:*	*/s/ Joel D. Mayersohn* *Joel D. Mayersohn* *Director*

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
CONDENSED BALANCE SHEETS
JUNE 30, 2015 AND DECEMBER 31, 2014

	JUNE 30, 2015 (UNAUDITED)	DECEMBER 31, 2014
ASSETS		
CURRENT ASSETS		
Cash	$ 359,548	$ 265,374
Restricted cash	-	10,010
Other current assets	2,756	7,683
Total current assets	362,304	283,067
SOFTWARE, PROPERTY AND EQUIPMENT, NET	126,001	52,389
OTHER ASSETS		
Licensing rights in Cyclone, net	134,896	156,771
Total other assets	134,896	156,771
Total Assets	$ 623,201	$ 492,227
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 366,805	$ 204,270
Reserve for related party – Cyclone	150,000	150,000
Capitalized lease obligations-current portion	12,198	12,198
Deferred revenue and license deposits	260,064	260,064
Total current liabilities	789,067	626,532
NON CURRENT LIABILITIES		
Capitalized lease obligations-net of current portion	4,066	10,165
Total non-current liabilities	4,066	10,165
Total Liabilities	793,133	636,697
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, -0- shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively.	-	-
Common stock, $0.0001 par value; 95,000,000 shares authorized, 70,689,631 and 15,389,829 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively.	7,068	1,538
Additional paid-in capital	3,856,432	2,162,810
Treasury stock, 624,999 shares, at cost	(150,000)	(150,000)
Subscription receivable	(57,838)	(100,000)
Prepaid expense with common stock	(52,507)	(229,459)
Accumulated deficit	(3,773,087)	(1,829,359)
Total Stockholders' Deficit	(169,932)	(144,470)
Total Liabilities and Stockholders' Deficit	$ 623,201	$ 492,227

See notes to the condensed financial statements

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
CONDENSED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(UNAUDITED)

	2015	2014
OPERATING EXPENSES		
Advertising and promotion	$ 11,823	$ 1,000
General and administrative	1,259,415	215,789
Research and development	659,452	174,582
Total operating expenses	1,930,690	391,371
LOSS FROM OPERATIONS	(1,930,690)	(391,371)
OTHER EXPENSE		
Anpath transaction costs	(10,000)	-
Interest expense	(3,038)	-
Total other expense	(13,038)	-
LOSS BEFORE INCOME TAXES	(1,943,728)	(391,371)
INCOME TAXES	-	-
NET LOSS	$ (1,943,728)	$ (391,371)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$ (0.06)	$ (0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	33,390,234	5,661,338

See notes to the condensed financial statements

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(UNAUDITED)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,943,728)	$ (391.371)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	35,208	-
Restricted shares issued for outside services	344,544	-
Restricted shares issued for employee services	89,628	-
Stock based compensation	100,243	-
Amortization of prepaid expense via common stock	214,875	83,125
Changes in operating assets and liabilities:		
Decrease in due from related party - Cyclone	-	84,339
Decrease in other current assets	(73)	56,875
Increase in accounts payable and accrued expenses	162,635	167,032
Net cash used in operating activities	(996,668)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for software, property and equipment	(86,946)	-
Net cash used in investing activities	(86,946)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized leases	(6,099)	-
Receipt of restricted cash previously held in escrow	10,010	-
Proceeds from sales of common stock, Series A funding	362,360	-
Proceeds from sale of common stock, Rights Offering, net of direct offering costs	811,516	-
Net cash provided by financing activities	1,177,787	-
Net increase in cash	94,174	-
Cash, beginning of period	265,374	-
Cash, end of period	$ 359,548	$ -
NON CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of 2,891,875 shares of common stock for subscriptions receivable	$ 57,838	$ -
Retirement of restricted shares in settlement of notes and subscriptions receivable	$ 104,900	$ -
Conversion of membership interest in Cyclone-WHE, LLC to restricted shares of WHE Generation Corp.	$ -	$ 840,000
Conversion of prepaid expenses with membership interest to prepaid expenses with common stock	$ -	$ 277,084

See notes to the condensed financial statements.

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND OPERATIONS

Q2Power Corp. ("Q2P" or the "Company") is a renewable power company that plans to utilize proprietary technology and business models proven in the solar and wind industries to monetize waste energy resources such as methane.

On July 28, 2014, Q2P (which at such time was called WHE Generation Corp., and renamed Q2Power Corp. on January 26, 2015) commenced operations as an independent company after receiving its initial round of seed funding and signing a formal separation agreement from Cyclone Power Technologies, Inc. ("Cyclone"). Cyclone had originally established Q2P as a wholly-owned Florida limited liability company ("LLC") in 2010. In April 2014, in contemplation of its separation from Cyclone and initial funding, the Company redomiciled from Florida to Delaware and converted from an LLC to a corporation. In connection with this transaction, 1,132,268 membership interests in the LLC were exchanged for 5,661,338 shares in the Company. At December 31, 2014, Cyclone owned 17.63% in Q2P after dilution of its interest as a result of the separation, the Seed Round of funding, the Stock Repurchase Agreement, and the subsequent Series A Round. As of June 30, 2015, Cyclone owned 3.80% in Q2P after dilution of its interest as a result of the continuation of the Series A Round of funding and the May 2015 Rights Offering.

The separation agreement between Q2P and Cyclone provided for a formal division of certain assets, liabilities and contracts related to Q2P's business, as well as establishing procedures for exchange of information, indemnification of liability, and releases and waivers for the principals moving forward. Also as part of the separation from Cyclone, Q2P received a license to use Cyclone's patented engine technology for Q2P's waste-to-power systems on a world-wide exclusive basis for 20 years, with two 10-year renewal terms. Q2P also received a lien on all of Cyclone's patents in the instance that Cyclone declares bankruptcy in the future.

B. BASIS OF PRESENTATION

The unaudited financial statements include all accounts of the Company. The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles applicable to interim financial information. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States for complete financial statements. Interim results are not necessarily indicative of results for a full year. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position and the results of operations and cash flows for the interim periods have been included.

U.S. GAAP requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses, cash flows and the related footnote disclosures during the period. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position and the results of operations and cash flows have been included. On an on-going basis, the Company reviews and evaluates its estimates and assumptions, including, but not limited to, those that relate to the realizable value of identifiable intangible assets and other long-lived assets, income taxes and contingencies. Actual results could differ from these estimates.

Effective June 10, 2014, the Financial Accounting Standards Board ("FASB") changed its reporting requirements with respect to Development Stage Entities with the issuance of ASU 2014-10. As a result, certain additional disclosures, previously applicable under ASC 915-205 "Development Stage Entities", will no longer be required for annual reporting periods beginning after December 15, 2014 for public entities. Since the literature permits early adoption of these new provisions, the Company has elected early adoption for all periods presented. Consequently,

the Company does not present results of operations since inception and does not identify its financial statements as those of a development stage company.

C. CASH

Cash includes cash on hand and cash in banks. The Company maintains cash balances at two financial institutions.

At December 31, 2014, restricted cash consists of funds held in escrow by an attorney in connection with the sale of common stock to investors. These funds were released to the Company in March 2015.

D. COMPUTATION OF LOSS PER SHARE

Net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per share is not presented as the exercise of outstanding stock options would have an anti-dilutive effect. As of June 30, 2015 and 2014, total anti-dilutive shares amounted to 3.2 million and -0- shares, respectively, consisting solely of stock options issued to officers, directors, employees and select consultants.

E. INCOME TAXES

Income taxes are accounted for under the asset and liability method as stipulated by FASB Accounting Standards Codification ("ASC") 740, "*Income Taxes*" ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities or a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of a valuation allowance. A valuation allowance is applied when in management's view it is more likely than not (50%) that such deferred tax will not be utilized.

In the unlikely event that an uncertain tax position exists in which the Company could incur income taxes, the Company would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by the taxing authorities. Reserves for uncertain tax positions would be recorded if the Company determined it is probable that a position would not be sustained upon examination or if payment would have to be made to a taxing authority and the amount is reasonably estimated. As of June 30, 2015, the Company does not believe it has any uncertain tax positions that would result in the Company having a liability to the taxing authorities. Interest related to the unrecognized tax benefits is recognized in the financial statements as a component of income taxes. The Company's tax returns are subject to examination by the federal and state tax authorities for the years ended 2011 through 2014.

F. REVENUE RECOGNITION

The Company's revenue recognition policies are in compliance with Staff Accounting Bulletin ("SAB") 104,*Revenue Recognition*.

For the sale of products, revenue will be recognized at the date of shipment of engines and systems, engine prototypes, engine designs or other deliverables to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied will be recorded as deferred revenue. The Company will not allow its customers to return prototype products.

The Company plans to enter into agreements for the sale of electricity generated through the use of its systems. In such arrangements, the Company will own, operate, and maintain the system, a host customer will site the system on its property and purchases the system's electric output, and possibly heat, from the Company at a predetermined price for a predetermined period. These arrangements will be structured as Power Purchase Agreements ("PPAs").

PPA customers will pay a rate based on the amount of electricity the energy system actually produces. The Company will recognize revenue as energy is consumed by the host customer. Revenue will be recorded on a monthly basis, as energy savings are generated and are invoiced to the PPA customer.

G. RESEARCH AND DEVELOPMENT

Research and development activities for product development are expensed as incurred. Costs for the six months ended June 30, 2015 and 2014 were $659,452 and $174,582, respectively.

H. STOCK BASED COMPENSATION

The Company applies the fair value method of ASC 718, "*Share Based Payment*", in accounting for its stock based compensation. This standard states that compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock based compensation at the market price for the Company's common stock as of the date in which the obligation for payment of services is incurred.

I. COMMON STOCK OPTIONS

The Company accounts for common stock options at fair value in accordance with ASC 815-40, *"Derivatives and Hedging"*. The Black-Scholes option pricing valuation method is used to determine fair value of these options consistent with ASC 718, "*Share Based Payment"*. Use of this method requires that the Company make assumptions regarding stock volatility, dividend yields, expected term of the awards and risk-free interest rates.

The Company accounts for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of the equity instruments exchanged, in accordance with ASC 505-50, "*Equity Based payments to Non-employees"*.

J. SOFTWARE, PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed on the straight-line method, based on the estimated useful lives of the assets as follows:

	Years
Software	2
Furniture and equipment	7
Computers	5

Expenditures for maintenance and repairs are charged to operations as incurred.

K. IMPAIRMENT OF LONG LIVED ASSETS

The Company continually evaluates the carrying value of intangible assets and other long lived assets to determine whether there are any impairment losses. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the assets' carrying amount, an impairment loss would be charged to expense in the period identified. To date, the Company has not recognized any impairment charges.

L. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-09,*Revenue from Contracts with Customers*, to replace the existing revenue recognition criteria for contracts with customers and to establish the disclosure requirements for revenue from contracts with customers. The ASU was originally effective for interim and annual periods beginning after December 15, 2016. However, in July 2015, the FASB voted to defer the effective date by one year, with early adoption still permitted. Adoption of the ASU is either retrospective to each prior period presented or retrospective with a cumulative adjustment to retained earnings or accumulated deficit as of the adoption date. The Company is currently assessing the future impact of the ASU on its financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "*Compensation—Stock Compensation (Topic 718)"* or ASU 2014-12. ASU 2014-12 requires that a performance target that affects vesting and could be achieved after the requisite service period be treated as a performance condition. The amendments in ASU 2014-12 are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The Company does not anticipate this ASU will have a material impact to the Company's financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern*, to provide guidance within GAAP requiring management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and requiring related disclosures. The ASU is effective for annual periods ending after December 15, 2016. The Company is currently assessing the impact of the ASU on its financial statements.

M. CONCENTRATION OF RISK

The Company does not have any off-balance sheet concentrations of credit risk. The Company expects cash and accounts receivable to be the two assets most likely to subject the Company to concentrations of credit risk. The Company's policy is to maintain its cash with high credit quality financial institutions to limit its risk of loss exposure.

As of June 30, 2015, the Company maintained its cash in two quality financial institutions. The Company has not experienced any losses in its bank accounts through June 30, 2015.

The Company purchases much of its machined parts through Precision CNC, a company that sub-leases office space to Q2P and holds a non-controlling interest in Q2P. Further, one of the principals of Precision CNC is an officer of Q2P. Should Precision CNC no longer be able to provide such manufacturing services to the Company, it may prove difficult to find a suitable replacement in a timely and affordable manner, thus, the loss of this supplier could have an adverse impact on the Company's operations and financial position.

N. SUBSEQUENT EVENTS

The Company follows ASC 855, "*Subsequent Events"*. Management evaluated events occurring between the balance sheet date of June 30, 2015, and when the financial statements were available to be issued. Subsequent events that require disclosure are provided in Note 11.

NOTE 2 - GOING CONCERN

As shown in the accompanying condensed financial statements, the Company incurred net losses of $1,943,728 and $391,371 for the interim periods ended June 30, 2015 and 2014, respectively. The accumulated deficit since inception is $3,773,087, which is comprised of operating losses (which were paid in cash, stock for services and other equity instruments) and other expenses. The Company has a working capital deficit at June 30, 2015 of $426,763. There is no guarantee whether the Company will be able to generate enough revenue and/or raise capital sufficient to support its operations. The ability of the Company to continue as a going concern is dependent on management's plans which include implementation of its business model to generate revenue from power purchase agreements, product sales, and continuing to raise funds through debt or equity raises. The Company will also likely continue to rely upon related-party debt or equity financing, which may not be available at the time required by the Company.

The condensed financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 – SOFTWARE, PROPERTY AND EQUIPMENT, NET

Software, property and equipment, net consists of the following:

	June 30, 2015 (Unaudited)	December 31, 2014
Software	$ 82,469	$ 24,671
Furniture and Computers	51,643	25,991
Shop Equipment	9,540	6,045
Total	143,652	56,707
Accumulated depreciation and amortization	17,651	4,318
Net software, property and equipment	$ 126,001	$ 52,389

At June 30, 2015 and December 31, 2014, the gross value of software, property and equipment under capital leases was $24,671 and $24,671, respectively, net of accumulated depreciation and amortization of $9,252 and $3,084, respectively, and consists of software.

Depreciation and amortization expense for the six months ended June 30, 2015 and 2014 was $13,333 and $0, respectively.

NOTE 4 – CYCLONE LICENSE RIGHTS AND DEFERRED REVENUE

As part of the separation from Cyclone, Q2P purchased for $175,000 certain licensing rights to use Cyclone's patented technology on a worldwide, exclusive basis for 20 years with two 10-year renewal terms for Q2P's waste heat and waste-to-power business. This agreement contains a royalty provision equal to 5% of gross sales payable to Cyclone on sales of engines derived from technology licensed from Cyclone. Also, as part of the separation from Cyclone, Q2P assumed a license agreement between Cyclone and Phoenix Power Group, which included deferred revenue of $250,000 from payments previously made to Cyclone for undelivered products. The net balances as of June 30, 2015 and December 31, 2014 for the Cyclone licensing rights were $134,896 and $156,771, respectively, and the balances as of June 30, 2015 and December 31, 2014 for the Phoenix deferred revenue were and $250,000 and $250,000, respectively.

In connection with the separation from Cyclone, the Company also assumed a contract with Clean Carbon of Australia and a corresponding $10,064 prepayment for services or other value to be provided in the future. This deposit is presented as deferred revenue on the June 30, 2015 and December 31, 2014 condensed balance sheets.

The licensing rights are amortized over 4 years. Amortization expense for the six months ended June 30, 2015 and 2014 was $21,875 and $0, respectively.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company sub-leases approximately 2,500 square feet of assembly, warehouse and office space within the Precision CNC facility located at 1858 Cedar Hill Road in Lancaster, Ohio. The sub-lease provides for the Company to pay rent monthly in the amount of $2,500, which covers space and some utilities. Occupancy costs for the six months ended June 30, 2015 and 2014 were $15,000 and $16,000, respectively. The sublease is month-to-month, however, Precision CNC must provide the Company 90 days to terminate.

NOTE 6 – STOCK AND MEMBERS' EQUITY TRANSACTIONS

The Company has relied on capital raised through private placements of convertible debt and common stock to fund its operations.

During the interim period ended June 30, 2015, the Company issued 55,688,321 shares of restricted common stock valued at $1,888,116 and retired 388,519 shares of restricted common stock valued at $104,900. Details of these issuances are provided below.

In January 2015, the Company closed a continuation round of its Series A funding, whereby it raised $362,360 with the issuance of 1,342,075 shares of common stock, priced at $.27 per share.

On March 20, 2015, the Company's Board of Directors awarded 90,000 shares of restricted common stock valued at $0.27 per share and totaling $24,300, as a bonus to the Company's Chief Technical Officer.

On May 14, 2015, the Company's Board of Directors authorized the offer of 17,700,000 Subscriptions Rights (the "Subscription Rights") to all current shareholders. Each Subscription Right was exercisable into three (3) shares of common stock, representing 53,100,000 aggregate shares of common stock among all Subscription Rights. Stockholders received one Subscription Right for each share of common stock owned as of May 14, 2015, which was the record date for the Subscription Rights offering (the "Rights Offering"). The maximum Rights Offering amount was $1,062,000 if all Subscription Rights were exercised. The Offering Price was $0.06 per Subscription Right, equivalent to $0.02 per common share contained in each Subscription Right. Stockholders were able to over-subscribe to purchase additional shares of common stock at a price of $0.02 per share, if all Subscription Rights have not been exercised pro-rata by the other stockholders. In order to reduce the short term financial obligations of the Company, the Board in its discretion, allowed employees and consultants to cancel salary, debt, payables or contractual monetary obligations of the Company due to them, and convert such obligations into common stock in connection with the Rights Offering.

The Rights Offering closed on June 3, 2015, at which time Subscriptions totaling $1,061,975 had been received, inclusive of $821,516 in cash, the cancellation of $83,158 and $103,251 of payables and accrued expenses incurred in 2014 for outside and employee services, respectively, and $54,050 of subscriptions receivable. Subsequent to the closing due to an oversight of one subscription in the amount of $3,788, an additional 189,375 shares were due to be issued. This amount increased the value of the total shares issued to $1,065,783, which was $3,783 more than what was initially authorized by the Board of Directors. The Board determined that such over-issuance of 0.3% (less than one-half of one percent of total shares issued) was not material and that the costs of recalculating and reissuing all shares to all shareholders would be more costly. This $3,788 was recorded as an additional subscription receivable. A total of 53,288,150 shares were issued under the Rights Offering. Transaction costs associated with the Rights Offering totaled $10,000.

As of June 30, 2015, the balance of subscriptions receivable is $57,838. As of June 30, 2015, future wage deferrals related to the Rights Offering, classified as prepaid expense with stock, amounted to $37,923.

In June 2015, the Company's CEO surrendered 370,000 shares of restricted common stock to satisfy a promissory note he owed to the Company in the amount of $99,900 created in connection with the 2014 exercise of his warrants, which were issued in 2010 related to his services previously rendered. Additionally, the Company's COO surrendered 18,519 shares of restricted common stock in satisfaction of a note receivable generated in 2014 in the amount of $5,000. The total value surrendered in connection with these shares totaled $104,900 (see Note 10).

During the period ended June 30, 2015, the Company also issued 968,096 shares of restricted common stock valued at $261,386 for consulting services. These share issuances, along with shares issued to consultants as of December 31, 2014, were being amortized (based on vesting), and a total of $476,261 of expense associated with these common stock issuances was recorded for the six months ended June 30, 2015.

On September 25, 2014, the Company entered into a Stock Repurchase Agreement with Cyclone Power Technologies, Inc. whereby the Company agreed to purchase 2,083,333 shares of restricted common stock of the Company at a purchase price of $0.24 per share, for total consideration of $500,000. Of the purchase price, $350,000 was paid on September 30, 2014, at which time the Company retired 1,458,333 shares previously held by Cyclone. The 624,999 shares associated with the $150,000 portion of the purchase price were received by the Company and were previously included in treasury stock. As of June 30, 2015, facts surrounding Cyclone's performance under the Stock Repurchase Agreement and the Company's obligation to repurchase the 624,999 shares has arisen. As a result, the Company has reissued a stock certificate to Cyclone in the amount of 624,999 shares and has reclassified the balance sheet line item as "Reserve for Related Party – Cyclone." The balance at June 30, 2015 and December 31, 2014 was $150,000 and $150,000, respectively.

Unless otherwise described in these footnotes, reference to "restricted" common stock means that the shares are restricted from resale pursuant to Rule 144 of the Securities Act of 1933, as amended.

NOTE 7 – STOCK OPTIONS

On July 31, 2014, the Board of Directors approved the Founders Stock Option Plan ("Founders Plan") and the 2014 Equity Incentive Plan (the "2014 Plan"), collectively the "Option Plans". The Option Plans were developed to provide a means whereby directors and selected employees, officers, consultants, and advisors of the Company may be granted incentive or non-qualified stock options to purchase restricted common stock of the Company.

In recognition of and compensation for services rendered by employees and advisors for the interim period ended June 30, 2015, the Company issued 1,137,000 common stock options under the 2014 Plan, as follows: On March 20, 2015, the Board of Directors authorized the issuance of options to purchase 600,000 shares of restricted common stock to key employees, which contained vesting provisions that provide for vesting of the awards semi-annually over a period of 3 years from the vest start date; on June 2, 2014, the Board of Directors authorized the issuance of options to purchase 250,000 shares of restricted common stock to an independent board member, which contained vesting provisions that provide for vesting of the award over a 3-month period from the vest start date; and on June 30, 2015, the Board of Directors authorized the issuance of options to purchase 87,000 shares of restricted common stock to employees, which contained provisions for vesting of the awards semi-annually over a period of 3 years from the vest start date and 200,000 shares of restricted common stock to a key advisor, which contained provisions for vesting of the awards over a 3-month period from the vest start date. The options awarded under the 2014 Plan in 2015 were valued at $261,223 (pursuant to the Black Scholes valuation model, and as further detailed in the table detailing the calculation of fair value below), based on an exercise price of $0.27 per share and with a maturity life of 10 years.

No awards were authorized under the Founders Plan during the six months ended June 30, 2015.

For the six months ended June 30, 2015, the income statement charge for the amortization of stock option grants awarded under the Option Plans was $100,243 and the unamortized balance was $406,013.

A summary of the common stock options issued under the Option Plans for the six months ended June 30, 2015 follows:

	Number Outstanding	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (Years)
Balance, December 31, 2014	2,100,000	$ 0.11	9.5
Options issued	1,137,000	0.27	9.7
Options exercised	-	-	-
Options cancelled	-	-	-
Balance, June 30, 2015	3,237,000	$ 0.20	9.2

The vested and exercisable options at period end follows:

	Exercisable/ Vested Options Outstanding	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (Years)
Balance June 30, 2015	450,000	$ 0.19	9.2

The fair value of new stock options granted using the Black-Scholes option pricing model was calculated using the following assumptions:

	Six Months Period Ended June 30, 2015					
Risk free interest rate	1.93	%	-		2.35	%
Expected volatility	150.25	%	-		152.10	%
Expected term in years			3.5			
Expected dividend yield			0	%		
Average value per options	$ 0.229		-		$ 0.230	

Expected volatility is based on historical volatility of two securities which the Company believes best match the characteristics of the Company for purposes of measuring volatility in the absence of a market trading history of the Company's common stock. Short Term U.S. Treasury rates were utilized as the risk free interest rate. The expected term of the options was calculated using the alternative simplified method codified as ASC 718 "*Accounting for Stock Based Compensation,*" which defined the expected life as the average of the contractual term of the options and the weighted average vesting period for all issuances.

NOTE 9 – CAPITAL LEASE OBLIGATIONS

In 2014, the Company acquired $24,671 of software via capitalized leases at an interest rate of 10.8%. Total lease payments made for the interim period ended June 30, 2015 were $6,099.

The balance of capitalized lease obligations payable at June 30, 2015 was $16,264. Future lease payments total $6,099 in 2015, with the balance of $10,165 to be paid in 2016.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with Christopher Nelson, CEO, at $180,000 per year and Douglas Hutchinson, COO, at $140,000 per year (collectively, the "Executives").

Christopher Nelson's agreement provides for a term of three (3) years from its Effective Date (July 31, 2014), with automatically renewing successive one-year periods starting on the end of the third anniversary of the Effective Date. If the Executive is terminated "without cause" or pursuant to a "change in control" of the Company, as both defined in the respective agreements, the Executive shall be entitled to (i) any unpaid Base Salary accrued through the effective date of termination, (ii) the Executive's Base Salary at the rate prevailing at such termination through 24 months from the date of termination or the end of his Term then in effect, whichever is longer, and (iii) all of the Executive's stock options shall vest immediately.

On June 2, 2015, in connection with the Right Offering, the Company's CEO agreed to an amendment to his employment agreement reducing his base salary to $138,000, and cancelled $28,000 in debt owed to him by the Company. Also concurrently with the closing of the Rights Offering, our CEO satisfied a promissory note he owed to the Company in the amount of $99,900 created in connection with the 2014 exercise of his warrants, which were issued in 2010 related to his services previously rendered, by returning to the Company 370,000 shares of common

stock. The Company forgave $5,250 in accrued interest. All other provisions detailed in the July 1, 2014 employment agreement remain unchanged.

Douglas Hutchinson's agreement provides for a term of two (2) years from its Effective Date (August 1, 2014), with the option to extend for two (2) additional successive one-year periods starting on the end of the second anniversary of the Effective Date if the executive has received favorable semi-annual reviews during the previous term. If the Executive is terminated "without cause" or pursuant to a "change in control" of the Company, as both defined in the respective agreements, the Executive shall be entitled to (i) any unpaid Base Salary accrued through the effective date of termination, (ii) the Executive's Base Salary at the rate prevailing at such termination through 6 months from the date of termination or the end of his Term then in effect, whichever is longer, and (iii) all of the Executive's stock options shall vest immediately.

In June 2015, Doug Hutchinson surrendered 18,519 shares of restricted common stock in satisfaction of a note receivable generated in 2014 in the amount of $5,000.

In June 2015, the Company implemented a compensation package for its independent director of $4,000 per quarter and 250,000 stock options per year vesting over three months with a 10-year term and exercisable at $.27 per share.

NOTE 11 – SUBSEQUENT EVENTS

On August 26, 2015, the Company signed an Agreement and Plan of Merger with AnPath Group Inc. ("AnPath"), a company publicly traded on The OTC Marketplace. Upon the satisfaction of certain closing conditions, a subsidiary formed by AnPath will be merged into the Company, with the Company being the surviving entity and the Company's shareholders initially owning about 92% of the merged AnPath.

Under the Merger Agreement, assuming none of the holders of the 70,689,631 outstanding shares of the Company exercise dissenters' rights under the Delaware General Corporation Law, AnPath will issue 24,000,000 shares of its common stock in exchange for all of the outstanding shares of common stock of the Company. In addition, the Company's 3,237,000 outstanding stock options will be exchanged for 1,099,000 stock options of AnPath's shares.

The closing of the Merger is subject to several conditions, including:

- The approval of the Company's stockholders holding at least 51% of the total issued and outstanding shares of the Company;
- AnPath completing an additional $1 million in new funding;
- AnPath entering into a Stock Purchase and Exchange Agreement to sell its wholly-owned subsidiary, EnviroSystems, Inc., a Nevada corporation ("ESI") to three of the current stockholders of AnPath, with approximately 784,902 AnPath shares being returned by such stockholders and subsequently retired by AnPath. Pursuant to this agreement, ESI shall retain approximately $72,000 in liabilities and payables currently on the books of ESI.
- AnPath shall have received consent for the Merger from its note holder and warrant holder, including: (i) extending the term of its outstanding notes for another 12 months; (ii) repricing the notes' conversion price to $0.21 per share; and (iii) modifying certain other terms of the notes and warrants on terms acceptable to Q2P
- AnPath will cancel or convert to stock approximately $75,000 in payables and debt held by its affiliates. Approximately $53,344 of remaining payables will be assumed by Q2P in the Merger.

Following the closing of the Merger Agreement and the Exchange Agreement, all of the operations of AnPath will be those of Q2P. The current Directors and Officers of AnPath will resign, to be replaced with the Company's Directors and Officers, and the name of AnPath will be changed to Q2Power Holding Corp., or a similar name.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Q2Power Corp. (f/k/a WHE Generation Corp.)

We have audited the accompanying balance sheets of Q2Power Corp. (f/k/a WHE Generation Corp.) as of December 31, 2014 and 2013, and the related statements of operations, changes in stockholders' and members' equity (deficit), and cash flows for the years then ended. Q2Power Corp.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Q2Power Corp. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's dependence on outside financing, lack of sufficient working capital, and recurring losses raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Mallah Furman
Fort Lauderdale, Florida
August 19, 2015

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	$ 265,374	$ -
Restricted cash	10,010	-
Due from related party – Cyclone	-	78,775
Other current assets	7,683	56,875
Total current assets	283,067	135,650
SOFTWARE, PROPERTY AND EQUIPMENT, NET	52,389	-
OTHER ASSETS		
Licensing rights in Cyclone, net	156,771	-
Investment in Cyclone	-	210,000
Total other assets	156,771	210,000
Total Assets	$ 492,227	$ 345,650
LIABILITIES AND STOCKHOLDERS' AND MEMBERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 204,270	$ -
Due to related party – Cyclone	150,000	-
Capitalized lease obligations-current portion	12,098	-
Deferred revenue and license deposits	260,064	-
Total current liabilities	626,532	-
NON CURRENT LIABILITIES		
Capitalized lease obligations-net of current portion	10,165	-
Total non-current liabilities	10,165	-
Total Liabilities	636,697	-
Commitments and contingencies		
STOCKHOLDERS' AND MEMBERS' EQUITY (DEFICIT)		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, -0- shares issued and outstanding at December 31, 2014 and 2013, respectively.	-	-
Common stock, $0.0001 par value; 95,000,000 shares authorized, 15,389,829 and -0- shares issued and outstanding at December 31, 2014 and 2013, respectively.	1,538	-
Additional paid-in capital	2,162,810	-
Treasury stock, 624,999 shares, at cost	(150,000)	-
Subscription receivable	(100,000)	-
Prepaid expense with common stock	(229,459)	-
Membership interest in LLC	-	840,000
Prepaid expenses with membership interest in LLC	-	(277,084)
Accumulated deficit	(1,829,359)	(217,266)
Total Stockholders' and Members' Equity (Deficit)	(144,470)	345,650
Total Liabilities and Stockholders' and Members' Equity (Deficit)	$ 492,227	$ 345,650

See notes to the financial statements

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING EXPENSES		
Advertising and promotion	$ 11,640	$ -
General and administrative	1,035,454	157,266
Research and development	560,608	-
Total operating expenses	1,607,702	157,266
LOSS FROM OPERATIONS	(1,607,702)	(157,266)
OTHER EXPENSE		
Interest expense	(4,391)	-
Total other expense	(4,391)	-
LOSS BEFORE INCOME TAXES	(1,612,093)	(157,266)
INCOME TAX EXPENSE	-	-
NET LOSS	$ (1,612,093)	$ (157,266)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$ (0.16)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	10,190,632	

See notes to the financial statements

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
STATEMENTS OF STOCKHOLDERS' AND MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Preferred Stock		Common Stock		Additional Paid In	Treasury	Prepaid Expenses with	Subscription	Membership	Prepaid Expenses with Membership	Accumulated	Total Stockholders' and Members'
	Shares	Value	Shares	Value	Capital	Stock	Common Stock	Receivable	Interest in LLC	Interest in LLC	Deficit	Equity (Deficit)
Balance, December 31, 2012	-	$ -	-	$ -	$ -	$ -	$ -	$ -	$ 140,000	$ -	$ (60,000)	$ 80,000
Issuance of membership interest for investment in Cyclone	-	-	-	-	-	-	-	-	350,000	-	-	350,000
Issuance of membership interests for outside services	-	-	-	-	-	-	-	-	350,000	(277,084)	-	72,916
Net loss year ended December 31, 2013	-	-	-	-	-	-	-	-	-	-	(157,266)	(157,266)
Balance, December 31, 2013	-	-	-	-	-	-	-	-	840,000	(277,084)	(217,266)	345,650
Conversion of membership interest in Cyclone-WHE, LLC to restricted shares of WHE Generation Corp.	-	-	5,661,338	566	839,434	-	-	-	(840,000)	-	-	-
Conversion of prepaid expenses with membership interest to prepaid expenses with common stock	-	-	-	-	-	-	(277,084)	-	-	277,084	-	-
Repurchase and retirement of restricted shares in connection with Cyclone Power Stock Repurchase Agreement	-	-	(1,458,333)	(146)	(349,854)	-	-	-	-	-	-	(350,000)
624,999 shares returned in connection with Cyclone Stock Repurchase Agreement	-	-	-	-	-	(150,000)	-	-	-	-	-	(150,000)
Separation with Cyclone	-	-	-	-	(567,637)	-	-	-	-	-	-	(567,637)
Issuance of restricted shares on cashless exercise of warrant	-	-	1,200,000	120	99,880	-	-	(100,000)	-	-	-	-
Issuance of restricted shares for outside services	-	-	1,695,185	170	392,280	-	47,625	-	-	-	-	440,075
Issuance of restricted shares for employee services	-	-	100,000	10	26,990	-	-	-	-	-	-	27,000
Sale of common stock, net of direct offering costs of $30,000	-	-	5,245,804	525	1,385,842	-	-	-	-	-	-	1,386,367
Conversion of debt and interest to equity in Seed Round, net of transaction fees of $51,000	-	-	2,945,835	294	302,207	-	-	-	-	-	-	302,501
Stock based compensation	-	-	-	-	33,667	-	-	-	-	-	-	33,667
Net loss year ended December 31, 2014		-	-	-	-	-	-	-	-	-	(1,612,093)	(1,612,093)
Balance, December 31, 2014	-	$ -	15,389,829	$ 1,538	$2,162,810	$(150,000)	$(229,459)	$ (100,000)	$ -	$ -	$(1,829,359)	$ (144,470)

See notes to the financial statements.

Q2POWER CORP. (F/K/A WHE GENERATION CORP.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,612,093)	$ (157,266)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	22,547	-
Restricted shares issued for outside services	265,075	-
Restricted shares issued for employee services	27,000	-
Stock based compensation	33,667	-
Amortization of prepaid expense via common stock	175,000	-
Amortization of prepaid expenses with membership interest in LLC	-	72,916
Changes in operating assets and liabilities:		
Decrease in due from related party - Cyclone	59,691	1,225
Decrease in other current assets	49,192	83.125
Increase in accounts payable and accrued expenses	207,771	-
Net cash used in operating activities	(772,150)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property and equipment	(32,036)	-
Expenditures for licensing rights in Cyclone	(175,000)	-
Payables of Cyclone paid in separation	(78,489)	-
Net cash used in investing activities	(285,525)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized leases	(2,308)	-
Proceeds from notes payable, net of transaction costs	299,000	-
Proceeds from sale of common stock, net of amounts deposited in escrow and direct offering costs	1,376,357	-
Repurchase and retirement of common stock – Cyclone	(350,000)	-
Net cash provided by financing activities	1,323,049	-
Net increase in cash	265,374	-
Cash, beginning of period	-	-
Cash, end of period	$ 265,374	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Payment of interest in cash	$ 890	$ -
NON CASH INVESTING AND FINANCING ACTIVITIES:		
Restricted cash held in escrow by attorney from sale of common stock	$ 10,010	$ -
Equipment purchased under capital lease	$ 24,671	$ -
Conversion of membership interest in Cyclone-WHE, LLC to restricted shares of WHE Generation Corp.	$ 840,000	$ -
Conversion of prepaid expenses with membership interest to prepaid expenses with common stock	$ 277,084	$ -
Return of 624,999 restricted shares of common stock for contingent liability – Cyclone	$ 150,000	$ -
Seperation with Cyclone	$ 567,637	$ -
Issuance of 1,200,000 restricted shares of common stock for cashless warrant exercise	$ 100,000	$ -
Conversion of debt and interest to 2,945,835 restricted shares of common stock	$ 353,501	$ -
Membership interest exchanged for investment in Cyclone	$ -	$ 350,000

See notes to the financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND OPERATIONS

Q2Power Corp. ("Q2P" or the "Company") is a renewable power company that plans to utilize proprietary technology and business models proven in the solar and wind industries to monetize waste energy resources such as methane.

On July 28, 2014, Q2P (which at such time was called WHE Generation Corp., and renamed Q2Power Corp. on January 26, 2015) commenced operations as an independent company after receiving its initial round of seed funding and signing a formal separation agreement from Cyclone Power Technologies, Inc. ("Cyclone"). Cyclone had originally established Q2P as a wholly-owned Florida limited liability company ("LLC") in 2010. In April 2014, in contemplation of its separation from Cyclone and initial funding, the Company redomiciled from Florida to Delaware and converted from an LLC to a corporation. In connection with this transaction, 1,132,268 membership interests in the LLC were exchanged for 5,661,338 shares in the Company. As of December 31, 2013, Cyclone had a 73.72% controlling interest in Q2P. As of December 31, 2014, Cyclone owned 17.63% in Q2P after dilution of its interest as a result of the separation, the Seed Round of funding, the Stock Repurchase Agreement and the subsequent Series A Round of funding.

