

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "**Agreement**" or "**MOU**") is entered into this 21st day of August, 2012 by and between North Cal Wood Products, Inc., a corporation incorporated in the State of California (the "**NCWP**") and Hollund Industrial Marine, Inc., a corporation incorporated in the State of Washington (the "**Company**") (collectively referred to as the "**Parties**" or individually referred to as a "**Party**").

W I T N E S S E T H :

WHEREAS, the Company has an exclusive license to market, sell, make, have made, use, maintain, manage and operate a certain patented underwater robotic resource technology primarily related to processes known as underwater timber harvesting as well other processes such as underwater gold mine dredging spill response clean up, disaster recovery and environmental remediation (the "**Technology**"); and the design and manufacturing of equipment and systems using the Technology (hereinafter referred to as the "**Product**") in any part of the world;

WHEREAS, NCWP has previous experience and an expertise in utilizing the Technology, including operating and maintaining the Product, as well as specific expertise in the harvesting, milling, manufacturing and sales of wood products;

WHEREAS, the Company wishes NCWP to consult, train, evaluate, standardize wood grades, research the integrity of the species of wood harvested (collectively the "**Services**") for the Company's anticipated contractual licensing rights currently under negotiation (the "**Project**"), solely upon and subject to the terms and conditions hereof;

WHEREAS, to begin the Services, the parties are entering into this binding MOU with the intent of this MOU to be a binding legal document containing traditional business and legal terms as of the execution of this MOU;

NOW, THEREFORE, in consideration of the foregoing and for the covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

SECTION ONE PURPOSE; CONSIDERATION; TERM

Section 1.1 Purpose. This Memorandum of Understanding establishes permissions and guidelines for the use of the Company's licensed Technology and Products by NCWP at Project sites whereby the Company has contracted to harvest wood. It imposes certain protocols,

shall include information received, learned or resulting from tours of the other party's facility(ies)) which in any way shall relate to the other party (the "**Disclosing Party**") hereto, or to any Affiliate thereof, including, without limitation, the Disclosing Party's products, product formulations and specifications, customer lists, manufacturing processes, intellectual property (whether or not registered), business, know-how, pricing, methods, trade secrets and technology that shall be furnished or otherwise made available in connection with the negotiation and performance of this MOU (collectively, the "**Confidential Information**"). The obligation to keep such Confidential Information confidential shall continue during the Term and for a period of five (5) years after the expiration or termination of this MOU (except that it is understood that any Confidential Information that is considered a "trade secret" shall remain confidential for so long as it qualifies as a "trade secret" under applicable law); however, it shall not apply to any Confidential Information (i) that is now or later becomes publicly available through no fault of the party which had received it (the "**Receiving Party**"); (ii) that the Receiving Party properly obtains from a third party lawfully entitled to disclose it; (iii) that the Receiving Party already has in its possession as indicated in its written records and was not acquired directly or indirectly from the party providing it; or (iv) the other party independently develops without any use of or reference to the Confidential Information.

Section 2.5 Each party represents and warrants, which representations and warranties shall survive the execution and delivery of this MOU, for the express benefit of the other, that:

(i) Such party is a corporation duly organized and validly existing in good standing under the laws pursuant to which it is formed, and is duly qualified to do business in each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, and no proceedings for the liquidation or dissolution of such party are pending or contemplated by such party; and

(ii) There is no action, suit or proceeding pending or threatened against or affecting such party before or by any court, administrative agency or other governmental authority which in any way will impair such party's ability to perform its obligations under, or which otherwise brings into question the validity of the transactions contemplated by, this MOU, and no consent, approval or authorization of or by any court, administrative agency or other governmental authority is required in connection with the execution, delivery or performance of this MOU; and

(iii) Such party's execution, delivery and performance of this MOU has been duly authorized by all appropriate action on the part of such party, and this MOU constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with the terms hereof; and

(iv) Neither the execution and delivery by such party of this MOU, nor the consummation by such party of the transactions contemplated hereby, nor compliance by such party with the

procedures, and obligations upon jurisdictions hereby authorized to use the Company's licensed Technology and Product in conjunction with the Services and development of the Project.

Section 1.2 Royalty. In consideration of NCWP's efforts to be conducted under this MOU and its experience and expertise to be disclosed to the Company as agreed by both Parties separately, the Company agrees to pay certain royalty to NCWP at a certain percentage ratio as follows:

- i. Sixty three percent (63%) of the net profit to the Company
- ii. Thirty seven percent (37%) of the net profit to NCWP

The net profit shall be calculated by mutual agreement which should be agreed upon by both Parties from time to time, and such percentage ratio should be reviewed further immediately if the quantity reached any specified amounts as separately agreed upon by both Parties.

