MEMORANDUM OF UNDERSTANDING AND INTENT TO COOPERATE

This Memorandum is entered into this 25 day of October, 2017 ("Effective Date"), by and between:

1. REDWOOD COAST ENERGY AUTHORITY, a California Joint Powers Authority, having an office at 633 3rd Street, Eureka, CA, 95501, whose members include the County of Humboldt, the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad, and the Humboldt Bay Municipal Water District, ("RCEA"); and

2. PRINCIPLE POWER, INC., a company incorporated in the state of Nevada, USA, (Entity No. E0706352007-5) having an office at 5901 Christie Ave., Suite 303, Emeryville, CA, USA 94608 that provides technology, engineering and development services for deep-water offshore wind energy projects ("PPI").

RCEA and PPI are referred to herein either in singular as "Party" or in plural as the "Parties."

PREAMBLE

By creating access to economically priced renewable energy, renewable resource diversification, and enhanced economic activity in coastal areas, floating offshore wind energy development represents tremendous opportunity for the State of California. This is especially true of Humboldt County, where the wind resource offshore is particularly strong and Humboldt Bay is endowed with characteristics that make it well suited for investment to support the deployment of offshore wind systems. The Parties recognize these advantages and seek to identify and support development of floating offshore wind energy projects off the coast of Humboldt County.

AGREEMENT

The Parties agree to cooperate and work together in good faith for the purpose of developing a floating offshore wind energy project utilizing the WindFloat technology ("Project") off the coast of Humboldt County. As part of this agreement, the Parties agree to work together:
1. To negotiate without commitment or obligation to consummate the main elements of a future electricity offtake agreement considering the price and terms that meet the needs of the Parties, their customers, members, and investors;

2. To identify additional potential electricity purchasers for the Project and to coordinate with them as needed to ensure the full offtake of the Project;

3. To identify potential interconnection locations for the Project and to identify potential solutions for transmission system upgrades the Project may require;

4. To work with other stakeholders to identify and reasonably address local infrastructure improvements needed for associated fabrication, assembly, and deployment of Project components;

5. To consider the environmental impacts and commercial fishing interests associated with project siting and development, and to take reasonable steps to address them;

6. To seek out and cooperate on mutually beneficial grant or public funding opportunities that are consistent with the goals of this agreement;

7. To coordinate and cooperate with state and other relevant officials in ways that advance the Project interests;

8. To inform the other Party in a timely fashion of relevant developments that could affect or impact the goals of this agreement, and;

9. To identify and reasonably address the additional needs of either party that may arise during the project development process.

This Memorandum does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it necessarily create a financial or future legal obligation on behalf of either Party. Further, the Memorandum does not grant or create an exclusive right to negotiate between RCEA and PPI; and, subject to the provisions of the Non-disclosure Agreement, either party is free to negotiate or explore the development of offshore wind energy with other persons and entities.

CONFIDENTIALITY

Confidentiality shall be governed specifically by the Non-Disclosure Agreement dated 10/25/17 between the Parties attached as Annex A hereto ("NDA"), unless such NDA has been superseded
by a subsequent confidentiality agreement in writing between the Parties.

GOVERNING LAW

The substantive laws of the State of California shall govern this agreement and any questions concerning its validity, construction or performance, without regard to the conflicts of laws provisions thereof. The Parties agree to submit to the non-exclusive jurisdiction of the courts in California in relation to any dispute arising out of or in connection with this Agreement, whether based in contract, tort (including negligence) or otherwise.

TERM

This Agreement shall commence on the Effective Date and terminate on the first to occur of any of the following events: (a) the passage of two years from the Effective Date (b) the Parties mutually agree to terminate this Agreement; (c) the Parties mutually agree to supersede this Agreement with another form of legal agreement; (d) if either Party is placed into liquidation, bankruptcy, administration, receivership or any similar process; or (e) by material breach of a Party.