The separation agreement between Q2P and Cyclone provided for a formal division of certain assets, liabilities and contracts related to Q2P's business, as well as establishing procedures for exchange of information, indemnification of liability, and releases and waivers for the principals moving forward. Also as part of the separation from Cyclone, Q2P received a license to use Cyclone's patented engine technology for Q2P's waste-to-power systems on a world-wide exclusive basis for 20 years, with two 10-year renewal terms. Q2P also received a lien on all of Cyclone's patents in the instance that Cyclone declares bankruptcy in the future.

B. BASIS OF PRESENTATION

The audited financial statements include all accounts of the Company. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles and include all of the information and disclosures required by accounting principles generally accepted in the United States ("U.S. GAAP") for complete financial statements.

U.S. GAAP requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses, cash flows and the related footnote disclosures during the period. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position and the results of operations and cash flows have been included. On an on-going basis, the Company reviews and evaluates its estimates and assumptions, including, but not limited to, those that relate to the realizable value of identifiable intangible assets and other long-lived assets, income taxes and contingencies. Actual results could differ from these estimates.

Effective June 10, 2014, the Financial Accounting Standards Board ("FASB") changed its reporting requirements with respect to Development Stage Entities with the issuance of ASU 2014-10. As a result, certain additional disclosures, previously applicable under ASC 915-205 "Development Stage Entities", will no longer be required for annual reporting periods beginning after December 15, 2014 for public entities. Since the literature does permit early adoption of these new provisions, the Company has elected early adoption for all years presented. Consequently, the Company does not present results of operations and changes in equity since inception and does not identify its financial statements as those of a development stage company.

C. CASH

Cash includes cash on hand and cash in banks. The Company maintains cash balances at two financial institutions.

At December 31, 2014, restricted cash consists of funds held in escrow by an attorney in connection with the sale of common stock to investors. These funds were released to the Company in March 2015.

D. COMPUTATION OF LOSS PER SHARE

Net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per share is not presented as the exercise of outstanding stock options would have an anti-dilutive effect. As of December 31, 2014, total anti-dilutive shares amounted to 2.1 million shares, consisting solely of stock options issued to officers, directors, employees and select consultants. There is no calculation of net loss per share for 2013 since at December 31, 2013, the Company was an LLC which did not have any common shares outstanding.

E. INCOME TAXES

Income taxes are accounted for under the asset and liability method as stipulated by FASB Accounting Standards Codification ("ASC") 740, "*Income Taxes*" ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities or a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of a valuation allowance. A valuation allowance is applied when in management's view it is more likely than not (50%) that such deferred tax will not be utilized.

In the unlikely event that an uncertain tax position exists in which the Company could incur income taxes, the Company would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by the taxing authorities. Reserves for uncertain tax positions would be recorded if the Company determined it is probable that a position would not be sustained upon examination or if payment would have to be made to a taxing authority and the amount is reasonably estimated. As of December 31, 2014, the Company does not believe it has any uncertain tax positions that would result in the Company having a liability to the taxing authorities. Interest related to the unrecognized tax benefits is recognized in the financial statements as a component of income taxes. The Company's tax returns are subject to examination by the federal and state tax authorities for the years ended 2011 through 2014.

Since inception and prior to incorporation in 2014, the Company's losses were passed-through directly to the members of the LLC based on their respective interests.

F. REVENUE RECOGNITION

The Company's revenue recognition policies are in compliance with Staff Accounting Bulletin ("SAB") 104,*Revenue Recognition*.

For the sale of products, revenue will be recognized at the date of shipment of engines and systems, engine prototypes, engine designs or other deliverables to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied will be recorded as deferred revenue. The Company will not allow its customers to return prototype products.

The Company plans to enter into agreements for the sale of electricity generated through the use of its systems. In such arrangements, the Company will own, operate, and maintain the system, a host customer will site the system on

its property and purchases the system's electric output, and possibly heat, from the Company at a predetermined price for a predetermined period. These arrangements will be structured as Power Purchase Agreements ("PPAs"). PPA customers will pay a rate based on the amount of electricity the energy system actually produces. The Company will recognize revenue as energy is consumed by the host customer. Revenue will be recorded on a monthly basis, as energy savings are generated and are invoiced to the PPA customer.

G. RESEARCH AND DEVELOPMENT

Research and development activities for product development are expensed as incurred. Costs for the year ended December 31, 2014 and 2013 were $560,608 and $0, respectively.

H. STOCK BASED COMPENSATION

The Company applies the fair value method of ASC 718, "*Share Based Payment*", in accounting for its stock based compensation. This standard states that compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock based compensation at the market price for the Company's common stock as of the date in which the obligation for payment of services is incurred.

I. COMMON STOCK OPTIONS

The Company accounts for common stock options at fair value in accordance with ASC 815-40, "*Derivatives and Hedging".* The Black-Scholes option pricing valuation method is used to determine fair value of these options consistent with ASC 718, "*Share Based Payment".* Use of this method requires that the Company make assumptions regarding stock volatility, dividend yields, expected term of the awards and risk-free interest rates.

The Company accounts for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of the equity instruments exchanged, in accordance with ASC 505-50, "*Equity Based payments to Non-employees".*

J. SOFTWARE, PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed on the straight-line method, based on the estimated useful lives of the assets as follows:

	Years
Software	2
Furniture and equipment	7
Computers	5

Expenditures for maintenance and repairs are charged to operations as incurred.

K. IMPAIRMENT OF LONG LIVED ASSETS

The Company continually evaluates the carrying value of intangible assets and other long lived assets to determine whether there are any impairment losses. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the assets' carrying amount, an impairment loss would be charged to expense in the period identified. To date, the Company has not recognized any impairment charges.

L. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-09,*Revenue from Contracts with Customers*, to replace the existing revenue recognition criteria for contracts with customers and to establish the disclosure requirements for revenue from contracts with customers. The ASU was originally effective for interim and annual periods beginning after December 15, 2016. However, in July 2015, the FASB voted to defer the effective date by one year, with early adoption still permitted. Adoption of the ASU is either retrospective to each prior period presented or retrospective with a cumulative adjustment to retained earnings or accumulated deficit as of the adoption date. The Company is currently assessing the future impact of the ASU on its financial statements.

In June 2014, the FASB issued ASU No. 2014-12, *"Compensation—Stock Compensation (Topic 718)"* or ASU 2014-12. ASU 2014-12 requires that a performance target that affects vesting and could be achieved after the requisite service period be treated as a performance condition. The amendments in ASU 2014-12 are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The Company does not anticipate this ASU will have a material impact to the Company's financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15,*Presentation of Financial Statements – Going Concern*, to provide guidance within GAAP requiring management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and requiring related disclosures. The ASU is effective for annual periods ending after December 15, 2016. The Company is currently assessing the impact of the ASU on its financial statements.

M. CONCENTRATION OF RISK

The Company does not have any off-balance sheet concentrations of credit risk. The Company expects cash and accounts receivable to be the two assets most likely to subject the Company to concentrations of credit risk. The Company's policy is to maintain its cash with high credit quality financial institutions to limit its risk of loss exposure.

As of December 31, 2014, the Company maintained its cash in two quality financial institutions. The Company has not experienced any losses in its bank accounts through December 31, 2014.

The Company purchases much of its machined parts through Precision CNC, a company that sub-leases office space to Q2P and holds a non-controlling interest in Q2P. Further, one of the principals of Precision CNC is an officer of Q2P. Should Precision CNC no longer be able to provide such manufacturing services to the Company, it may prove difficult to find a suitable replacement in a timely and affordable manner, thus, the loss of this supplier could have an adverse impact on the Company's operations and financial position.

N. SUBSEQUENT EVENTS

The Company follows ASC 855, "*Subsequent Events"*. Management evaluated events occurring between the balance sheet date of December 31, 2014, and when the financial statements were available to be issued. Subsequent events that require disclosure are provided in Note 11.

NOTE 2 - GOING CONCERN

As shown in the accompanying financial statements, the Company incurred net losses of $1,612,093 and $157,266 for the years ended December 31, 2014 and 2013, respectively. The accumulated deficit since inception is $1,829,359, which is comprised of operating losses (which were paid in cash, stock for services and other equity instruments) and other expenses. The Company has a working capital deficit at December 31, 2014 of $343,465. There is no guarantee whether the Company will be able to generate enough revenue and/or raise capital sufficient to support its operations. The ability of the Company to continue as a going concern is dependent on management's plans which include implementation of its business model to generate revenue from power purchase agreements,

product sales, and continuing to raise funds through debt or equity raises. The Company will also likely continue to rely upon related-party debt or equity financing, which may not be available at the time required by the Company.

The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 – SOFTWARE, PROPERTY AND EQUIPMENT, NET

Software, property and equipment, net consists of the following:

	December 31, 2014	December 31, 2013
Software	$ 24,671	$ --
Furniture and Computers	25,991	--
Shop Equipment	6,045	--
Total	56,707	--
Accumulated depreciation and amortization	4,318	$ --
Net software, property and equipment	$ 52,389	$ --

At December 31, 2014 and 2013, the gross value of software, property and equipment under capital leases was $24,671 and $0, respectively, net of accumulated depreciation and amortization of $3,084 and $0, respectively, and consists of software.

Depreciation and amortization expense for the years ended December 31, 2014 and 2013 was $4,318 and $0, respectively.

NOTE 4 – CYCLONE LICENSE RIGHTS AND DEFERRED REVENUE

As part of the separation from Cyclone, Q2P purchased for $175,000 certain licensing rights to use Cyclone's patented technology on a worldwide, exclusive basis for 20 years with two 10-year renewal terms for Q2P's waste heat and waste-to-power business. This agreement contains a royalty provision equal to 5% of gross sales payable to Cyclone on sales of engines derived from technology licensed from Cyclone. Also, as part of the separation from Cyclone, Q2P assumed a license agreement between Cyclone and Phoenix Power Group, which included deferred revenue of $250,000 from payments previously made to Cyclone for undelivered products. The net balances as of December 31, 2014 for the Cyclone licensing rights and the Phoenix deferred revenue were $156,771 and $250,000, respectively.

In connection with the separation from Cyclone, the Company also assumed a contract with Clean Carbon of Australia and a corresponding $10,064 prepayment for services or other value to be provided in the future. This deposit has been presented as deferred revenue on the December 31, 2014 balance sheet.

The licensing rights are amortized over 4 years. Amortization expense for the year ended December 31, 2014 and 2013 was $18,229 and $0, respectively.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company sub-leases approximately 2,500 square feet of assembly, warehouse and office space within the Precision CNC facility located at 1858 Cedar Hill Road in Lancaster, Ohio. The sub-lease provides for the Company to pay rent monthly in the amount of $2,500, which covers space and some utilities. Occupancy costs for the year ended December 31, 2014 was $25,000. The sublease is month-to-month, however, Precision CNC must provide the Company 90 days to terminate.

NOTE 6 – STOCK AND MEMBERS' EQUITY TRANSACTIONS

The Company has relied on capital raised through private placements of convertible debt and common stock to fund its operations.

In April 2014, in connection with the conversion of the LLC into a corporation, 1,132,268 membership interests in the LLC were exchanged for 5,661,338 shares in the corporation, equaling a 5:1 exchange ratio.

During the year ended December 31, 2014, the Company issued 2,945,835 shares of restricted common stock valued at $353,501 in its initial Seed Funding Round. Transaction costs related to the Seed Round were $51,000. The Seed Round was funded through convertible debt with accrued interest, which automatically converted to common stock at $0.12 per share on September 30, 2014.

The Company sold 5,245,804 shares of common stock at $0.27 per share, in its Series A Funding Round valued at $1,416,367 during the year ended December 31, 2014. Direct offering costs related to the Series A Funding Round were $30,000. $10,010 of these proceeds remained in escrow at December 31, 2014 and is classified as restricted cash in the balance sheet.

All notes and shares in these two offerings were sold pursuant to an exemption from the registration requirements of the Securities Exchange Commission under Regulation D, to accredited investors who completed questionnaires confirming their status.

The Company also issued 1,695,185 shares of restricted common stock valued at $392,450, for consulting services, and amortized (based on vesting) a total of $265,075 of expense associated with these common stock issuances. At December 31, 2014, the Company recorded $127,375 in prepaid expenses from these transactions, which are being expensed over the related service periods.

The Company issued 100,000 shares of restricted common stock valued at $0.27 per share and totaling $27,000 as a bonus to Douglas Hutchinson, the Company's Chief Operating Officer.

In July 2014, our CEO exercised a warrant to purchase 1,200,000 shares of Q2P common stock in exchange for a 12-month promissory note in the principal amount of $100,000. This note is classified as a subscription receivable at December 31, 2104 and was satisfied and extinguished in June 2015 (see Note 11, Subsequent Events).

On September 25, 2014, the Company entered into a Stock Repurchase Agreement with Cyclone Power Technologies, Inc. whereby the Company agreed to purchase 2,083,333 shares of restricted common stock of the Company at a purchase price of $0.24 per share, for total consideration of $500,000. Of the purchase price, $350,000 was paid on September 30, 2014, at which time the Company retired 1,458,333 shares previously held by Cyclone. The $150,000 balance of the purchase price was recorded as Due to Related Party – Cyclone until the necessary funds are raised. The 624,999 shares associated with the $150,000 portion of the purchase price were received by the Company and are included in treasury stock at December 31, 2014. The Company also recorded $567,637 against additional paid in capital related to the shares of common stock of Cyclone held as an investment by the Company that were returned to Cyclone, payables of Cyclone paid by the Company on behalf of Cyclone and write-off of the intercompany receivable from Cyclone. This was offset by the deferred revenue from Phoenix Power and Clean Carbon of Australia that was transferred to the Company in the separation agreement (see Note 4, Cyclone License Rights and Deferred Revenue).

In July 2013, the Chairman and CTO of Cyclone exchanged 5,000,000 shares he personally owned of Cyclone for 51,350 membership interests in the LLC valued at $350,000. The Company subsequently used 2,000,000 of these Cyclone shares to pay for services provided from two consultants. The balance of 3,000,000 shares were returned to Cyclone in the separation as disclosed above.

In July 2013, the Company issued to a service provider 53,918 membership interests in the LLC valued at $350,000 for services to be provided over the following two years. At December 31, 2014 and 2013, the Company had recorded $102,084 and $277,084 in prepaid expenses from this transaction, which are being expensed over the two-

year service period. The Company recorded $175,000 and $72,916 during the years ended December 31, 2014 and 2013, respectively, as a component of general and administrative expenses.

Unless otherwise described in these footnotes, reference to “restricted” common stock means that the shares are restricted from resale pursuant to Rule 144 of the Securities Act of 1933, as amended.

NOTE 7 – STOCK OPTIONS

On July 31, 2014, the Board of Directors approved the Founders Stock Option Plan (“Founders Plan") and the 2014 Equity Incentive Plan (the “2014 Plan”), collectively the “Option Plans”. The Option Plans were developed to provide a means whereby directors and selected employees, officers, consultants, and advisors of the Company may be granted incentive or non-qualified stock options to purchase restricted common stock of the Company.

In recognition of and compensation for services rendered by officers, advisors and employees for the year ended December 31, 2014, the Company issued 1,950,000 common stock options, net of cancellations, under the Founders Plan, as follows: On July 31, 2014, the Board of Directors authorized the issuance of options to purchase 2,000,000 shares of restricted common stock to the Company’s founders. Subsequently, options to purchase 350,000 shares were cancelled and returned to the option pool for further issuance. On October 15, 2014, the Board of Directors authorized the issuance of options to purchase 300,000 shares of restricted common stock to new employees who were recognized as founders. All options awarded under the Founders Plan contain vesting provisions that provide for vesting of the award semi-annually over a period of 4 years from the vest start date. The options awarded under the Founders Plan in 2014 were valued at $241,350 (pursuant to the Black Scholes valuation model, and as further detailed in the table detailing the calculation of fair value below), based on an exercise price of $0.12 per share and with a maturity life of 10 years.

In recognition of and compensation for services rendered by employees and advisors for the year ended December 31, 2014, the Company issued 150,000 common stock options under the 2014 Plan, as follows: On October 15, 2014, the Board of Directors authorized the issuance of options to purchase 50,000 shares of restricted common stock to a key employee, which contained vesting provisions that provide for vesting of the award semi-annually over a period of 4 years from the vest start date; and on December 5, 2014, the Board of Directors authorized the issuance of options to purchase 100,000 shares of restricted common stock to a key advisor, which contained provisions for the immediate vesting of the award on the date of grant. The options awarded under the 2014 Plan in 2014 were valued at $35,450 (pursuant to the Black Scholes valuation model, and as further detailed in the table detailing the calculation of fair value below), based on an exercise price of $0.27 per share and with a maturity life of 10 years.

For the year ended December 31, 2014, the income statement charge for the amortization of stock option grants awarded under the Option Plans was $33,667 and the unamortized balance was $243,133.

A summary of the common stock options issued under the Option Plans for the period from December 31, 2013 through December 31, 2014 follows:

	Number Outstanding	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (Years)
Balance, December 31, 2013	-	$ -	-
Options issued	2,450,000	0.13	9.5
Options exercised	-	-	-
Options cancelled	(350,000)	(0.12)	-
Balance, December 31, 2014	2,100,000	$ 0.11	9.5

The vested and exercisable options at period end follows:

	Exercisable/ Vested Options Outstanding	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (Years)
Balance December 31, 2014	100,000	$ 0.27	9.8

The fair value of new stock options granted using the Black-Scholes option pricing model was calculated using the following assumptions:

	Year Ended December 31, 2014					
Risk free interest rate	2.15	%	-		2.58	%
Expected volatility	149.4	%	-		163.15	%
Expected term in years			3.5			
Expected dividend yield			0	%		
Average value per options	$ 0.101		-		$ 0.249	

Expected volatility is based on historical volatility of two securities which the Company believes best match the characteristics of the Company for purposes of measuring volatility in the absence of a market trading history of the Company's common stock. Short Term U.S. Treasury rates were utilized as the risk free interest rate. The expected term of the options was calculated using the alternative simplified method codified as ASC 718 "*Accounting for Stock Based Compensation,*" which defined the expected life as the average of the contractual term of the options and the weighted average vesting period for all issuances.

NOTE 8 – INCOME TAXES

The Company was taxed as a corporation in 2014 and qualified as an LLC for tax purposes as of December 31, 2013. The tax attributes resulting from the 2013 operations were passed to the members of the LLC at December 31, 2013.

A reconciliation of the differences between the effective income tax rates and the statutory federal tax rates for the year ended December 31, 2014 (computed by applying the U.S. Federal corporate tax rate of 34 percent to loss before taxes) is as follows:

	2014
Tax benefit at U.S. statutory rate	$ 548,111
State taxes, net of federal benefit	--
Stock and stock based compensation	(196,730)
Other permanent differences	(757)
Change in valuation allowance	(350,624)
	$ --

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and liabilities for year ended December 31, 2014 consisted of the following:

Deferred Tax Assets	2014
Net Operating Loss Carry-forward	$ 353,049
Deferred Tax Liabilities – Accrued Salaries	(2,815)
Net Deferred Tax Assets	350,624
Valuation Allowance	(350,624)
Total Net Deferred Tax Assets	$ --

As of December 31, 2014, the Company had a net operating loss carry forward for income tax reporting purposes of approximately $1.0 million that may be offset against future taxable income through 2034. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax asset has been reported in the financial statements because the Company believes there is a 50% or greater chance the carry forwards will expire unused. Accordingly, the potential tax benefits of the loss carry forwards are offset by a valuation allowance of the same amount.

NOTE 9 – CAPITAL LEASE OBLIGATIONS

In 2014, the Company acquired $24,671 of software via capitalized leases at an interest rate of 10.8%. Total lease payments made for the year ended December 31, 2014 were $2,308.

The balance of capitalized lease obligations payable at December 31, 2014 was $22,363. Future lease payments total $12,198 in 2015, with the balance of $10,165 to be paid in 2016.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with Christopher Nelson, CEO, at $180,000 per year and Douglas Hutchinson, COO, at $140,000 per year (collectively, the "Executives").

Christopher Nelson's agreement provides for a term of three (3) years from its Effective Date (July 31, 2014), with automatically renewing successive one-year periods starting on the end of the third anniversary of the Effective Date. If the Executive is terminated "without cause" or pursuant to a "change in control" of the Company, as both defined in the respective agreements, the Executive shall be entitled to (i) any unpaid Base Salary accrued through the effective date of termination, (ii) the Executive's Base Salary at the rate prevailing at such termination through 24 months from the date of termination or the end of his Term then in effect, whichever is longer, and (iii) all of the Executive's stock options shall vest immediately.

Douglas Hutchinson's agreement provides for a term of two (2) years from its Effective Date (August 1, 2014), with the option to extend for two (2) additional successive one-year periods starting on the end of the second anniversary of the Effective Date if the executive has received favorable semi-annual reviews during the previous term. If the Executive is terminated "without cause" or pursuant to a "change in control" of the Company, as both defined in the respective agreements, the Executive shall be entitled to (i) any unpaid Base Salary accrued through the effective date of termination, (ii) the Executive's Base Salary at the rate prevailing at such termination through 6 months from the date of termination or the end of his Term then in effect, whichever is longer, and (iii) all of the Executive's stock options shall vest immediately.

NOTE 11 – SUBSEQUENT EVENTS

In January 2015, the Company closed a continuation round of its Series A funding, whereby it raised $362,360 with the issuance of 1,342,075 shares of common stock, priced at $.27 per share. Shares were sold under a Regulation D exemption to accredited investors.

On May 14, 2015, the Company's Board of Directors authorized the offer of 17,700,000 Subscriptions Rights (the "Subscription Rights") to all current shareholders. Each Subscription Right was exercisable into three (3) shares of common stock, representing 53,100,000 aggregate shares of common stock among all Subscription Rights. Stockholders received one Subscription Right for each share of common stock owned as of May 14, 2015, which was the record date for the Rights Offering. The maximum Rights Offering amount was $1,062,000 if all Subscription Rights were exercised.

The Offering Price was $0.06 per Subscription Right, equivalent to $0.02 per common share contained in each Subscription Right. Stockholders were able to over-subscribe to purchase additional shares of common stock at a price of $0.02 per share, if all Subscription Rights have not been exercised pro-rata by the other stockholders.

In order to reduce the short term financial obligations of the Company, the Board in its discretion, allowed employees and consultants to cancel salary, debt, payables or contractual monetary obligations of the Company due to them, and convert such obligations into common stock in connection with the Rights Offering.

The Rights Offering closed on June 3, 2015, at which time Subscriptions totaling $1,061,976 had been received, inclusive of $821,516 in cash, the cancellation of $186,410 of payables and accrued expenses, and $54,050 of subscriptions receivable. Subsequent to the closing due to an oversight of one subscription in the amount of $3,787, an additional 189,375 shares were due to be issued. This amount increased the value of the total shares issued to $1,065,783, which was $3,783 more than what was initially authorized by the Board of Directors. The Board determined that such over-issuance of 0.3% (less than one-half of one percent of total shares issued) was not material and that the costs of recalculating and reissuing all shares to all shareholders would be more costly; and therefore, authorized the additional 189,150 shares under the Rights Offering. This $3,787 was recorded as an additional subscription receivable.

In connection with the Right Offering, the Company's CEO agreed to an amendment to his employment agreement reducing his base salary to $138,000, and cancelled $28,000 in debt owed to him by the Company. Also concurrently with the closing of the Rights Offering, our CEO satisfied a promissory note he owed to the Company in the amount of $99,900 created in connection with the exercise of his warrants, which were issued in 2010 related to his services previously rendered, in 2014, by returning to the Company 370,000 shares of common stock. The Company forgave $5,250 in accrued interest.

In June 2015, the Company implemented a compensation package for its independent director of $4,000 per quarter and 250,000 stock options per year vesting over three months with a 10-year term and exercisable at $.27 per share.

ANPATH GROUP INC. AND Q2POWER CORP
UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information gives effect to the terms of the Agreement and Plan of Merger pursuant to which AnPath Acquisition Corp. ("Sub"), a Delaware corporation and a wholly-owned subsidiary of AnPath Group Inc. ("AnPath"), will merge with and into Q2Power Corp., a Delaware corporation ("Q2P").

Following the merger, Q2P will continue as the surviving corporation and a wholly-owned subsidiary of AnPath and the separate corporate existence of Sub will cease. The transaction is treated as a reverse acquisition of a public company and has been accounted for as a business combination. The historic financial statements of Q2P will be the historic statements of the combined entity. Pro-forma financial information has been presented to provide full disclosure of the transaction.

The unaudited pro-forma condensed combined financial statements are based on the historical financial statements of AnPath and Q2P under the assumptions and adjustments set forth in the accompanying notes. The unaudited pro-forma condensed combined balance sheet as of June 30, 2015 and as March 31, 2015 give effect to the merger as if the merger had been consummated on June 30, 2015 and March 31, 2015, respectively. The unaudited pro-forma condensed combined statements of operations for the period from January 1, 2015 through June 30, 2015 give effect to the merger as if the merger had been consummated on June 30, 2015 and as of March 31, 2015.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements of AnPath and Q2P, including the respective notes to those statements. The pro forma information is not necessarily indicative of the combined financial position or the results of operations in the future or of the combined financial position or the results of operations which would have been realized had the acquisition been consummated during the periods or as of the dates for which the pro forma information is presented.

The unaudited pro forma condensed combined financial statements do not give effect to any cost savings that may result from merger and reverse acquisition.

ANPATH GROUP, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
June 30, 2015

	June 30, 2015 (Unaudited)As Reported	Pro Forma Adjustments: June 30, 2015 (Unaudited) Q2Power Corp.	Pro Forma Adjustments: ESI Exchange Agreement	Pro Forma Adjustments: Adjustments	Notes	June 30, 2015 (Unaudited) Pro Forma
ASSETS						
CURRENT ASSETS						
Cash	$ -	$ 359,548	$ (35,000)	$ -	A	$ 324,548
Prepaid expenses	14,350	2,756	-	-		17,106
TOTAL CURRENT ASSETS	14,350	362,304	(35,000)	-		341,654
SOFTWARE, PROPERTY AND EQUIPMENT, NET	-	126,001	-	-		126,001
OTHER ASSETS						
Licensing rights in Cyclone, net	-	134,896	-	-		134,896
Total other assets	-	134,896	-	-		134,896
TOTAL ASSETS	$ 14,350	$ 623,201	$ (35,000)	$ -		$ 602,551
LIABILITIES AND STOCKHOLDERS' DEFICIT						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	$ 94,627	$ 366,805	$ (66,759)	$ -	B, C	$ 394,673
Note payable	446,640	-	(5,000)	-	D	441,640
Advance from stockholder	102,823	-	(92,823)	(10,000)	E, F	-
Derivative liabilities	561,254	-	-	-		561,254
Reserve for related party - Cyclone	-	150,000	-	-		150,000
Capitalized lease obligations-current portion	-	12,198	-	-		12,198
Deferred revenue and license deposits	-	260,064	-	-		260,064
TOTAL CURRENT LIABILITIES	1,205,344	789,067	(164,582)	(10,000)		1,819,829
NON CURRENT LIABILITIES						
Capitalized lease obligation-net of current portion	-	4,066	-	-		4,066
Total non-current liabilities	-	4,066	-	-		4,066
TOTAL LIABILITIES	1,205,344	793,133	(164,582)	(10,000)		1,823,895
STOCKHOLDERS' DEFICIT						
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued and outstanding	$ -	$ -	$ -	$ -		$ -
Common stock, $0.0001 par value; 100,000,000 shares authorized, 1,835,199 shares issued and outstanding	183	-	(57)	2,400	G,F,H	2,526
Common stock, $0.0001 par value, 95,000,000 shares authorized, 70,689,631 shares issued and outstanding at June 30, 2015	-	7,068	-	(7,068)	H	-
Additional paid-in capital	5,578,704	3,856,432	(920,324)	(5,965,595)	H	2,549,217
Treasury stock, 624,999 shares, at cost	-	(150,000)	-	150,000	H	-
Subscription receivable	-	(57,838)	-	57,838	H	-
Prepaid expenses with common stock	-	(52,507)	-	52,507	H	-
Accumulated deficit	(6,769,881)	(3,773,087)	1,049,963	5,719,918	H	(3,773,087)
TOTAL STOCKHOLDERS' DEFFICIT	(1,190,994)	(169,932)	129,582	10,000		(1,221,344)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 14,350	$ 623,201	$ (35,000)	$ -		$ 602,551

Footnotes:

Adjustment for the ESI Exchange Agreement and other transactions

(A) ESI will retain up to $35,000 in cash
(B) ESI will keep accounts payable and accrued expenses in the amount of $63,824
(C) Accrued interest of $2,935 related to a note payable to a stockholder is being written off
(D) A $5,000 note payable to a stockholder is being written off
(E) Advances from a stockholder in the amount of $71,270 are being written off in connection with the ESI Exchange Agreement
(F) Advances from a stockholder in the amount of $21,553 are being exchanged for 200,000 shares of Anpath common stock
(G) 770,560 shares of common stock are being exchanged for all of the capital stock of ESI per the Exchange Agreement
(H) 24,000,000 shares of APGR are issued in the reverse merger, Q2P's retained deficit continues forward, all other equity accounts are removed and additional paid-in capital is adjusted to account for the reverse merger and recapitalization

Subsequent Event: An affiliate advanced the Company an additional $6,320 after June 30, 2015. APGR agreed to issue 25,000 shares of common stock to retire this advance

ANPATH GROUP, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
March 31, 2015

			Pro Forma Adjustments			
	March 31, 2015 (Audited)As Reported	March 31, 2015 (Unaudited) Q2Power Corp.	ESI Exchange Agreement	Adjustments	Notes	March 31, 2015 (Unaudited) Pro Forma
ASSETS						
CURRENT ASSETS						
Cash	$ 104	$ 114,994	$ 34,925	$ -	A	$ 150,023
Other current assets	-	5,000	-	-		5,000
Prepaid expenses	22,456	1,793	-	-		24,249
TOTAL CURRENT ASSETS	22,560	121,787	34,925	-		179,272
SOFTWARE, PROPERTY AND EQUIPMENT, NET	-	73,116	-	-		73,116
OTHER ASSETS						
Licensing rights in Cyclone, net	-	145,833	-	-		145,833
Total other assets	-	145,833	-	-		145,833
TOTAL ASSETS	$ 22,560	$ 340,736	$ 34,925	$ -		$ 398,221
LIABILITIES AND STOCKHOLDERS' DEFICIT						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	$ 71,482	$ 320,193	$ (61,729)	$ -	B,C	$ 329,946
Note payable	452,529	-	(5,000)	-	D	447,529
Advance from stockholder	86,803	-	(86,803)	-	E, F	-
Derivative liabilities	54,118	-	-	-		54,118
Reserve for related party - Cyclone	-	150,000	-	-		150,000
Capitalized lease obligations-current portion	-	19,314	-	-		19,314
Deferred revenue and license deposits	-	260,064	-	-		260,064
TOTAL CURRENT LIABILITIES	664,932	749,571	(153,532)	-		1,260,971
NON CURRENT LIABILITIES						
Capitalized lease obligation-net of current portion	-	-	-	-		-
Total non-current liabilities	-	-	-	-		-
TOTAL LIABILITIES	664,932	749,571	(153,532)	-		1,260,971
STOCKHOLDERS' DEFICIT						
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued and outstanding	$ -	$ -	$ -	$ -		$ -
Common stock, $0.0001 par value; 100,000,000 shares authorized, 1,835,199 shares issued and outstanding	183	-	(57)	2,400	G,F,H	2,526
Common stock, $0.0001 par value, 95,000,000 shares authorized, 15,389,829 shares issued and outstanding at December 31, 2014	-	1,693	-	(1,693)	H	-
Additional paid-in capital	5,578,704	2,609,636	(856,458)	(5,491,403)	H	1,840,479
Treasury stock, 624,999 shares, at cost	-	(150,000)	-	150,000	H	-
Subscription receivable	-	(100,000)	-	100,000	H	-
Prepaid expenses with common stock	-	(64,409)	-	64,409	H	-
Accumulated deficit	(6,221,259)	(2,705,755)	1,044,972	5,176,287	H	(2,705,755)
TOTAL STOCKHOLDERS' DEFICIT	(642,372)	(408,835)	188,457	-		(862,750)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 22,560	$ 340,736	$ 34,925	$ -		$ 398,221

Footnotes:

Adjustment for the ESI Exchange Agreement and other transactions

(A) ESI will retain up to $35,000 in cash
(B) ESI will keep accounts payable and accrued expenses in the amount of $58,907.
(C) Accrued interest of $2,822 related to a note payable to a stockholder is being written off.
(D) A $5,000 note payable to a stockholder is being written off
(E) Advances from a stockholder in the amount of $71,270 are being written off in connection with the ESI Exchange Agreement
(F) Advances from a stockholder in the amount of $15,553 ($21,553 at June 30, 2015) are being exchanged for 200,000 shares of Anpath common shares
(G) 770,560 shares of common stock are being exchanged for all of the capital stock of ESI per an Exchange Agreement
(H) 24,000,000 shares of APGR are issued in the reverse merger, Q2P's retained deficit continues forward, all other equity accounts are removed and additional paid-in capital is adjusted to account for the reverse merger and recapitalization

Subsequent Event: An affiliate advanced the Company an additional $6,320 after June 30, 2015. APGR agreed to issue 25,000 shares of common stock to retire this advance.

ANPATH GROUP, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2015

			Pro Forma Adjustments			
	June 30, 2015 (Unaudited) As Reported	June 30, 2015 (Unaudited) Q2Power Corp.	ESI Exchange Agreement	Adjustments	Notes	June 30, 2015 (Unaudited)Pro Forma
EXPENSES						
Advertising and promotion	$ -	$ 11,823	$ -	$ -		$ 11,823
General and administrative	82,496	1,259,416	(488)	-	(A)	1,341,424
Research and development	-	659,452	-	-		659,452
Total Expenses	82,496	1,930,691	(488)	-		2,012,699
LOSS FROM OPERATIONS	(82,496)	(1,930,691)	488	-		(2,012,699)
OTHER INCOME (EXPENSE)						
Anpath transaction costs	-	(10,000)	-	10,000	(B)	-
Interest expense	(150,588)	(3,038)	-	-		(153,626)
Loss on derivative liability	(397,784)	-	-	-		(397,784)
Loss on debt extinguishment	-	-	-	-		-
Total Other Income (Expense)	(548,372)	(13,038)	-	10,000		(551,410)
LOSS BEFORE INCOME TAXES	(630,868)	(1,943,729)	488	10,000		(2,564,109)
INCOME TAX EXPENSE	-	-	-	-		-
NET LOSS	$ (630,868)	$ (1,943,729)	$ 488	$ 10,000		$ (2,564,109)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.34)					$ (0.10)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	1,835,199					25,264,639

Footnotes:

(A) Expense of ESI have been removed from the Pro-Forma amounts

(B) Q2P advanced APGR $10,000 to pay expenses for APGR. This adjustment removes the amount as an expense on Q2P.

Subsequent Event: An affiliate advanced the Company $6,320 after June 30, 2015. APGR agreed to issue 25,000 shares of common stock to retire this advance.

ANPATH GROUP, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2015

			Pro Forma Adjustments				
	For the Year Ended March 31, 2015 (Audited) As Reported	For the Year Ended December 31, 2014 (Audited) Q2Power Corp.	ESI Exchange Agreement	Adjustments	Notes	March 31, 2015 (Unaudited)Pro Forma
EXPENSES						
Advertising and promotion	$ -	$ 11,640	$ -	$ -		$ 11,640
General and dministrative	469,618	1,035,454	(88,255)	-	(A)	1,416,817
Research and development	10,970	560,608	-	-		571,578
Total Expenses	480,588	1,607,702	(88,255)	-		2,000,035
LOSS FROM OPERATIONS	(480,588)	(1,607,702)	88,255	-		(2,000,035)
OTHER INCOME (EXPENSE)						
Interest expense	(408,741)	(4,391)	-	-		(413,132)
Gain on derivative liability	693,743	-	-	-		693,743
Loss on debt extinguishment	(361,155)	-	-	-		(361,155)
Total Other Income (Expense)	(76,153)	(4,391)	-	-		(80,544)
LOSS BEFORE INCOME TAXES	(556,741)	(1,612,093)	88,255	-		(2,080,579)
INCOME TAX EXPENSE	$ -	-	-	-		-
NET LOSS	$ (556,741)	$ (1,612,093)	$ 88,255	$ -		$ (2,080,579)
BASIC AND DILUTED NET LOSS PER SHARE	(0.31)					$ (0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	1,794,643					25,224,083

Footnotes:
(A) Expense of ESI have been removed from the Pro-Forma amounts

ANPATH GROUP, INC.