Section 1.3 Term. The term of this MOU will commence on the date of this MOU and shall be valid for no less than one hundred twenty (120) months from the date of this MOU or any period of time otherwise agreed upon by both parties under a separate agreement. Upon the termination of this MOU, neither Party shall be liable to the other for any claims whatsoever arising under or in connection with this MOU.

SECTION TWO REPRESENTATIONS; WARRANTIES

Section 2.1 Restriction on Competition. No Party shall enter into any discussion, negotiation or agreement with any third party with respect to products similar to the Technology and the Products for the purposes or intents identical or similar to those of this MOU without the prior written consent of the other Party.

Section 2.2 Intellectual Property Rights. Neither Party shall have or acquire hereunder any ownership rights whatsoever in any intellectual property right (e.g. patent, copyright, trademark, trade secret, know how, etc.) of the other Party.

Section 2.3 Exclusive Dealing. NCWP, its officers, directors, employees, agents, contractors, subcontractors, or legal or natural affiliates will not directly or indirectly solicit for, negotiate for, do any business in, partner with, invest in, nor deal in any projects or transactions however relating to the Technology, including the rendering of or designing of the Products with any legal or natural person other than the Company before the termination of this MOU.

Section 2.4 Confidentiality. Each party shall keep, and cause its respective affiliates, officers, directors, employees and agents to keep confidential and not disclose or use for its own purpose (other than in connection with its stated obligations under this MOU) any non-public, confidential, proprietary information or trade secrets in oral, written, electronic or other form (and

provisions hereof, conflicts with or results in a breach of any of the provisions of the charter documents of such party, or of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any MOU, agreement or other instrument to which such party is a party or by which such party is bound, or constitute a default under any of the above.

SECTION THREE MISCELLANEOUS

Section 3.1 Force Majeure. No party shall be liable to perform under this MOU if such failure arises out of causes beyond control, and without the fault or the negligence of said party. Such causes may include, but are not restricted to, Act of God or the public enemy, fires, floods, epidemics, quarantine restrictions, freight embargoes, and unusually severe weather. In every case, however, a failure to perform must be beyond the control and without the fault or the negligence of said party.

Section 3.2 Expenses. The Parties agree that the Company will bear all costs for allocating and operating any given Project. These costs include, but are not necessarily limited to, providing the Project site with all necessary equipment, staff personnel, insurance, personnel wages, costs of moving and using equipment, costs of harvesting wood, milling wood, transporting and shipping wood, advertising and delivering the wholesale or finished product. The Company will reimburse any reasonable costs and expenses incurred by NCWP in relation to the performance of its Services within fifteen (15) days of being invoiced by NCWP for such costs and expenses.

Section 3.3 General.

(a) **No Representations.** NCWP and the Company represent that they have had an opportunity to consult with an attorney, and have carefully read and understand the scope and effect of the provisions of this Agreement. NCWP and the Company have not relied upon any representations or statements made by the other that are not specifically set forth in this Agreement.

(b) **Cooperation.** NCWP and the Company shall execute and deliver such additional documents and do such other acts as either Party may reasonably require to implement the intent of this Agreement fully.

(c) **Assignment.** Neither Party shall assign any of its rights or delegate any of its obligations under this MOU without the prior written consent of the other Party.

(d) **Independent Contractor.** The relationship between the Parties hereunder is and will always remain that of independent contractors. Nothing herein will be construed as creating any relationship of agency, partnership or common enterprise between the Parties. Neither Party

will have any right, power or authority to represent the other Party or incur any liability on behalf of or in the name of the other Party.

(e) **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON (WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAWS PROVISIONS

(f) **Severability.** In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

(g) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Company and NCWP concerning the subject matter of this Agreement and supersedes and replaces all prior and contemporaneous understandings, agreements, discussions and negotiations, oral or written, regarding the same subject matter which shall remain in full force and effect and may not be altered or modified, except in writing and signed by the party to be charged thereby, and supersedes any and all previous agreements between the parties relating to the subject matter thereof.

(h) **Counterparts.** This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall constitute one agreement carrying the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have caused this this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

HOLLUND INDUSTRIAL MARINE, INC.

By: Peter Meier
Name: Peter Meier
Title: President & CEO

NORTH CAL WOOD PRODUCTS, INC.

By: Frank Van Vranken
Name: Frank Van Vranken
Title: President & CEO