

**CLEAN HYDROGEN PURCHASE AGREEMENT  
NON-BINDING TERM SHEET**

**This Clean Hydrogen Purchase Agreement Non-Binding Term Sheet** (this “Term Sheet”) is made and entered into on February \_\_, 2024 (the “Effective Date”), by and between ReCarbon, Inc. (“ReCarbon”), a Delaware corporation with a principal place of business at 47825 Warm Springs Blvd., Fremont, CA 94539, and The City of Lancaster, California (“City of Lancaster”), a municipality with a principal place of business at 44933 Fern Avenue, Lancaster, CA, 91354. ReCarbon and City of Lancaster shall be individually referred to herein as a “Party” and collectively as the “Parties.”

**NOW, THEREFORE**, the Parties hereby agree as follows:

**Article 1. Purpose and Background**

- 1.1 The purpose of this Term Sheet is to set forth the anticipated terms of ReCarbon’s sale of, and City of Lancaster’s purchase of, clean hydrogen to be produced from a demonstration pilot plant utilizing ReCarbon’s plasma-based, gas reforming platform products.
- 1.2 As background, ReCarbon is collaborating with other parties, including the City of Lancaster and LACSD, to construct and operate a clean hydrogen pilot plant which will demonstrate the efficacy and efficiency of the reformation of greenhouse gases using ReCarbon’s plasma-based, gas reforming platform products. The greenhouse gases will be provided by the Lancaster Water Reclamation Plant (located at 1865 W. Ave D, Lancaster, CA 93534).
- 1.3 If the pilot plant demonstration is deemed successful, the Parties agree to discuss a subsequent long term offtake agreement to be outlined in a separate agreement, which will be negotiated and executed by both Parties as required.

**Article 2. Clean Hydrogen Purchase Terms**

- 2.1 The anticipated start date of the purchase agreement is approximately in 2025.
- 2.2 The volume of clean hydrogen produced is anticipated to range from 50kg/day to 100kg/day per day.
- 2.3 A clean hydrogen price of \$12/kg
- 2.4 City of Lancaster will purchase the clean hydrogen on a take or pay basis.
- 2.5 The term of the agreement will be at least 2 years and will not exceed 4 years.
- 2.6 The Parties agree to establish specific performance guarantees related to the quality and quantity of clean hydrogen. Failure to meet these standards will result in mutually agreed-upon penalties, ensuring commitment to the agreed terms of production and quality.

**Article 3. Confidentiality**

- 3.1 This Term Sheet and any information disclosed by any Party to this agreement (the “Disclosing Party”) to the other Party (the “Receiving Party”) or Parties (the “Receiving Parties”) in connection with this Term Sheet, Business Opportunity (“Confidential Information”) are confidential to the Parties and their advisers. The Receiving Party or Parties shall not disclose the Confidential Information to any third party except as expressly

permitted in this Term Sheet and shall use the Confidential Information only for the purpose of this Term Sheet.

3.2 The Receiving Party or Parties may disclose Confidential Information:

- (a) to the Receiving Party or Parties' Affiliate(s), directors, officers, employees, attorneys, accountants and other professional advisors retained by the Receiving Party or Parties in connection with the Business Opportunity; and
- (b) if it is required to do so by any applicable laws and regulations, courts or administrative authorities; provided, however, that the Receiving Party or Parties shall inform the Disclosing Party of the content of such disclosure before making any of such disclosure.

3.3 For the purpose of this provision, "Affiliate(s)" means a corporation, company or other legal entity which: (a) is controlled by a Party; (b) controls a Party to this Term Sheet; or (c) is under common control with a Party to this Term Sheet. For the purpose of this definition, "control" means more than fifty percent (50%) of the shares or ownership interest representing the voting right for the election of directors or persons performing similar functions for such a corporation, company or entity is owned or controlled, directly or indirectly, by the controlling entity. Such a corporation, company or entity shall be deemed to be an Affiliate so long as such ownership or control exists.

