Letter of Intent - iSAV & RTG - June 2nd, 2020

Resonant Technologies Group ("RTG"), seeks to expand its portfolio to develop and take to market a product that generates electrical power in a clean and novel manner. iSAV would like to see their Electromagnetic Generator technology (Hereinafter, "Technology") deliver on its potential to benefit humanity. Together we believe the two companies can come together and optimize the combination to thrive.

RTG was created to enable key inventors, physicists, scientists and doctors to develop and accelerate their technologies in a holding structure of licensing companies. Each technology within the RTG holding structure is incorporated as an individual operating company and is responsible for ongoing engineering and technical development efforts. RTG's various teams provide support for the operating companies, in the form of capital, accounting support, specialized human resources, business development, legal contracts (including licensing contracts), IP and patent structuring support, enabling the core members of each operating company to focus fully on continued development of their technology and its various applications.

RTG and iSAV's intention is to form a new Joint Development & Commercialization Company (hereinafter described as "NewCo") to deploy the refinement and completion of technical development and manage the commercialization efforts of iSAV's Electromagnetic Generator clean energy production Technology via various regional and global licensing agreements. NewCo will be funded by RTG to cover all of its technical resource needs and will distribute the income from generation of long-term licensing fees, to its two shareholders (RTG and iSAV) on a 50/50 distribution basis.

Definitions.

1. Technology. iSAV Electromagnetic Generator technology, in all of its current and future sizes (power capacities) as well as current and future applications.

2. Commercialization. The process of bringing new products or services to market. The broader act of commercialization entails production, distribution, marketing, sales, customer support, and other key functions critical to achieving the commercial success of the new product or service. In the case of RTG, commercialization is limited to the structuring of long-term product licenses with global and regional companies (sub-licensees), and the subsequent support of the commercialization efforts of the licensees.

3. Shared Services Agreement. A standard services agreement with RTG to provide back office business administration support and support of NewCo's efforts to commercialize the magnetic generator technology, ensuring that NewCo has the human and capital resources committed to supporting the ongoing manufacturing, distribution & support process.

Basic Structure

1. The structure we envision is for NewCo to hold an exclusive commercialization license (the "License") for the Technology (for current and future sizes, current and future applications) including any trade secrets that will continue to be owned by iSAV (hereinafter described).

2. As a first-release version of its Technology, iSAV intends to demonstrate a 10kW output Magnetic Generator (hereinafter "MG10") running itself and a load over 12 hours of time, showing clearly that this is a new and novel way of producing clean power through an innovative use of iSAV's proprietary configuration of magnets/coils and a unique software and other components.

3. RTG's consideration for 50% of the income generation of NewCo

   a. $6,000,000 committed to the NewCo business, allocated toward the completion of the commercialization of the MG10; associated Sources and Uses:
      a.$ 3,000,000[1] for paying back the loans from iSAV's existing distributors, lenders and partners; *iSAV will be responsible for reimbursing existing distributors, lenders and partners, and receiving legal confirmations of receipt and legal waivers from each.*
      b.$ 1,500,000 for on-going funding of the iSAV office, team and development activities for 12 months (including travel for iSAV team and RTG team to/from USA).
      c.$1,500,000 payable to iSAV founders (50% payable at moment of signing definitive NewCo agreement; 50% payable when a replicable, self-operating iSAVs' 10kW production model of MG10 is in Newco's USA office[2].
      d.Commitment to fund and support the next generations of iSAV's Technology, both in terms of product size evolutions as well as for the development of various applications of the underlying Technology. iSAV will grant the exclusive commercialization License to NewCo, with a technology scope that will include the current version and expected applications, as well as future versions and applications of the Technology.

4. Expected Timing of Due Diligence and Funding
   a. Drafting of final form binding Legal contracts – 6 weeks from signing of LOI.
   b. Additional technical due diligence, including:

<u>Online test</u>

a. 18 hour test with a consistent load of 2,000 watts.
b. Test to be broadcasted online by Zoom or a similar software.
c. At a minimum, 36,000 watts or 36 kW must be generated throughout the 18 hour period.
d. Objective of the test is to prove that no lithium batteries producing this power can ever fit within the white magnetic motor stator.

[1] Capital used to reimburse iSAV lenders and partners, will be booked as a long-term loan to NewCo. When NewCo begins generating income from licensing fees, this long-term loan shall be payable before the distributions of licensing fees to shareholders.
[2] Particular attention must be provided to the safety of the device that will be in the USA office for demonstrations, and additional details on the security strategy should be included within the definitive contract between iSAV and RTG.

e. Loads
   i. Current Loads
      a. 900 watt light panel (LED)
      b. 1,200 watt heater
      c. 150 watt fan

   ii. Test equipment
      a. Power analyzer (s) to measure the true voltage, amperage & cycles, reactive load, inductive load, total load and power factor.
      b. FLIR to measure the heat signatures.