CERTIFICATE OF DESIGNATION OF PREFERENCES, RIGHTS AND LIMITATIONS OF SERIES A 6% CONVERTIBLE PREFERRED STOCK

PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

The undersigned, Chrisopher Nelson, does hereby certify that:

1. He is the Chief Executive Officer and Secretary of Anpath Group, Inc., a Delaware corporation (the "Corporation").

2. The Corporation is authorized to issue Five Million (5,000,000) shares of preferred stock, none of which have been issued.

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors"):

WHEREAS, the certificate of incorporation of the Corporation provides for a class of its authorized stock known as preferred stock, consisting of Five Million (5,000,000) shares, $0.0001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of, except as otherwise set forth in the Purchase Agreement, up to 1,500 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

"Alternate Consideration" shall have the meaning set forth in Section 7(e).

"Bankruptcy Event" means any of the following events: (a) the Corporation or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Corporation or any Significant Subsidiary thereof, (b) there is commenced against the Corporation or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Corporation or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Corporation or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Corporation or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors, (f) the Corporation or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts, or (g) the Corporation or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Base Conversion Price" shall have the meaning set forth in Section 7(b).

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 6(d).

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Buy-In" shall have the meaning set forth in Section 6(c)(iv).

"Change of Control Transaction" means the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Corporation, by contract or otherwise) of in excess of 33% of the voting securities of the Corporation (other than by means of conversion or exercise of Preferred Stock and the Securities issued together with the Preferred Stock), (b) the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the stockholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the Corporation or the successor entity of such transaction, (c) the Corporation sells or transfers all or substantially all of its assets to another Person and the stockholders of the Corporation immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, (d) a replacement at one time or within a one year period of more than one-half of the members of the Board of Directors which is not approved by a majority of those individuals who are members of the Board of Directors on the Original Issue Date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the Original Issue Date), or (e) the execution by the Corporation of an agreement to which the Corporation is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section 2.1 of the Purchase Agreement.

"Closing Date" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto and all conditions precedent to (i) each Holder's obligations to pay the Subscription Amount and (ii) the Corporation's obligations to deliver the Securities have been satisfied or waived.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value $0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Amount" means the sum of the Stated Value at issue.

"Conversion Date" shall have the meaning set forth in Section 6(a).

"Conversion Price" shall have the meaning set forth in Section 6(b).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Conversion Shares Registration Statement" means a registration statement that registers the resale of all of the Conversion Shares by the Holders, which shall be named as "selling stockholders" therein.

"Dilutive Issuance" shall have the meaning set forth in Section 7(b).

"Dilutive Issuance Notice" shall have the meaning set forth in Section 7(b).

"Dividend Conversion Rate" means the lesser of (a) the Conversion Price or (b) 80% of the lesser of (i) the average of the VWAPs for the 10 consecutive Trading Days ending on the Trading Day that is immediately prior to the applicable Dividend Payment Date or (ii) the average of the VWAPs for the 10 consecutive Trading Days ending on the Trading Day that is immediately prior to the date the applicable Dividend Conversion Shares are issued and delivered if such delivery is after the Dividend Payment Date; provided however, in no event shall the Dividend Conversion Rate ever be less than $.02 per share (subject to adjustment for forward and reverse stock splits and the like).

"Dividend Conversion Shares" shall have the meaning set forth in Section 3(a).

"Dividend Notice Period" shall have the meaning set forth in Section 3(a).

"Dividend Payment Date" shall have the meaning set forth in Section 3(a).

"Dividend Share Amount" shall have the meaning set forth in Section 3(a).

"Effective Date" means the date that a Conversion Shares Registration Statement filed by the Corporation is first declared effective by the Commission.

"Equity Conditions" means, during the period in question, (a) the Corporation shall have duly honored all conversions scheduled to occur or occurring by virtue of one or more Notices of Conversion of the applicable Holder on or prior to the dates so requested or required, if any, (b) the Corporation shall have paid all liquidated damages and other amounts owing to the applicable Holder in respect of the Preferred Stock, (c)(i) there is an effective Conversion Shares Registration Statement pursuant to which the Holders are permitted to utilize the prospectus thereunder to resell all of the shares of Common Stock issuable pursuant to the Transaction Documents (and the Corporation believes, in good faith, that such effectiveness will continue uninterrupted for the

foreseeable future) or (ii) all of the Conversion Shares issuable pursuant to the Transaction Documents (and shares issuable in lieu of cash payments of dividends) may be resold pursuant to Rule 144 as determined by the counsel to the Corporation as set forth in a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders, (d) the Common Stock is trading on a Trading Market and all of the shares issuable pursuant to the Transaction Documents are listed or quoted for trading on such Trading Market (and the Corporation believes, in good faith, that trading of the Common Stock on a Trading Market will continue uninterrupted for the foreseeable future), (e) there is a sufficient number of authorized, but unissued and otherwise unreserved, shares of Common Stock for the issuance of all of the shares then issuable pursuant to the Transaction Documents, (f) there is no existing Triggering Event and no existing event which, with the passage of time or the giving of notice, would constitute a Triggering Event, (g) the issuance of the shares in question to the applicable Holder would not violate the limitations set forth in Section 6(d) herein, (h) there has been no public announcement of a pending or proposed Fundamental Transaction or Change of Control Transaction that has not been consummated, (i) the applicable Holder is not in possession of any information provided by the Corporation that constitutes, or may constitute, material non-public information, (j) for each Trading Day in a period of 20 consecutive Trading Days prior to the applicable date in question, the daily dollar trading volume for the Common Stock on the principal Trading Market exceeds $75,000 per Trading Day, and (k) the VWAP for each Trading Day during the 20 Trading Days prior to the date in question is equal to or greater than $0.03 (subject to adjustment for forward and reverse stock splits and the like).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exempt Issuance" shall have the meaning set forth in the Purchase Agreement.

"Fundamental Transaction" shall have the meaning set forth in Section 7(e).

"GAAP" means United States generally accepted accounting principles.

"Holder" shall have the meaning given such term in Section 2.

"Indebtedness" means (a) any liabilities for borrowed money or amounts owed in excess of $50,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Corporation's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, and (c) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP.

"Junior Securities" means the Common Stock and all other Common Stock Equivalents of the Corporation other than those securities which are explicitly senior or pari passu to the Preferred Stock in dividend rights or liquidation preference.

"Liens" means a lien, charge, security interest, encumbrance, preemptive right or other similar restriction.

"Liquidation" shall have the meaning set forth in Section 5.

"New York Courts" shall have the meaning set forth in Section 11(d).

"Notice of Conversion" shall have the meaning set forth in Section 6(a).

"Original Issue Date" means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

"Permitted Indebtedness" mean s (a) the Indebtedness existing on the Original Issue Date and set forth on Schedule 3.1(aa) attached to the Purchase Agreement, (b) lease obligations and purchase money indebtedness incurred in connection with the acquisition of capital assets and lease obligations with respect to newly acquired or leased assets including lease obligations and purchase money indebtedness in connection with deployment, installation or sale of the Corporation's products, and (c) commercial bank financing in connection with acquisitions or strategic transactions approved by a majority of the disinterested directors of the Corporation.

"Permitted Lien" means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Corporation) have been established in accordance with GAAP, (b) Liens imposed by law which were incurred in the ordinary course of the Corporation's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of the Corporation's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Corporation and its consolidated Subsidiaries or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien, (c) Liens incurred in connection with Permitted Indebtedness under clause (a) thereunder, and (d) Liens incurred in connection with Permitted Indebtedness under clause (b) thereunder, provided that such Liens are not secured by assets of the Corporation or its Subsidiaries other than the assets so acquired or leased.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preferred Stock" shall have the meaning set forth in Section 2.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of the Original Issue Date, among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

"Registration Statement" means a registration statement meeting the requirements covering the resale of the Underlying Shares by each Holder.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Securities" means the Preferred Stock, the Warrants, the Warrant Shares and the Underlying Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 6(c).

"Stated Value" shall have the meaning set forth in Section 2, as the same may be increased pursuant to Section 3.

"Subscription Amount" shall mean, as to each Holder, the aggregate amount to be paid for the Preferred Stock purchased pursuant to the Purchase Agreement as specified below such Holder's name on the signature page of the Purchase Agreement and next to the heading "Subscription Amount," in United States dollars and in immediately available funds.

"Subsidiary" means any subsidiary of the Corporation as set forth on Schedule 3.1(a) of the Purchase Agreement and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date of the Purchase Agreement.

"Successor Entity" shall have the meaning set forth in Section 7(e).

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

"Transaction Documents" means this Certificate of Designation, the Purchase Agreement, the Warrants, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated pursuant to the Purchase Agreement.

"Transfer Agent" means Transfer Online, the current transfer agent of the Corporation with a mailing address of 512 SE Salmon St., Portland OR 97214 and a contact email of mark@transferonline.com, and any successor transfer agent of the Corporation.

"Triggering Event" shall have the meaning set forth in Section 10(a).

"Triggering Redemption Amount" means, for each share of Preferred Stock, the sum of (a) the greater of (i) 130% of the Stated Value and (ii) the product of (y) the VWAP on the Trading Day immediately preceding the date of the Triggering Event and (z) the Stated Value divided by the then Conversion Price, (b) all accrued but unpaid dividends thereon and (c) all liquidated damages and other costs, expenses or amounts due in respect of the Preferred Stock.

"Triggering Redemption Payment Date" shall have the meaning set forth in Section 10(b).

"Two Year Redemption" shall have the meaning set forth in Section 8.

"Two Year Redemption Date" shall have the meaning set forth in Section 8.

"Two Year Redemption Amount " means the sum of (a) 100% of the aggregate Stated Value then outstanding, (b) accrued but unpaid dividends and (c) all liquidated damages and other amounts due in respect of the Preferred Stock.

"Underlying Shares" means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock, upon exercise of the Warrants and issued and issuable in lieu of the cash payment of dividends on the Preferred Stock in accordance with the terms of this Certificate of Designation.

"Variable Rate Transaction" shall have the meaning ascribed to such term in the Purchase Agreement.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Corporation, the fees and expenses of which shall be paid by the Corporation.

"Warrants" means, collectively, the Common Stock purchase warrants delivered to the Holder at the Closing in accordance with Section 2.2(a) of the Purchase Agreement, which Warrants shall be exercisable immediately and have a term of exercise equal to five (5) years, in the form of Exhibit C attached to the Purchase Agreement.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series A 6% Convertible Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to 1,500 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a "Holder" and collectively, the "Holders")). Each share of Preferred Stock shall have a par value of $0.0001 per share and a stated value equal to $1,000, subject to increase set forth in Section 3 below (the "Stated Value").

Section 3. Dividends.

a) Dividends in Cash or in Kind. Holders shall be entitled to receive, and the Corporation shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) of 6% per annum (subject to increase pursuant to Section 10(b)), payable quarterly on January 1, April 1, July 1 and October 1, beginning on July 1, 2016 and on each Conversion Date (with respect only to Preferred Stock being converted) (each such date, a "Dividend Payment Date") (if any Dividend Payment Date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day)

in cash, or at the Corporation's option, in duly authorized, validly issued, fully paid and non-assessable shares of Common Stock as set forth in this Section 3(a), or a combination thereof (the dollar amount to be paid in shares of Common Stock, the "Dividend Share Amount"). The form of dividend payments to each Holder shall be determined in the following order of priority: (i) if funds are legally available for the payment of dividends and the Equity Conditions have not been met during the 20 consecutive Trading Days immediately prior to the applicable Dividend Payment Date (the "Dividend Notice Period"), in cash only, (ii) if funds are legally available for the payment of dividends and the Equity Conditions have been met during the Dividend Notice Period, at the sole election of the Corporation, in cash or shares of Common Stock which shall be valued at the Dividend Conversion Rate, (iii) if funds are not legally available for the payment of dividends and the Equity Conditions have been met during the Dividend Notice Period, in shares of Common Stock which shall be valued at the Dividend Conversion Rate, (iv) if funds are not legally available for the payment of dividends and the Equity Condition relating to an effective Conversion Shares Registration Statement has been waived by such Holder, as to such Holder only, in unregistered shares of Common Stock which shall be valued at the Dividend Conversion Rate, and (v) if funds are not legally available for the payment of dividends and the Equity Conditions have not been met during the Dividend Notice Period, then, at the election of such Holder, such dividends shall accrue to the next Dividend Payment Date or shall be accreted to, and increase, the outstanding Stated Value. In addition, as a condition to paying dividends in shares of Common Stock, as to such Dividend Payment Date, prior to such Dividend Notice Period (but not more than five (5) Trading Days prior to the commencement of such Dividend Notice Period), the Corporation shall have delivered to each Holder's account with The Depository Trust Company a number of shares of Common Stock to be applied against such Dividend Share Amount equal to the quotient of (x) the applicable Dividend Share Amount divided by (y) the Dividend Conversion Rate, assuming for such purposes that the Dividend Payment Date is the Trading Day immediately prior to the commencement of the Dividend Notice Period (the "Dividend Conversion Shares"). The Holders shall have the same rights and remedies with respect to the delivery of any such shares as if such shares were being issued pursuant to Section 6.

b) Corporation's Ability to Pay Dividends in Cash or Kind. On the Closing Date, the Corporation shall have notified the Holders whether or not it may legally pay cash dividends as of the Closing Date. The Corporation shall promptly notify the Holders at any time the Corporation shall become able or unable, as the case may be, to legally pay cash dividends. If at any time the Corporation has the right to pay dividends in cash or shares of Common Stock, the Corporation must provide the Holders with at least 20 Trading Days' notice of its election to pay a regularly scheduled dividend in shares of Common Stock (the Corporation may indicate in such notice that the election contained in such notice shall continue for later periods until revised by a subsequent notice). If at any time the Corporation delivers a notice to the Holders of its election to pay the dividends in shares of Common Stock, in the event that there is then an effective Conversion Shares Registration Statement, the Corporation shall timely file a prospectus

supplement pursuant to Rule 424 disclosing such election. The aggregate number of shares of Common Stock otherwise issuable to a Holder on a Dividend Payment Date shall be reduced by the number of shares of Common Stock previously issued to such Holder in connection with such Dividend Payment Date. If any Dividend Conversion Shares are issued to a Holder in connection with a Dividend Payment Date and are not applied against a Dividend Share Amount, then such Holder shall promptly return such excess shares to the Corporation.

c) Dividend Calculations. Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the Original Issue Date, and shall be deemed to accrue from such date whether or not earned or declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. Payment of dividends in shares of Common Stock shall otherwise occur pursuant to Section 6(c)(i) herein and, solely for purposes of the payment of dividends in shares, the Dividend Payment Date shall be deemed the Conversion Date. Dividends shall cease to accrue with respect to any Preferred Stock converted, provided that, the Corporation actually delivers the Conversion Shares within the time period required by Section 6(c)(i) herein. Except as otherwise provided herein, if at any time the Corporation pays dividends partially in cash and partially in shares, then such payment shall be distributed ratably among the Holders based upon the number of shares of Preferred Stock held by each Holder on such Dividend Payment Date.

d) Late Fees. Any dividends, whether paid in cash or shares of Common Stock, that are not paid within three Trading Days following a Dividend Payment Date shall continue to accrue and shall entail a late fee, which must be paid in cash, at the rate of 18% per annum or the lesser rate permitted by applicable law which shall accrue daily from the Dividend Payment Date through and including the date of actual payment in full.

e) Other Securities. So long as any Preferred Stock shall remain outstanding, neither the Corporation nor any Subsidiary thereof shall redeem, purchase or otherwise acquire directly or indirectly any Junior Securities except as expressly permitted by Section 10(a)(vi). So long as any Preferred Stock shall remain outstanding, neither the Corporation nor any Subsidiary thereof shall directly or indirectly pay or declare any dividend or make any distribution upon (other than a dividend or distribution described in Section 6 or dividends due and paid in the ordinary course on preferred stock of the Corporation at such times when the Corporation is in compliance with its payment and other obligations hereunder), nor shall any distribution be made in respect of, any Junior Securities as long as any dividends due on the Preferred Stock remain unpaid, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities or shares pari passu with the Preferred Stock.

f) Special Reserves. The Corporation acknowledges and agrees that the capital of the Corporation (as such term is used in Section 242 of the Delaware General

Corporation Law) in respect of the Preferred Stock and any future issuances of the Corporation's capital stock shall be equal to the aggregate par value of such Preferred Stock or capital stock, as the case may be, and that, on or after the date of the Purchase Agreement, it shall not increase the capital of the Corporation with respect to any shares of the Corporation's capital stock issued and outstanding on such date. The Corporation also acknowledges and agrees that it shall not create any special reserves under Section 244 of the Delaware General Corporation Law without the prior written consent of each Holder.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Stock shall have no voting rights. However, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of 67% or more of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) authorize or create any class of stock ranking as to dividends, redemption or distribution of assets upon a Liquidation (as defined in Section 5) senior to, or otherwise pari passu with, the Preferred Stock, (c) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (d) increase the number of authorized shares of Preferred Stock, or (e) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation an amount equal to the Stated Value, plus any accrued and unpaid dividends thereon and any other fees or liquidated damages then due and owing thereon under this Certificate of Designation, for each share of Preferred Stock before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. A Fundamental Transaction or Change of Control Transaction shall not be deemed a Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 6(d)) determined by dividing the Stated Value of such share of Preferred Stock by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned

subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b) Conversion Price. The conversion price for the Preferred Stock shall equal **$0.26**, subject to adjustment herein (the "Conversion Price").

c) Mechanics of Conversion.

i. Delivery of Conversion Shares Upon Conversion. Not later than three (3) Trading Days after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Stock (including, if the Corporation has given continuous notice pursuant to Section 3(b) for payment of dividends in shares of Common Stock at least 20 Trading Days prior to the date on which the Notice of Conversion is delivered to the Corporation, shares of Common Stock representing the payment of accrued dividends otherwise determined pursuant to Section 3(a) but assuming that the Dividend Notice Period is the 20 Trading Days period immediately prior to the date on which the Notice of Conversion is delivered to the Corporation and excluding for such issuance the condition that the Corporation deliver the Dividend Share Amount as to such dividend payment prior to the commencement of the Dividend Notice Period) which, on or after the earlier of (i) the six month anniversary of the Original Issue Date or (ii) the Effective Date, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Purchase Agreement), and (B) a bank check in the amount of accrued and unpaid dividends (if the Corporation has elected or is required to pay accrued dividends in cash). On or after the earlier of (i) the six month anniversary of the Original Issue Date or (ii) the Effective Date, the Corporation shall deliver the Conversion Shares required to be delivered by the Corporation under this Section 6 electronically through the Depository Trust Company or another established clearing corporation performing similar functions.

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Conversion Notice.

iii. Obligation Absolute; Partial Liquidated Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or any one associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. If the Corporation fails to deliver to a Holder such Conversion Shares pursuant to Section 6(c)(i) on the second Trading Day after the Share Delivery Date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each $5,000 of Stated Value of Preferred Stock being converted, $50 per Trading Day (increasing to $100 per Trading Day on the third Trading Day and increasing to $200 per Trading Day on the sixth Trading Day after such damages begin to accrue) for each Trading Day after such second Trading Day after the Share Delivery Date until such Conversion Shares are delivered or

Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages or declare a Triggering Event pursuant to Section 10 hereof for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Compensation for Buy-In on Failure to Timely Deliver Conversion Shares Upon Conversion. In addition to any other rights available to the Holder, if the Corporation fails for any reason to deliver to a Holder the applicable Conversion Shares by the Share Delivery Date pursuant to Section 6(c)(i), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount, if any, by which (x) such Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock submitted for conversion (in which case, such conversion shall be deemed rescinded) or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(c)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of shares of Preferred Stock with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder $1,000. The Holder shall provide the Corporation written notice indicating the amounts payable to such Holder in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver the Conversion Shares upon conversion of the shares of Preferred Stock as required pursuant to the terms hereof.

v. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock and payment of dividends on the Preferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable and, if the Conversion Shares Registration Statement is then effective under the Securities Act, shall be registered for public resale in accordance with such Conversion Shares Registration Statement (subject to such Holder's compliance with its obligations under the Registration Rights Agreement).

vi. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

vii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

d) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's

Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Stated Value of Preferred Stock beneficially owned by such Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Preferred Stock or the Warrants) beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 6(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(d) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder . For purposes of this Section 6(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Corporation shall within two Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease

the Beneficial Ownership Limitation provisions of this Section 6(d) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(d) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Preferred Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If, at any time while this Preferred Stock is outstanding, the Corporation or any Subsidiary, as applicable sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the "Base Conversion Price" and such issuances, collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions,

floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustment will be made under this Section 7(b) in respect of an Exempt Issuance. If the Corporation enters into a Variable Rate Transaction, despite the prohibition set forth in the Purchase Agreement, the Corporation shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion price at which such securities may be converted or exercised. The Corporation shall notify the Holders in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 7(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Corporation provides a Dilutive Issuance Notice pursuant to this Section 7(b), upon the occurrence of any Dilutive Issuance, the Holders are entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether a Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder of will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of

return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete Conversion of this Preferred Stock (without regard to any limitations on Conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

e) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 6(d) on the conversion of this Preferred Stock), the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving

corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 6(d) on the conversion of this Preferred Stock). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents (as defined in the Purchase Agreement) in accordance with the provisions of this Section 7(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock (without regard to any limitations on the conversion of this Preferred Stock) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the other Transaction Documents referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation

under this Certificate of Designation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

f) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect

therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Two Year Redemption.

a) Two Year Redemption . On the second anniversary of the Original Issue Date (the "Two Year Redemption Date "), the Corporation shall redeem all of the then outstanding Preferred Stock, for an amount in cash equal to the Two Year Redemption Amount (such redemption, the "Two Year Redemption "). The Corporation covenants and agrees that it will honor all Conversion Notices tendered up until the Two Year Redemption Amount paid in full.

b) Redemption Procedure. The payment of cash pursuant to a Two Year Redemption shall be made on the Two Year Redemption Date. If any portion of the cash payment for a Two Year Redemption has not been paid by the Corporation on the Two Year Redemption Date, interest shall accrue thereon until such amount is paid in full at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law.

Section 9. Negative Covenants. As long as any shares of Preferred Stock are outstanding, unless the holders of at least 67% in Stated Value of the then outstanding shares of Preferred Stock shall have otherwise given prior written consent, the Corporation shall not, and shall not permit any of the Subsidiaries to, directly or indirectly:

a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

b) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

c) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;

d) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock, Common Stock Equivalents or Junior Securities, other than as to (i) the Conversion Shares or Warrant Shares as permitted or required under the Transaction Documents and (ii) repurchases of Common Stock or Common Stock Equivalents of departing officers and directors of the Corporation, provided that such repurchases shall not exceed an aggregate of $1,000 for all officers and directors for so long as the Preferred Stock is outstanding;

e) pay cash dividends or distributions on Junior Securities of the Corporation;

f) enter into any transaction with any Affiliate of the Corporation which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Corporation (even if less than a quorum otherwise required for board approval); or

g) enter into any agreement with respect to any of the foregoing.

Section 10. Redemption Upon Triggering Events.

a) "Triggering Event" means, wherever used herein any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. the Corporation does not meet the current public information requirements under Rule 144;

ii. the Corporation shall fail to deliver Conversion Shares issuable upon a conversion hereunder that comply with the provisions hereof prior to the fifth Trading Day after such shares are required to be delivered hereunder, or the Corporation shall provide written notice to any Holder, including by way of public announcement, at any time, of its intention not to comply with requests for conversion of any shares of Preferred Stock in accordance with the terms hereof;

iii. the Corporation shall fail for any reason to pay in full the amount of cash due pursuant to a Buy-In within five calendar days after notice therefor is delivered hereunder within five days of the date due and payable;

iv. the Corporation shall fail to have available a sufficient number of authorized and unreserved shares of Common Stock to issue to such Holder upon a conversion hereunder;

v. unless specifically addressed elsewhere in this Certificate of Designation as a Triggering Event, the Corporation shall fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach of the Transaction Documents, which such failure or breach is not cured, if possible to cure, within the earlier to occur of (A) 5 Trading Days after notice of such failure sent by a Holder or by any other Holder to the Corporation and (B) 10 Trading Days after the Corporation has become or should have become aware of such failure;

vi. the Corporation shall redeem more than a de minimis number of Junior Securities other than as to repurchases of Common Stock or Common Stock Equivalents from departing officers and directors, provided that, while any of the Preferred Stock remains outstanding, such repurchases shall not exceed an aggregate of $1,000 from all officers and directors;

vii. the Corporation shall be party to a Change of Control Transaction;

viii. there shall have occurred a Bankruptcy Event;

ix. the Common Stock shall fail to be listed or quoted for trading on a Trading Market for more than five Trading Days, which need not be consecutive Trading Days, excepting the Corporation's current status of being listed on the OTC Pink Market;

x. the electronic transfer by the Corporation of shares of Common Stock through the Depository Trust Company or another established clearing corporation is no longer available or is subject to a "chill"; or

xi. any monetary judgment, writ or similar final process shall be entered or filed against the Corporation, any subsidiary or any of their respective property or other assets for more than $5,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days.[need details on existing judgment before considering carve out]

b) Upon the occurrence of a Triggering Event, each Holder shall (in addition to all other rights it may have hereunder or under applicable law) have the right, exercisable at the sole option of such Holder, to require the Corporation to redeem all of the Preferred Stock then held by such Holder for a redemption price, in cash, equal to the Triggering Redemption Amount. The Triggering Redemption Amount, in cash or in shares, shall be due and payable or issuable, as the case may be, within five Trading Days of the date on which the notice for the payment therefor is provided by a Holder (the "Triggering Redemption Payment Date"). If the Corporation fails to pay in full the Triggering Redemption Amount hereunder on the date such amount is due in accordance with this Section (whether in cash or shares of Common Stock), the Corporation will pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate

permitted by applicable law, accruing daily from such date until the Triggering Redemption Amount, plus all such interest thereon, is paid in full. For purposes of this Section, a share of Preferred Stock is outstanding until such date as the applicable Holder shall have received Conversion Shares upon a conversion (or attempted conversion) thereof that meets the requirements hereof or has been paid the Triggering Redemption Amount in cash.

Section 11. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: CEO, email address chris@q2p.com, or such other email or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 11. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of such Holder appearing on the books of the Corporation, or if no such facsimile number or address appears on the books of the Corporation, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall

nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

i) Status of Converted or Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series A 6% Convertible Preferred Stock.

****

RESOLVED, FURTHER, that the Chairman, the president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 12th day of November 2015.

__/s/Christopher Nelson_____
Name: Christopher Nelson
Title: CEO

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series A 6% Convertible Preferred Stock indicated below into shares of common stock, par value $0.0001 per share (the "Common Stock"), of Anpath Group, Inc., a Delaware corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____
Number of shares of Preferred Stock owned prior to Conversion: _____
Number of shares of Preferred Stock to be Converted: _____
Stated Value of shares of Preferred Stock to be Converted: _____
Number of shares of Common Stock to be Issued: _____
Applicable Conversion Price:_____
Number of shares of Preferred Stock subsequent to Conversion: _____
Address for Delivery: _____
or
DWAC Instructions:
Broker no: _____
Account no: _____

[HOLDER]

By:_____
Name:
Title:

SHARE EXCHANGE AGREEMENT

This Share Exchange Agreement (the "Agreement") is made effective as of November 12, 2015, by and between AnPath Group, Inc., a Delaware corporation (the "Seller"), EnviroSystems, Inc., a Nevada corporation (the "Company"), and the individuals named on the signature page hereto (collectively the "Buyers" and individually each a "Buyer"). The Seller, the Company and the Buyers are sometimes referred to in this Agreement individually as a "Party," and collectively as the "Parties."

Section 1. Purchase and Sale of Shares.

(a) Sale of Shares. On and subject to the terms and conditions of this Agreement, the Buyers agree to purchase from the Seller, and the Seller agrees to sell, transfer, convey, and deliver to the Buyers, all shares of common stock of the Company (the "Shares") at the Closing (as defined below) for the consideration specified below in this Section 1.

(b) The Closing. The purchase and sale of the Shares under this Agreement (the "Closing") shall occur at the principal office of the Company on the date first above written, or on such other date as the Seller and the Buyers shall agree ("Closing Date").

(c) Purchase Price. Each of the Buyers shall transfer and assign to Seller the number of shares of common stock of Seller indicated below his name on the signature page hereto, and other good and valuable consideration, in the form of the obligations of the Buyers hereunder, the receipt and sufficiency of which are hereby acknowledged by the Seller (the "Purchase Price").

(d) Deliveries at Closing. At the Closing, (i) the Buyers and the Seller shall each deliver to the other an executed copy of this Agreement; (ii) each of the Buyers shall deliver duly-endorsed stock certificates representing the number of shares of Company common stock being exchanged by each such Buyer; and (iii) the Seller shall deliver to each of the Buyers one stock certificate representing the number of Company shares being exchanged, duly endorsed to such Buyer for the Shares.

(e) Limitations on Transfer. The Buyer acknowledges the limits on the transfer of the Shares outlined in Section 3 below.

Section 2. The Seller's Representations and Warranties. The Seller hereby represents and warrants to the Buyers that the statements contained in Section 2(a) are correct and complete as of the date of this Agreement, and the Seller, based upon information and belief, believes the statements contained in Section 2(b) are correct and complete as of the date of this Agreement.

(a) Representations and Warranties Relating to the Seller.

(i) Authority. The Seller has the sole right and authority to execute and deliver this Agreement, to sell and transfer the Shares, to consummate the

transactions contemplated by this Agreement, and to perform all of its obligations described in this Agreement.

(ii) Enforceability. This Agreement, when executed and delivered by the Seller, constitutes the valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws relating to or affecting the enforcement of creditors' rights and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(iii) No Actions. Based upon information and belief of the Seller, there are no claims, actions, suits, proceedings or investigations, either administrative or judicial, pending or threatened, against or affecting the performance by the Seller of its obligations or affecting the Shares at law or in equity, or before any arbitrator, court, or before or by any other governmental agency or instrumentality, domestic or foreign. Based upon the information and belief of the Seller, neither the Seller nor the Shares are subject to, and the Seller is not in default under, any court or administrative order, writ, injunction or decree.

(iv) Non-Contravention. Based upon information and belief of the Seller, the execution, delivery and performance of, and the consummation of the transactions contemplated in this Agreement, do not and will not: (i) conflict with or result in a violation or breach of any of the terms, conditions or provisions of, or constitute a default under, any instrument, agreement, mortgage, pledge, judgment, order, writ, award, decree or other restrictions to which the Seller is a party or the Shares are subject or by which either the Seller or the Shares are bound, or any statute or regulatory provision affecting the Seller or the Shares; (ii) require the approval, consent or authorization of, or filing with or notice to, any federal, state or local court, governmental authority, commission, board, bureau, agency, instrumentality or regulatory body; or (iii) give any party with rights under any instrument, agreement, mortgage, judgment, order, writ, award, decree or other restriction the right to terminate, modify or otherwise change the rights or obligations of the Seller under this Agreement.

(v) Title. Based solely upon records of the Company, the Shares constitute all of the outstanding Shares of the Company and are fully paid and nonassessable, and the Seller has good and merchantable title to the Shares; is the sole record, legal and beneficial owner of the Shares; and owns the Shares free and clear of any agreements, liens, security interests, encumbrances, claims or other restrictions of any type whatsoever. The Seller is not a party to or beneficiary of any outstanding options, warrants or other rights, commitments, agreements, restrictions or arrangements of any character relating to the Shares or to other issued or unissued capital stock of the Company.

(b) Representations and Warranties Relating to the Company.

(i) Organization of the Company. The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada. The Company has the organizational power and authority to (i) own and operate its assets, properties, and business, (ii) carry on its business as presently conducted, (iii) enter into this Agreement, and (iv) consummate the transactions contemplated by this Agreement.

(ii) Non-Contravention. The execution, delivery and performance of, and the consummation of the transactions contemplated in this Agreement, do not and will not: (i) conflict with or result in a violation or breach of any of the

terms, conditions or provisions of, or constitute a default under, any instrument, agreement, mortgage, pledge, judgment, order, writ, award, decree or other restrictions to which the Company is a party or the Shares are subject or by which either the Company or the Shares are bound, or any statute or regulatory provision affecting the Company or the Shares; (ii) require the approval, consent or authorization of, or filing with or notice to, any federal, state or local court, governmental authority, commission, board, bureau, agency, instrumentality or regulatory body; or (iii) give any party with rights under any instrument, agreement, mortgage, judgment, order, writ, award, decree or other restriction the right to terminate, modify or otherwise change the rights or obligations of the Company under this Agreement.

Section 3. Buyers' Representations and Warranties. Each of the Buyers hereby represents and warrants to the Seller that the statements contained in Section 3 are correct and complete as of the date of this Agreement.

(a) Authority. The Buyer has the sole right and authority to execute and deliver this Agreement, to consummate the transactions contemplated by this Agreement, and to perform all of his obligations described in this Agreement.

(b) Enforceability. This Agreement, when executed and delivered by the Buyer, constitutes the valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws relating to or affecting the enforcement of creditors' rights and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No Conflicts. The execution, delivery and performance of, and the consummation of the transactions contemplated in this Agreement do not and will not: (i) conflict with or result in a

violation or breach of any of the terms, conditions or provisions of, or constitute a default under, any instrument, agreement, mortgage, judgment, order, writ, award, decree or other restrictions to which the Buyer is a party or by which the Buyer is bound, or any statute or regulatory provision affecting the Buyer; (ii) require the approval, consent or authorization of, or filing with or notice to, any federal, state or local court, governmental authority, commission, board, bureau, agency, instrumentality or regulatory body; and (iii) give any party with rights under any instrument, agreement, mortgage, judgment, order, writ, award, decree or other restriction the right to terminate, modify or otherwise change the rights or obligations of the Buyer under this Agreement.

(d) The Buyer is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares and is acquiring the Shares and as a result thereof, the Company, "as is." The Buyer is purchasing the Shares for investment for his own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(e) The Buyer understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Buyer must hold the Shares indefinitely.

(f) The Buyer understands that the Buyer may suffer adverse tax consequences as a result of the Buyer's purchase or disposition of the Shares. The Buyer represents that the Buyer has consulted any tax consultants the Buyer deems advisable in connection with the purchase or disposition of the Shares and that the Buyer is not relying on the Company for any tax advice.

(g) The Buyer understands that the Company has a judgment against it in the amount of $29,634 plus interest and attorney's fees, and another payable to a law firm in the amount of $28,974. The Buyer understands that these liabilities will remain obligations of the Company after the consummation of this Agreement; and the Buyer shall indemnify and hold the Seller harmless from such liabilities or any other obligations of the Company, without qualification. The Company will also retain $35,000 in cash at closing per the terms of the Merger Agreement between Seller and Q2Power Corp.

Section 4. Remedies for Breach of this Agreement.

(a) Survival of Representations and Warranties. All of the representations and warranties in this Agreement shall survive the Closing and continue in full force and effect for a period of two (2) years after the Closing Date.

(b) Indemnification.

(i) Subject to the terms and conditions set forth herein, from and after the Closing, the Seller shall indemnify and hold the Buyers harmless from and against all losses that the Buyers shall suffer, sustain or become subject to, as a result of or in connection with (i) the breach by the Seller of any of the representations and

warranties made by the Seller in Section 2 of this Agreement, or (ii) the breach by the Seller of any of the Seller's covenants contained in this Agreement.

(ii) Subject to the terms and conditions set forth herein, from and after the Closing, each of the Buyers shall indemnify and hold harmless the Seller from and against all losses that the Seller shall suffer, sustain or become subject to, as a result of or in connection with (i) the breach by such Buyer of any of the representations and warranties made by such Buyer in Section 3 of this Agreement, or (ii) the breach by such Buyer of any of the Buyer's covenants contained in this Agreement.

Section 5. Restrictive Legends.

(a) Legends. Each of the certificates representing the Shares shall bear the following legend (as well as any legends required by applicable state and federal corporate and securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

Section 6. Notices.