3.4 Legally Required or Compelled Disclosure. In the event that the Receiving Party or its Representatives are required, in the opinion of its legal counsel, to disclose any of the Confidential Information by applicable law (including, but not limited to, the California Public Records Act (Cal. Govt. Code §6250 et seq.), the Bagley-Keene Open Meeting Act (Cal. Govt. Code §11120 et seq.), the Brown Act (Cal. Govt. Code §54950 et seq.), and the Federal Freedom of Information Act), regulation or legal process, the Receiving Party will promptly notify the Disclosing Party so that the Disclosing Party may seek a protective order or other appropriate remedy or, in its sole discretion, waive compliance with the terms of this Agreement. The Receiving Party will reasonably cooperate with the Disclosing Party to obtain such a protective order, at the sole cost and expense of the Disclosing Party, and, in any event, will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information that is ultimately required to be disclosed.

#### **Article 4. Effectiveness and Termination**

4.1 This Term Sheet shall be effective on the Effective Date and shall remain effective for twenty-four (24) months from the Effective Date.

4.2 Each Party may immediately terminate this Term Sheet if:

- a. the other Party is in material breach of any material provision of this Term Sheet and the breaching Party has not cured such breach, where curable, to the reasonable satisfaction of the Party giving notice within thirty (30) days of receipt by the breaching Party of such notice if such breach is capable of being cured; or
- b. the Parties enter into and execute definitive agreements relating to any Projects or any Business Opportunity.

- 4.3 The obligations of the Parties set forth in Articles 2, 3.3, 6, 7, 8, and 9 shall survive the termination of the Term Sheet.

#### **Article 5. Amendments**

Any amendments and supplements to this Term Sheet shall be made in writing, duly executed by an authorized representative of each Party.

#### **Article 6. No Partnership; No Exclusivity**

Nothing herein shall be deemed or construed to create a partnership, joint venture or common interest in profits or income between the Parties. Further, no provision contained herein shall be deemed or construed as imposing any exclusivity obligations on either Party or constituting any Party as an agent of the other Party.

#### **Article 7. Fees**

Each Party shall bear its own expenses and costs incurred in connection with the transactions contemplated in this Term Sheet, including, without limitation, negotiation of definitive agreements and any other documents contemplated thereby.

#### **Article 8. [Reserved] / [Indemnification]**

Each Party shall indemnify the other Party against, and shall hold the other Party and all of its employees, agents, officers, directors and shareholders harmless from, any and all liabilities or obligations imposed or attempted to be imposed upon any of them by virtue of any act, representation, statement, warranty, omission or status of such Party or of any employees, agents, officers, contractors, directors and shareholders of such Party. Without limiting the generality of the foregoing, each Party agrees to reimburse and indemnify, the other Party for its attorneys' fees and costs of litigation in defending any claim by any other party resulting from such Party's act, representation, statement, warranty, omission, or status.

#### **Article 9. Miscellaneous**

##### **9.1 Governing Law**

This Term Sheet shall be governed by and construed in accordance with the laws of the State of California, notwithstanding the choice of law rules of any jurisdiction.

##### **9.2 Notice**

All notices and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered in person; (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Article 8):

If to ReCarbon:

47825 Warm Springs Blvd.

If to City of Lancaster:

[ADDRESS]

Fremont, California 94539  
Attention: Andrew Oh  
Phone: +1-408-980-4700  
Email: aoh@recarboninc.com

Attention:  
Phone:  
Email:

### 9.3 Entire Agreement

This Term Sheet constitutes the entire agreement between the Parties and supersedes all previous agreements and understandings of the Parties in connection with the subject matter hereof.

### 9.4 Regulatory Compliance

Both Parties shall ensure full compliance with all applicable environmental, safety, and industry-specific regulations and laws in the execution of this agreement, including but not limited to those related to the production, sale, and transport of clean hydrogen.

## **Article 10. Non-Binding**

Other than Articles 3, 4, 7, 8, 9, and 10 which shall be binding upon the Parties, this Term Sheet is not a binding agreement and does not represent an offer or commitment of any nature from any of the Parties to engage in negotiations regarding, or to enter into any contract or agreement effecting, the transactions contemplated herein.