On-site test

a. RTG team member on site at iSAV, to verify no alternative power source within white stator drum, confirming that the performance is 100% guaranteed from the magnets/coils as claimed.
b. Prior to disassembly of the white magnetic motor stator, the device will operate for at least 3 hours to generate at least 10kW of power, with intermittent increases to 6,000-7,000 watts (each increase sustained for approx. 30 minutes).
c. The test can be recorded on video until beginning of disassembly. The white magnetic motor stator shall be disassembled with the RTG member in presence but no photo/video shooting will be allowed.
d. iSAV and RTG will agree on the on-site test date in advance considering the COVID19 travel restrictions.

5. Incorporation of NewCo, with RTG and iSAV as Directors – contemporaneous with signing of binding legal contracts.

6. Wiring of funds:
   a. $2.625 Million into escrow account, prior to the performance of the technical due diligence items.
   b. Escrow funds automatically released to iSAV directly upon successful execution of the above-listed technical due diligence items.
      i. $750k to be applied toward iSAV founders
      ii. $1.5M to be applied toward initial debt reimbursements (distributors)
      iii. $375k to cover first 3 months of iSAV operating costs under NewCo agreement.
      iv. Funds to NewCo accounts, as per the terms of the definitive contract, and as soon as NewCo is incorporated and has opened and operational bank accounts in US and South Korea.
      v. iSAV and RTG, as NewCo, will itemize the anticipated milestones to enable successful product launches.
      vi. NewCo will enter into a shared services agreement with RTG & iSAV acceptable by both parties.
      vii. Shareholders of NewCo will sign an operating agreement, establishing rules and guidelines for jointly managing NewCo's business administration.
      viii. Once incorporated, NewCo will open its own bank account. RTG will fund the NewCo bank account on a quarterly basis, as per pre-agreed budgets. iSAV

Directors will have direct access to funds within the NewCo bank account (In the US, and in South Korea) for managing daily business requirements.

ix. Monetization Plan will be created by RTG and iSAV as they define the NewCo business plan.

Product Specifics

1. The NewCo Initial Business will be based upon its first product based on the underlying iSAV Technology; a self-running generator capable of generating a consistent output of 10 kWh of power while maintaining its internal operation. This involves a unique control circuit and a system of bifilar coils with permanent magnets that generate and dispense electrical energy.

2. The product and underlying technologies can be used to enable many applications to solve energy needs. The full extent of this technology and its applications are still to be mapped out. RTG and iSAV will make strategic decisions on the various forms of the subsequent product designs and deployments based on the underlying iSAV Technology and assign capital budgets and teams accordingly.

Scope of License

1. FULL JOINT DEVELOPMENT AND COMMERCIAL LICENSE: Upon successful funding of NewCo, iSAV will provide RTG with an exclusive license to jointly develop additional products and applications of the Technology and to jointly commercialize the technology via sub-licensee agreements. For avoidance of doubt, all of the Intellectual Property related to the Technology and jointly developed by the parties shall remain the property of iSAV. Furthermore, NewCo will not have direct access to the uncompiled software that is required for ongoing development and improvements to the Technology.

2. RIGHT OF FIRST REFUSAL: In the case whereby iSAV receives an economic bid for any of its prior intellectual property (which resides outside of the scope of Electromagnetic Generator Technology), RTG shall have the exclusive right of first refusal and first option to invest capital or acquire the other technologies upon equivalent terms and conditions to those offered by a third party. In the case whereby RTG is unwilling or unable to execute on its option, iSAV shall have the right to commercially or financially engage in separate transactions with other third parties in relation to the other (non electromagnetic generator) technologies.

Financial Components

NewCo Revenue Waterfall from IP licensing or development capital: First, all operating expenses and debts of NewCo will be paid (including the agreed shared services fees payable to RTG for back-office and management support); Second, all profit split pro-rata based upon 50/50 membership interest in NewCo.

Legal Structures

This Letter of Intent is non-binding on the parties and is subject to final agreements being negotiated and executed among the parties.

RESONANT
TECHNOLOGIES GROUP

Upon execution of the final documents, NewCo will become a United States LLC Operating company, owned 50% by the iSAV and 50% by RTG.

Closing

Within six weeks of signing this LOI;

a. iSAV travels to San Francisco, California, to finalize and sign an Operating Agreement.
b. RTG agrees to deposit $50,000 to iSAV as a good faith payment, prior to iSAV leaving Seoul, South Korea and coming to San Francisco, CA, USA.
c. Technical due diligence is successfully completed, as per section 3 above.

We hope that iSAV finds this Letter of Intent to be attractive and timely. RTG looks forward to continued discussions about how our organizations can work together to bring a clean, safe, affordable and effective energy to the United States.

Sincerely,

Rolland M. Gregg

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