(a) General Notice Provisions. Any and all notices, requests, consents or other communications permitted or required to be given under the terms of this Agreement shall be in writing and shall be deemed received: (i) if given by electronic transmission (as defined in Section 6(b) below), when transmitted if transmitted on a business day and during normal business hours of the recipient, and otherwise on the next business day following transmission; (ii) if given by certified mail, return receipt requested, postage prepaid, three business days after being deposited in the United States mails; and (iii) if given by Federal Express or other overnight carrier service or other means, when received or personally delivered. The mailing address, facsimile number and telephone number of each Party is as follows:

If to the Buyers, to the address indicated opposite each such Buyer's name on the signature page hereto

If to the Company, to:
EnviroSystems, Inc.
515 Congress Ave., Suite 1400
Austin, TX 78701

with a copy to:
Branden T. Burningham, Esq.
455 East 500 South, Suite 205
Salt Lake City, UT 84111

If to the Seller, to:
AnPath Group, Inc.
Attn: Christopher Nelson
420 Royal Palm Way, #100
Palm Beach, FL 33480

with a copy to:

Joel D. Mayersohn, Esq.
Roetzel & Andress LPA
350 East Las Olas Boulevard, Ste. 1150
Ft. Lauderdale, FL 33301
jmayersohn@ralaw.com
Tel: (954) 759-2763
Fax: (954) 462-4260

Any Party may change his or its address for purposes of receiving notice under this Agreement by notifying the other Parties as provided above.

(b) Electronic Transmissions. The Parties agree that: (i) any consent or signed document transmitted by electronic transmission shall be treated in all manner and respects as an original written document; (ii) any such consent or document shall be considered to have the same binding and legal effect as an original document; and (iii) at the request of any Party, any such consent or document shall be re-delivered or re-executed, as appropriate, by the Party in its original form. The Parties further agree that they shall not raise the transmission of a consent or document by electronic transmission as a defense in any proceeding or action in which the validity of such consent or document is at issue and hereby forever waive such defense. For purposes of this Agreement, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 7. Miscellaneous.

(a) Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the Parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

(b) Entire Agreement; Enforcement of Rights. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior agreements and communications with respect thereto, whether oral or written, and whether explicit or implicit. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the Parties to this Agreement. The failure by any Party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such Party.

(c) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the Parties agree to renegotiate such provision in good faith. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(d) Attorneys' Fees. If any action or proceeding is brought by any Party hereto to interpret the provisions hereof or to enforce any Party's rights or obligations hereunder, the prevailing Party shall be entitled to recover from the non-prevailing Party in addition to all other remedies, all direct costs and expenses incurred by the prevailing Party in connection with such action or proceeding, including reasonable attorneys' fees and expenses to be fixed by the court having jurisdiction thereof.

(e) Construction. This Agreement is the result of negotiations between and has been reviewed by each of the Parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the Parties hereto, and no ambiguity shall be construed in favor of or against any one of the Parties hereto.

(f) Counterparts; Facsimile Signature. This Agreement may be executed in counterparts, and by facsimile signature, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

(g) Successors and Assigns. The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the successors and assigns of the Seller. The rights and obligations of the Buyers under this Agreement may only be assigned with the prior written consent of the Seller.

(*Signature Page Follows)*

The Parties have executed this Agreement to be effective as of the date set forth above.

SELLER:

ANPATH GROUP, INC., a Delaware corporation

By /s/Christopher Nelson
Name: Christopher Nelson
Title: CEO

COMPANY:

ENVIROSYSTEMS, INC., a Nevada corporation

By /s/Christopher Nelson
Name: Christopher Nelson
Title: Secretary

(Buyers' Counterpart Signature Pages Follow)

BUYER: ARTHUR BATSON

__/s/ ARthur Batson_____
(Signature)

Name: _Arthur Batson_____

Address: _646 Hillside Ave._____

__Orlando, FL 32803_____

_____
Number of Company Shares to be received

709,791 post-reverse split shares_____
Number of Seller Shares to be assigned to Seller

BUYER: LLOYD BREEDLOVE

__/s/Lloyd Breedlove_____
(Signature)

Name: _Lloyd Breedlove_____

Address: _333 East Marbo Road_____

___Statesville, NC 28677_____

_____
Number of Company Shares to be received

42,912 post-reverse split shares_____
Number of Seller Shares to be assigned to Seller

BUYER: PAUL MALCHESKY

__/s/Paul Malohesky_____
(Signature)

Name: _Paul Malohesky_____

Address: _239 Barrington Ridge Rd._____

____Painesville, OH 44072_____

_____
Number of Company Shares to be received

17,857 post-reverse split shares_____
Number of Seller Shares to be assigned to Seller

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of November __ 2015, between Anpath Group, Inc., a Delaware corporation (the "Company"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "Purchaser" and collectively, the "Purchasers").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Certificate of Designation (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

"Acquiring Person" shall have the meaning ascribed to such term in Section 4.7.

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Certificate of Designation" means the Certificate of Designation to be filed prior to the Closing by the Company with the Secretary of State of Delaware, in the form of Exhibit A attached hereto.

"Closing" means the closing of the purchase and sale of the Securities pursuant to

---

Section 2.1.

"Closing Date" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities, in each case, have been satisfied or waived.

"Closing Statement" means the Closing Statement in the form on Annex A attached hereto.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common

Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company Counsel" means Branden T. Burningham, Esq., with offices located at 455 East 500 South, Suite 205, Salt Lake City, Utah 84111.

"Conversion Price" shall have the meaning ascribed to such term in the Certificate of Designation.

"Conversion Shares" shall have the meaning ascribed to such term in the Certificate of Designation.

"Disclosure Schedules" shall have the meaning ascribed to such term in Section 3.1.

"EGS" means Ellenoff Grossman & Schole LLP, with offices located at 1345 Avenue of the Americas, New York, New York 10105-0302.

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(s).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers, directors or consultants of the Company pursuant to any stock or

option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose for services rendered to the Company (provided, however, such issuances to consultants shall (i) be at per share price of $0.26 (subject to adjustment forward and reverse stock splits and the like) or more, (ii) be restricted securities without any registration rights and (iii) not exceed an aggregate of 1,500,000 shares (subject to adjustment for forward and reverse stock splits and the like) of Common Stock and options per calendar year), (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities (other than in connection with stock splits or combinations) or to extend the term of such securities, (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person (or to the equityholders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, (d) shares of Common Stock or Common Stock Equivalents, including preferred stock or stock options, issued pursuant to the Merger Agreement in the amounts and having the terms set forth on Schedule 3.1(g), (e) up to an amount of Preferred Stock and warrants equal to the difference between $1,500,000 and the aggregate Subscription Amounts hereunder, on the same terms and conditions and prices as hereunder, with investors executing definitive agreements for the purchase of such securities and such transactions having closed on or before the 30th calendar day following the date hereof and (f) restricted shares of Common Stock without any registration rights issued in satisfaction of up to $200,000 in pre-Closing indebtedness and trade payables, at an effective price per share of $0.26 (subject to adjustment for forward and reverse stock splits and the like) or more.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(bb).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(o).

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.1(c).

"Liens" means a lien, charge, pledge, security interest, encumbrance, preemptive right or other similar restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(n).

"Maximum Rate" shall have the meaning ascribed to such term in Section 5.17.

"Merger" means the merger transaction contemplated by the Merger Agreement.

"Merger Agreement" means that certain Agreement and Plan of Merger between the Company AnPath Acquisition Sub, Inc. and Q2Power Corp. ("Q2P") dated August 24, 2015, as amended to date.

"Participation Maximum" shall have the meaning ascribed to such term in Section 4.12(a).

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preferred Stock" means the up to 1,500 shares of the Company's 6% Series A Convertible Preferred Stock issued hereunder having the rights, preferences and privileges set forth in the Certificate of Designation, in the form of Exhibit A hereto.

"Pre-Notice" shall have the meaning ascribed to such term in Section 4.12(b).

"Pro Rata Portion" shall have the meaning ascribed to such term in Section 4.12(e).

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Public Information Failure" shall have the meaning ascribed to such term in Section 4.3(b).

"Public Information Failure Payments" shall have the meaning ascribed to such term in Section 4.3(b).

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.10.

"Registration Statement" means a registration statement covering the resale of the Underlying Shares by each Purchaser.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Required Minimum" means, as of any date, the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents, including any Underlying Shares issuable upon exercise in full of all Warrants or conversion in full of all shares of Preferred Stock, ignoring any conversion or exercise limits set forth therein, and assuming that any previously unconverted shares of Preferred Stock are held until the second anniversary of the Closing Date and all dividends are paid in shares of Common Stock until such second anniversary.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(h).

"Securities" means the Preferred Stock, the Warrants, the Warrant Shares and the Underlying Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"Stated Value" means $1,000 per share of Preferred Stock.

"Subscription Amount" shall mean, as to each Purchaser, the aggregate amount to be paid for the Preferred Stock purchased hereunder as specified below such Purchaser's name on the signature page of this Agreement and next to the heading "Subscription Amount," in United States dollars and in immediately available funds.

"Subsequent Financing" shall have the meaning ascribed to such term in Section 4.12(a).

"Subsequent Financing Notice" shall have the meaning ascribed to such term in Section 4.12(b).

"Subsidiary" means any subsidiary of the Company as set forth on Schedule 3.1(a) and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Trading Day" means a day on which the New York Stock Exchange is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Certificate of Designation, the Warrants, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means Transfer Online, the current transfer agent of the Corporation, with a mailing address of 512 SE Salmon St., Portland OR, 97214 and a contact email of mark@transferonline.com, and any successor transfer agent of the Corporation.

"Underlying Shares" means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock, upon exercise of the Warrants and issued and issuable in lieu of the cash payment of dividends on the Preferred Stock in accordance with the terms of the Certificate of Designation.

"Variable Rate Transaction" shall have the meaning ascribed to such term in Section 4.13(b).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if

prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Warrants" means, collectively, the Common Stock Purchase Warrants delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which Warrants shall be exercisable immediately and have a term of exercise equal to five (5) years, in the form of Exhibit C attached hereto.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, up to an aggregate of $1,500,000 of shares of Preferred Stock with an aggregate Stated Value for each Purchaser equal to such Purchaser's Subscription Amount as set forth on the signature page hereto executed by such Purchaser, and Warrants as determined by pursuant to Section 2.2(a). The aggregate number of shares of Preferred Stock sold hereunder shall be up to 1,500. Each Purchaser shall deliver to the Company, via wire transfer or a certified check, immediately available funds equal to its Subscription Amount and the Company shall deliver to each Purchaser its respective shares of Preferred Stock and Warrants as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of EGS or such other location as the parties shall mutually agree.

2.2 Deliveries.

(a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) a legal opinion of Company Counsel, substantially in the form of Exhibit D attached hereto;

(iii) a certificate evidencing a number of shares of Preferred Stock equal to such Purchaser's Subscription Amount divided by the Stated Value,

registered in the name of such Purchaser and evidence of the filing and acceptance of the Certificate of Designation from the Secretary of State of Delaware;

(iv) a Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to 50% of such Purchaser's Subscription Amount divided by $0.26, with an exercise price equal to $0.50, subject to adjustment therein.

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company, the following:

(i) this Agreement duly executed by such Purchaser; and

(ii) such Purchaser's Subscription Amount by wire transfer to the account specified in writing by the Company.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery of evidence satisfactory to the Purchasers that the

Merger has been consummated;

(iv) the delivery of subsidiary guarantees, security agreement(s) and other documents necessary to grant the Alpha Capital a first priority security interest in the assets of Q2P and any direct or indirect subsidiaries being acquired in connection with the Merger, in each case, in form and substance satisfactory to the Purchasers;

(v) the delivery of the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

(vi) there shall have been no Material Adverse Effect with respect to the Company since the date hereof; and

(vii) from the date hereof to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable judgment of such Purchaser, makes it impracticable or inadvisable to purchase the Securities at the Closing.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or otherwise made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to each Purchaser:

(a) Subsidiaries. All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a). Except as described in Schedule 3.1(a), the Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities. If the Company has no subsidiaries, all other references to the Subsidiaries or any of them in the Transaction Documents shall be disregarded.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in

good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the

Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.6 of this Agreement, (ii) the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Securities and the listing of the Underlying Shares for trading thereon in the time and manner required thereby; (iii) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws; and (iv) the filing of the Certificate of Designation with the Delaware Secretary of State (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Underlying Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance of the Underlying Shares at least equal to the Required Minimum on the date hereof.

(g) Capitalization. The capitalization of the Company is as set forth on Schedule 3.1(g), which Schedule 3.1(g) shall also include the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof and shall also include a pro-forma capitalization table giving effect to the Merger. The Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the exercise of employee stock options under the Company's stock option plans, the issuance of shares of Common Stock to employees pursuant to the Company's employee stock purchase plans and pursuant to the conversion and/or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act. No Person

has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Securities, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Common Stock or the capital stock of any Subsidiary, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents or capital stock of any Subsidiary. The issuance and sale of the Securities will not obligate the Company or any Subsidiary to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. There are no outstanding securities or instruments of the Company or any Subsidiary that contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to redeem a security of the Company or such Subsidiary. The Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in

accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement or as set forth on Schedule 3.1(i), no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(j) Litigation. Except as disclosed in Schedule 3.1(j), there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued

any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Environmental Laws. The Company and its Subsidiaries (i) are in compliance with all federal, state, local and foreign laws relating to pollution or protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata), including laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands, or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations, issued, entered,

promulgated or approved thereunder ("Environmental Laws"); (ii) have received all permits licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) are in compliance with all terms and conditions of any such permit, license or approval where in each clause (i), (ii) and (iii), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(n) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(o) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(p) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as described in the SEC Reports as necessary or required for use in connection with their respective businesses and which the failure to so have could have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where

failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(q) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(r) Transactions With Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of $120,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(s) Sarbanes-Oxley; Internal Accounting Controls. The Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time

periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) of the Company and its Subsidiaries that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(t) Certain Fees. Except as set forth in Schedule 3.1(t), no brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(u) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(v) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(w) Registration Rights. Other than each of the Purchasers, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(x) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. The Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or

maintenance requirements of such Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Common Stock is currently eligible for electronic transfer through the Depository Trust Company or another established clearing corporation and the Company is current in payment of the fees to the Depository Trust Company (or such other established clearing corporation) in connection with such electronic transfer.

(y) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(z) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information. Attached hereto as Schedule 3.1(z) is a copy of a Current Report on Form 8-K (the "Merger 8-K") that the Company will file with the Commission in connection with the Merger on the Trading Day following the date hereof (which Current Report contains, among other information, risk factors concerning the post-Merger Company, audited and pro-forma financial statements required to be filed therewith). The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(aa) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made

any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(bb) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. Schedule 3.1(bb) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $50,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(cc) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods

subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(dd) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(ee) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of FCPA.

(ff) Accountants. The Company's accounting firm is set forth on Schedule 3.1(ff) of the Disclosure Schedules. To the knowledge and belief of the Company, such accounting firm: (i) is a registered public accounting firm as required by the Exchange Act and (ii) shall express its opinion with respect to the financial statements to be included in the Company's Annual Report for the fiscal year ending March 31, 2016.

(gg) Seniority. Except as disclosed in Schedule 3.1(gg), as of the Closing Date, no Indebtedness or other claim against the Company is senior to the Preferred Stock in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise, other than indebtedness secured by purchase money security interests (which is senior only as to underlying assets covered thereby) and capital lease obligations (which is senior only as to the property covered thereby).

(hh) No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(ii) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no

Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(jj) Acknowledgment Regarding Purchaser's Trading Activity . Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Sections 3.2(f) and 4.15 hereof), it is understood and acknowledged by the Company that: (i) none of the Purchasers has been asked by the Company to agree, nor has any Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term, (ii) past or future open market or other transactions by any Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities, (iii) any Purchaser, and counter-parties in "derivative" transactions to which any such Purchaser is a party, directly or indirectly, may presently have a "short" position in the Common Stock and (iv) each Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (y) one or more Purchasers may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Underlying Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(kk) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(ll) Stock Option Plans. Each stock option granted by the Company under the Company's stock option plan was granted (i) in accordance with the terms of the Company's stock option plan and (ii) with an exercise price at least equal to the fair

market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(mm) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(nn) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(oo) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(pp) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company and any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

(qq) No Disqualification Events. With respect to the Securities to be offered and sold hereunder in reliance on Rule 506 under the Securities Act, none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under

the Securities Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person" and, together, "Issuer Covered Persons") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished to the Purchasers a copy of any disclosures provided thereunder.

(rr) Other Covered Persons. The Company is not aware of any person (other than any Issuer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Securities.

(ss) Notice of Disqualification Events. The Company will notify the Purchasers in writing, prior to the Closing Date of (i) any Disqualification Event relating to any Issuer Covered Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Such Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no

present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants or converts any shares of Preferred Stock, it will be an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. Such Purchaser is not, to such Purchaser's knowledge, purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, such Purchaser has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received a term sheet (written or oral) from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement. Other than to other Persons party to this Agreement or to such Purchaser's representatives, including, without limitation, its officers, directors, partners, legal and other advisors, employees, agents and Affiliates, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for avoidance

of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future.

The Company acknowledges and agrees that the representations contained in this Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights and obligations of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [EXERCISABLE] [CONVERTIBLE]] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY [AND THE SECURITIES ISSUABLE UPON [EXERCISE] [CONVERSION] OF THIS SECURITY] MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-

DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that a Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, such Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities, including, if the Securities are subject to registration, the preparation and filing of any required prospectus supplement under Rule 424(b)(3) under the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of Selling Stockholders thereunder.

(c) Certificates evidencing the Underlying Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) while a registration statement (including the Registration Statement) covering the resale of such security is effective under the Securities Act, (ii) following any sale of such Underlying Shares pursuant to Rule 144, (iii) if such Underlying Shares are eligible for sale under Rule 144 or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent, if required by the Transfer Agent to effect the removal of the legend hereunder. If all or any shares of Preferred Stock are converted or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Underlying Shares, or if such Underlying Shares may be sold under Rule 144 or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Underlying Shares shall be issued free of all legends. The Company agrees that at such time as such legend is no longer required under this Section 4.1(c), it will, no later than three Trading Days following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Underlying Shares, as applicable, issued with a restrictive legend (such third Trading Day, the "Legend Removal Date"), deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4. Certificates for Underlying Shares subject to legend removal hereunder shall be transmitted by the Transfer Agent to the Purchaser by crediting the account of

the Purchaser's prime broker with the Depository Trust Company System as directed by such Purchaser.

(d) In addition to such Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, the greater of (i) as partial liquidated damages and not as a penalty, for each $1,000 of Underlying Shares (based on the VWAP of the Common Stock on the date such Securities are submitted to the Transfer Agent) delivered for removal of the restrictive legend and subject to Section 4.1(c), $10 per Trading Day (increasing to $20 per Trading Day five (5) Trading Days after such damages have begun to accrue) for each Trading Day after the Legend Removal Date until such certificate is delivered without a legend and (ii) if the Company fails to (A) issue and deliver (or cause to be delivered) to a Purchaser by the Legend Removal Date a certificate representing the Securities so delivered to the Company by such Purchaser that is free from all restrictive and other legends or (B) if after the Legend Removal Date such Purchaser purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Purchaser of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock that such Purchaser anticipated receiving from the Company without any restrictive legend, then, an amount equal to the excess of such Purchaser's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including brokerage commissions and other out-of-pocket expenses, if any) (the "Buy-In Price") over the product of (x) such number of Underlying Shares that the Company was required to deliver to such Purchaser by the Legend Removal Date multiplied by (y) the lowest closing sale price of the Common Stock on any Trading Day during the period commencing on the date of the delivery by such Purchaser to the Company of the applicable Underlying Shares (as the case may be) and ending on the date of such delivery and payment under this clause (ii).

(e) Each Purchaser, severally and not jointly with the other Purchasers, agrees with the Company that such Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company's reliance upon this understanding.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and

regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 Furnishing of Information; Public Information.

(a) If the Common Stock is not registered under Section 12(b) or 12(g) of the Exchange Act on the date hereof, the Company agrees to cause the Common Stock to be registered under Section 12(g) of the Exchange Act on or before the 60th calendar day following the date hereof. Until the earliest of the time that no Purchaser owns Securities, the Company covenants to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

(b) At any time during the period commencing from the six (6) month anniversary of the date hereof and ending at such time that all of the Securities may be sold without the requirement for the Company to be in compliance with Rule 144(c)(1) and otherwise without restriction or limitation pursuant to Rule 144, if the Company (i) shall fail for any reason to satisfy the current public information requirement under Rule 144(c) or (ii) has ever been an issuer described in Rule 144(i)(1)(i) or becomes an issuer in the future, and the Company shall fail to satisfy any condition set forth in Rule 144(i)(2) (a "Public Information Failure") then, in addition to such Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, by reason of any such delay in or reduction of its ability to sell the Securities, an amount in cash equal to two percent (2.0%) of the aggregate Subscription Amount of such Purchaser's Securities on the day of a Public Information Failure and on every thirtieth (30th) day (pro rated for periods totaling less than thirty days) thereafter until the earlier of (a) the date such Public Information Failure is cured and (b) such time that such public information is no longer required for the Purchasers to transfer the Underlying Shares pursuant to Rule 144. The payments to which a Purchaser shall be entitled pursuant to this Section 4.3(b) are referred to herein as "Public Information Failure Payments." Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred and (ii) the tenth (10th) Business Day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments in a timely manner, such Public Information Failure Payments shall bear interest at the rate of 1.5% per month (prorated for partial months) until paid in full. Nothing herein shall limit such Purchaser's right to pursue actual damages for the Public Information Failure, and such Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the

registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.5 Conversion and Exercise Procedures. Each of the form of Notice of Exercise included in the Warrants and the form of Notice of Conversion included in the Certificate of Designation set forth the totality of the procedures required of the Purchasers in order to exercise the Warrants or convert the Preferred Stock. Without limiting the preceding sentences, no ink-original Notice of Exercise or Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise or Notice of Conversion form be required in order to exercise the Warrants or convert the Preferred Stock. No additional legal opinion, other information or instructions shall be required of the Purchasers to exercise their Warrants or convert their Preferred Stock. The Company shall honor exercises of the Warrants and conversions of the Preferred Stock and shall deliver Underlying Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.6 Securities Laws Disclosure; Publicity. The Company shall (a) by 9:30 a.m. (New York City time) on the Trading Day immediately following the date hereof, issue a press release disclosing the material terms of the transactions contemplated hereby, and (b) file a Current Report on Form 8-K, including the Transaction Documents as exhibits thereto, with the Commission within the time required by the Exchange Act. From and after the issuance of such press release, the Company represents to the Purchasers that it shall have publicly disclosed all material, non-public information delivered to any of the Purchasers by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the issuance of such press release, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, agents, employees or Affiliates on the one hand, and any of the Purchasers or any of their Affiliates on the other hand, shall terminate. The Company and each Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of each Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser,

4.7 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Purchaser is an "Acquiring Person" under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter

adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchasers.

4.8 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, which shall be disclosed pursuant to Section 4.6, the Company covenants and agrees that neither it, nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto such Purchaser shall have consented to the receipt of such information and agreed with the Company to keep such information confidential. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. To the extent that the Company delivers any material, non-public information to a Purchaser without such Purchaser's consent, the Company hereby covenants and agrees that such purchaser shall not have any duty of confidentiality to Company, any of its Subsidiaries, or any of their respective officers, directors, agents, employees or Affiliates, or a duty to the Company, and of its Subsidiaries or any of their respective officers, directors, agents, employees or Affiliates not to trade on the basis of, such material, non-public information, provided that the Purchaser shall remain subject to applicable law. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.9 Use of Proceeds. Except as set forth on Schedule 4.9 attached hereto, the Company shall use the net proceeds from the sale of the Securities hereunder for working capital purposes and shall not use such proceeds: (a) for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (b) for the redemption of any Common Stock or Common Stock Equivalents, (c) for the settlement of any outstanding litigation or (d) in violation of FCPA or OFAC regulations.

4.10 Indemnification of Purchasers. Subject to the provisions of this Section 4.10, the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or

in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.10 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

4.11 Reservation and Listing of Securities.

(a) The Company shall maintain a reserve of the Required Minimum from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may then be required to fulfill its obligations in full under the Transaction Documents.

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than 130% of (i) the Required Minimum on such date, minus (ii) the number of shares of Common Stock previously issued pursuant to the Transaction Documents, then the Board of Directors shall use commercially reasonable efforts to amend the Company's certificate or articles of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time (minus the number of shares of Common Stock previously issued pursuant to the Transaction Documents), as soon as possible and in any

event not later than the 75th day after such date, provided that the Company will not be required at any time to authorize a number of shares of Common Stock greater than the maximum remaining number of shares of Common Stock that could possibly be issued after such time pursuant to the Transaction Documents.

(c) The Company shall, if applicable: (i) in the time and manner required by the principal Trading Market, prepare and file with such Trading Market an additional shares listing application covering a number of shares of Common Stock at least equal to the Required Minimum on the date of such application, (ii) take all steps necessary to cause such shares of Common Stock to be approved for listing or quotation on such Trading Market as soon as possible thereafter, (iii) provide to the Purchasers evidence of such listing or quotation and (iv) maintain the listing or quotation of such Common Stock on any date at least equal to the Required Minimum on such date on such Trading Market or another Trading Market. The Company agrees to maintain the eligibility of the Common Stock for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.

4.12 Participation in Future Financing.

(a) From the date hereof until the date that is the 12-month anniversary of the Closing Date, upon any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents for cash consideration, Indebtedness or a combination of units thereof (a "Subsequent Financing"), each Purchaser shall have the right to participate in up to an amount of the Subsequent Financing equal to 100% of the Subsequent Financing (the "Participation Maximum") on the same terms, conditions and price provided for in the Subsequent Financing.

(b) At least five (5) Trading Days prior to the closing of the Subsequent Financing, the Company shall deliver to each Purchaser a written notice of its intention to effect a Subsequent Financing ("Pre-Notice"), which Pre-Notice shall ask such Purchaser if it wants to review the details of such financing (such additional notice, a "Subsequent Financing Notice"). Upon the request of a Purchaser, and only upon a request by such Purchaser, for a Subsequent Financing Notice, the Company shall promptly, but no later than one (1) Trading Day after such request, deliver a Subsequent Financing Notice to such Purchaser. The Subsequent Financing Notice shall describe in reasonable detail the proposed terms of such Subsequent Financing, the amount of proceeds intended to be raised thereunder and the Person or Persons through or with whom such Subsequent Financing is proposed to be effected and shall include a term sheet or similar document relating thereto as an attachment.

(c) Any Purchaser desiring to participate in such Subsequent Financing must provide written notice to the Company by not later than 5:30 p.m. (New York City time) on the fifth (5th) Trading Day after all of the Purchasers have received the Pre-Notice that such Purchaser is willing to participate in the Subsequent Financing, the amount of such

Purchaser's participation, and representing and warranting that such Purchaser has such funds ready, willing, and available for investment on the terms set forth in the Subsequent Financing Notice. If the Company receives no such notice from a Purchaser as of such fifth (5th) Trading Day, such Purchaser shall be deemed to have notified the Company that it does not elect to participate.

(d) If by 5:30 p.m. (New York City time) on the fifth (5 th) Trading Day after all of the Purchasers have received the Pre-Notice, notifications by the Purchasers of their willingness to participate in the Subsequent Financing (or to cause their designees to participate) is, in the aggregate, less than the total amount of the Subsequent Financing, then the Company may effect the remaining portion of such Subsequent Financing on the terms and with the Persons set forth in the Subsequent Financing Notice.

(e) If by 5:30 p.m. (New York City time) on the fifth (5 th) Trading Day after all of the Purchasers have received the Pre-Notice, the Company receives responses to a Subsequent Financing Notice from Purchasers seeking to purchase more than the aggregate amount of the Participation Maximum, each such Purchaser shall have the right to purchase its Pro Rata Portion (as defined below) of the Participation Maximum. "Pro Rata Portion" means the ratio of (x) the Subscription Amount of Securities purchased on the Closing Date by a Purchaser participating under this Section 4.12 and (y) the sum of the aggregate Subscription Amounts of Securities purchased on the Closing Date by all Purchasers participating under this Section 4.12.

(f) The Company must provide the Purchasers with a second Subsequent Financing Notice, and the Purchasers will again have the right of participation set forth above in this Section 4.12, if the Subsequent Financing subject to the initial Subsequent Financing Notice is not consummated for any reason on the terms set forth in such Subsequent Financing Notice within thirty (30) Trading Days after the date of the initial Subsequent Financing Notice.

(g) The Company and each Purchaser agree that if any Purchaser elects to participate in the Subsequent Financing, the transaction documents related to the Subsequent Financing shall not include any term or provision whereby such Purchaser shall be required to agree to any restrictions on trading as to any of the Securities purchased hereunder or be required to consent to any amendment to or termination of, or grant any waiver, release or the like under or in connection with, this Agreement, without the prior written consent of such Purchaser.

(h) Notwithstanding anything to the contrary in this Section 4.12 and unless otherwise agreed to by such Purchaser, the Company shall either confirm in writing to such Purchaser that the transaction with respect to the Subsequent Financing has been abandoned or shall publicly disclose its intention to issue the securities in the Subsequent Financing, in either case in such a manner such that such Purchaser will not be in possession of any material, non-public information, by the tenth (10th) Business Day following delivery of the Subsequent Financing Notice. If by such tenth (10th) Business

Day, no public disclosure regarding a transaction with respect to the Subsequent Financing has been made, and no notice regarding the abandonment of such transaction has been received by such Purchaser, such transaction shall be deemed to have been abandoned and such Purchaser shall not be deemed to be in possession of any material, non-public information with respect to the Company or any of its Subsidiaries.

(i) Notwithstanding the foregoing, this Section 4.12 shall not apply in respect of an Exempt Issuance.

4.13 Subsequent Equity Sales.

(a) From the date hereof until 180 days after the later of the Closing Date or the closing of any issuances pursuant to clause (e) in the definition of Exempt Issuance above), neither the Company nor any Subsidiary shall issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents.

(b) From the date hereof until such time as no Purchaser holds any of the Warrants, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive, additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon, and/or varies with, the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into any agreement, including, but not limited to, an equity line of credit, whereby the Company may issue securities at a future determined price. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(c) Notwithstanding the foregoing, this Section 4.13 shall not apply in respect of (i) an Exempt Issuance, except that no Variable Rate Transaction shall be an Exempt Issuance or (ii) issuances at an effective price per share of $0.325 (subject to adjustment for forward and reverse stock splits and the like) or more that occur 90 days after the later of (x) the Closing Date or (y) the last closing under issuances that occur as contemplated by clause (e) in the definition of Exempt Issuance above.

4.14 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a

waiver or modification of any provision of the Transaction Documents unless the same consideration is also offered to all of the parties to such Transaction Documents. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.15 Certain Transactions and Confidentiality. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it, nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales, of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.6, such Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Transaction Documents and the Disclosure Schedules. Notwithstanding the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Company expressly acknowledges and agrees that (i) no Purchaser makes any representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6, (ii) no Purchaser shall be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6 and (iii) no Purchaser shall have any duty of confidentiality or duty not to trade in the securities of the Company to the Company or its Subsidiaries after the issuance of the initial press release as described in Section 4.6. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement.

4.16 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

4.17 Capital Changes. Until the one year anniversary of the Closing Date, the Company shall not undertake a reverse or forward stock split or reclassification of the Common Stock without the prior written consent of the Purchasers holding a majority in interest of the shares of Preferred Stock.

4.18 Most Favored Nation Provision. From the date hereof until such time as no Purchaser holds any of the Securities, in the event that the Company issues or sells any Common Stock or Common Stock Equivalents, if a Purchaser then holding Securities reasonably believes that any of the terms and conditions appurtenant to such issuance or sale are more favorable to such investors than are the terms and conditions granted to the Purchasers hereunder, upon notice to the Company by such Purchaser after disclosure of such issuance or sale, the Company shall amend the terms of this transaction as to such Purchaser only so as to give such Purchaser the benefit of such more favorable terms or conditions. The Company shall provide each Purchaser with notice of any such issuance or sale in the manner for disclosure of Subsequent Financings set forth in Section 4.12.

4.19 Piggy-Back Registrations. If, at any time after the Closing Date while the Purchaser owns any of the Preferred Stock, Warrants or Underlying Shares, the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act), then the Company shall deliver to each Purchaser a written notice of such determination and, if within fifteen days after the date of the delivery of such notice, any such Purchaser shall so request in writing, the Company shall include in such registration statement all or any part of such Underlying Shares such Purchaser requests to be registered, provided, however, that the Company shall not be required to register any Underlying Shares pursuant to this Section 4.19 that are eligible for resale pursuant to Rule 144 (without volume restrictions or current public information requirements) promulgated by the Commission pursuant to the Securities Act or that are the subject of a then effective registration statement.

ARTICLE V.
MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties, if the Closing has not been consummated on or before November ___, 2015; provided, however, that such termination will not affect the right of any party to sue for any breach by any other party (or parties).

5.2 Fees and Expenses. At the Closing, the Company has agreed to reimburse Alpha Capital ("Alpha") the non-accountable sum of $15,000 for its legal fees and expenses, none of which has been paid prior to the Closing. The Company shall deliver to each Purchaser, prior to the Closing, a completed and executed copy of the Closing Statement, attached hereto as Annex A. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all

other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any conversion or exercise notice delivered by a Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile or email attachment at the facsimile number or e-mail address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile or email attachment at the facsimile number or e-mail address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2 nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchasers holding at least 67% in interest of the Securities then outstanding or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought; provided, that if any amendment, modification or waiver disproportionately and adversely impacts a Purchaser (or group of Purchasers), the consent of such disproportionately impacted Purchaser (or group of Purchasers) shall also be required. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any proposed amendment or waiver that disproportionately, materially and adversely affects the rights and obligations of any Purchaser relative to the comparable rights and obligations of the other Purchasers shall require the prior written consent of such adversely affected Purchaser. Any amendment effected in accordance with accordance with this Section 5.5 shall be binding upon each Purchase and holder of Securities and the Company.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than by merger). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.10.

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Action or Proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such Action or Proceeding is improper or is an inconvenient venue for such Proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such Action or Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If any party hereto shall commence an Action or Proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.10, the prevailing party in such Action or Proceeding shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Action or Proceeding.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of a conversion of the Preferred Stock or exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion or exercise notice concurrently with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser's right to acquire such shares pursuant to such Purchaser's Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.14 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any

breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any Action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any Action or Proceeding that may be brought by any Purchaser in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Purchaser with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Purchaser's election.

5.18 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled

to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any Proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. For reasons of administrative convenience only, each Purchaser and its respective counsel have chosen to communicate with the Company through EGS. EGS does not represent all of the Purchasers and only represents Alpha. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by any of the Purchasers.

5.19 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.20 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.21 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.22 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

ANPATH GROUP, INC.

By:_____
Name:
Title:
With a copy to (which shall not constitute notice):

Address for Notice:

Fax:

Email:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

[PURCHASER SIGNATURE PAGES TO APGR SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____
Signature of Authorized Signatory of Purchaser: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Email Address of Authorized Signatory: _____
Facsimile Number of Authorized Signatory: _____

Address for Notice to Purchaser:

Address for Delivery of Securities to Purchaser (if not same as address for notice):

Subscription Amount: $_____
Shares of Preferred Stock: _____
Warrant Shares: _____
EIN Number: _____

[SIGNATURE PAGES CONTINUE]

Annex A

CLOSING STATEMENT

Pursuant to the attached Securities Purchase Agreement, dated as of the date hereto, the purchasers shall purchase up to $1,500,000 of Preferred Stock and Warrants from Anpath Group, Inc., a Delaware corporation (the "Company"). All funds will be wired into an account maintained by the Company. All funds will be disbursed in accordance with this Closing Statement.

Disbursement Date: November __, 2015

I. PURCHASE PRICE

Gross Proceeds to be Received	$

II. DISBURSEMENTS

	$
	$
	$
	$
	$
Total Amount Disbursed:	**$**

WIRE INSTRUCTIONS:

To: _____

To: _____

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

ANPATH GROUP, INC.

Warrant Shares: _____ Initial Exercise Date: November ___, 2015

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the five year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Anpath Group, Inc., a Delaware corporation (the "Company"), up to _____ shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated October ___, 2015, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy (or e-mail attachment) of the Notice of

Exercise in the form annexed hereto and within three (3) Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank or, if available, pursuant to the cashless exercise procedure specified in Section 2(c) below. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **$0.50**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time after the six month anniversary of the date of the Purchase Agreement, there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant

Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrants being exercised may be tacked on to the holding period of the Warrant Shares. The Company agrees not to take any position contrary to this Section 2(c).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. Warrant Shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is one (1) Trading Day after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which

this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares; provided payment of the aggregate Exercise Price (other than in the case of a Cashless Exercise) is received within three Trading Days of delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion

of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common

Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents, at an effective price per share less than the Exercise Price then in effect (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (it being understood and agreed that if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance at such effective price), then simultaneously with the consummation of each Dilutive Issuance the Exercise Price shall be reduced and only reduced to equal the Base Share Price and the number of Warrant Shares issuable hereunder shall be increased such that the aggregate Exercise Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Exercise Price prior to such adjustment. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Exempt Issuance. The Company shall notify the Holder, in writing, no later than the Trading Day following the issuance or deemed issuance of any Common Stock or Common Stock Equivalents subject to this Section 3(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise. If the Company enters into a Variable Rate Transaction, despite the prohibition thereon in the Purchase Agreement, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such

record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock

or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction, purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction. "Black Scholes Value" means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. ("Bloomberg") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the

survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any

class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant

shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date the Holder delivers an assignment form to the Company assigning this Warrant full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If , at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 5.7 of the Purchase Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company

prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against

impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ANPATH GROUP, INC.