## **Article 11. Dispute Resolution**

- 11.1 The Parties shall use their respective commercially reasonable efforts to solve amicably by mutual agreement any dispute arising under this Agreement.
- 11.2 In the event of any dispute arising under this Agreement, either Party may send written notice of such dispute to the other Party, requesting negotiations among senior executives. If the other Party agrees to such procedure, then the senior executives shall meet at a mutually acceptable time and place to exchange relevant information in an attempt to resolve the dispute.
- 11.3 Each Party hereby irrevocably agrees that, to the extent that such Party or its respective Affiliates or any of its or its respective Affiliates' properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, from any legal proceedings (including any arbitration under Section 10.3), to enforce or collect upon any liability or obligation of such Party related to or arising from the transactions contemplated by this Agreement, including, without limitation, immunity from suit, immunity from service of process, immunity from jurisdiction or judgment of any court or tribunal, immunity from execution of a judgment, and immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, such Party, for itself and on behalf of its Affiliates, hereby expressly waives, to the fullest extent permissible under applicable law, any such immunity, and agrees not to assert any such right or claim in any such proceeding. Notwithstanding the foregoing, the Parties expressly agree that the provisions of the Government Tort Claims Act, Government Code section 810 et seq., shall apply to any and all claims, actions and/or causes of action arising out of or related to this Agreement.

**Article 12. Insurance Requirements for Non-Binding Term Sheet Only**

- 12.1 ReCarbon shall maintain the following insurance coverage: \$1,000,000 per occurrence for injury or death, with an aggregate limit of \$5,000,000, and Worker's Compensation insurance as required by law.
- 12.2 City of Lancaster shall maintain the following insurance coverage: \$1,000,000 per occurrence for injury or death, with an aggregate limit of \$2,000,000, and Worker's Compensation insurance as required by law.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, this Term Sheet has been duly executed by the Parties as of the date first written above.

**ReCarbon, Inc.**

**City of Lancaster, California**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

02/02/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> GS Insurance Solutions Inc 5201 Great America Parkway Suite 320 Santa Clara CA 95054	<b>CONTACT NAME:</b> Shantelle Sampayan <b>PHONE (A/C, No, Ext):</b> (844) 694-7467 <b>E-MAIL ADDRESS:</b> shantelle@gsisol.com <b>FAX (A/C, No):</b> (844) 205-6744
<b>INSURED</b> ReCarbon, Inc. 3979 Freedom Cr. Suite #230 Santa Clara CA 95054	<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> Crum & Forster Specialty Insurance Co <b>INSURER B:</b> State Compensation Insurance Fund <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>

**COVERAGES****CERTIFICATE NUMBER:** CL242225273**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input checked="" type="checkbox"/> OTHER: Ded: \$5,000 per occ	Y	Y	EPK-145241	09/08/2023	09/08/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000	
A	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			EPK-145241	09/08/2023	09/08/2024	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$	
A	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> <b>EXCESS LIAB</b> DED RETENTION \$			EFX-123697	09/08/2023	09/08/2024	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000	
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A	Y	9293196-23	03/01/2023	03/01/2024	<input checked="" type="checkbox"/> PER STATUTE E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Professional Liability (E&O) Retro Date: 09/08/2020			EPK-145241	09/08/2023	09/08/2024	Each Wrongful Act Limit \$ 1,000,000 Deductible each Claim \$ 5,000	

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**

City of Lancaster, its elected officials, officers, employees and volunteers are included as additional covered parties, but only insofar as the operations under this contract are concerned.

Waiver of Subrogation applies to General and Workers' Compensation. Endorsement form to follow for workers compensation.

30 day notice of cancellation, except for 10 day notice of cancellation for non payment of premium.