Signed (date): 10/25/17

[Signature]
Redwood Coast Energy Authority
Matthew Marshall, Executive Director
633 3rd Street
Eureka, CA 95501

[Signature]
Principle Power, Inc.
João Metelo, CEO
5901 Christie Ave #303
Emeryville, CA 94608
NON-DISCLOSURE AGREEMENT

AN AGREEMENT, dated October 16, 2017 (the “Effective Date”), between

Redwood Coast Energy Authority, joint powers authority having an office at 633 3rd St, Eureka, CA 95501 (hereinafter “RCEA”),

and

PRINCIPLE POWER, INC., a company incorporated in the state of Nevada, USA (Entity No. E0706352007-5) having an office at 5901 Christie Ave., Suite 303, Emeryville, CA, USA 94608 (hereinafter “PPI”),

further referred to herein each as a “Party” and jointly as the “Parties”.

RECITALS

1. RCEA is interested in undertaking discussions with PPI in connection with PPI’s proprietary technology known as the WindFloat (the “WindFloat”), and entered into a two year memorandum of understanding (MOU) with PPI on even date herewith to pursue the viability of a future electricity offtake agreement; and

2. In relation to the MOU, RCEA may need to have access to certain confidential information of PPI; and

3. PPI is willing to disclose to RCEA the PPI Information for the Purpose (as defined below), under the following terms and conditions.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Definitions:

(a) “Affiliate” means any entity other than the Party that is at the time in question directly or indirectly controlled by such Party. For the purpose of this definition an entity (i) directly controls another entity if it owns fifty per cent (50%) or more of the voting rights attached to the issued share capital of the other entity; and (ii) indirectly controls another entity if a series of entities can be specified, beginning with the first entity and ending with the other entity, so related that each entity of the series (except the ultimate controlling entity) is directly controlled by one or more of the entities earlier in the series;

(b) “Competitors” means persons who are engaged in the development of a business or technology that is or can reasonably be expected to have the effect of being competitive with the business or technology of either PPI (including its WindFloat technology) or RCEA.
“Confidential Information” means PPI Information (as such defined below) that additionally satisfies the definitions and standards under the California Public Records Act, Government Code section 6250 et seq. for nondisclosure to the public by RCEA;

“PPI Information” means all Confidential Information disclosed by PPI in connection with the Purpose hereunder, including but not limited to technical and commercial information relating to its “WindFloat” floating wind turbine platforms comprising three stabilizing columns, water entrapment plates that are mounted to the bottom of the columns, and a system to control flow of ballast fluid between internal volumes, received or obtained by RCEA directly from PPI (or on behalf of PPI) in writing or, if it is disclosed orally or visually, identified as confidential or proprietary at the time of disclosure and reduced to writing and marked “Confidential” within thirty (30) days of such disclosure.

The “Purpose” means RCEA’s participation in the MOU in connection with PPI’s WindFloat technology.

2. In consideration of the disclosure of Confidential Information, the RCEA agrees:

(a) save as set forth in Clause 3, and except as required by the California Public Records Act, not to disclose Confidential Information disclosed to it hereunder to any third party without the consent of PPI; and

(b) not to use the Confidential Information disclosed to it hereunder for any reason or purpose except for the Purpose without the consent of PPI.

3. Notwithstanding the obligations of Clause 2, RCEA may disclose Confidential Information as is reasonably necessary to carry out the Purpose to:

(a) those employees of RCEA who have a reasonable need to know such information in furthance of completing the Purpose; and

(b) Consultants of RCEA, provided such persons are not Competitors and provided also that (i) RCEA provides written notice of the identity of, and purpose for, the proposed disclosure to a consultant; (ii) PPI consents in writing to any such proposed disclosure; and (iii) such consultant has agreed to be bound by obligations no less stringent than those assumed by the Parties hereunder.

4. [Not used.]

5. The obligations of non-disclosure and restrictions on use shall not apply to information which:

(a) RCEA can show was in the public domain or literature at the time of disclosure by PPI hereunder, or

(b) RCEA can show was already in its possession, without obligation of confidentiality, at the time of disclosure by PPI hereunder;

and such provisions shall cease to apply to information which, subsequent to its disclosure hereunder:

(c) becomes part of the public domain through no act or omission of RCEA, or

(d) is disclosed to RCEA without obligation of confidentiality by a third party that is legally and contractually unrestricted to do so, or
(e) is independently developed by or for RCEA, provided RCEA has not used the
PPI's Confidential Information in any way in such development, or

(f) is required to be disclosed by any competent court, governmental agency, flag
state administration, or other relevant public authority in accordance with
applicable law, court order or other public regulation and in such cases, the
Parties will comply with the provisions of section 8 below.