By:_____
Name:
Title:

NOTICE OF EXERCISE

TO: ANPATH GROUP, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] [if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date:
_____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name:

(Please Print)

Address:

(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature:

Holder's Address:

AMENDED AND RESTATED
LICENSE AGREEMENT

THIS AMENDED AND RESTATED LICENSE AGREEMENT ("Agreement") is entered into as of July 15, 2014 (the "Execution Date"), and shall replace that original License Agreement dated as of October 1, 2010 by and between:

Cyclone Power Technologies, Inc., a Florida Corporation, having its offices located at 601 NE 26th Court, Pompano Beach, Florida 33064 ("Cyclone" or "Licensor"), and

WHE Generation Corp. (f/k/a Cyclone-WHE LLC), a Delaware corporation having its offices located at 3590 Dolson Ct., Carroll, Ohio 43112 ("WHE GEN" or the "Licensee")

RECITALS

WHEREAS, Cyclone has developed (and continues to develop) and patented a heat-regenerative external combustion engine system, which it has full rights and authority to license for applications that include stationary waste to power ("W2P") and waste heat recovery ("WHR") systems (as those terms are defined below); and

WHEREAS, WHE GEN desires to secure rights from Cyclone to utilize all intellectual property created by Cyclone (hereinafter defined as the "Licensed Technology"), including but not limited to the WHE, Mark and S series engines (the "Cyclone Engines") for use in its W2P and WHR systems, which this Agreement is meant to cover; and

WHEREAS, this amended License shall also cover ownership and commercial rights to improvements to the Cyclone Engines and their components created by either party or both parties in collaboration; and

WHEREAS, WHE GEN is in the business of manufacturing, assembling, marketing, selling, installing and maintaining engines for stationary W2P and WHR systems utilizing the Licensed Technology, and wishes to obtain a license for the Cyclone Engines to manufacture, sell and use with and in its stationary W2P and WHR systems subject to the terms and conditions set forth more fully in this Agreement; and

---

WHEREAS, this Agreement shall fully replace and override any previous draft of any license agreement between the parties hereto; and

WHEREAS, this Agreement contains: I Specific License Terms, and II Standard Terms and Conditions, which together comprise the full agreement of the parties hereto.

NOW THEREFORE, for good and valuable consideration, and subject to the terms, conditions, representations and warranties contained more fully herein, the parties agree as follows:

I. SPECIFIC LICENSE TERMS

Licensed Technology: All Cyclone Engine Technology, including technology relating to all Cyclone Engines and various components and component designs ("Components"), both patented and non-patented, and all know-how on or relating to the Cyclone Engines and components, for stationary W2P and WHR applications, as defined below. "Licensed Technology" is further defined in Section 1 of the Standard Terms.

Licensed Products: All Cyclone Engines and Components, and design and specifications thereof including future models and advancement of the Cyclone Engines, as configured for stationary W2P and WHR applications(the "Applications"), which are defined as:

> Waste heat recovery (WHR) is the use of thermal energy (heat) as produced by machines or equipment that do work or in other processes that use energy and create heat that would otherwise be expelled into the atmosphere or used as another by-product;
>
> Waste-to-power (W2P), includes as examples: the incineration, gasification, pyrolysis, torrefication, conversion to syngas, or bio-digestion of bio-waste, municipal waste, commercial/home garbage, biomass, wood/wood pellets, waste/used fuels (i.e., used motor or food oils); the flaring of gasses such as methane from landfills, animal waste digestors, and oil field stranded gas; and similar uses. Unless subsequently agreed by the parties, the Applications exclude the use of refined (i.e., "spec") bio-fuels.
>
> The word "stationary" as used throughout herein, refers to systems that are not used on automotive vehicles or for other mobile vehicle applications. "Stationary" may include WHR or W2P systems that are mounted to a flatbed truck, shipping container, pallet or other similar platform to allow for portability or mobility.

The parties may agree to expand the License to include other applications outside of WHR or W2P for additional fees/royalties to be agreed in future.

Exclusivity: Cyclone grants exclusive rights to the Licensee for all the Licensed Technology including the Cyclone Engines and Components, and their designs and specifications, for the specific Applications defined above. This exclusivity shall not exclude Licensor from pursuing and participating in development contracts, government grants and other similar projects which are meant to further the development of the Licensed Technology generally. Licensee shall maintain the commercial rights to manufacture, market and sell the Licensed Products which arise from such development projects, as they pertain to the stated Applications of this License.

	Cyclone will abide by non-compete, non-circumvention – Cyclone will not pursue business opportunities in the stationary W2P or WHR fields, which are Applications exclusive to the Licensee. The Parties will cooperate to make sure new business opportunities are communicated to the proper party. With respect to this, WHE GEN will hereby assume Cyclone's obligations under Cyclone's Systems Application License Agreement with Phoenix Power Group, including the delivery of 10 WHE engines.
Territory:	Worldwide
Term:	20 years from the Execution Date with two 10-year renewals. If after the seventh (7) year of this Agreement, WHE GEN is not developing, manufacturing or selling any specific model of Cyclone Engines, then this license will become non-exclusive as to those specific Cyclone Engines.
Development Fees:	Development fees may be negotiated between the parties for the development and delivery of physical Cyclone Engines or Components as configured for the Applications, as may be requested by WHE GEN. Other engineering and consulting fees may be negotiated between the parties, as may be requested by WHE GEN.
Royalty:	WHE GEN shall pay Cyclone a Royalty as more fully set forth in Addendum A hereof. Also, unless otherwise agreed, no separate royalties shall be due on new or improved Components developed by Cyclone and used in the Licensed Products.
Manufacturing:	Licensee shall have the right to manufacture the Cyclone Engines for the Applications. Cyclone may grant Licensee the right to manufacture Cyclone Engines for other applications and customers that Cyclone determines in its sole discretion, if economies of scale or other special skills of Licensee warrant it.

1. Grant of License

1.1 Licensor grants to Licensee a non-transferable, exclusive license to use the Licensed Technology to manufacture and sell the Licensed Products solely for the specific Applications and in the Territory set forth in the Specific License Terms (the "License"). Licensee may not manufacture or have manufactured the License Products for uses other than the Applications, except as specifically provided in the Specific License Terms above.

1.2 This License may be transferred or sublicensed to a third party solely upon the prior written consent of the Licensor, which consent may not be unreasonably withheld by Licensor. This License may be transferred to a party that acquires the Licensee in a merger. This License will automatically expire upon termination of this Agreement.

1.3 The definition of "Licensed Technology" in the Specific License Terms shall be further defined to mean: Cyclone's proprietary technology related to its heat regenerative, external combustion engine and shall include any information, inventions, innovations, discoveries, improvements, ideas, know-how, show-how, developments, methods, designs, reports, charts, drawings, diagrams, analyses, concepts, technology, records, brochures, instructions, manuals, programs, manufacturing techniques, expertise, inventions whether or not reduced to practice or the subject of a patent application, test-protocols, test results, descriptions, parts lists, bills of materials, documentation whether in written or electronic format, prototypes, molds, models, assemblies, and any similar intellectual property and information, whether or not protected or protectable by patent or copyright, any related research and development information, inventions, trade secrets, and technical data in the possession of Licensor that is useful or is needed in the design or manufacture of the Licensed Products and that the Licensor has the right to provide to Licensee and has so provided to Licensee. This includes without limitation, U.S. Patent #7,080,512, entitled Heat Regenerative Engine, as well as other patents and patents pending US and foreign, all patents that may issue under this patent application and their divisions, continuations, continuation-in-parts, reissues, reexaminations, inventor's certificates, utility models, patents of addition, extensions, as well as certain research and development information, inventions, know-how, and technical data that relate to and/or are disclosed in said patent application, and any other patent applications, patents divisions, continuations, continuation-in-parts, reissues, reexaminations, inventor's certificates, utility models, patents of addition, extensions that may issue or be filed that relate to said Licensed Product and/or said patent application.

1.3 The Term of this License is set forth in the Specific License Terms, and will take effect on the Effective Date and will continue in force and effect unless at least 120 days prior to the expiration of the initial or any renewal/additional term, as the case may be, either party gives written notice to the other party hereto that such renewal is not to occur. If such notice is given, this Agreement will terminate at the end of the then current term and all rights and licenses under this Agreement will revert to Licensor at the end of the current term. Licensor may only

terminate this Agreement prior to the commencement of a renewal term if Licensee is in breach of the Agreement.

2. License Fees and Royalty

2.1 Licensee will pay to Licensor the License/Development Fees set forth in the Specific License Terms.

2.2 When applicable, Licensee will pay to Licensor the Royalties at the rate and on the schedules specified in the Specific License Terms, or any addendums or amendments. Royalties shall be due quarterly on the 15th day following the end of each fiscal quarter, for sales made in the previous three-month period. All Royalties shall be paid in immediately available U.S. funds.

2.3 If Licensor does not receive from Licensee the full amounts due on or before the day upon which such amounts are due and payable, such outstanding amounts will thereafter bear interest until payment at the maximum rate permissible by applicable law, but in no event to exceed 18% per annum. If the Licensee is more than 90 days delinquent in paying royalties, then this Agreement may be terminated by the Licensor. Amounts received by Licensor will first be credited against any unpaid interest and accrual of such interest will be in addition to and without limitation of any and all additional rights or remedies that Licensor may have under this Agreement or at law or in equity. Licensee agrees to pay all reasonable expenses in connection with the collection of any late payment.

3. Reports and Audit.

3.1 Licensee will provide Licensor with a written report with each Royalty payment (as applicable) detailing the units sold in the previous three-month period, and the calculation of Royalties owed. Such quarterly report shall still be required even if no Royalties are owed.

3.2 Licensor (or its authorized representative) may, upon reasonable notice and during Licensee's normal business hours, enter Licensee's premises for the purposes of auditing any and all books of account, documents, records, papers and files relating to Licensee's manufacture and sale/use of the Licensed Product ("Licensee Documents"). Licensee Documents will be made available to Licensor (or its authorized representative) solely for such auditing purpose. Licensor will bear the expense of any such audit unless such audit reveals that royalties and fees paid by Licensee pursuant to this Agreement for any payment period are less than 90% of what should have been paid by Licensee. In such event the costs of the audit, including any required travel, will be borne by Licensee, in addition to and without limitation of any other rights or remedies Licensor may have. Prompt payment of any amounts found due and owing Licensor, including audit fees and expenses due Licensor under this Section, will be made by Licensee.

4. Representations and Warranties.

4.1 Licensor represents and warrants to Licensee that Licensor is the owner of the Licensed Technology, and that Licensor has the right to grant the License to Licensee hereunder.

4.2 Licensor represents and warrants that Licensor is not involved in any suits, litigation or other claims contesting the validity or ownership of any of the Licensed Technology, the Patents or Patent applications, and knows of no such claims at this time pending or anticipated.

4.3 THIS SECTION IS LICENSOR'S ONLY WARRANTIES CONCERNING THE LICENSED PRODUCTS, LICENSED TECHNOLOGY AND PATENTS, AND IS MADE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED.

4.4 Licensee and Licensor each represent and warrant to the other that it has full power and authority to enter into this Agreement.

4.5 Licensee and Licensor each represent and warrant to the other that neither the execution nor delivery of this Agreement, nor the consummation of the transactions contemplated herein, will constitute a violation or breach of the warranting party's constituent documents or violate, conflict with, result in any breach of any material provisions of or constitute a default under any other contract or commitment made by it, any law, rule or regulation, or any order, judgment or decree, applicable to or involving it.

4.6 Licensee and Licensor each represent, covenant and agree to the other that it will comply with all applicable international, federal, state and local laws, regulations or other requirements, and agrees to indemnify the other party against any liability arising from its violation of or noncompliance with laws or regulations while using the Licensed Technology.

4.7 Licensee and Licensor each represent and warrant to the other that no order, consent, filings or other authorization or approval of or with any court, public board or governmental body is required for the execution, delivery and performance of this Agreement by it.

4.8 Licensee represents to Licensor that no events specific to Licensee have occurred, or to its knowledge are pending, that have impaired or may impair materially the financial condition or viability of the Licensee, or otherwise make the performance of its financial and operational duties hereunder impossible or impractical.

5. Identification of Infringers

5.1 Licensee will, without delay, inform Licensor of any infringement, unauthorized use, misappropriation, ownership claim, threatened infringement or other such claim (collectively, an "Infringement") by a third party with respect to the Licensed Products and/or the Licensed Technology, and will provide Licensor with any evidence available to Licensee of such Infringement. Licensee acknowledges and agrees that Licensor, in its sole and absolute discretion, will decide what action should be taken with respect to any such disclosed Infringement, whether or not litigation should be pursued against an alleged infringer, the jurisdiction in which any such litigation should be pursued, whether or not litigation should be settled or pursued to final resolution against an alleged infringer, and the terms of settlement. Licensee agrees that it shall be responsible to contribute to the costs of all enforcement to protect the Licensed Technology for the Licensed Products with respect to the Applications and shall

contribute to all expenses incurred in any action Licensor decides should be taken to protect the Licensed Technology as used in the Licensed Products for the Applications from Infringement or to defend any claim against Licensor or the Licensed Technology for Infringement relating to the Licensed Product ("Infringement Action"), including all attorney, paralegal, accountant or other professional fees from the notice of such Action through all trial and appellate levels. The parties shall cooperate with each other and provide all advice and assistance reasonably requested by each other in pursuit of such Infringement matters. To the extent that such Infringement does not involve the Licensed Products and the specific Applications, but is of the Licensed Technology and occurs in the Territory, Licensee agrees that it shall also contribute a proportionate share with other licensees of the Technology in expenses incurred in any action taken by Licensor to protect the Licensed Technology from Infringement or to defend any in claim against Licensor or the Licensed Technology for Infringement, including all attorney, paralegal, accountant or other professional fees from the notice of such Action through all trial and appellate levels.

5.2 Each party will execute all necessary and proper documents, take such actions as is reasonably necessary to allow the other party to institute and prosecute such infringement actions and will otherwise use its commercially reasonable efforts to cooperate in the institution and prosecution of such actions. Each party prosecuting any such infringement actions will keep the other party reasonably informed as to the status of such actions. Any award paid by third parties as a result of such an Infringement action (whether by way of settlement or otherwise) will be applied first to reimburse the parties for all costs and expenses incurred by the parties with respect to such action on a pro rata basis in relation to the amount of costs and expenses so incurred by such party and, if after such reimbursement any funds will remain from such award, the parties will allocate such remaining funds between themselves in the same proportion as they have agreed in writing to bear the expenses of instituting and maintaining such action.

6. Improvements

6.1 Licensee will timely inform Licensor, in writing, of any improvements, changes, advances and/or modifications to the Licensed Products or Licensed Technology, and the purpose(s) therefor, made by Licensee. Any and all such improvements, changes, advances and/or modifications to the Licensed Products or Licensed Technology made by Licensee ("Licensee Improvements") shall be co-owned equally by Licensor and Licensee. Licensee may, at its own expense, file US and foreign patent applications to patent the Licensee Improvements and shall assign a 50% ownership interest in all US and foreign patent applications and patents for the Licensee Improvements to Licensor. In the event that Harry Schoell is a contributing inventor (co-inventor) of any claimed inventions in such US and foreign patent applications, the parties agree that Harry Schoell shall be named as the first inventor in such patent application, including in all legal documents relating to these patent applications filed by the Licensee; unless such claims comprise less than 25% of all claims made in the application, in which case he will be provided in second position. Licensee will have exclusive rights to use any Licensee Improvements for stationary W2P and WHR Applications, and shall continue to pay Royalties to Licensor per Addendum A. Licensor shall have a royalty-free right to use the patented and non-patented Licensee Improvements for all applications with the exception of stationary W2P and WHR Applications. In the instance of a bankruptcy or other liquidation by either Licensee or Licensor, then the bankrupt party's 50% ownership of the Licensee Improvements will

automatically vest back to the other non-bankrupt party, who shall thereafter own 100% of such Licensee Improvements.

A Licensee Improvement is defined as a refinement, optimization or other modification to the core methods and approaches to the Cyclone Engines devised by Cyclone. Further, a Licensee Improvement is built on an already existing or future Patent claim by Cyclone, but makes such claim better in any manner.

WHE may file a new patent application covering any improvements to the WHE-DR engine design that WHE is working on as of the date of this Agreement. This new patent filing will be owned 50:50 by Cyclone and WHE as a Licensee Improvement, and shall be covered in the definition of the Licensed Technology in this Agreement (meaning, Royalties will be payable on the sale of engines using this Generation 1 design and all Licensee Improvements thereto). Harry Schoell shall be named as "first inventor" in any such patent application filed by WHE for the WHE-DR engine as set forth in this paragraph.

Licensee shall be responsible for costs of patent filings and maintenance for such Licensee Improvements in the US and also internationally where Licensee choses to file. If Licensee fails to maintain issued patents on such Licensee Improvements in the US (subject to allowable cure periods under US patent law), then Licensor may assume 100% ownership of such Licensee Improvements if Licensor pays for such maintenance fees; however, such Licensee Improvements will still be covered under this Agreement.

6.2 Licensor have and will continue to have sole and absolute discretion to make decisions with respect to the procurement and prosecution of the patents and patent applications for the Licensed Technology, except as provided in Section 6.1 above, including the right to abandon any such patent application, provided the abandonment does not materially harm the business or operations of Licensee. Licensor's abandonment of or any failure to obtain or maintain an issued patent originating from any of the patents or patent applications will not relieve or release Licensee from its obligation to pay the License Fees and Royalty provided in this Agreement, provided the abandonment does not materially harm the business or operations of Licensee.

6.3 Licensee will not contest the validity or enforceability of any patents that issue from or as a result of any of the patents or patent applications for the License Technology or any continuations, divisionals or continuations-in-part of such applications. Licensee will not assert as a defense in any litigation with respect to Licensed Products that any patents that issue from or as a result of any of the patent applications (including any continuations, divisionals or continuations-in-part of such applications) are invalid or unenforceable.

7. Default

7.1 If Licensee is in default of any material obligation under this Agreement, then Licensor may give written notice thereof to Licensee. If within 30 days after the date of such notice such default is not cured, then this Agreement will automatically terminate at the discretion of the Licensor and all rights and licenses under this Agreement will revert to Licensor.

7.2 This Agreement will terminate immediately if Licensee is dissolved or liquidated. This Agreement will also terminate immediately absent an adequate written assurance of future performance if: (i) any bankruptcy or insolvency proceedings under any federal or state bankruptcy or insolvency code or similar law, whether voluntary or involuntary, is properly commenced by or against Licensee; or (ii) Licensee becomes insolvent, is unable to pay debts as they come due or ceases to so pay, or makes an assignment for the benefit of creditors; or (iii) a trustee or receiver is appointed for any or all of Licensee's assets.

7.3 Immediately after the expiration or termination of this Agreement for any reason:

(a) All rights of Licensee granted hereunder will terminate and automatically revert to Licensor, and Licensee will discontinue all manufacturing of the Licensed Products and will no longer have the right to manufacture, sell or put into use the Licensed Products or any variation or simulation thereof for any purpose whatsoever;

(b) Licensee will be permitted to sell and dispose of its remaining inventory of Licensed Products on hand or in process on the date of such termination or expiration, for a period of one-hundred eighty (180) days following the date of such expiration or termination (the "Sale Period"). Licensee expressly agrees that it will not market or sell/use any Licensed Product after the end of the Sale Period, and any unsold inventory shall be delivered to Licensor within 30 days following the Sale Period;

(c) All sums owed by Licensee to Licensor will become due and payable immediately;

(d) Licensee will not following expiration or termination of this Agreement use Confidential Information to manufacture or sell Licensed Products anywhere in the world; and

(e) Licensee retains no rights whatsoever to any of Licensor's Licensed Technology.

7.4 Notwithstanding the foregoing, or any other provisions of this Agreement to the contrary, Sections 4, 5, 6 and 9 will survive the expiration or termination of this Agreement.

7.5 If Licensor undergoes (i) any bankruptcy or insolvency proceedings under any federal or state bankruptcy or insolvency code or similar law, whether voluntary or involuntary, is properly commenced by or against Licensor; or (ii) becomes insolvent, is unable to pay debts as they come due or ceases to so pay, or makes an assignment for the benefit of creditors; or (iii) a trustee or receiver is appointed for any or all of Licensor's assets, then: (a) this License Agreement will continue in full force and effect understanding that Licensee has paid good and valuable consideration for the rights hereunder as provided herein and the Separation Agreement signed concurrently with this Agreement; and (b) should under any bankruptcy or receivership proceeding the Cyclone Technology and/or Patents be transferred or sold to a third party, then prior to such event occurring, Licensee shall have a 30-day right of first refusal to purchase outright such Cyclone Technology and Patents.

7.6 Grant of Security Interest. To secure Licensee's rights under this Agreement, the Licensor hereby grants and pledges to Licensee, as agent, for the benefit of Licensee, a security interest in all of such Licensee's right, title and interest in, to and under its Licensed Technology for the specific Applications of stationary W2P and WHR as defined herein, and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof. Licensor hereby agrees that it shall immediately record the security interest under this Section 7.6 both with a UCC-1 filing and with the USPTO. Further, Licensor agrees that with regards to any security interests on the Licensed Technology, Licensor shall obtain a non-disturbance agreement ("NDA") reasonably acceptable to Licensee and in recordable form from any third party who is granted a security interest or lien on the Licensed Technology, pursuant to which the third party (A) acknowledges and consents to this License Agreement and the rights and benefits of Licensee under this Agreement, (B) acknowledges and agrees that this Agreement and the rights and benefits of Licensee under this Agreement shall not terminate or be disturbed by virtue of any default (or assignment in lieu thereof) by Licensor which affects any security interest or lien of such third party on the Licensed Technology. Licensor agrees that it shall not grant a security interest on the Licensed Technology unless such lender or third party also agrees to the provisions set forth hereinabove.

8. Risk of Loss

8.1 Licensee will acquire and maintain at its sole cost and expense starting upon the commencement of manufacturing of the first engines and throughout the term of this Agreement, and for a period of five (5) years following the termination or expiration of this Agreement, Comprehensive General Liability Insurance, including product liability, advertiser's liability (1986 ISO form of advertising injury rider), contractual liability and property coverage, including property of others, (hereinafter collectively, "Comprehensive Insurance") underwritten by an insurance company qualified to cover liability associated with activities in the Territory of this Agreement. This insurance coverage will provide liability protection of not less than $2,000,000 combined single limit for personal injury and property damage including products/completed operations coverage (on a per occurrence basis) with Licensor named as an additional insured party on the general liability coverage and as loss payee on the property coverage, and the policy will purport to provide adequate protection for Licensee and Licensor against any and all claims, demands, causes of action or damages, including attorney's fees, arising out of this Agreement including, but not limited to, any alleged defects in, or any use of, the Licensed Products or the Licensed Technology. If Licensor in good faith believes that such coverage is not sufficient for the Licensee's operations, the Licensee will provide for additional coverage. Licensor will furnish to Licensee certificates issued by the insurance company(ies) setting forth the amount of the Comprehensive Insurance, the policy number(s), the date(s) of expiration, and a provision that Licensor will receive thirty (30) days written notice prior to termination, reduction or modification of the coverage. Licensee's purchase and maintenance of the Comprehensive Insurance or furnishing of the certificates of insurance will not relieve Licensee of any of its obligations or liabilities under this Agreement.

8.2 In the event of cancellation of any insurance required to be carried by Licensee under this Agreement, Licensor will be notified ten (10) days prior to cancellation of same. Additionally, notwithstanding anything else to the contrary, in the event Licensee's insurance is canceled and replacement Comprehensive Insurance meeting the requirements set forth above is not in place, then Licensor will have the right to terminate this Agreement.

8.3 Licensee assumes sole responsibility for any commitments, obligations, or representations made by it in connection with the use of the Licensed Products and Confidential Information to manufacture, sell, market or advertise the Licensed Products, and Licensor will have no liability to Licensee, or any third parties, with respect to economic and/or personal injury, including wrongful death, caused by or resulting from the use of the Licensed Products, Licensed Technology and/or Confidential Information by Licensee, its agents, employees, or customers; provided however, Licensor shall be responsible for injury caused as a result of faulty design which is proven in court to be a direct result of Licensor's actions with no intervening actions on the part of Licensee or its manufacturers.

8.4 Licensee agrees to indemnify, defend and hold harmless Licensor, its shareholders, officers, directors, employees, affiliates, successors and assigns from and against any and all expenses, damages, proceedings, direct or consequential claims, liabilities, suits, actions, causes of action of any character or nature, penalties, fines, judgments or expenses (including all attorneys' fees), arising out of, or related to Licensee's use, sale, manufacture, importation, offer to sell, distribution, disposal of, operation, etc. of the Licensed Product and/or attributable to Licensee's use of the Licensed Technology and/or Licensee's performance or breach of this Agreement. This indemnity provision will survive the expiration or termination of this Agreement.

8.5 All of Licensee's contracts, if any, with any person relating or pertaining to the Licensed Products will notify all such parties that Licensor has no such liability.

8.6 Licensee acknowledges that Licensor's liability for direct damages arising out or related to Licensee's use, sale, manufacture, importation, offer to sell, distribution, disposal of, operation, etc. of the Licensed Product regardless of the form of action (i.e., whether in contract or tort, including without limitation, negligence or strict liability) will not exceed the Royalties or development fees paid by Licensee to Licensor. LICENSEE ALSO ACKNOWLEDGES THAT IN NO EVENT WILL LICENSOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGE, LOSS OR EXPENSE, EVEN IF LICENSOR HAS BEEN ADVISED OF THEIR POSSIBLE EXISTENCE.

9. Confidentiality

9.1 Confidential Information means information in oral and/or written form that (a) relates to the Licensed Technology, including, without limitation past, present and future research, development, business activities, products, and services, and (b) has been identified, either orally or in writing, as confidential by either party. Confidential Information shall also mean information provided by either of the parties to the other regarding its technology, systems

engineering, business and marketing plans, and any other materials identified, either orally or in writing.

9.2 The receiving party may use the Confidential Information only for the purpose of producing the Licensed Products or as otherwise indicated or contemplated by this Agreement. The receiving party will not, at any time, use the Confidential Information in any other fashion, form, or manner for any other purpose.

9.3 The receiving party agrees not to disclose the Confidential Information in any manner to anyone other than persons within its organization who have a need to know for the purpose set forth above and who have acknowledged in writing the obligations hereunder and have agreed to abide by the terms hereof. Under no circumstances will the receiving party disclose the Confidential Information to any third party. Licensee will be responsible for actions by its employees or contractors (including students) who violate this provision if Licensee has not taken all prudent business measures to protect the release of such Confidential Information by such employees and contractors.

9.4 Any Confidential Information in whatever form is the property of the disclosing party and will remain so at all times. The receiving party may not copy any Confidential Information for any purpose without the express prior written consent of the disclosing party, and if consent is granted, any such copies will retain such proprietary rights notices as appear on the original thereof. Any copies of the Confidential Information that the disclosing party may have permitted the other party to make, or other written materials incorporating Confidential Information, will be the sole property of the disclosing party and must be returned to it or destroyed upon the first to occur of (a) termination or expiration of this Agreement or (b) request by the disclosing party.

9.5 Nothing in this Section will prohibit or limit the receiving party's use of information it can demonstrate is (i) previously known to the receiving party, (ii) independently developed by the receiving party, (iii) acquired by the receiving party from a third party not under similar nondisclosure obligations to the disclosing party, or (iv) which is or becomes part of the public domain through no breach by the receiving party of this Agreement.

9.6 The receiving party acknowledges that the Confidential Information disclosed and/or made available to it hereunder is owned solely by the disclosing party and that the threatened or actual breach of this Agreement would cause irreparable injury to the disclosing party, for which monetary damages would be inadequate. Accordingly, the receiving party agrees that the disclosing party is entitled to an immediate injunction enjoining any such breach or threatened breach of this Agreement. The receiving party agrees to be responsible for all costs, including attorneys' fees, incurred by the disclosing party in any action enforcing the terms of this Section.

9.7 The receiving party will promptly advise the disclosing party in writing of any unauthorized use or disclosure of Confidential Information of which the receiving party becomes aware and will provide reasonable assistance to the disclosing party to terminate such unauthorized use or disclosure.

10. Miscellaneous

10.1 Nothing contained in this Agreement will be construed as conferring by implication, estoppel, or otherwise, upon any party licensed hereunder, any license or other right under any patent except the licenses and rights expressly granted herein.

10.2 Licensee will conspicuously mark directly on each Licensed Product it manufactures or sells that the Licensed Product is covered by the Licensor's patents, including the numbers and other identifying information for which will be provided to Licensee.

10.3 All notices required by this Agreement will be in writing and sent by certified mail, return receipt requested, by hand or overnight courier, to the addresses set forth on the initial page, with copies to the Legal Contacts set forth in the Specific License Terms, unless either party will at any time by notice in writing designate a different address. Notice will be effective three days after the date officially recorded as having been deposited in the mail or upon receipt by hand delivery or the next day by overnight courier.

10.4 Licensee shall not assign, convey, encumber, or otherwise dispose of any of its rights or obligations under this Agreement without the prior written consent of Licensor and any such purported assignment will be invalid.

10.5 No term of this Agreement will be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

10.6 If any term or provision of this Agreement is determined to be illegal or unenforceable, such term or provision will be deemed stricken or reduced to a legally enforceable construction, and all other terms and provisions will remain in full force and effect.

10.7 This Agreement represents the entire agreement of the parties replacing any earlier agreements concerning the same matters. It may only be modified by a subsequent writing signed by the parties hereto.

10.8 Each party is acting as an independent contractor and not as an agent of the other party. Nothing contained in this Agreement will be construed to confer any authority upon either party to enter into any commitment or agreement binding upon the other party.

10.9 This Agreement, including its formation, all of the parties' respective rights and duties in connection herewith and all disputes that might arise from or in connection with this Agreement or its subject matter, will be governed by and construed in accordance with the laws of the State of Florida, the United States of America, without giving effect to that State's conflict of laws rules, and will be subject to the exclusive jurisdiction of courts located in Broward County, Florida, and their applicable courts of appeal, each party agreeing to such jurisdiction exclusively. However, at the discretion of the Licensor, any controversy, dispute or disagreement arising from this Agreement may be settled by arbitration in accordance with the rules of the American Arbitration Association. In such case, the decision of the arbitrator or arbitrators shall be binding and final, and may be entered as a judgment and enforced by any court having

jurisdiction. The prevailing party in any actions, whether in court or arbitration, shall be entitled to receive reimbursement for reasonable attorneys' fees, court/arbitration costs, and disbursements incurred in connection with such controversy, dispute or disagreement.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Agreement, comprised of these Specific License Terms and the attached Standard Terms and Conditions to be executed by their duly authorized officers on the respective dates hereinafter set forth.

CYCLONE POWER TECHNOLOGIES, INC.

By: ***/s/ Frankie Fruge***
Frankie Fruge, COO
Date: July 15, 2014

WHE GENERATION CORP.

By: /s/ Chrisotpher Nelson
Christopher Nelson, CEO
Date: July 15, 2014

ADDENDUM A
ROYALTIES

Licensee shall pay to Licensor a Royalty equal to: five percent (5%) of the gross sales price (the "Gross Sales Price") of the Licensed Products it sells to its customers.

The Gross Sales Price shall be paid on the Licensed Products only, and shall exclude shipping, off-the-shelf peripheral equipment and other components that are added to purchase orders and are not currently a part of the Licensed Products, and engineering and consulting services such as installation, technology integration and other design and development services that are charged to Licensee's customers above and beyond the purchase price of the Licensed Products.

The Royalty owed to the Licensor may be renegotiated by the parties in the future if Licensee can demonstrate a reasonable business case why such Royalties paid to Licensor make its products less competitive in the market, thereby reducing overall unit sales.

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT ("Agreement") is entered into as of July 27, 2014 (the "Effective Date"), by and between:

Cyclone Power Technologies, Inc., a Florida Corporation, having its offices located at 601 NE 26th Court, Pompano Beach, Florida 33064 ("Cyclone"); and

WHE Generation Corp. (f/k/a Cyclone-WHE LLC), a Delaware corporation having its offices located at 3590 Dolson Ct., Carroll, Ohio 43112 ("WHE GEN") and a majority-owned subsidiary of Cyclone.

WHEREAS, Cyclone established WHE GEN as a subsidiary in 2010 to pursue business opportunities in the waste heat recovery ("WHR") industry, and at such time, provided WHE GEN with an exclusive worldwide License Agreement to pursue such WHR opportunities;

WHEREAS, Cyclone has developed (and continues to develop) and patent several models of a heat-regenerative external combustion engine, which it has full rights and authority to license to third parties, including WHE GEN; and

WHEREAS, since 2010 WHE GEN has grown its team and further developed its business to also include stationary waste to power ("W2P") applications (the WHR and W2P specifically being referred to in this Agreement as the "WHE GEN Business"); and

WHEREAS, WHE GEN desires to secure formal rights from Cyclone to utilize all intellectual property created by Cyclone (the "Technology"), including but not limited to the WHE Mark and S series engines (the "Cyclone Engines") for use in its WHE GEN Business, which rights are set forth in an Amended and Restated License Agreement (the "Amended License"), to be executed concurrently with this Agreement; and

WHEREAS, the Board of Directors of Cyclone (the "Board") seeks to raise capital to continue to fund research and development of the Technology and to advance its own business model of licensing the Technology to WHE GEN and to others companies in different fields including but not limited to: automotive, marine surface and undersea propulsion, off-road equipment and vehicles, and distributed and mobile/auxiliary power utilizing traditional or biofuels (collectively, the "Cyclone Business"); and

WHEREAS, the Board of Cyclone has determined that a series of transactions to fund and ultimately "spin-off" as a separate company its subsidiary WHE GEN, consistent with Cyclone's long-term strategy, will have the following positive benefits for Cyclone and its shareholders:

1) Monetizing its investment in WHE GEN, part of which can be sold to private investors to raise non-dilutive capital for Cyclone to repay debt and support operations;

2) Distributing a portion of WHE GEN's stock to Cyclone's shareholders, subject to applicable law, to allow them diversify their portfolio risks and directly share in the potential future value appreciation of WHE GEN;

3) Paying to Cyclone approximately $250,000 (inclusive of debt repayment to Cyclone's creditors), and transferring to WHE GEN approximately $200,000 in current payables, $400,000 in future obligations, and an additional $250,000 in balance sheet liabilities as further detailed herein;

4) Allowing WHE GEN the ability to grow as a self-supported company capable of further developing and commercializing some of the Cyclone Engines for which Cyclone will have contractual licensing rights to receive on-going royalty revenue; and

5) Advancing the Technology through R&D that WHE GEN will fund, which may result in new intellectual property and patents being created that Cyclone will co-own and will be able to use on a royalty-free basis for the Other Applications.

WHEREAS, concurrently or shortly after the signing of this Agreement, WHE GEN will close the first $250,000 to $350,000 round (the "Seed Round") of two rounds of funding from a group of investors (the "Funding Group") who have the intention of providing WHE GEN with up to an additional $2 million in capital (the "Series A Round"), and as a condition to closing on the Seed Round, the Funding Group has required that an agreement between WHE GEN and Cyclone as set forth herein is completed.

WHEREAS, the Board of Directors of Cyclone has received a valuation report and fairness opinion from a certified expert opining as to the overall fairness from a financial prospective of the several WHE GEN financings and the terms of this Agreement and the other agreements contemplated herein.

NOW THEREFORE, for good and valuable consideration provided by and to each of the parties hereto, the parties hereby agree to be bound by the following terms, conditions, representations and warranties:

ARTICLE I
FINANCING STRUCTURE AND SUBSIDIARY CAPITALIZATION

Section 1.1 **Financing of WHE GEN**. The parties hereto have engaged in meaningful arm's length negotiations with the Funding Group with respect to the valuation and funding of WHE GEN. Based upon these negotiations and other market, a Fairness Opinion delivered to the Cyclone Board of Directors from a certified valuation expert, and other financial factors, Cyclone has authorized and the parties have set forth their intentions to pursue and complete the Seed Round and the Series A Round (collectively, the "WHE GEN Financings") set forth in the Term Sheet signed between the Funding Group, Cyclone and WHE GEN as of June 27, 2014, with the terms attached to this Agreement as **Exhibit 1.1(a)**.