**CERTIFICATE HOLDER****CANCELLATION**

City of Lancaster 44933 Fern Avenue Lancaster CA 93534	<b>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</b> <b>AUTHORIZED REPRESENTATIVE</b> Shantelle Sampayan
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PRIMARY AND NON-CONTRIBUTORY ADDITIONAL  
INSURED WITH WAIVER OF SUBROGATION FOR PROJECT OR  
CONTRACT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
CONTRACTORS POLLUTION LIABILITY COVERAGE PART  
ERRORS AND OMISSIONS LIABILITY COVERAGE PART

**SCHEDULE**

<b>Name of Person(s) or Organization(s)</b>
Blanket when specifically required in a written contract with the named insured.
<b>Designated Project or Contract:</b>
Blanket when specifically required in a written contract with the named insured.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A. **SECTION III – WHO IS AN INSURED** within the Common Provisions is amended to include as an additional insured the person(s) or organization(s) indicated in the Schedule shown above, but solely with respect to “claims” caused in whole or in part, by “your work” for that person or organization performed by you, or by those acting on your behalf.
- This insurance shall be primary and non-contributory, but only in the event of a named insured’s sole negligence.
- B. We waive any right of recovery we may have against the person(s) or organization(s) indicated in the Schedule shown above because of payments we make for “damages” arising out of “your work” performed under a designated project or contract with that person(s) or organization(s).
- C. This Endorsement does not reinstate or increase the Limits of Insurance applicable to any “claim” to which the coverage afforded by this Endorsement applies.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDED WAIVER OF TRANSFER OF RIGHTS  
OF RECOVERY AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
CONTRACTORS POLLUTION LIABILITY COVERAGE PART  
ERRORS AND OMISSIONS LIABILITY COVERAGE PART  
THIRD PARTY POLLUTION LIABILITY COVERAGE PART  
ONSITE CLEANUP COVERAGE PART

**SCHEDULE**

Name of Person(s) or Organization(s)
Blanket when specifically required in a written contract with the named insured.

**SECTION VI – COMMON CONDITIONS, item 17. Transfer Of Rights of Recovery Against Others To Us**  
within the Common Provisions is amended by the addition of the following:

Solely as respects the person(s) or organization(s) indicated in the Schedule shown above, we waive any right of recovery we may have against the person(s) or organization(s) indicated in the Schedule shown above because of payments we make for “damages” arising out of your ongoing operations or “your work” performed under a written contract with that person(s) or organization(s) and included in the “products-completed operations hazard”.

However, this waiver shall not apply to “damages” resulting from the sole negligence of the person(s) or organization(s) indicated in the Schedule shown above.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**



ENDORSEMENT AGREEMENT  
WAIVER OF SUBROGATION  
BLANKET BASIS

9293196-23  
RENEWAL  
NA  
6-81-52-60  
PAGE 1

HOME OFFICE  
SAN FRANCISCO

EFFECTIVE MARCH 1, 2023 AT 12.01 A.M.  
AND EXPIRING MARCH 1, 2024 AT 12.01 A.M.

ALL EFFECTIVE DATES ARE  
AT 12:01 AM PACIFIC  
STANDARD TIME OR THE  
TIME INDICATED AT  
PACIFIC STANDARD TIME

RECARBON, INC.

3979 FREEDOM CIR STE 230  
SANTA CLARA, CA 95054

WE HAVE THE RIGHT TO RECOVER OUR PAYMENTS FROM ANYONE  
LIABLE FOR AN INJURY COVERED BY THIS POLICY. WE WILL  
NOT ENFORCE OUR RIGHT AGAINST THE PERSON OR  
ORGANIZATION NAMED IN THE SCHEDULE.

THIS AGREEMENT APPLIES ONLY TO THE EXTENT THAT YOU  
PERFORM WORK UNDER A WRITTEN CONTRACT THAT REQUIRES YOU  
TO OBTAIN THIS AGREEMENT FROM US.

THE ADDITIONAL PREMIUM FOR THIS ENDORSEMENT SHALL BE  
2.00% OF THE TOTAL POLICY PREMIUM.

SCHEDULE

<u>PERSON OR ORGANIZATION</u>	<u>JOB DESCRIPTION</u>
ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED HAS AGREED BY WRITTEN CONTRACT TO FURNISH THIS WAIVER	BLANKET WAIVER OF SUBROGATION

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND  
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY  
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE  
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR  
LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO:

MARCH 27, 2023

2572

  
AUTHORIZED REPRESENTATIVE

  
PRESIDENT AND CEO