6. PPI warrants that it has the right to disclose Confidential Information to RCEA and shall
limit the disclosure of Confidential Information to that required for the Purpose.

7. RCEA shall have the right to make copies of Confidential Information and to use,
reproduce, transform and/or store Information in a computer or electronic information
retrieval system, but only to the extent necessary to carry out the Purpose.

8. If RCEA receives a subpoena, order, notice, process or other legal process seeking
disclosure of Confidential Information, RCEA shall immediately notify PPI in order to
allow PPI the opportunity to oppose the order, notice, process, or seek a protective
order. Except as such demand shall have been timely limited, quashed or extended,
RCEA may thereafter comply with such demand, but only to the extent required by law.
Where PPI obtains a protective order, nothing in this Agreement shall be construed to
authorize RCEA to use in any manner or disclose Confidential Information to parties other
than as permitted within the scope of the protective order.

9. Upon PPI's request and at PPI's option, RCEA shall either destroy or promptly return to
PPI or its designee all tangible records containing Confidential Information or excerpts or
portions thereof which are in the possession or control of RCEA, with the exception of one
(1) legal file copy which may be retained solely for the determination of RCEA's legal
obligations under this Agreement. For the avoidance of doubt, RCEA will have the right to
retain copies of the Confidential Information, to which the confidentiality obligations under
this Agreement shall continue to apply, if contained on the servers of RCEA pursuant to
ordinary computer back-up operations.


(a) Nothing in this Agreement shall be construed to grant RCEA any rights or license
at any time under patents, trade secret, copyrights, trademarks or other intellectual
property rights of PPI or any Affiliate thereof, except as expressly set forth herein.

(b) Without limiting the generality of the foregoing, RCEA agrees that (i) it shall not
use and it shall not enable or allow any person to whom disclosure may be made
pursuant to section 3 of this Agreement to use Confidential Information for any
purpose except to evaluate or engage in discussions concerning the Purpose
and/or to effectuate potential transactions between the Parties; (ii) RCEA shall
not use and shall not enable or allow any person to whom disclosure may be
made pursuant to section 3 of this Agreement to use Confidential Information to
develop its own business or to compete with the other Party or assist a
Competitor of the other Party, nor shall RCEA reverse engineer, disassemble, or
decompile any prototypes, software, or other tangible or intangible objects that
embody the PPI's Confidential Information, or to use Confidential Information for
any other purpose which is competitive to the PPI's business, including PPI's
WindFloat technology and any system, therein, component, method or
application relating thereto; and (iii) all methods, designs or inventions appurtenant to or otherwise relating to the WindFloat technology including, without limitation, its ancillary systems including its mooring system, its electrical interconnections with undersea cable systems and the WindFloat's compatibility with any components to be supplied by subcontractors, shall be the exclusive property of PPI.

11. Each Party certifies that, in exercising its rights and carrying out its obligations under this Agreement, it shall comply with all applicable governmental laws, regulations, decrees and orders governing the export and re-export of goods, technology and software including, without limitation, the U.S. Export Administration Regulations and European Council Regulation 428/2009 and all amendments to such Regulations.

12. [Not used.]

13. This Agreement shall be effective from the Effective Date, and shall be effective if signed in counterparts.

14. This Agreement, and the relationship between RCEA and PPI under this Agreement, shall in all respects be interpreted in accordance with and governed by California law, excluding its conflicts of laws rules, and the Parties agree to submit to the non-exclusive jurisdiction of the courts in California, USA in relation to any dispute which cannot be settled amicably through negotiations between the parties arising out of or in connection with this Agreement, whether based in contract, tort (including negligence) or otherwise.

AS WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate originals or counterparts, as the case may be, at the places and on the dates indicated below.

REDWOOD COAST ENERGY AUTHORITY

Signed by: [Signature]
Name: Matthew Marshall
Title: Executive Director
Date: 10/25/17

PRINCIPLE POWER, INC.

Signed by: [Signature]
Name: João Metelo
Title: President and CEO
Date: 10/25/17