(a) The WHE GEN Financings are meant to provide immediate working capital to WHE GEN to continue its R&D and manufacturing efforts without interruption, as well as long term growth capital for WHE GEN. Additionally, certain proceeds from the WHE GEN Financings are meant to support Cyclone's operations. The use of proceeds from the two rounds of financing are expected to be used by WHE GEN as set forth in **Schedule 1.1** hereof.

(b) The Seed Round is expected to close concurrently or shortly after the signing of this Agreement, in a minimum amount of $250,000 (the "Seed Closing"); however WHE GEN may continue to raise up to $350,000 in the Seed Round in the discretion of WHE GEN's Board of Directors, provided it is fully closed prior to the commencement of the Series A Round. The Note Purchase Agreement and Convertible Promissory Note for the Seed Round are provided as **Exhibit 1.1(b).**

(c) The Series A Round is expected to be closed on a "rolling" basis after the first $1,000,000 is closed. Funds will be held in escrow until such $1,000,000 is raised and then money will be delivered directly to WHE GEN as provided by the Funding Group and other investors. The first of such rolling closings is referred to herein as the "First Series A Closing," and will be in the minimum amount of $1,000,000. The closing of a minimum aggregate of $1,500,000 in the Series A Round is hereinafter referred to as the "Funding Closing Date"; provided however, WHE GEN may continue to raise up to $2,000,000 in the Series A Round after the Funding Closing Date.

(d) Prior to the Funding Closing Date, WHE GEN's management, as hereinafter defined, will require Cyclone's reasonable approval to incur liabilities in excess of $20,000; and any new employee's that are hired during this period, must have a 90 day probationary period or be otherwise terminable at will.

(e) Upon the Seed Closing, WHE GEN will utilize the funds as materially set forth in **Schedule 1.1(a)**. As set forth in Schedule 1.1, funds from the Seed Round will be used to retire the Senior Secured Note with TCA Master Credit Fund, including all fees related thereto. These funds will be paid directly from escrow, for which Cyclone will provide instructions to the Escrow Agent. Cyclone and WHE GEN will assure that all corresponding liens on Cyclone's and WHE GEN's assets are terminated as well as the financing, security and guaranty agreements between TCA, Cyclone and WHE GEN..

(f) Upon the First Series A Closing, WHE GEN will pay to Cyclone a license and consulting fee of $175,000 (the "Cyclone Fee"). Cyclone may use these funds in its discretion.

Section 1.2 Conversion Round Financing: Prior to or concurrently with the First Series A Closing, Cyclone will complete a separate offering (the "Conversion Round") of no more than 2,210,400 shares of common stock of WHE GEN that Cyclone owns. The Conversion Round offering shall be completed at no less than $.27 per share of Common Stock of WHE GEN, with the exact terms (including possible issuance of Cyclone warrants with a forced conversion feature as a Unit) to be determined by Cyclone; provided, however that Cyclone must obtain prior written consent from WHE if Cyclone uses a Securities Purchase Agreement ("SPA") that is not materially similar to the SPA used by WHE GEN in the Series A Round

Cyclone sale shall be limited to not more than 25 investors, and such transfer shall only be made to accredited investors in full compliance with applicable securities laws. Christopher Nelson will assist Cyclone in the placement of the Conversion Round, for which he will not receive any additional compensation. Without the parties reasonable approval to the contrary, the First Series A Closing may not occur until a Conversion Round of at least $500,000 is also completed and closed. The WHE GEN shares held by Cyclone are governed by the terms and conditions, including transfer restrictions, found in the SPA substantially similar to the SPA used by WHE GEN for the Series A Round in the form attached hereto as **Exhibit 1.2**.

(b) Funds from the Conversion Round will be used by Cyclone in its discretion; provided however, it is Cyclone's intention to use at least a material portion of the Conversion Round funds to retire or redeem certain convertible notes and other debt owed by Cyclone.

Section 1.3 Capitalization Structure

(a) The capitalization structure of WHE GEN following the Seed Round, Series A Round and Conversion Round will be substantially as set forth in **Schedule 1.3** hereof.

(b) Cyclone agrees to the inclusion in such capitalization structure of: (1) two Stock Option Plans exercisable into an aggregate of 4 million shares of common stock to compensate the new management of WHE GEN, and (2) up to 1 million shares of common stock to compensate other service providers and consultants. WHE GEN's Board of Directors will issue such options and shares in its prudent discretion. Cyclone agrees that the compensation of management through stock option plans is an important component of attracting and retaining quality personnel to run WHE GEN, as well as to align their interests with the shareholders of WHE GEN, including Cyclone (and its shareholders) and the Funding Group. The material terms of the employment agreements for management of WHE GEN, including but not limited to Christopher Nelson, are attached hereto on **Schedule 2.2(a)**.

Section 1.4 Distribution

(a) It is the intention of WHE GEN to file an S-1 Registration Statement (the "Registration Statement") with the Securities Exchange Commission ("SEC") to register the common stock of WHE GEN. Included in such Registration Statement will be the remaining shares of common stock of WHE GEN held by Cyclone after the Conversion Round, but no less than 2,000,000 shares without the parties' reasonable agreement otherwise (the "Distribution Shares"). The exact timing and form of this filing will be subject to the sole and absolute discretion of WHE GEN, but it is currently expected to occur during the 4th fiscal quarter of 2014. WHE GEN is under no obligation to file the Registration Statement, and in its discretion, may choose to not file, or to pursue a different path to a going-public transaction, such as a reverse merger into another public entity.

(b) Subject to Section 1.4(a) above, if WHE GEN does file a Registration Statement for the Distribution Shares, WHE GEN will give Cyclone notice thirty (30) days prior to filing its Registration Statement with the SEC. Upon receipt of such notice and subject to applicable law, Cyclone will commence the procedures set forth herein to effect a distribution of the

Distribution Shares (the "Distribution") to the registered shareholders of Cyclone (the "Cyclone Shareholders") in proportion to their Cyclone holdings as of the record date agreed to by the parties hereto (the "Record Date"), and as more fully set forth herein. WHE GEN and Cyclone will share equally the costs of such Distribution.

(c) If WHE GEN files a Registration Statement for the Distribution Shares, WHE GEN shall cooperate with Cyclone in all respects to accomplish the Distribution and shall, at Cyclone's direction, promptly take any and all actions necessary or desirable to effect the Distribution. Cyclone may select any distribution agent(s) and investment banker(s) in connection with the Distribution, as well as any financial printer and financial, legal, accounting and other advisors for the Distribution as it determines; provided, however, that nothing in this Agreement shall prohibit WHE GEN from engaging (at its own expense) its own financial, legal, accounting and other advisors in connection with the Distribution.

Section 1.5 Actions Prior to the Distribution. In furtherance of consummating the Distribution, if WHE GEN elects to file a Registration Statement for the Distribution Shares, Cyclone and WHE GEN shall take the following actions:

(a) Cyclone and WHE GEN shall prepare and Cyclone shall mail, prior to any Distribution Date, a prospectus related to the Registrations Statement (the "Prospectus") to the Cyclone Shareholders. Cyclone and WHE GEN shall prepare, and WHE GEN shall, to the extent required by applicable law, file with the SEC any such documentation that Cyclone determines is necessary or desirable to effect the Distribution, and Cyclone and WHE GEN shall each use its commercially reasonable efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Without limiting the foregoing, Cyclone and WHE GEN shall cooperate to respond to any oral or written comments issued by the SEC in connection with the foregoing on a timely basis.

(b) WHE GEN and Cyclone shall each use commercially reasonable efforts to take all necessary or desirable actions to the extent required under applicable state securities and blue sky laws in connection with the Distribution.

(c) WHE GEN shall prepare, file and use commercially reasonable efforts to make effective, an application for listing of the WHE GEN Common Stock to be distributed in the Distribution on the OTCQB, or such other trading market that it determines in its discretion, subject to official notice of issuance.

(d) If necessary, Cyclone shall enter into an agreement with a distribution agent (the "Distribution Agent") in connection with the Distribution.

Section 1.6 Conditions to Distribution. If WHE GEN elects to file a Registration Statement for the Distribution Shares, and subject to the provisions of Section 1.4(d), the consummation of the Distribution will be subject to the satisfaction, or waiver by Cyclone in its sole and absolute discretion, of the following conditions:

(a) The Securities and Exchange Commission has declared effective the WHE GEN Registration Statement, under the Securities Act of 1933, as amended (the "Securities Act"), no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the SEC;

(b) The WHE GEN Common Stock has been accepted for listing on the OTCQB or such other trading market, subject to official notice of issuance;

(c) Unless waived by reasonable agreement of the parties, Cyclone has received the written opinion of its counsel to the effect that the Distribution will qualify as a tax-free transaction under Section 355 of the Internal Revenue Code, and that for U.S. federal income tax purposes, (i) no gain or loss will be recognized by Cyclone upon the distribution of the WHE GEN Common Stock in the Distribution, and (ii) no gain or loss will be recognized by, and no amount will be included in the income of, the Cyclone Shareholders the receipt of shares of the WHE GEN Common Stock in the Distribution;

(d) WHE GEN has received a written solvency opinion from a financial advisor regarding the effect of the Distribution and related transactions;

(e) There is no order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution, and no other event outside the control of Cyclone has occurred or failed to occur that prevents the consummation of the Distribution;

(f) No other events or developments have occurred prior to the Distribution that, in the judgment of the board of directors of Cyclone, would result in the Distribution having a material adverse effect on Cyclone or the stockholders of Cyclone.

(g) The Prospectus has been made available to the holders of Cyclone Common Stock as of the chosen Record Date.

Section 1.7 Certain Shareholder Matters.

(a) If WHE GEN elects to file a Registration Statement for the Distribution Shares, on or prior to the Distribution Date, Cyclone shall deliver to the Distribution Agent, as applicable, for the benefit of the Cyclone Shareholders on the Record Date, the stock certificates, endorsed by Cyclone in blank, representing all of the outstanding Distribution Shares of WHE GEN Common Stock then owned by Cyclone, and Cyclone shall instruct the Distribution Agent to deliver to the WHE GEN Transfer Agent true, correct and complete copies of the stock and transfer records reflecting the Cyclone Shareholders entitled to receive shares of WHE GEN Common Stock in connection with the Distribution. Cyclone shall instruct the Distribution Agent to distribute electronically on the Distribution Date or as soon as reasonably practicable thereafter the appropriate number of shares of WHE GEN Common Stock to each such holder or designated transferee(s) of such holder by way of direct registration in book-entry form, or in accordance with the practices and procedures of the Depository Trust Company, as appropriate. Cyclone shall cooperate, and shall instruct the Distribution Agent to cooperate, with WHE GEN

and the WHE GEN Transfer Agent, and WHE GEN shall cooperate, and shall instruct the WHE GEN Transfer Agent to cooperate, with Cyclone and the Distribution Agent, in connection with all aspects of the Distribution and all other matters relating to the issuance of the shares of WHE GEN Common Stock to be distributed to the Cyclone Shareholders in connection with the Distribution.

(b) If WHE GEN elects to file a Registration Statement for the Distribution Shares, each Cyclone Shareholder on the Record Date (or such holder's designated transferee(s)) will be entitled to receive in the Distribution a number of whole shares of WHE GEN Common Stock at a rate determined by dividing the total issued and outstanding Cyclone Common Stock on a fully-diluted basis by the number of Distribution Shares of WHE GEN Common Stock at such time held and owned by Cyclone.

(c) If WHE GEN elects to file a Registration Statement for the Distribution Shares, no fractional shares will be distributed or credited to book-entry accounts in connection with the Distribution.

(d) If WHE GEN elects to file a Registration Statement for the Distribution Shares, after the Record Date and until such time that the WHE GEN Common Stock is duly transferred in accordance with applicable law, WHE GEN will regard the Persons entitled to receive such WHE GEN Common Stock as record holders of WHE GEN Common Stock in accordance with the terms of the Distribution without requiring any action on the part of such Persons. If WHE GEN elects to file a Registration Statement for the Distribution Shares, WHE GEN agrees that, subject to any transfers of such stock, (i) each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the shares of WHE GEN Common Stock then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the shares of WHE GEN Common Stock then held by such holder.

For avoidance of doubt and notwithstanding anything to the contrary, WHE GEN is under no obligation to file the Registration Statement for the Distribution Shares, or any registration statement, and in its discretion, may choose to not file, or to pursue a different path to a going-public transaction, such as a reverse merger into another public entity.

ARTICLE II
BOARD OF DIRECTORS AND LEADERSHIP

Section 2.1 **Appointment to the WHE GEN Board**. Upon execution of this Agreement, Cyclone, WHE GEN, the Funding Group and certain other key shareholders of WHE GEN shall sign a Voting Agreement in the form attached hereto as **Exhibit 2.1**, which shall set forth individuals to be named to the Board of Directors of WHE GEN and other relevant terms. Should the Funding Closing Date not be completed by September 1, 2014, Cyclone may terminate the Voting Agreement.

Section 2.2 **CEO of WHE GEN**.

(a) Cyclone reaffirms that Christopher Nelson has been appointed to serve as the Chief Executive Officer of WHE GEN, authorized with all powers customarily held by such executive position, except as may be limited under Section 1.1(d). The material terms of Mr. Nelson's employment agreement with WHE GEN are attached hereto as **Exhibit 2.2(a).**

(b) Cyclone agrees that Mr. Nelson's authority set forth above shall not be altered, diminished or terminated by Cyclone from the period of signing this Agreement until the Funding Closing Date. Cyclone, as majority shareholder of WHE GEN during this period, shall take no actions or fail to take any actions in contradiction to the terms and intentions of this Agreement. If the Funding Closing Date does not occur by September 30, 2014, the Board of Directors of WHE GEN as appointed by a majority vote of the WHE GEN shareholders at such time, may thereafter remove Mr. Nelson, diminish his powers, or take such other actions the Board after such date deems reasonable and appropriate for the future operations of WHE GEN.

(c) Upon the signing of this Agreement, Mr. Nelson shall resign from his position as President of Cyclone. All deferred salary due to Mr. Nelson at the time of resignation may be converted to common stock of Cyclone at the current market price or otherwise assigned to any third party reasonably agreeable to Mr. Nelson and Cyclone; and all Cyclone stock options held by Mr. Nelson shall immediately vest (if not already vested).

(d) Mr. Nelson shall continue until December 31, 2014, to assist Cyclone in the filing of Cyclone's 10-Qs, 8-Ks and other similar documents with the SEC, prepare and draft legal opinions for Rule 144 purposes, and participate in other investor relations activities, including editing press releases. Mr. Nelson will assist in other reasonable manners in transitioning information and knowledge of the business development, financing and legal aspects of Cyclone to his successor(s) within Cyclone, including coming to Cyclone's office no more than one day per month at the reasonable request of Cyclone. Mr. Nelson will not charge a fee for these services. Regardless of these services, Mr. Nelson shall not be an officer, director or other insider or Affiliate of Cyclone as such term may be defined in the Securities Act of the SEC.

(e) Cyclone hereby releases Mr. Nelson of all non-compete, non-solicitation, work product or other similar clauses in his Employment Agreement. Cyclone understands that such release is critical to allow Mr. Nelson to operate WHE GEN, and thereby maximize the value of WHE GEN shares held by Cyclone and its shareholders, as well as maximize the royalty revenue potential for Cyclone through the License Agreements. Such release shall survive the termination of this Agreement; however it shall not provide Mr. Nelson or WHE GEN the right to violate or circumvent the intention of the License Agreements, and Mr. Nelson shall sign a standard Non-Disclosure Agreement with Cyclone covering the safe-keeping and non-disclosure to third-parties of Cyclone's proprietary information and trade secrets.

Section 2.3 Other Employees and Directors.

(a) Douglas Hutchinson has previously resigned from his position as Vice President of Cyclone, and is expected to be hired as COO of WHE GEN upon the closing of the Seed Round. Cyclone acknowledges this action and hereby releases Mr. Hutchinson of all non-compete, non-solicitation, work product or other similar clauses in his Employment Agreement.

Cyclone understands that such release is critical to allow Mr. Hutchinson to perform his duties for WHE GEN, and thereby maximize the value of WHE GEN shares held by Cyclone and its shareholders, as well as maximize the royalty revenue potential for Cyclone through the License Agreements. Such release shall survive the termination of this Agreement; however it shall not provide Mr. Hutchinson or WHE GEN the right to violate or circumvent the intention of the License Agreements, and Mr. Hutchinson shall sign a standard Non-Disclosure Agreement with Cyclone covering the safe-keeping and non-disclosure to third-parties of Cyclone's proprietary information and trade secrets. Cyclone will seek to timely pay back salary owed to Mr. Hutchinson, as represented by a promissory note to be signed between the two parties, which shall not be a liability of WHE GEN. The material terms of Mr. Hutchison's employment agreement with WHE GEN are attached hereto as **Exhibit 2.2(a).**

(b) Upon the signing of this Agreement, Mr. Mayersohn shall resign from the Board of Cyclone and all stock options held by him in Cyclone shall immediately vest (if not already vested).

(c) Messrs. Nelson, Hutchinson and Mayersohn, as well as any other former employees of the Cyclone that hereinafter work for WHE GEN with Cyclone's reasonable approval, shall be defined as the "WHE GEN Group".

ARTICLE III
ASSET AND BALANCE SHEET ITEMS

Section 3.1 Transfers of Certain Other Assets and Liabilities.

(a) Unless otherwise provided in this Agreement Cyclone shall assign, contribute, convey, transfer and deliver to WHE GEN as of the Effective Date all of the right, title and interest of Cyclone in and to all assets and business opportunities that relate solely to the WHE GEN Business, and WHE GEN shall assume and take transfer of all Liabilities to the extent associated with such assets. An exclusive list of the Assets, including all Material Contracts, and an exclusive list of all Liabilities, transferred to and assumed by WHE GEN are set forth in **Schedule 3.1(a)**

(b) To the extent any assignment, contribution, conveyance, transfer, delivery or assumption of any asset or Liability is not effected in accordance with this Section 3.1 prior to the Funding Closing Date for any reason (including as a result of the failure of the parties to identify it as being required to be transferred pursuant to this Section 3.1), it shall be effected as promptly thereafter as practicable.

(c) Upon the signing of this Agreement and the closing of the Seed Round, WHE GEN will assume the specific payables listed in **Schedule 3.1(c)**, which Schedule 3.1(c) shall also list which payable shall be paid upon the closing of the Seed Round.

(d) WHE GEN will assume Phoenix Power Group' Technology License Agreement and the corresponding Deferred Revenue of approximately $250,000.

(e) WHE GEN will receive the $10,000 escrow deposit from Clean Carbon in Australia.

(f) WHE GEN will return to Cyclone a total of 3,000,000 shares of Cyclone Common Stock that WHE GEN holds in treasury.

(g) Cyclone has prepared a balance sheet for WHE GEN as of March 31, 2014 (the "Initial Balance Sheet"), which is attached hereto as **Schedule 3.1(g)**.

Section 3.2 Agreement Relating To Consents Necessary to Transfer Assets and Liabilities. The Parties will use their reasonable efforts to obtain the consent of any Third Party required in connection with the transfer or assignment pursuant to Section 3 of any such asset or any such claim or right or benefit arising thereunder and the assumption of any Liability associated therewith. **Schedule 3.2** sets forth any such required consents.

Section 3.3 Intercompany Accounts. The parties shall settle prior upon the signing of this Agreement , all intercompany receivables, payables and other balances, in each case, that have arisen prior to the Effective Date between the Parties ("Intercompany Accounts"), by one or more cash payments in satisfaction of such amounts. Such Intercompany Accounts are set forth as part of **Schedule 3.1(c)**. From and after the Effective Date, the parties shall settle as promptly as practicable and in the manner set forth in the first sentence of this Section 3 any Intercompany Accounts that are not settled as of the Effective Date; *provided* that any claim by any member of either Group with respect to an Intercompany Account must be made in writing and be reasonably specific as to the applicable Intercompany Account and the amount thereof to the applicable member of the other Group within 90 days of the Funding Closing Date, and any Intercompany Account that is not settled, or that a claim in respect thereof is not made in compliance with Section 3, within such 90 day period shall be deemed waived and released in accordance with Section 6 without any further action by either party.

Section 3.4 Bank Accounts; Cash Balances.

(a) The Parties agree to take all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by Cyclone, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any bank or brokerage account owned by WHE GEN, are de-linked from the Cyclone Accounts.

(b) Upon the Effective Date, WHE GEN will establish its own bank account at a banking institution reasonably chosen by the management of WHE GEN (the "WHE GEN Account"), into which all proceeds from the Seed Round and the Series A Round, less any agreed closing costs and payments due to Cyclone, will be deposited. Cyclone will not have signing authority or access to that account. In the event that the Funding Closing Date is not completed by September 30, 2014, and this Agreement is terminated by Cyclone, the WHE GEN Account or any proceeds in that account, may be transferred to Cyclone in the discretion of the WHE GEN Board of Directors at such time.

Section 3.5 Novation of Liabilities. Each of Cyclone and WHE GEN, at the request of the other, shall endeavor, if reasonably practicable, to obtain, or to cause to be obtained, if reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other Liabilities of any nature whatsoever that constitute the other Party's Liabilities, as expressly assigned hereunder, or to obtain in writing the unconditional release of all parties to such arrangements.

Section 3.6 Further Assurances and Consents. In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under Applicable Laws and agreements or otherwise to consummate and make effective the transactions contemplated by this Agreement, including but not limited to using its reasonable efforts to obtain any consents and approvals and to make any filings and applications necessary or desirable in order to consummate the transactions contemplated by this Agreement.

ARTICLE IV
LICENSE AGREEMENT AND TRADEMARKS

Section 4.1 License Agreements. Concurrent with the signing of this Agreement, Cyclone will enter into a worldwide exclusive amended and restated license agreement with WHE GEN for the Technology and Cyclone Engines in connection with WHR and W2P applications (the "Amended License"), in the form attached hereto as **Exhibit 4.1(a)**. WHE GEN may file a UCC lien on Cyclone's patents to secure its rights under the License Agreement, including its right of first refusal to acquire the patents in the instance Cyclone is bankrupt.

Section 4.2 Bankruptcy Provisions.

(a) As part of the License Agreements, the parties have agreed that in the instance that Cyclone declares bankruptcy, is declared bankrupt, is placed into receivership, or otherwise liquidates (not in connection with a merger or acquisition), all co-owned Patents and patent Improvements (as defined in the License Agreements) shall automatically and immediately vest to WHE GEN, and shall thereafter be owned outright by WHE GEN. Cyclone understands that this provision is a material inducement for the Funding Group to provide Seed Round and A Round financing to WHE GEN.

(b) In the instance that WHE GEN declares bankruptcy, is declared bankrupt, is placed into receivership, or otherwise liquidates (not in connection with a merger or acquisition), all co-owned Patents and patent Improvements shall automatically and immediately vest to Cyclone, and shall thereafter be owned outright by Cyclone. WHE GEN understands that this provision is a material inducement for Cyclone to provide the License.

(c) If Cyclone undergoes (i) any bankruptcy or insolvency proceedings under any federal or state bankruptcy or insolvency code or similar law, whether voluntary or involuntary, is properly commenced by or against Cyclone; or (ii) becomes insolvent, is unable to pay debts as they come due or ceases to so pay, or makes an assignment for the benefit of creditors; or (iii)

a trustee or receiver is appointed for any or all of Cyclone's assets, then: (a) the License Agreements will continue in full force and effect understanding that WHE GEN has paid good and valuable consideration for the rights thereunder as provided in the License Agreement and herein; and (b) should under any bankruptcy or receivership proceeding the Cyclone Technology and/or Patents be transferred or sold to a third party, then prior to such event occurring, WHE GEN shall have a 30-day right of first refusal to purchase outright such Cyclone Technology and Patents.

Section 4.3 **Trademarks.** Cyclone hereby transfers to WHE GEN the issued trademarks for "WHE", "WHE Generation" and "Generation WHE". Cyclone will file any required documentation with the US PTO to effect this transfer within 10 business days. WHE GEN will assume the legal and filing costs for this transfer.

ARTICLE V
ACCESS TO INFORMATION

Section 5.1 Restrictions on Disclosure of Information.

(a) Generally. Subject to Section 5.2, without limiting any rights or obligations under any other existing or future agreement among the Parties and/or any other members of their respective group relating to confidentiality, for five (5) years after the Effective Date each Party shall, and shall cause its respective group members and their representatives to, hold in strict confidence, with a reasonable degree of care, all Confidential Information concerning the other group that is either in its possession or control as of the Effective Date.

(b) Group Members / Affiliates. As hereinafter used, "WHE GEN Group" shall have the meaning provide in Section 2.3; and "Cyclone Group" shall mean all officers and directors of Cyclone, or such other individuals who are employees of Cyclone who had knowledge of Confidential Information of WHE GEN. "Affiliate" of any specified Person means any other Person directly or indirectly "controlling," "controlled by," or "under common control with" (within the meaning of the Securities Act), such specified Person. "Representatives" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants or attorneys.

(c) Confidential Information" means all technology, business or operational information concerning a Party and/or its subsidiaries (including (i) patents and trade secrets relating to the technology of the other Party, (ii) earnings reports and forecasts, (iii) business and strategic plans, (iv) customers, partners, vendors and other similar parties, (v) litigation presentations and risk assessments, (vi) budgets, (vii) financing and credit-related information, (viii) specifications, ideas and concepts for products and services, (ix) quality assurance policies, procedures and specifications, (x) customer information, (xi) Software, (xii) training materials and information, and (xiii) all other know-how, methodology, procedures, techniques and trade secrets related to design, development and operational processes) which, prior to or following the Effective Time, has been disclosed by a Party or its subsidiaries to the other Party or its subsidiaries, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other (except to the extent that such information can be shown to have been (i) in the public domain through no action of such Party or its subsidiaries, (ii) lawfully acquired from other sources by such Party or its subsidiaries to which it was furnished or (iii) independently developed by such Party or its subsidiaries; provided, however, in the case of clause (ii) that, to the furnished Party's knowledge, such sources did not provide such information in breach of any confidentiality obligations).

(d) Disclosure of Third Person Information. Cyclone and WHE GEN acknowledge that they and other members of the Cyclone Group or the WHE GEN Group, as the case may be, may have in their possession Confidential Information of third Persons that was received under confidentiality or non-disclosure agreement with such third Person while they were Affiliates. Cyclone and WHE GEN shall, and shall cause each of their respective Group members and their Representatives to, hold in strict confidence the Confidential Information of third Persons to

which any member of the Cyclone Group or WHE GEN Group has access, in accordance with the terms of any such agreements.

Section 5.2 Legally Required Disclosure of Information. If any Party or any of its respective Group members or Representatives becomes legally required to disclose any Confidential Information (the "Disclosing Party"), such Party shall promptly notify the Person that owns the Confidential Information (the "Owning Party"), and cooperate with the Owning Party so that the Owning Party may seek a protective order or other appropriate remedy and/or waive compliance with Section 5.1. All expenses reasonably incurred by the Disclosing Party in seeking a protective order or other remedy upon the written request of the Owning Party shall be paid by the Owning Party. If such protective order or other remedy is not obtained, or if the Owning Party waives compliance with Section 5.1, the Disclosing Party shall (x) disclose only that portion of the Confidential Information which its legal counsel advises it is required to disclose, and (y) use commercially reasonable efforts to obtain assurance requested by the Owning Party that confidential treatment will be accorded such Confidential Information.

Section 5.3 Access to Information. For a period of 36 months from the Effective Date of this Agreement, each Party shall cooperate with, and shall cause its respective Group members and Representatives to cooperate with the other Parties reasonable access upon reasonable advance written request to all information (other than Information which is (w) protected from disclosure by attorney-client privilege or work product doctrine that is exclusive to that Party, (x) proprietary in nature to such Party, (y) the subject of a confidentiality agreement between such Party and a third Person which prohibits disclosure to the other Party, or (z) prohibited from disclosure under Applicable Law (collectively, the "Restricted Information")) owned by such Party or one of its Group members or within such Party's or any of its respective Group member's or Representative's possession which is created prior to the Distribution Date (the "Possessor") and which relates to the requesting Party's (the "Requestor") business, assets or liabilities, and such access is reasonably required by the Requestor. Subject to such confidentiality and/or security obligations as the Possessor may reasonably deem necessary, the Requestor may have all requested information (other than Restricted Information) duplicated at Requestor's expense.

Section 5.4 Record Retention. WHE GEN and Cyclone on behalf of themselves and their respective Group members, agree to preserve and retain all information in its respective possession or control that any other Party has the right to access pursuant to Section 5.3 for a period of three (3) years from the Effective Date, and as may be required by (w) any government agency, (x) any Litigation Matter, including in accordance with legal holds, (y) Applicable Law, or (z) any Ancillary Agreement (as applicable, the "Retention Period").

Section 5.5 Production of Witnesses. For no fewer than three (3) years after the Effective Date, each Party shall, and shall cause each of its respective Group members to, use commercially reasonable efforts to make available to each other, upon written request, its past and present Representatives as witnesses to the extent that any such Representatives may reasonably be required (giving consideration to the business demands upon such Representatives) in connection with any legal, administrative or other proceedings in which the requesting Party may from time to time be involved. In the event of any proceeding between the

Parties, this Section 5.5 is not intended to supersede or replace the applicable rules of procedure that would otherwise be applicable to such proceedings.

Section 5.6 Reimbursement. Unless otherwise provided in this Article 5, each Party providing access to information or witnesses to the other Parties pursuant to Sections 5.3, 5.4 or 5.5 will be entitled to receive from the receiving Party, upon the presentation of invoices therefor, payment for all reasonable, out-of-pocket costs and expenses (excluding allocated compensation, salary and overhead expenses) as may be reasonably incurred in providing such information or witnesses.

Section 5.7 Financial Statements and Accounting. Each of Cyclone and WHE GEN agrees to provide the assistance or access set forth in subsections (a), (b) and (c) of this Section 5.7 as follows: (i) in connection with the preparation and audit and dissemination of each of the Party's Annual Financial Statements and quarterly financial statements, the audit of each Party's internal control over financial reporting and management's assessment thereof and management's assessment of each Party's disclosure controls and procedures, if required; (ii) with the consent of the applicable Party (not to be unreasonably withheld or delayed) for reasonable business purposes; (iii) in the event that any Party changes its auditors within two years of the Distribution Date, then such Party may request reasonable access on the terms set forth in this Section 5.7 for a period of up to 180 days from such change; and (iv) from time to time following the Distribution Date, to the extent reasonably necessary to respond (and for the limited purpose of responding) to any written request or official comment from a Governmental Authority, such as in connection with responding to a comment letter from the SEC.

(a) Annual and Quarterly Financial Statements. Each such Party shall provide or provide access to the other Party on a timely basis all information reasonably required to meet its schedule for the preparation, printing, filing and public dissemination of its Annual and Quarterly Financial Statements and for management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting. Without limiting the generality of the foregoing, each such Party shall provide all required financial and other information with respect to itself and members of its Group to the auditors of the other Party in a sufficient and reasonable time and in sufficient detail to permit the other Party's auditors to take all steps and perform all reviews necessary in connection with such other Party's Annual and Quarterly Financial Statements.

(b) Access to Personnel and Records. Each Party shall authorize its respective auditors to make reasonably available to the other Party's auditors (such other Party's auditors, collectively, the "Other Party's Auditors"), to the extent reasonably available, the personnel who performed or are performing the annual audits of the other Party (each such Party with respect to its own audit, the "Audited Party") and work papers related to the annual audits of such Audited Party, in all cases within a reasonable time prior to such Audited Party's auditors' opinion date, so that the Other Party's Auditors are able to perform the procedures they reasonably consider necessary to take responsibility for the work of the Audited Party's auditors as it relates to the report of the Other Party's Auditors on the other Party's Annual Financial Statements, all within sufficient time to enable the other Party to meet its timetable for the printing, filing and public dissemination of its Annual Financial Statements.

(c) Annual Reports. Each Party shall deliver to the other, when available, a substantially final draft, of the first report to be filed with the SEC (or otherwise) that includes its respective Annual and Quarterly Financial Statements (in the form expected to be covered by the audit report of such Party's independent auditors) (such reports, collectively, the "Financial Reports"); provided, however, that each such Party may continue to revise its respective Financial Report prior to the filing thereof, which changes will be delivered to the other Party as soon as reasonably practicable; provided further, that each Party's personnel will consult with the other Party's personnel regarding any material changes which they may consider making to its respective Financial Report and related disclosures prior to the anticipated filing with the SEC, with particular focus on any changes which could reasonably be expected to have an effect upon the other Party's Annual or Quarterly Financial Statements or related disclosures.

Nothing in this Section 5.7 will require any Party to violate any agreement with any third Person regarding confidential information relating to that third Person or its business; provided, however, that in the event that a Party is required under this Section 5.7 to disclose any such confidential information, such Party shall use commercially reasonable efforts to seek to obtain such third Person's written consent to the disclosure of such information.

Section 5.8 Conflicts Waiver. The Parties acknowledge and recognize that each of Cyclone and WHE GEN has used certain outside counsel for advice and counseling and that each Party may continue to use such counsel after the Effective Date. Each Party expressly waives any claim of conflict as a result of either Party's prior use of such outside counsel and agrees that it will not assert after the Effective Date that any such counsel has a conflict that would preclude it from providing advice and counseling to any other Party; provided, however, that in the event of a threatened or actual conflict between Cyclone and WHE GEN after the Funding Closing Date, such waiver will not apply and the laws governing such conflicts of interest will apply.

Section 5.9 Privilege.

(a) The Parties recognize that the members of their respective Groups possess information previously developed and legally protected from disclosure under legal privileges, such as the attorney-client privilege or work product exemption and other concepts of legal privilege ("Privilege"). The Parties recognize that, except as specified in this Section 5.9, each Party shall be entitled to the Privilege with respect to its privileged information and that each shall be entitled to maintain and use for its own benefit all such information, and both Parties shall ensure that such information is maintained so as to protect the Privilege to the fullest extent. With respect to matters relating to the Cyclone Business, Cyclone shall have sole authority in perpetuity to determine whether to assert or waive any or all of the Privilege, and WHE GEN shall not take any action (nor permit any of its Subsidiaries to take action) that could reveal Privileged Information of Cyclone without the prior written consent of Cyclone. With respect to matters solely relating to the WHE GEN Business, WHE GEN shall have sole authority in perpetuity to determine whether to assert or waive any or all of the Privilege, and Cyclone shall take no action (or permit any of its Subsidiaries to take action) that could reveal Privileged Information of WHE GEN without the prior written consent of WHE GEN. The rights and

obligations created by this Section 5.9 will apply to all Confidential Information as to which the Parties or their respective Subsidiaries would be entitled to assert or has asserted a Privilege without regard to the effect, if any, of the Distribution ("Privileged Information"), except that upon request of a government enforcement agency investigating Cyclone, WHE GEN, or any of their Subsidiaries, then Cyclone shall have the sole right to waive privilege regarding pre-Distribution Privileged Information, and the consent of WHE GEN or its Subsidiaries shall not be required, but Cyclone shall give advance written notice to WHE GEN or its Subsidiaries.

(b) Upon receipt by a Party of any subpoena, discovery or other request from any third Person that calls for the production or disclosure of Privileged Information of the other Party, the receiving Party shall promptly notify the other Party of the existence of the request to the extent permitted by law and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it may have under Section 5.2 or this Section 5.9 or otherwise to prevent the production or disclosure of Privileged Information.

Section 5.10 Public Announcements.

(a) Neither Party shall issue any release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the prior written approval of the other Party, which approval shall not be unreasonably withheld, delayed or conditioned; provided, however, that either Party shall be permitted to make any release or public announcement that in the opinion of its counsel it is required to make by law or the rules of any national securities exchange of which its securities are listed; provided further that it has made efforts that are reasonable in the circumstances to obtain the prior approval of the other Party.

(b) The Parties will consult in good faith on any filings with any Governmental Authority or national securities exchange to the extent describing the Agreement or the transactions contemplated by it, including Cyclone's Current Report on Form 8-K reporting the occurrence of the Agreement and the Parties' respective Quarterly Reports on Form 10-Q filed with respect to the fiscal quarter during which the Agreement is executed or the Funding Closing Date occurs, or if such quarter is the fourth fiscal quarter, the Parties' respective annual reports on Form 10-K filed with respect to the fiscal year.

(c) Nothing in this Section 5.10 or elsewhere in this Agreement will require any Party to prepare any report or file with the SEC any report, including Annual Financial Statements, that it would not otherwise be required to prepare or file.

ARTICLE VI
ADDITIONAL COVENANTS AND OTHER MATTERS

Section 6.1 Further Assurances. The Parties agree to execute, or cause to be executed by their appropriate Group members or Representatives, and deliver, as appropriate, such other agreements, instruments and documents as may be necessary or desirable in order to effect the transactions contemplated by this Agreement, including but not limited to the resignation by the

officers and directors of Cyclone or any of its Affiliates from their positions as officers or directors of any of member of the Cyclone Group in which they serve.

Section 6.2 Performance. Cyclone shall cause to be performed all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Cyclone Group. WHE GEN shall cause to be performed all actions, agreements and obligations set forth in this Agreement to be performed by any member of the WHE GEN Group.

Section 6.3 Litigation Matters.

(a) WHE GEN and Cyclone agree that each of them will control any suit, arbitration, inquiry, proceeding or investigation by or before any court, governmental or other regulatory or administrative agency or commission or any arbitration tribunal asserted by a Person (a "Litigation Matter") to which either of them is a party prior to the Effective Date and that the outside legal counsel currently retained in connection with such Litigation Matters may continue such representation.

(b) As to Litigation Matters that are securities class actions or stockholder derivative claims or related actions filed or commenced before, on or after the Funding Closing Date and that involve only alleged pre-Funding Closing Date wrongful acts, Cyclone shall treat them as Indemnified Matters. Notwithstanding the foregoing, as to Litigation Matters that are securities class actions or stockholder derivative claims or related actions filed on or after the Funding Closing Date that (i) involve both alleged pre- and post- Funding Closing Date wrongful acts, Cyclone shall treat pre-Funding Closing Date as Indemnified Matters, and Cyclone and WHE GEN shall be responsible for their own liability as to that portion of any settlements, judgments, costs and expenses resulting from post-Funding Closing Date wrongful acts; and (ii) do not involve pre-Funding Closing Date wrongful acts, Cyclone will not indemnify WHE GEN and WHE GEN will not indemnify Cyclone.

(c) In the event that any Litigation Matter is filed after the Effective Date against Cyclone or any member of the Cyclone Group to which WHE GEN or any member of the WHE GEN Group has any potential liability, Cyclone shall notify WHE GEN of such Litigation Matter and shall take commercially reasonable steps to protect the rights and interests of WHE GEN and members of the WHE GEN Group in connection with the Litigation Matter. In the event that any Litigation Matter is filed after the Funding Closing Date against WHE GEN or any member of the WHE GEN Group, to which Cyclone or any member of the Cyclone Group has any potential liability, WHE GEN shall notify Cyclone of such Litigation Matter and shall take commercially reasonable steps to protect the rights and interests of Cyclone and members of the Cyclone Group in connection with the Litigation Matter. In the event the interests of Cyclone and WHE GEN are in conflict with respect to any Litigation Matter, each may in its sole discretion take such actions as it deems necessary to protect its interests to the extent permitted by and not otherwise in conflict with this Agreement. If a Litigation Matter is commenced after the Funding Closing Date naming Cyclone and WHE GEN as defendants and one Party is a nominal defendant, the other Party shall use commercially reasonable efforts to have the nominal defendant removed from the Litigation Matter.

Section 6.5 Insurance and Indemnification Matters.

(a) Directors' and Officers' Insurance. Cyclone shall use its reasonable best efforts to provide insurance with respect to pre-Funding Closing Date wrongful acts to WHE GEN, and their respective directors and officers prior to the Funding Closing Date, with material terms and conditions no less favorable to WHE GEN and such directors and officers than is available to Cyclone and its respective directors and officers, for a period up until the Funding Closing Date. WHE GEN shall pay or reimburse Cyclone for all costs and expenses associated with this coverage in accordance with Cyclone's current practice. If Cyclone cannot reasonably include WHE GEN's officers and directors on its policy without material changes to coverage, WHE GEN may get its own D&O policy.

WHE GEN covenants and agrees that it shall take appropriate steps to secure directors' and officers' insurance coverage for itself, its Subsidiaries and each of their respective directors and officers as soon as practical following the Funding Closing Date. Nothing in this subparagraph will affect any coverage that is available for alleged wrongful acts that take place prior to the Funding Closing Date.

(b) Other Insurance. Except as set forth in Section 6.5(a), Cyclone shall , subject to insurance market conditions and other factors beyond Cyclone's reasonable control, maintain, for the protection of WHE GEN, with respect to occurrences prior to the Funding Closing Date, Policies that are currently maintained for Cyclone and its Covered Subsidiaries, or any replacement Policies, for occurrences the same period. WHE GEN shall promptly pay or reimburse Cyclone for all costs and expenses of any kind or nature, including retrospective premium charges associated with such insurance that are allocated by Cyclone to WHE GEN in accordance with Cyclone's current practice for the date after the Effective Date up to the Funding Closing Date.

(c) Notification of Changes. Cyclone agrees to provide WHE GEN not fewer than 10 days' advance written notice in the event it elects (or any of its insurers notifies Cyclone in writing of such insurer's election) to cancel or effect any non-administrative modification of the terms and conditions of any Cyclone Policies that provides coverage to WHE GEN, or any of their directors and officers, which notice will include the anticipated date of cancellation or a description of such modification, as applicable.

(d) Post Funding Closing Date. WHE GEN acknowledges and agrees that from and after the Funding Closing Date (i) no member of the Cyclone Group shall purchase or maintain, or cause to be purchased or maintained, any Policies for post-Funding Closing Date liabilities or obligations of WHE GEN, any member of the WHE GEN Group or any of their respective directors and officers, and (ii) the WHE GEN Group shall purchase insurance coverage sufficient to protect its interests.

(e) Director and Officer Indemnification. For a period of six (6)years from the Funding Closing Date, the provisions of the amended and restated certificate of incorporation and amended and restated bylaws of Cyclone, to the extent providing for indemnification of persons who were officers, directors, employees, fiduciaries or agents immediately prior to the Funding

Closing Date, shall not be amended in any manner that would adversely affect the rights of persons who prior to the Funding Closing Date were directors, officers, employees, fiduciaries or agents of any member of the WHE GEN Group for acts or omissions occurring prior to the Funding Closing Date, unless such modification shall be required by, and then only to the minimum extent required by, Applicable Law.

Section 6.6 Conduct of WHE GEN Business between Effective Date and Funding Closing Date. From the Effective Date through the Funding Closing Date, Cyclone shall cause the WHE GEN Business to be conducted in accordance with all of WHE GEN's applicable policies and procedures, consistent with past practice. Cyclone shall not take any action or faith to take any action, to cause WHE GEN not to be able to operate its business in the normal course and as contemplated in the Agreement.

Section 6.7 Mail Handling; Receivables and Payables.

(a) To the extent that any member of the Cyclone Group receives any mail or packages relating to the WHE GEN Business, Cyclone shall, and shall cause the applicable member of the Cyclone Group to, promptly deliver such mail or packages to WHE GEN. After the Effective Date, to the extent that any member of the Cyclone Group receives cash or checks or drafts made payable to such member that properly belongs to the WHE GEN Business, Cyclone shall, and shall cause the applicable member of the Cyclone Group to, promptly forward such cash to, or deposit such checks or drafts and upon receipt of funds from such checks or drafts, forward such cash to WHE GEN within five Business Days, or, if so requested by WHE GEN, endorse such checks or drafts to WHE GEN for collection.

(b) To the extent that any member of the WHE GEN Group receives any mail or packages relating to the Cyclone Business, WHE GEN shall, and shall cause the applicable member of the WHE GEN Group to, promptly deliver such mail or packages to Cyclone. After the Effective Date, to the extent that any member of the WHE GEN Group receives cash or checks or drafts made payable to such member that properly belongs to any member of the Cyclone Group, WHE GEN shall, and shall cause the applicable member of the WHE GEN Group to, promptly forward such cash to, or deposit such checks or drafts and upon receipt of funds from such checks or drafts, forward such cash to Cyclone within five Business Days, or, if so requested by Cyclone, endorse such checks or drafts to Cyclone for collection.

Section 6.9 Employee Matters.

(a) Except as otherwise expressly provided herein, Cyclone shall assume and agree to pay, perform, fulfill and discharge, and WHE GEN shall have no responsibility for, all employment or service-related Liabilities with respect to (i) all current and former Cyclone Group employees (and their dependents and beneficiaries), and (ii) any individual who is, or was, an independent contractor, temporary employee, consultant of any member of the Cyclone Group.

(b) Except as otherwise expressly provided herein, WHE GEN shall assume and agree to pay, perform, fulfill and discharge, and Cyclone shall have no responsibility for, all

employment or service-related Liabilities with respect to (i) all current and former WHE GEN Group employees (and their dependents and beneficiaries), and (ii) any individual who is, or was, an independent contractor, temporary employee, consultant of any member of the WHE GEN Group.

ARTICLE VII
INDEMNIFICATION AND RELEASE

Section 7.1 Indemnification by WHE GEN Group. Effective on and after the Funding Closing Date, WHE GEN shall indemnify, defend and hold harmless Cyclone, each member of the Cyclone Group, each of their respective past and present officers, directors and employees, each of their respective successors and assigns, and, solely with respect to clause (c) below, each Person, if any, who controls any of the foregoing parties within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "Cyclone Indemnified Parties"), from and against any and all Damages incurred or suffered by the Cyclone Indemnified Parties arising out of or in connection with the following:

(a) The conduct of the WHE GEN Business on and after the Seed Round Closing Date;

(b) Any breach by WHE GEN or any member of the WHE GEN Group of this Agreement; and

(c) Except as set forth in Section 7.2(c) below, any and all Damages caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof or the Prospectus or any supplement thereto, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 7.2 Indemnification by Cyclone Group. Effective on and after the Funding Closing Date, Cyclone shall indemnify, defend and hold harmless each member of the WHE GEN Group, each of their respective past and present officers, directors and employees, and each of their respective successors and assigns and, solely with respect to clause (c) below, each Person, if any, who controls any of the foregoing parties within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "WHE GEN Indemnified Parties"), from and against any and all Damages incurred or suffered by the WHE GEN Indemnified Parties arising out of or in connection with the following:

(a) The conduct of the Cyclone Business, whether such Damages arise or accrue prior to, on or following the Funding Closing Date;

(b) Any breach by Cyclone or any member of the Cyclone Group of this Agreement; and

(c) Any and all Damages caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof or the Prospectus or any supplement thereto, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which

they were made, not misleading, to the extent resulting from any statements or other information provided by Cyclone or any other member of the Cyclone Group for inclusion in the Registration Statement or the Prospectus.

Section 7.3 Claim Procedure.

(a) Claim Notice. A Party that seeks indemnity under this Article 7 (an "Indemnified Party") shall give written notice (a "Claim Notice") to the Party from whom indemnification is sought (an "Indemnifying Party"), including whether the Damages sought arise from matters solely between the Parties or from Third Party Claims. No delay or deficiency on the part of the Indemnified Party in so notifying the Indemnifying Party shall relieve the Indemnifying Party of any Liability or obligation hereunder except to the extent of any Damages caused by or arising out of such failure.

(b) Response to Notice of Claim. Within thirty (30) days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall either: (i) agree that the Indemnified Party is entitled to receive all of the Claimed Amount and, in which case, the Indemnifying Party shall pay the Claimed Amount in accordance with a payment and distribution method reasonably acceptable to the Indemnified Party; or (ii) dispute that the Indemnified Party is entitled to receive all or any portion of the Claimed Amount, in which case, the Parties shall resort to the dispute resolution procedures set forth in Section 8.3.

(c) Contested Claims. In the event that the Indemnifying Party disputes the Claim Notice, as soon as practicable but in no event later than ten (10) days after the receipt of the notice referenced in Section 7.3(b)(ii) hereof, the Parties shall begin the process to resolve the matter in accordance with the dispute resolution provisions of Section 8.3 hereof. Upon ultimate resolution thereof, the Parties shall take such actions as are reasonably necessary to comply with such terms of resolution.

(d) Third Party Claims.

(i) In the event that the Indemnified Party receives written notice of the assertion by a Person who is not a member of either Group of any claim or the commencement of any Action (collectively, a "Third-Party Claim") with respect to which the Indemnifying Party may be obligated to provide indemnification under this Article 7, the Indemnified Party shall give written notice to the Indemnifying Party of the Third-Party Claim. Such notification shall be given within ten (10) Business Days after receipt by the Indemnified Party of notice of such Third-Party Claim, provided, however, that no delay or deficiency on the part of the Indemnified Party in so notifying the Indemnifying Party shall relieve the Indemnifying Party of any Liability or obligation hereunder except to the extent of any Damages caused by or arising out of such failure. Within twenty (20) calendar days after delivery of such written notice, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such Third-Party Claim with counsel reasonably satisfactory to the Indemnified Party. During any period in which the Indemnifying Party has not so assumed control of such defense, the Indemnified Party shall control such defense.

(ii) The Party not controlling such defense (the "Non-controlling Party") may participate therein at its own expense; provided, however, that if the Indemnifying Party assumes control of such defense and the Indemnified Party concludes, upon the written opinion of counsel, that the Indemnifying Party and the Indemnified Party have conflicting interests with respect to such Third-Party Claim, the reasonable fees and expenses of counsel to the Indemnified Party shall be considered "Damages" for purposes of this Agreement. The Party controlling such defense (the "Controlling Party") shall keep the Non-controlling Party reasonably advised of the status of such Third-Party Claim and the defense thereof and shall consider in good faith recommendations made by the Non-controlling Party with respect thereto. The Non-controlling Party shall furnish the Controlling Party with such information as it may have with respect to such Third-Party Claim (including copies of any summons, complaint or other pleading which may have been served on such Party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise cooperate with and assist the Controlling Party in the defense of such Third-Party Claim.

(iii) The Indemnifying Party shall not agree to any settlement of, or the entry of any judgment arising from, any such Third-Party Claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the consent of the Indemnified Party shall not be required if (x) the Indemnifying Party agrees in writing to pay any amounts payable pursuant to such settlement or judgment, and (y) such settlement or judgment includes a full, complete and unconditional release of the Indemnified Party from further Liability. The Indemnified Party shall not agree to any settlement of, or the entry of any judgment arising from, any such Third-Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 7.4 Survival; Limitations.

(a) The rights and obligations of Cyclone, WHE GEN and each of their respective Indemnified Parties under this Agreement shall survive the sale, assignment or other transfer by (i) in the case of WHE GEN, any Assets or Liabilities of the WHE GEN Business, or (ii) in the case of Cyclone, any Assets or Liabilities of the Cyclone Business

(b) The amount of any Damages for which indemnification is provided under this Agreement shall be net of any amounts actually recovered by the Indemnified Party from any third Person (including, without limitation, amounts actually recovered under insurance policies) with respect to such Damages. Any Indemnifying Party hereunder shall be subrogated to the rights of the Indemnified Party upon payment in full of the amount of the relevant indemnifiable Damages. An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provision hereof, have any subrogation rights with respect thereto. If any Indemnified Party recovers an amount from a third Person in respect of Damages for which indemnification is provided in this Agreement after the full amount of such indemnifiable Damages has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such indemnifiable Damages and the amount received from the third Person exceeds the remaining

unpaid balance of such indemnifiable Damages, then the Indemnified Party shall promptly remit to the Indemnifying Party the excess (if any) of (x) the sum of the amount theretofore paid by such Indemnifying Party in respect of such indemnifiable Damages plus the amount received from the third Person in respect thereof, less (y) the full amount of such indemnifiable Damages.

(c) The Indemnifying Party may at any time request that the Indemnified Party pursue insurance coverage from one or more insurers in connection with such Damages. If requested, the Indemnified Party shall cooperate in good faith with the Indemnifying Party and use its commercially reasonable efforts to pursue insurance coverage, including, if necessary, the filing of coverage litigation, after consultation with the Indemnifying Party and the Indemnifying Party has provided written consent as to the initiation of coverage litigation (which consent shall not be unreasonably withheld), all of which shall be at the Indemnifying Party's sole cost and expense. The Indemnifying Party shall pay directly or promptly reimburse the Indemnified Party for all such costs and expenses, as directed by the Indemnified Party. The Indemnified Party shall retain full and exclusive control of all such matters (including, without limitation, the settlement of underlying covered claims and/or coverage claims against insurers), and the Indemnified Party shall have the right to select counsel with the concurrence of Indemnifying Party, which concurrence shall not be withheld unreasonably. The proceeds of any insurance recovery (after deducting the insurance indemnity payment for the settlement or judgment for which coverage was sought, and any costs and expenses that have not yet been paid or reimbursed by the Indemnifying Party) shall be paid to the Indemnifying Party. At all times, the Indemnifying Party shall cooperate with the Indemnified Party's insurers and/or with the Indemnified Party in the pursuit of insurance coverage, as and when reasonably requested to do so by the Indemnified Party.

It is not the intent of this Section 7.4(c) to absolve the Indemnifying Party of any responsibility to the Indemnified Party for those Damages in connection with which the Indemnified Party actually secures insurance coverage, but to allocate the costs of pursuing such coverage to the Indemnifying Party and to provide the Indemnified Party with a full, interim indemnity from the Indemnifying Party until such time as the extent of insurance coverage is determined and is obtained. It is also not the intention of this Section 5.4 that the indemnity obligations of the Indemnifying Party hereunder should be viewed as “additional insurance” by any insurer.

Notwithstanding anything to the contrary in this Section 5.4(c), the Indemnified Party in its sole discretion may pursue insurance coverage for the benefit of Indemnifying Party before the Indemnifying Party has requested it to do so. In such event, the Indemnified Party may unilaterally take any steps it determines are necessary to preserve such insurance coverage, including, by way of example and not by way of limitation, tendering the defense of any claim or suit to an insurer or insurers of the Indemnified Party if the Indemnified Party concludes that such action may be required by the relevant insurance policy or policies. Any such actions by the Indemnified Party shall not relieve Indemnifying Party of any of its obligations to the Indemnified Party under this Agreement, including the Indemnifying Party's obligation to pay directly or reimburse the Indemnified Party for costs and expenses.

For purposes of this Section 7.4(c), the following will not be considered insurance that will be available to the Indemnifying Party: (i) any deductible payable by the Indemnified Party; (ii) any retention payable by the Indemnified Party; (iii) any co-insurance payable by the Indemnified Party; and (iv) any coverage that ultimately will be payable or reimbursable by the Indemnified Party through any arrangement, including but not limited to an insurance-fronting arrangement or fronted insurance policy. It is the intention of this Section 5.4(b) to make insurance available to the Indemnifying Party only in those instances in which there has been a final transfer of the risk to a solvent third-Party commercial insurer.

(d) Notwithstanding the joint and several indemnification obligations of each Group as set forth in Sections 7.1 and 7.2, Cyclone and WHE GEN agree that the indemnification obligation of any Cyclone Group member or WHE GEN Group member, as applicable, for Damages shall be satisfied by a direct payment from Cyclone or WHE GEN, as applicable, to the other Party irrespective of which Group member is found liable for Damages.

Section 7.5 Contribution. If the indemnification provided for in this Article 7 shall, for any reason, be unavailable or insufficient to hold harmless an Indemnified Party hereunder in respect of any Liability, then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be sufficient to place the Indemnified Party in the same position as if such Indemnified Party were indemnified hereunder, the parties intending that their respective contributions hereunder be as close as possible to the indemnification under Section 7.2 and Section 7.3. If the contribution provided for in the previous sentence shall, for any reason, be unavailable or insufficient to put the Indemnified Party in the same position as if it were indemnified under Section 7.2 or Section 7.3, as the case may be, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be appropriate to reflect the relative benefits received by and the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand with respect to the matter giving rise to the Liability.

Section 7.6 Mutual Release of Pre-Funding Closing Date Claims.

(a) Except as provided in Section 7.5(c), as of the Funding Closing Date, Cyclone does hereby, for itself and each other member of the Cyclone Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Funding Closing Date have been stockholders, directors, officers, agents or employees of any member of the Cyclone Group (in each case, in their respective capacities as such), release and forever discharge WHE GEN, each member of the WHE GEN Group and their respective Affiliates, successors and assigns, and all stockholders, directors, officers, agents or employees of any member of the WHE GEN Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever to Cyclone and each other member of the Cyclone Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Funding Closing Date have been stockholders, directors, officers, agents or employees of any member of the Cyclone Group, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to

have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Funding Closing Date, including in connection with the transactions contemplated by this Agreement and all other activities to implement the Distribution.

(b) Except as provided in Section 7.5(c), as of the Funding Closing Date, WHE GEN does hereby, for itself and each other member of the WHE GEN Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Funding Closing Date have been stockholders, directors, officers, agents or employees of any member of the WHE GEN Group (in each case, in their respective capacities as such), release and forever discharge Cyclone, each member of the Cyclone Group and their respective Affiliates, successors and assigns, and all stockholders, directors, officers, agents or employees of any member of the Cyclone Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever to WHE GEN and each other member of the WHE GEN Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Funding Closing Date have been stockholders, directors, officers, agents or employees of any member of the WHE GEN Group, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Funding Closing Date, including in connection with the transactions contemplated by this Agreement and all other activities to implement the Distribution.

(c) Nothing contained in Section 7.5(a) or (b) shall impair any right of any Person to enforce this Agreement, or any agreements, arrangements, commitments or understandings that are specified in, or contemplated to continue pursuant to, this Agreement. Without limiting the foregoing, nothing contained in Section 7.5(a) or (b) shall release any Person from:

(i) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of that Group under, this Agreement or any Ancillary Agreement;

(ii) any Liability that such Person may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of Sections 7.1 through 7.4 and the applicable indemnification provisions of the Ancillary Agreements;

(iii)

(v) any indemnification obligation under such Person's articles of incorporation or bylaws, as limited under this Agreement; or

(vi) any Liability the release of which would result in the release of any third Person other than the Cyclone Indemnified Parties or the WHE GEN Indemnified Parties

ARTICLE VIII
DISPUTE RESOLUTION

Section 8.1 Agreement to Resolve Disputes. The procedures for discussion, negotiation and dispute resolution set forth in this Article 8 shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to or arise under or in connection with this Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the Effective Date), or the commercial or economic relationship of the Parties relating hereto or thereto, between or among any member of the Cyclone Group on the one hand and the WHE GEN Group on the other hand. Each Party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article 8 shall be the sole and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any Action in or before any Governmental Authority, except as otherwise required by Applicable Law.

Section 8.2 Dispute Resolution; Mediation.

(a) Either Party may commence the dispute resolution process of this Section 8.2 by giving the other Party written notice (a "Dispute Notice") of any controversy, claim or dispute of whatever nature arising out of or relating to or in connection with this Agreement, or the breach, termination, enforceability or validity thereof (a "Dispute") which has not been resolved in the normal course of business or as provided in the relevant Ancillary Agreement. The Parties shall attempt in good faith to resolve any Dispute by negotiation between executives of each Party (each a "Senior Party Representative") who have authority to settle the Dispute and, unless discussions between the parties are already at a senior management level, who are at a higher level of management than the Persons who have direct responsibility for the administration of this Agreement or the relevant Ancillary Agreement. Within fifteen (15) days after delivery of the Dispute Notice, the receiving Party shall submit to the other a written response (the "Response"). The Dispute Notice and the Response shall include (i) a statement setting forth the position of the Party giving such notice and a summary of arguments supporting such position and (ii) the name and title of such Party's Senior Party Representative and any other Persons who will accompany the Senior Party Representative at the meeting at which the parties will attempt to settle the Dispute. Within thirty (30) days after the delivery of the Dispute Notice, the Senior Party Representatives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. The parties shall cooperate in good faith with respect to any reasonable requests for exchanges of Information regarding the Dispute or a Response thereto.

(b) If the Dispute has not been resolved within sixty (60) days after delivery of the Dispute Notice, or if the parties fail to meet within thirty (30) days after delivery of the Dispute Notice as hereinabove provided, the parties shall make a good faith attempt to settle the Dispute by mediation pursuant to the provisions of this Section 8.2 before resorting to arbitration contemplated by Section 8.3 or any other dispute resolution procedure that may be agreed by the parties.

(c) All negotiations, conferences and discussions pursuant to this Section 8.2 shall be confidential and shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such negotiations, conferences and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration.

(d) Unless the parties agree otherwise, the mediation shall be conducted in accordance with the CPR Institute for Dispute Resolution Model Procedure for Mediation of Business Disputes in effect on the date of this Agreement by a mediator mutually selected by the parties.

(e) Within thirty (30) days after the mediator has been selected as provided above, both parties and their respective attorneys shall meet with the mediator for one (1) mediation session, it being agreed that each Party representative attending such mediation session shall be a Senior Party Representative with authority to settle the Dispute. If the Dispute cannot be settled at such mediation session or at any mutually agreed continuation thereof, either Party may give the other and the mediator a written notice declaring the mediation process at an end.

(f) Costs of the mediation shall be borne equally by the parties involved in the matter, except that each Party shall be responsible for its own expenses.

(g) Any Dispute regarding the following matters is not required to be negotiated or mediated prior to seeking relief from an arbitrator: (i) breach of any obligation of confidentiality or waiver of Privilege; and (ii) any other claim where interim relief is sought to prevent serious and irreparable injury to one of the parties. However, the parties to the Dispute shall make a good faith effort to negotiate and mediate such Dispute, according to the above procedures, while such arbitration is pending.

Section 8.3 Arbitration.

(a) Subject to Section 8.3(b), if for any reason a Dispute is not resolved within one hundred eighty (180) days from delivery of the Dispute Notice in accordance with the dispute resolution process described in Section 8.2, the parties agree that such Dispute shall be settled by binding arbitration before a single arbitrator under the auspices of the American Arbitration Association ("AAA") in Broward County, Florida pursuant to the Commercial Rules of the AAA. The arbitrator selected to resolve the Dispute shall be bound exclusively by the laws of the State of Delaware without regard to its choice of law rules. Any decisions of award of the arbitrator will be final and binding upon the parties and may be entered as a judgment by the parties. Any rights to appeal or review such award by any court or tribunal are hereby waived to the extent permitted by Applicable Law.

(b) Costs of the arbitration shall be borne equally by the parties involved in the matter, except that each Party shall be responsible for its own expenses, except as otherwise determined by the arbitrator.

(c) The parties agree to comply and cause the members of their applicable Group to comply with any award made in any arbitration proceeding pursuant to this Section 8.3, and agree to enforcement of or entry of judgment upon such award in any court of competent jurisdiction, including any federal or state court located in Broward County, Florida or the State of Delaware. The arbitrator shall be entitled to award any remedy in such proceedings, including monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, that the arbitrator shall not be entitled to award punitive, exemplary, treble or any other form of non-compensatory monetary damages unless in connection with indemnification for a Third Party Claim, to the extent of such claim.

Section 8.4 Continuity of Service and Performance. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Article 8 with respect to all matters not subject to such Dispute.

Section 8.5 Limitation on Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL ANY PARTY OR ANY OF ITS GROUP MEMBERS BE LIABLE UNDER ANY CIRCUMSTANCES OR LEGAL THEORY FOR DAMAGES RELATED TO INCONVENIENCE, DOWNTIME, INTEREST, COST OF CAPITAL, FRUSTRATION OF ECONOMIC OR BUSINESS EXPECTATIONS, LOST PROFITS, LOST REVENUES, LOST SAVINGS, LOSS OF USE, TIME, DATA, OR GOOD WILL, OR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, COLLATERAL OR CONSEQUENTIAL DAMAGES, REGARDLESS OF WHETHER SUCH LOSSES ARE FORESEEABLE; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNIFIED PARTY IS REQUIRED TO PAY ANY DAMAGES RELATED TO INCONVENIENCE, DOWNTIME, INTEREST, COST OF CAPITAL, FRUSTRATION OF ECONOMIC OR BUSINESS EXPECTATIONS, LOST PROFITS, LOST REVENUES, LOST SAVINGS, LOSS OF USE, TIME, DATA, OR GOOD WILL, OR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, COLLATERAL OR CONSEQUENTIAL DAMAGES, TO A PERSON WHO IS NOT A MEMBER OF ANY GROUP IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES FOR THE PURPOSES OF THIS AGREEMENT NOT SUBJECT TO THE LIMITATION SET FORTH IN THIS SECTION 6.5. THIS SECTION SURVIVES THE TERMINATION OR EXPIRATION OF THIS AGREEMENT

ARTICLE IX
REPRESENTAITONS AND WARRANTIES

Section 9.1 Representations and Warranties. Subject to any exceptions set forth in schedules attached hereto, Cyclone represents and warrants that:

(a) Organization and Standing. Cyclone is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has all requisite corporate power and authority to carry on its business as now conducted and proposed to be conducted. Cyclone is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted or

property owned by it makes such qualification necessary except for any jurisdiction(s) (alone or in the aggregate) in which the failure to be so qualified will not have a Material Adverse Effect. For the purposes of this Agreement, "*Material Adverse Effect*" means any material adverse effect on the business, operations, properties, prospects, or financial condition of the Company and/or any condition, circumstance, or situation that would prohibit or otherwise materially interfere with the ability of Cyclone to perform any of its obligations under this Agreement in any material respect.

(b) Corporate Power. Cyclone has all requisite legal and corporate power to enter into, execute and deliver this Agreement and the agreements contemplated hereunder (collectively, the "*Transaction Documents*"). This Agreement, and, upon issuance, the Transaction Documents will be, valid and binding obligations of Cyclone, enforceable in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency, moratorium, and other laws of general application affecting the enforcement of creditors' rights.

(c) Authorization. All corporate and legal action on the part of Cyclone, its officers, directors and shareholders necessary for the execution and delivery of the Transaction Documents, and the performance of Cyclone's obligations hereunder and under the other Transaction Documents, have been taken.

(d) No Conflicts. The execution, delivery and performance by Cyclone of its obligations under this Agreement and the Transaction Documents will not: (i) conflict with or result in a breach of or a default under any of the terms or provisions of, (A) Cyclone's certificate of incorporation (the "*Certificate*") or by-laws ("*Bylaws*"), or (B) any material provision of any indenture, mortgage, deed of trust or other material agreement or instrument to which Cyclone is a party or by which it or any of its material properties or assets is bound, (ii) result in a violation of any material provision of any law, statute, rule, regulation, or any existing applicable decree, judgment or order by any court, Federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over Cyclone, or any of its material properties or assets or (iii) result in the creation or imposition of any material lien, charge or encumbrance upon any material property or assets of Cyclone or any of its subsidiaries pursuant to the terms of any agreement or instrument to which any of them is a party or by which any of them may be bound or to which any of their property or any of them is subject except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not have a Material Adverse Effect.

(e) No Approvals. No consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of Cyclone is required in connection with the valid execution and delivery of this Agreement and the Transaction Documents.

(f) No Undisclosed Events or Circumstances. No event or circumstance has occurred or exists with respect to Cyclone or its businesses, properties, prospects,

operations or financial condition, which, under applicable law, rule or regulation, requires public disclosure or announcement by Cyclone but which has not been so publicly announced or disclosed.

(g) Title to Assets. Cyclone has good and valid title to all of its real and personal property, free and clear of any mortgages, pledges, charges, liens, security interests or other encumbrances, except as otherwise set forth on **Schedule 3.1(c) and 3.2**. Any leases of Cyclone are valid and subsisting and in full force and effect. **Schedule 3.1(a)** lists all material intellectual property of Cyclone ("Cyclone IP"), whether owned, licensed or deemed to be licensed by such person. Cyclone owns and possesses all right, title and interest in and to, or possesses the valid right to use, all of such Cyclone IP free and clear of any liens, liens, security interests or other encumbrances. Cyclone has not received any notice of infringement or misappropriation from any third party with respect to any Cyclone IP. To Cyclone's knowledge, the use by WHE GEN of any Cyclone IP does not violate, infringe or misappropriate any intellectual property rights of any third party, and to Cyclone's knowledge no third party is infringing or misappropriating any of the Cyclone IP.

(h) Actions Pending. There is no action, suit, claim, investigation, arbitration, alternate dispute resolution proceeding or other proceeding pending or, to the knowledge of Cyclone, threatened against Cyclone which questions the validity of this Agreement or any of the other Transaction Documents or any of the transactions contemplated hereby or thereby or any action taken or to be taken pursuant hereto or thereto. There is no action, suit, claim, investigation, arbitration, alternate dispute resolution proceeding or other proceeding pending or, to the knowledge of Cyclone, threatened against or involving Cyclone or any of its properties or assets. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or governmental or regulatory body against Cyclone or any officers or directors of Cyclone.

(i) Compliance with Law. The business of Cyclone has been and, to the best of Cyclone's knowledge is, presently being conducted in accordance with all applicable federal, state and local governmental laws, rules, regulations and ordinances, except where, individually or in the aggregate, the noncompliance therewith could not reasonably be expected to have a Material Adverse Effect. Cyclone has all franchises, permits, licenses, consents and other governmental or regulatory authorizations and approvals necessary for the conduct of its business as now being conducted by it unless the failure to possess such franchises, permits, licenses, consents and other governmental or regulatory authorizations and approvals, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(j) Taxes. Cyclone has accurately prepared and filed all federal, state and other tax returns required by law to be filed by it, has paid or made provisions for the payment of all taxes shown to be due and all additional assessments, and adequate provisions have been and are reflected in the financial statements of Cyclone for all current taxes and other charges to which Cyclone is subject and which are not currently due and payable. None of the federal income tax returns of Cyclone have been audited by the Internal Revenue Service. Cyclone has no knowledge of any additional assessments, adjustments

or contingent tax liability (whether federal or state) of any nature whatsoever, whether pending or threatened against the Company for any period, nor of any basis for any such assessment, adjustment or contingency.

(k) Disclosure. To Cyclone's knowledge, neither the representations and warranties contained in this Article 9 or the schedules hereto nor any other documents, certificates or instruments furnished by or on behalf of Cyclone in connection with the transactions contemplated by this Agreement contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein or therein, in the light of the circumstances under which they were made herein or therein, not misleading.

(l) Books and Records; Internal Accounting Controls. The records and documents of Cyclone accurately reflect in all material respects the information relating to the business of Cyclone, the location of its assets, and the nature of all transactions giving rise to the obligations or accounts receivable of Cyclone. Cyclone maintains a system of internal accounting controls sufficient, in the judgment of Cyclone's board of directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate actions are taken with respect to any differences.

(m) Contracts. **Schedule 3.1(a)** contains a true, correct and complete list of all Contacts (defined below) and all amendments and supplements thereto which are being transfered to and assumed by WHE GEN. True, correct and complete copies of all such Contracts have been delivered to WHE GEN. Each Contract is in full force and effect and is valid, binding and enforceable against Cyclone, and upon transfer against WHE GEN, to Cyclone's knowledge, each other person or party that is signatory thereto in accordance with its terms. No Contract is in material breach or default of the terms of such Contract. There does not exist any event that, with the giving of notice or the passage of time or both, would constitute a material breach or default by Cyclone or, to Cyclone's knowledge, any other signatory under any Contract. To Cyclone's Knowledge, no event has occurred or circumstance exists under or by virtue of any Contract that (with or without notice or lapse of time) would cause the creation of any lien affecting Cyclone or WHE GEN or its assets. "**Contract**" means any agreement, contract, lease, consensual obligation, promissory note, evidence of indebtedness, purchase order, letter of credit, license, promise or undertaking of any nature (whether written or oral and whether express or implied).

ARTICLE X
TERMINATION

If the Funding Closing Date does not occur by September 30, 2014, which date may be extended by reasonable mutual agreement of the Parties for up to 30 days if at least $1,000,000 has been closed in the Series A Round by September 30, 2014, this Agreement may be terminated and the Distribution abandoned at any time prior to the Distribution Date by and in the sole discretion of the Cyclone Board of Directors without the approval of any Person, including WHE GEN, in which case no Party will have any liability of any kind to any other Party by reason of this Agreement. Regardless of termination by Cyclone, the terms and provisions of Articles IV, V, VI, VII, VIII, IX and XI shall survive. After the Funding Closing Date, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties to this Agreement.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Survival. All covenants, agreements, representations and warranties of the Parties contained in this Agreement shall survive the Funding Closing Date and the Distribution.

Section 11.2 Governing Law. The internal laws of the State of Florida (without reference to its principles of conflicts of law) govern the construction, interpretation and other matters arising out of or in connection with this Agreement and, unless expressly provided therein, and each of the exhibits and schedules hereto and thereto (whether arising in contract, tort, equity or otherwise).

Section 11.3 Jurisdiction. Subject to the provisions of Article 6, each of the Parties irrevocably submits to the jurisdiction of the federal and state courts located in Broward County, Florida and/or the State of Delaware for the purposes of any suit, Action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 11.4. Each of the Parties further agrees that service of process, summons or other document by U.S. registered mail to such Parties address as provided in Section 10.6 shall be effective service of process for any Action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 11.3. Each of the Parties irrevocably waives any objection to venue in the federal and state courts located in Broward County, Florida and the State of Delaware of any Action, suit or proceeding arising out of this Agreement, or the transactions contemplated hereby or thereby for which it has submitted to jurisdiction pursuant to this Section 11.3, and waives any claim that any such Action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties shall cause each other member of their respective Group to comply with the provision of this Section 11.3.

Section 11.4 Specific Performance. The Parties agree that the remedy at law for any breach of this Agreement may be inadequate, and that any Party by whom this Agreement is enforceable shall be entitled to seek temporary, preliminary or permanent injunctive or other equitable relief with respect to the specific enforcement or performance of this Agreement. Such

Party may, in its sole discretion, apply to a court of competent jurisdiction for such injunctive or other equitable relief as such court may deem just and proper in order to enforce this Agreement as between Cyclone and WHE GEN, or the members of their respective Groups, or prevent any violation hereof, and, to the extent permitted by Applicable Law, each Party waives any objection to the imposition of such relief.

Section 11.5 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY COURT PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF AND PERMITTED UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY ANCILLARY AGREEMENT. Each of the Parties shall cause each other member of their respective Group to comply with the provision of this Section 10.5.

Section 11.6 Notices. Each Party giving any notice required or permitted under this Agreement or any Ancillary Agreement will give the notice in writing and use one of the following methods of delivery to the Party to be notified, at the address set forth below or another address of which the sending Party has been notified in accordance with this Section 11.6 as follows: (w) personal delivery; (x) facsimile or telecopy transmission with a reasonable method of confirming transmission; (y) commercial overnight courier with a reasonable method of confirming delivery; or (z) pre-paid, United States of America certified or registered mail, return receipt requested. Notice to a Party is effective for purposes of this Agreement or any Ancillary Agreement only if given as provided in this Section 8.6 and will be deemed given on the date that the intended addressee actually receives the notice.

If to Cyclone:
601 NE 26th Ct
Pompano Beach, FL 33068
Attn: Chief Operating Officer

If to WHE GEN:
3590 Dolson Ct.
Carroll, Ohio 43112
Attn: CEO

Section 11.7 Binding Effect and Assignment. This Agreement bind and benefit the Parties and their respective successors and assigns. No Party may assign any of its rights or delegate any of its obligations under this Agreement without the written consent of the other Parties which consent may be withheld in such other Party's sole and absolute discretion, and any assignment or attempted assignment in violation of the foregoing will be null and void.

Section 11.8 Third Party Beneficiaries. Except for (x) the indemnification rights under this Agreement of any Cyclone Indemnified Party or any WHE GEN Indemnified Party in their respective capacities as such under Article 7 and for the release under Section 7.7 of any Person provided therein and (y) the rights to insurance of WHE GEN officers and directors under

Section 6.5: (i) the provisions of this Agreement are solely for the benefit of the parties and their respective successors and permitted assigns, and are not intended to confer upon any Person, except the parties and their respective successors and permitted assigns, any rights or remedies hereunder; (ii) there are no third party beneficiaries of this Agreement; and (iii) this Agreement shall not provide any third party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 11.9 Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement, as the case may be, will remain in full force, if the essential terms and conditions of this Agreement, as the case may be, for each Party remain valid, binding and enforceable.

Section 11.10 Entire Agreement. This Agreement, together with each of the exhibits and schedules appended hereto and thereto, constitutes the final agreement between the Parties, and is the complete and exclusive statement of the Parties' agreement on the matters contained herein and therein. All prior and contemporaneous negotiations and agreements among the Parties with respect to the matters contained herein and therein are superseded by this Agreement.

Section 11.11 Counterparts. The Parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the Party that signed it, and all of which together constitute one agreement. The signatures of the Parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending Party's signature is as effective as signing and delivering the counterpart in person.

Section 11.12 Amendment. This Agreement may be amended, supplemented, modified or abandoned only by a written agreement signed by each Party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

Section 11.13 Waiver. The Parties may waive a provision of this Agreement only by a writing signed by the Party intended to be bound by the waiver. A Party is not prevented from enforcing any right, remedy or condition in the Party's favor because of any failure or delay in exercising any right or remedy or in requiring satisfaction of any condition, except to the extent that the Party specifically waives the same in writing. A written waiver given for one matter or occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver for any other matter or occasion. Any enumeration of a Party's rights and remedies in this Agreement is not intended to be exclusive, and a Party's rights and remedies are intended to be cumulative to the extent permitted by law and include any rights and remedies authorized in law or in equity.

Section 11.14 Authority. Each Party represents to the other Parties that (w) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (x) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate or other action, (y) it has duly and validly executed and delivered this Agreement, and (z) this Agreement is a legal, valid and binding obligation, enforceable against it

in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 11.15 Construction of Agreement.

(a) Where this Agreement states that a Party "will" or "shall" perform in some manner or otherwise act or omit to act, it means that the Party is legally obligated to do so in accordance with this Agreement.

(b) The captions, titles and headings, and table of contents, included in this Agreement are for convenience only, and do not affect this Agreement's construction or interpretation. When a reference is made in this Agreement to an Article or a Section, exhibit or schedule, such reference will be to an Article or Section of, or an exhibit or schedule to, this Agreement unless otherwise indicated.

(c) The words "including," "includes," or "include" are to be read as listing non-exclusive examples of the matters referred to, whether or not words such as "without limitation" or "but not limited to" are used in each instance.

(d) Any reference in this Agreement to the singular includes the plural where appropriate. Any reference in this Agreement to the masculine, feminine or neuter gender includes the other genders where appropriate. For purposes of this Agreement, after the Effective Date, the WHE GEN Business will be deemed to be the business of WHE GEN and the WHE GEN Group, and all references made in this Agreement to WHE GEN as a Party which operates as of a time following the Effective Date, will be deemed to refer to all members of the WHE GEN Group as a single Party where appropriate.

(e) This Agreement is not to be construed for or against any Party based on which Party drafted any of the provisions of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no provision of this Agreement will be interpreted for or against any Party because that Party or its attorney drafted the provision.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Separation Agreement to be executed by their duly authorized officers on the respective dates hereinafter set forth.

CYCLONE POWER TECHNOLOGIES, INC.

By: /s/ Frankie Fruge

Frankie Fruge, President and Director

Date: July 27, 2014

WHE GENERATION CORP.

By: /s/ Christopher Nelson

Christopher Nelson, CEO

(Individually with respect to Section 2.2)

Date: July 27, 2014

SCHEDULE 1.1
USE OF PROCEEDS

Attached separately

SCHEDULE 1.3
CAPITALIZATION STRUCTURE

Attached separately

SCHEDULE 2.2(a)

MATERIAL TERMS OF EMPLOYMENT AGREEMENTS

Attached separately

SCHEDULE 3.1(a)

TRANSFERRED ASSETS & LICENSED IP

Inventory inclusive of WHE engine materials, components, etc. (approx. $76,000)

Trademarks: WHE, WHE Generation, Generation WHE

IP and testing equipment developed in connection with the Company's agreement with Ohio State University's Center for Automotive Research (OSU/CAR)

Amended and Restated License Agreement with Phoenix Power Group, and accompanying Purchase Order

Such other agreements, opportunities, contacts and other miscellaneous items that pertain to the WHE GEN Business as reasonably agreed by Cyclone and WHE GEN

Amended and Restated License Agreement between the Company and Cyclone covering the following Patents (inclusive of future patents and current and future trade secrets):

US Patents

Waste Heat Engine (US Patent No. 7,992,386)
Heat Regenerative Engine (US Patent No. 7,080,512 B2)
Heat Regenerative Engine (Continuation) (US Patent No. 7,856,822 B2)
Steam Generator in a Heat Regenerative Engine (US Patent No. 7,407,382)
Engine Reversing and Timing Control Mechanism (US Patent No. 7,784,280 B2)
Centrifugal Condenser (US Patent No. 7,798,204 B2)
Valve Controlled Throttle Mechanism (US Patent No. 7,730,873 B2)
Pre-Heater Coil in a Heat Regenerative Engine (US Patent No 7,856,823 B2)
Spider Bearing (US Patent No. 7,900,454)

International Patents on WHE and Heat Regenerative Engine

European Union (10)	Australia	South Africa	Canada
Russia	China	Korea	Indonesia
Mexico	Japan	India	Brazil

SCHEDULE 3.1(c)

ASSUMED PAYABLES AND LIABILITIES

Attached separately

SCHEDULE 3.1(g)

WHE GEN BALANCE SHEET

Attached separately

SCHEDULE 3.2

CONSENTS

Cyclone has a Senior Secured Debenture (the "Debenture") with TCA Global Credit Master Fund L.P. ("TCA"), effective as of September 1, 2013 and maturing on September 1, 2014. The current amount due on the Debenture inclusive of interest is approximately $190,000. The assets of the Company are secured by a lien in the favor of TCA.

As a condition to closing of this Agreement and the funding provided under the Seed Round, Cyclone will pay-off in full the TCA debt and receive a lien and funding agreement termination with TCA in a form satisfactory to the Lenders. $75,000 of the funds received by WHE GEN in the Seed Round will be used towards that pay-off.

EXHIBIT 1.1

FINANCING TERM SHEET

Attached separately

EXHIBIT 1.1(B)

NOTE PURCHASE AGREEMENT AND CONVERTIBLE NOTE

Attached separately

EXHIBIT 1.2

FORM SECURITIES PURCHASE AGREEMENT

Attached separately

EXHIBIT 2.1

VOTING AGREEMENT

Attached separately]

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 31st day of July, 2014 by and between WHE Generation Corp., a Delaware corporation (hereinafter called the "Company"), and Christopher M. Nelson (hereinafter called the "Executive").

1. Employment.

1.1 Employment and Term. The Company shall employ the Executive and the Executive shall serve the Company, on the terms and conditions set forth herein, for the period commencing on the date hereof (the "Effective Date") and expiring three (3) years from the Effective Date (the "Term") unless sooner terminated as hereinafter set forth. The Term of this Agreement shall automatically be extended for successive one (1) year periods, starting on the end of the second anniversary of the Effective Date, unless at least 90 days prior to such anniversary date, either the Board or the Executive gives written notice of his/its desire not to extend the Term hereof for the additional year.

1.2 Duties of Executive. The Executive shall serve as Chief Executive Officer of the Company and shall have powers and authority commensurate with such position, shall diligently perform all services as may be reasonably assigned to him by the Board and shall exercise such power and authority as may from time to time be delegated to him by the Board.

2. Compensation.

2.1 Base Salary. The Executive shall receive a base salary of $180,000 per annum (the "Base Salary") during the Term, such Base Salary to be payable in substantially equal installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. The Base Salary shall be subject to annual increases at the discretion of the Board.

The Executive may defer up to $80,000 per year in Base Salary during the first year, which may be used to off-set and repay any Promissory Note he has with the Company, or otherwise convert at his discretion to Common Stock of the Company at a price of $0.27 per share prior to the first year anniversary of his employment. After such time, he shall be able to convert deferred salary to Common Stock at the discretion of the Board.

2.2 Benefits. During the Term of this Agreement, the Executive shall be entitled to insurance programs, sick leave, stock option plans, bonus plans, pension plans and other fringe benefit plans and programs as are from time-to-time established and maintained for the benefit of the Company's executive officers subject to the provisions of such plans and programs in accordance with the Company's policies and plans from time to time in effect for executive officers of the Company. Until the Company offers health insurance to its employees, the Executive shall receive a $1,000 per month health insurance reimbursement.

After his first 90 days, the Executive shall receive three (3) weeks paid vacation in the first year of his employment, with an additional one (1) week vacation added each subsequent year up to five (5) total weeks of paid vacation time per year.

2.3 Stock Options. The Executive shall receive 750,000 Founders Stock Options, vesting 93,750 options every 6 months during over the following 4 years, exercisable at $0.12 per share, and terminating in 10 years. The Executive shall receive additional stock options (initially under the Company's 2014 Stock Incentive Plan), as shall be determined by the Company's Board of Directors subsequent to this Agreement, but no less than 250,000 options each year of his employment.

3. Expense Reimbursement and Office.

3.1 Expense Reimbursement. During the Term, the Company shall reimburse the Executive for all reasonable expenses actually paid or incurred by the Executive in the course of and pursuant to the business of the Company, including expenses for travel and reasonable entertainment.

3.2 Working Facilities. The Company shall furnish the Executive with an office and such other facilities and services suitable to his position and adequate for the performance of his duties hereunder. The Executive shall maintain an executive office in Palm Beach, Florida.

4. Termination.

4.1 Termination for Cause. Notwithstanding anything contained to the contrary in this Agreement, this Agreement may be terminated by the Company for Cause. As used in this Agreement, "Cause" shall only mean (i) subject to the following sentences, any action or omission of the Executive which constitutes a willful and material breach of this Agreement which is not cured or as to which diligent attempts to cure have not commenced within thirty (30) business days after receipt by the Executive of notice of same, which notice specifies the conduct necessary to cure such breach, (ii) fraud, embezzlement or misappropriation as against the Company or (iii) the conviction of the Executive for any criminal act which reasonably injures the Company. Upon any determination by the Board that Cause exists under clause (i) of the preceding sentence, the Company shall cause a special meeting of the Board to be called and held at a time mutually convenient to the Board and the Executive, but in no event later than ten (10) business days after the Executive's receipt of the notice contemplated by clause (i). The Executive shall have the right to appear before such special meeting of the Board with legal counsel of his choosing to refute any determination of Cause specified in such notice, and any termination of the Executive's employment by reason of such Cause determination shall not be effective until the Executive is afforded such opportunity to appear. Any termination for Cause pursuant to clause (ii) or (iii) of the first sentence of this Section 4.1 shall be made in writing to the Executive, which notice shall set forth in detail all acts or omissions upon which the Company is relying for such termination.

Upon any termination pursuant to this Section 4.1, the Company shall pay to the Executive any unpaid Base Salary accrued through the effective date of termination specified in such notice.

Except as provided above, the Company shall have no further liability hereunder (other than for reimbursement for reasonable business expenses incurred prior to the date of termination, subject, however, to the provisions of Section 3.1).

4.2 Termination Without Cause. The Company shall have the right to terminate the Executive's employment hereunder for any reason other than as set forth in Section 4.1 upon thirty (30) days written notice to the Executive; provided, however, that the Company shall pay to the Executive (i) any unpaid Base Salary accrued through the effective date of termination specified in such notice, (ii) the Executive's Base Salary at the rate prevailing at such termination through 24 months from the date of termination or the end of his Term then in effect, whichever is longer, and (iii) any Performance Bonus that would otherwise be payable to the Executive were he not terminated, during the 12 months following his termination. Upon termination without cause, all of the Executive's stock options shall vest immediately.

4.3 Termination Upon Change in Control.

(a) Upon the termination of the Executive's employment hereunder (i) by the Company other than for "Cause", as specified in Section 4.1 hereof, or (ii) by the Executive for "Good Reason", as specified in Section 4.3(c) hereof, within 180 days after the occurrence of a "Change in Control" as specified in Section 4.3(b) hereof, the Company shall pay to the Executive (i) any unpaid Base Salary accrued through the effective date of termination specified in such notice, (ii) the Executive's Base Salary at the rate prevailing at such termination through 24 months from the date of termination or the end of his Term then in effect, whichever is longer, and (iii) any Performance Bonus that would otherwise be payable to the Executive were he not terminated, during the 12 months following his termination. Upon termination upon a change in control, all of the Executive's stock options shall vest immediately.

(b) For purposes of this Agreement, a "Change in Control" shall mean:

(i) The acquisition (other than by the Company), at any time after the date hereof, by any person, entity or "group", within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors (together with such common stock, "Voting Securities"); or

(ii) The individual(s) who, as of the date hereof, constitute the Board (as of the date hereof the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for

purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(iii) Approval by the shareholders of the Company of (A) a reorganization, merger or consolidation with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities, (B) a liquidation or dissolution of the Company or (C) the sale of all or substantially all of the assets of the Company, unless the approved reorganization, merger, consolidation, liquidation, dissolution or sale is subsequently abandoned.

(c) For purposes of this Agreement, "Good Reason" shall mean:

(i) The occurrence of any of the following events which is not consented to in writing by the Executive prior to its occurrence or which is not cured by the Company within thirty (30) days after its receipt of written notice of the Executive's objection to such occurrence: (a) the Executive is assigned to any position, duties or responsibilities that are significantly diminished when compared with the position, duties or responsibilities of the Executive on the date of this Agreement, (b) the Executive's Base Salary or other compensation is reduced or (c) the Executive is requested to engage in conduct that is reasonably likely to result in a violation of law; but excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by the Executive;

(ii) Any failure by the Company to comply with any of the provisions of Sections 1.3, 2 or 3 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by the Executive;

(iii) The Company's requiring the Executive to be based at any office or location other than the Company's offices in South Florida, except for travel reasonably required in connection with the performance of the Executive's responsibilities hereunder; or

(iv) Any purported termination by the Company of the Executive's employment other than as expressly permitted by this Agreement.

4.4 Voluntary Resignation. In the event the Executive resigns as an employee of the Company, he shall be entitled to receive the same payment as if he had been terminated pursuant to Section 4.1of this Agreement.

4.5 Full Settlement. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or others of the validity or

enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to Section 6 of this Agreement), plus in each case interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code").

5. Indemnification. The Company shall indemnify and hold harmless the Executive from and against any and all claims, damages, expenses (including attorneys' fees) and amounts paid in settlement, litigation, arbitration or otherwise (a "Claim") actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of any threatened, pending or completed Claim to which the Executive was or is a party or is threatened to be made a party by reason of the fact that the Executive is or was an officer, director, employee or agent of the Company or its predecessor company, or is or was serving at the request of the Company, or its predecessor company, as an officer, director, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, or by reason of anything done or not done by the Executive in such capacity or capacities, provided that the Executive acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company or its predecessor company. Such indemnification shall include, but not be limited to, any Claim made by shareholders of the Company's predecessor company for demand of the Executive equity holdings in the Company or its predecessor company.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to any conflict of law rule or principle that would give effect to the laws of another jurisdiction. In the event that any dispute shall arise with respect to this Agreement, then such dispute shall be submitted for resolution to arbitration in Palm Beach County, Florida in accordance with the rules of the American Arbitration Association then in effect. The non-prevailing party in such arbitration shall pay all reasonable fees and expenses of the prevailing party, including fees and expenses of counsel for the prevailing party.

7. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or when deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the Company's executive office, or to the last address known for the Executive.

8. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company with respect to such subject matter.

9. Benefits; Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns. Notwithstanding the foregoing, neither party may assign its rights or benefits hereunder without the prior written consent of the other party hereto.

10. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted. If such invalidity is caused by duration, geographic scope or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

11. Waivers. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

12. Damages. Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement.

13. No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person (other than the parties hereto and, in the case of the Executive, his heirs, personal representative(s) and/or legal representative) any rights or remedies under or by reason of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

WHE GENERATION CORP.

By: __/s/ Joel Mayersohn_____
Name: Joel Mayersohn
Title: Director

EXECUTIVE

____/s/ Christopher Nelson_____
Christopher Nelson

ADDENDUM TO
EMPLOYMENT AGREEMENT

THIS ADDENDUM ("Addendum"), dated June 2, 2015, to the **EMPLOYMENT AGREEMENT** ("Agreement") dated July 31, 2014, is between Q2Power Corp., f/k/a WHE Generation Corp., a Delaware corporation (hereinafter called the "Company"), and Christopher M. Nelson (hereinafter called the "Executive").

The Agreement is hereby amended as set forth below. Any provision not specifically amended hereby, shall remain the same as in the original Agreement.

1) **SALARY:** Section 2.1 shall be amended as follows:

2.1 Base Salary. The Executive shall receive a base salary of $138,000 per annum (the "Base Salary") commencing June 1, 2015 and continuing until May 31, 2016. After May 31, 2016, his Base Salary shall be increased to $180,000, or such other greater amount so determined by the Board. This decrease in Base Salary of $42,000 may be used to purchase common stock of the Company in the current Rights Offering on a dollar for dollar basis. If the Executive is liable for payroll taxes for this reduced amount that is converted to stock, the Company will provide him with a tax mark-up bonus at the end of the 2015 fiscal year in such amount.

2) **DEBT CONVERSION**: The current Agreement provides that: "The Executive may defer up to $80,000 per year in Base Salary during the first year, which may be used to off-set and repay any Promissory Note he has with the Company, or otherwise convert at his discretion to Common Stock of the Company at a price of $0.27 per share prior to the first year anniversary of his employment. After such time, he shall be able to convert deferred salary to Common Stock at the discretion of the Board."

The following provision shall be added to that paragraph:

The Board has determined that the Executive may repay and retire the $99,900 principal balance of his promissory note by returning to the Company 370,000 shares of common stock held by him (valued, as provided above, at $.27 per share). Such returned shares shall be placed in treasury and available for future issuances.

3) **ENTIRE AGREEMENT.** This Addendum, along with the original Agreement, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company with respect to such subject matter.

IN WITNESS WHEREOF, the undersigned have executed this Addendum to the Employment Agreement as of the date first above written.

Q2POWER CORP.

By: ___/s/ Joel Mayersohn_____
Name: Joel Mayersohn
Title: Director

EXECUTIVE

___/s/ Christopher Nelson_____
Christopher Nelson

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 20th day of March 2015 by and between Q2Power Corp., a Delaware corporation (hereinafter called the "Company"), and Sudheer Pimputkar (hereinafter called the "Executive").

1. Employment.

1.1 Employment and Term. The Company shall employ the Executive and the Executive shall serve the Company on the terms and conditions set forth herein for the period commencing on April 1, 2015 (the "Effective Date") and expiring one (1) year from the Effective Date (the "Term") unless sooner terminated as hereinafter set forth. The Term of this Agreement shall automatically be extended for successive yearly periods starting on the end of the first anniversary of the Effective Date unless at least 30 days prior to such anniversary date either the Board of Directors (the "Board") of the Company or the Executive gives written notice of his/its desire not to extend the Term hereof.

1.2 Duties of Executive. The Executive shall serve as Chief Technology Officer (CTO) of the Company and shall have powers and authority commensurate with such position, and shall diligently perform all services as may be reasonably assigned to him by Company. Specifically, the CTO shall have the following duties and responsibilities:

The CTO is responsible for the primary technological and engineering objectives of the company, including but not limited to: generating and/or enhancing corporate IP and patent development, and seeking new technologies and innovative systems to enhance corporate power production, power management, control of thermal-to-mechanical power production and electronic control aspects. The CTO will have vision and experience to integrate heat exchangers, combustion systems, mechanical power conversion engines, thermal systems (transfer and storage), electric generation and mechanical power applications for both in-house and third party projects. The position will be responsible for fully vetting potential technologies for applications to enhance the company's cash flow, industry IP leadership, and shareholder value. The CTO will oversee the Engineering department of the company, providing support and guidance to the engineering staff, and assuring that projects are completed on time and within budget. The CTO will work with the COO to establish budgets for the Engineering department, and with the CEO to help develop long term technology strategies for the company. The CTO will attend investor and shareholder meetings as requested from the CEO to present the company's progress and vision with respect to technology development.

2. Compensation.

2.1 Base Salary. The Executive shall receive a base salary of $170,000 per annum (the "Base Salary"), such Base Salary to be payable in substantially equal installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other employment taxes.

2.2 Benefits.

(a) General: During the Term of this Agreement, the Executive shall be entitled to insurance programs, sick leave, stock option plans, bonus plans, pension plans and other fringe benefit plans and programs as are from time-to-time established and maintained for the benefit of the Company's executive employees subject to the provisions of such plans and programs in accordance with the Company's policies and plans from time to time in effect for employees of the Company.

(b) Bonuses: The Executive will receive the following annual and performance based cash bonuses (if such performance goals are achieved in 2015):

1) $2,500 upon the installation and power-up of each of the first four (4) 10kW (minimum output) customer pilot units running on methane, waste fuels or other fuels agreed by the CEO ($10,000 total);

2) $2,500 for each new patent application filed for the Company's technology, up to six (6) applications ($15,000 total), at least one of which will cover processes for monetizing waste-to-power through sensors/controls;

3) $10,000 upon the successful testing of the Company's 25-30kW engine (or the scaled-up version of the current 10kW engine) through at least 200 hours of running time; and

4) Annual bonus starting at 10% of Base Salary over and above performance based bonuses.

(c) Annual Raise: The Executive will be eligible for a minimum 10% annual raise, provided the Executive has favorable semi-annual reviews.

(d) Vacation: After his first 90 days, the Executive shall receive two (2) weeks paid vacation in the first year of his employment, with an additional one (1) week vacation added each subsequent year up to five (5) total weeks of paid vacation time per year.

2.3 Stock Options. The Executive shall receive 360,000 Stock Options, vesting 60,000 options every 6 months over the following 3 years, exercisable at $0.27 per share, and terminating in 10 years. Additional stock options may be awarded at the discretion of the Company's Board of Directors. Additionally, the Executive has received 90,000 shares of common stock per the terms of his previous Advisory Agreement, which will be delivered upon the signing of this Agreement.

3. Expense Reimbursement. During the Term, the Company shall reimburse the Executive for all reasonable expenses actually paid or incurred by the Executive in the course of and pursuant to the business of the Company, including expenses for travel other than to and from the Company's facility.

4. Termination. The Executive's employment hereunder is an "at will" agreement, meaning the Company may terminate him at any time for cause or no cause at all. If employment is

terminated without Cause after the first 90 day introductory period but still during the first year Term, as defined in Section 1.1 above, then the Executive will be entitled to receive his Base Salary through the following three (3) months, and all Stock Options that would otherwise vest during that period of time will vest. Upon any termination for Cause, the Company shall pay to the Executive any unpaid Base Salary accrued through the effective date of termination specified in such notice, and all unvested Stock Options shall immediate terminate. Except as provided above, the Company shall have no further liability hereunder (other than for reimbursement for reasonable business expenses incurred prior to the date of termination), for any termination.

As used in this Agreement, "Cause" shall be defined by the following sentences (i) any action or omission of the Executive which constitutes a willful and material breach of this Agreement, including failure to perform his duties as defined herein or otherwise assigned to him by appropriate management, which is not cured or as to which diligent attempts to cure have not commenced within ten (10) business days after receipt by the Executive of notice of same, which notice specifies the conduct necessary to cure such breach, (ii) fraud, embezzlement, theft, gross negligence, willful misconduct, or misappropriation as against the Company, or (iii) the arrest of the Executive for any criminal act which may reasonably injure the Company or its reputation.

5. **Indemnification.** The Company shall indemnify and hold harmless the Executive from and against any and all claims, damages, expenses (including attorneys' fees) and amounts paid in settlement, litigation, arbitration or otherwise (a "Claim") actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of any threatened, pending or completed Claim to which the Executive was or is a party or is threatened to be made a party by reason of the fact that the Executive is or was an employee or agent of the Company, or by reason of anything done or not done by the Executive in such capacity or capacities, provided that the Executive acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company.

6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to any conflict of law rule or principle that would give effect to the laws of another jurisdiction. In the event that any dispute shall arise with respect to this Agreement, then such dispute shall be submitted for resolution to arbitration in Fairfield County, Ohio in accordance with the rules of the American Arbitration Association then in effect. The non-prevailing party in such arbitration shall pay all reasonable fees and expenses of the prevailing party, including fees and expenses of counsel for the prevailing party.

7. **Notices.** Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or when deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the Company's executive office, or to the last address known for the Executive .

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company with respect to such subject matter.

9. **Benefits; Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns. Notwithstanding the foregoing, neither party may assign its rights or benefits hereunder without the prior written consent of the other party hereto.

10. **Severability.** The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted. If such invalidity is caused by duration, geographic scope or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

11. **Waivers.** The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

12. **Damages.** Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement.

13. **No Third Party Beneficiary.** Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person (other than the parties hereto and, in the case of the Executive, his heirs, personal representative(s) and/or legal representative) any rights or remedies under or by reason of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

Q2POWER CORP.

By: __/s/ Christopher Nelson_____
Name: Christopher Nelson
Title: CEO

EXECUTIVE

__/s/ Sudheer Pimputkar_____
Sudheer Pimputkar

Further Terms and Conditions of Employment

The following terms and conditions are applicable to all of the Company's employees, and by accepting employment, you (referred to herein as "Employee") agree to be bound by these terms and conditions, as well as the terms and conditions separately agreed between you and the Company regarding duties, compensation, benefits, etc. These terms are not intended to limit the Company's rights under general principles of law regarding the matters described below. Employee and the Company agree that if the terms contained herein conflict with the terms of the employment agreement to which this is annexed, the employment agreement shall govern.

1. Disclosure of Information.

1.1 In the course of Employee's employment hereunder, Employee will receive, contribute to the production of, or become privy to the Company's Confidential Information (as hereinafter defined).

1.2 Employee agrees that during Employee's employment by Company and for a period of three (3) years thereafter, Employee shall hold in confidence and shall not directly or indirectly reveal, report, publish, copy, duplicate, disclose or transfer any of the Confidential Information to any person or entity, or utilize any of the Confidential Information for any purpose, except in the course of Employee's work for Company. Employee agrees that during Employee's employment by Company and in perpetuity thereafter, Employee shall hold in confidence and shall not directly or indirectly reveal report, publish, copy, duplicate, disclose, transfer or otherwise misappropriate any Confidential Information to any person or entity, or utilize such Confidential Information for any purpose, except within the course of Employee's employment with Company.

1.3 All notes, data, reference materials, sketches, drawings, memoranda, documentation and records in any form or media in any way incorporating or reflecting any Confidential Information of Company shall belong exclusively to Company. Upon termination of his employment for any reason, or at any time Company may request prior thereto, Employee shall immediately surrender and turn over to Company any of Company's property whatsoever and all Confidential Information of Company, whether the same be in writing, print, copy, audio or video tape, computer program or disc, picture, or any other medium whatsoever, and whether appearing in original documents, summaries, excerpts, abstracts or other formats, and shall provide Company with all information necessary to access and use said Confidential Information. Employee shall have no right to retain any originals or copies of the foregoing for any reason whatsoever after termination of his employment hereunder without the express prior written consent of Company and, upon termination, Employee shall certify in writing that he no longer possesses and has not distributed or retained any Confidential Information of Company or any of Company's property whatsoever.

1.4 Notwithstanding the terms of this Agreement, the obligation of Employee to protect the confidentiality of any Confidential Information shall terminate as to any information or materials which: (i) are, or become, public knowledge through no act or failure to act of Employee; (ii) are publicly disclosed by the proprietor thereof; (iii) are lawfully obtained without obligations of

confidentiality by Employee from a third party after reasonable inquiry regarding the authority of such third party to possess and divulge the same; (iv) are independently developed by Employee from sources or through persons that Employee can demonstrate had no access to Confidential Information; or (v) are lawfully known by Employee at the time of disclosure other than by reason of discussions with or disclosures by Company.

1.5 As used in this Agreement, "Confidential Information" means information or material, whether oral or written, that is proprietary to Company or designated (either expressly or by virtue of the manner in which such information or material is traditionally treated in business settings) as Confidential Information by Company and not generally known by non-Company personnel, which Employee may develop or which Employee may receive, obtain knowledge of or become privy to through or as a result of Employee's relationship with Company (including information conceived, originated, discovered or developed in whole or in part by Employee). "Confidential Information" includes, but is not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing): trade secrets, discoveries, ideas, concepts, software in various stages of development, designs, drawings, specifications, techniques, models, data, source code, object code, documentation, diagrams, flow charts, research, development, processes, procedures, "know-how", marketing techniques and materials, marketing and development plans, names of employees and information related to them, customer names, contacts, and other information related to customers, price lists, pricing policies, and financial data, information and projections. "Confidential Information" also includes any information described above which Company obtains from another party and which Company treats as proprietary or designates as "Confidential Information", whether or not owned or developed by Company. Information that is publicly known and that is generally employed by the trade or generic information or knowledge which Employee would have learned in the course of similar work elsewhere in the trade is not intended to and shall be deemed not to be a part of the "Confidential Information".

2. **Agreement Not to Solicit Customers.** Employee agrees that during his employment by Company and for a period of one (1) year following termination of such employment for any reason whatsoever, Employee shall not, either directly or indirectly, on his own behalf or in the service of or on behalf of others actively solicit, or attempt to solicit, initiate contact with, or call upon any clients or actively sought prospective clients of Company with whom Employee had material contact during his employment with Company, for the purpose of soliciting, selling, diverting to or otherwise providing services on behalf of any business entity which engages in the business of oil and gas exploration, unless agreed to in writing by both parties.

2.1 **Material Contact.** For purposes of this Agreement, "material contact" exists between Employee and each client or actively sought prospective client of Company with whom Employee personally interacts on behalf of Company, whether such interaction is conducted in person, in writing, by telephone or by other form of communication.

3. **Agreement Not to Solicit Employees.** Employee agrees that during his employment by Company and for a period of two (2) years following termination of such employment for any reason, he will not, either directly or indirectly, on her own behalf or in the service of, or on behalf

of others, actively encourage or induce the voluntary termination of, or recruit or hire, or attempt to recruit or hire, any person(s) then employed by or associated with Company as an employee, independent contractor or consultant, whether or not such recruit or hiree is a full-time, part-time or temporary employee, independent contractor or consultant of said entities, and whether or not such employment is for a determined period or is at-will, for the purpose of employment, consultancy, or serving as an independent contractor for, directly or indirectly, any business entity which engages in the business of design, manufacture and sale of information security technology.

4. Work Product.

4.1 Employee agrees that any inventions, ideas, Confidential Information, or copyrightable or patentable subject matter in whole or in part conceived or made by employee during or after the term of his employment with Company which are made through the use of any of Company's Confidential Information or any of Company's equipment, facilities or time, or which result from any work performed by Employee for Company (collectively, "Work Product"), shall belong exclusively to Company and shall be considered part of the Confidential Information (as the case may be) for purposes of this Agreement.

4.2 Company, its designees, and its assigns shall have the right to use and/or to apply for patents, copyrights or other statutory or common law protections for such Work Product in any and all countries. Employee shall provide reasonable assistance to Company (at Company's expense) to obtain and from time to time enforce patents, copyrights, and other statutory or common law protections for such Work Product in any and all countries. To that end, Employee shall execute, during and after his engagement with Company, all documents reasonably related to the application, procurement, and enforcement of patents, copyrights, and other statutory or common law protections, as Company or its counsel may request, together with any assignments thereof to Company or its designee.

4.3 All copyrightable subject matter generated or developed by Employee under this Agreement shall be deemed to be work made for hire, and exclusively the Company shall upon creation, own all such copyrightable subject matter. In the event that any such copyrightable subject matter may not be considered work made for hire, then to the fullest extent permitted by law, Employee hereby assigns to Company or its designee all ownership of all copyrights in all such copyrightable subject matter, and Company or its designee shall have the right to obtain and hold in its own name copyrights, registrations and similar protections related thereto to the extent available.

5. Conflicts of Interest. During the term of his employment Employee shall not engage in activities or practices involving any possible conflict of interest. These activities or practices may subject Employee to disciplinary action, up to and including termination of employment. Employee should avoid at all times the appearance of, as well as an actual, conflict of interest.

5.1 Conflicts of interest activities or practices include, but are not limited to: engaging in business conduct that is damaging to the reputation of the Company, accepting outside employment in any organization that does business with the Company or is a competitor of the Company, investing or having a financial interest in a private company which does business with the Company

or having stock ownership in a publicly traded company which does business with the Company if the relationship(s) may influence Employee's business decisions (this applies to Employee and to close relatives and is applicable at the time of hire and at any time during the course of employment). If an individual does own stock in a company that does business with the Company, the relationship should be disclosed upon employment and all significant business dealings with that company will be reviewed.

5.2 Employee may not accept gifts from any person or company doing or seeking to do business with the Company. Employees are allowed to accept advertising novelties and other gifts of nominal value.

5.3 Employee may not give, offer, or promise, directly or indirectly, anything of value to any representative of any company doing business with the Company.

5.4 Employee may not select vendors on the basis of anything other than the merit of their products or services or prices for such products or services.

5.5 Discussing company information with the press without prior authorization from management is also a conflict of interest.

EMPLOYEE ACKNOWLEDGES THAT HE HAS READ AND UNDERSTANDS THESE TERMS AND CONDITIONS OF EMPLOYMENT AND AGREES THAT THESE TERMS AND CONDITIONS ARE NECESSARY FOR THE REASONABLE AND PROPER PROTECTION OF THE COMPANY'S BUSINESS. EMPLOYEE FURTHER ACKNOWLEDGES THAT THE COMPANY HAS ADVISED HIM THAT HE IS ENTITLED TO HAVE THIS AGREEMENT REVIEWED BY AN ATTORNEY OF HIS SELECTION PRIOR TO SIGNING, AND HE HAS EITHER DONE SO OR ELECTED TO FOREGO THAT RIGHT.

__/s/ Sudheer Pimputkar_____
Sudheer Pimputkar