

MEMORANDUM OF UNDERSTANDING

On this 6th date of April, 2011, **MASADA RESOURCE GROUP, L.L.C. (“Masada”)** and **BEN BARNES GROUP (“Barnes”)** are contemplating the formation of a company (the **“Company”**) which will seek appropriate partners for Masada with respect to Masada’s existing waste-to-ethanol conversion process. Masada is the owner of certain patents, technical information and other assets relating to waste-to-ethanol technology. Barnes has extensive contacts and business relationships in the waste management and the petroleum industries that it has developed in the United States.

Masada and **Barnes** are collectively referred to in this **Memorandum of Understanding (“MOU”)** as the **“Parties”** and individually as a **“Party”**. This MOU sets out the proposed terms of the Company and timetable for implementation. It is not intended to be legally binding, except as specifically set out below.

This **MOU** is subject to the Confidentiality and Non-Disclosure Agreement previously executed between the Parties. Binding definitive agreements to form the Company shall be executed by the Parties on or before April 15, 2011.

1. BUSINESS OF THE JOINT VENTURE

The Parties intend to form the Company for the purpose of developing renewable energy fuel facilities in the United States, and, subject to the provisions of Section 10 below, Masada agrees that it will not develop any such facilities in the United States other than through the Company. These facilities will employ Masada’s proprietary CES OxyNoI™ waste-to-ethanol technology and other related technologies, such as polycrack technology, to transform municipal solid wastes and other acceptable feedstocks, such as wood pulp, into fuel-grade ethanol and #4 fuel oil.

2. STRUCTURE

2.1 It is proposed that business of the Company shall be conducted through a limited liability company to be formed by the parties in the State of Delaware or elsewhere as decided by both Parties.

2.2 The name of the Company shall be decided by the parties.

2.3 The main headquarters of the Company shall be located at Suite 100, 2170 Highland Avenue, Birmingham, AL 35205.

2.4 Subject to the terms of Section 4.2 below, each Party's share of capital and shareholder voting rights of the Company shall be as follows: Barnes – 17.5% and Masada – 82.5%.

3. FUNCTIONS/DUTIES/PRIMARY RESPONSIBILITIES OF PARTIES:

While the following is described as primary responsibilities, there will be occasions of overlap, sharing, and the need for mutual decisions and efforts.

3.1 Masada shall:

a. Handle all operating aspects of the Company other than those specifically delineated for Barnes as described in Section 3.1 below.

b. Until such time as the Company has revenues generated from its operations, reimburse Barnes for the actual amount of its third-party expenses incurred in carrying out its responsibilities hereunder, provided that individual expenses in excess of \$1,000 shall be pre-approved by Masada.

3.2 Barnes shall:

a. Identify appropriate partners for the Company to partner with for the purpose of developing renewable energy fuel facilities in the United States.

- b. Identify appropriate sites for the Company's facilities.
- c. Handle all public and civic affairs work necessary to obtain the necessary local approvals for the Company's facilities.

3.3 Masada's and Barnes's Shared Responsibilities

- a. Develop the appropriate presentation packages for the parties identified by Barnes and Masada as potential partners for the Company.
- b. Develop the appropriate financial packages for the parties identified by Barnes and Masada as potential partners for the Company.

3.4 Masada and Barnes acknowledge that (i) Barnes shall have no obligation of any kind to contribute capital to the Company, and (ii) Masada shall be obligated to contribute capital to the Company only as hereafter specifically agreed in writing between Masada and Barnes.

4. FEES

4.1 The Parties contemplate that, in addition to its respective share of profits generated by facilities developed by the Company with prospective partners, the Company will seek in its negotiations with such prospective partners fees in the following amounts:

- a. License execution fee for first facility with a specific partner - \$5,000,000, payable upon execution of the applicable definitive documentation;
- b. License execution fee for each additional facility with a specific partner - \$2,000,000, payable upon execution of the applicable definitive documentation;
- c. Technology licensing fee – 5% of gross revenues, payable monthly;
- d. Technical advisory fee – 2½% of gross revenues, payable monthly; and

- e. Operating fee (if the prospective partner wants the Company to operate a facility) – 2½% of gross revenues, payable monthly.

4.2 Notwithstanding the provisions of Section 2.4 above, Barnes' share of the capital and membership voting rights and distribution of net cash flow of the Company shall be as follows:

- a. As of the date of execution of the definitive documentation between Barnes and Masada, Barnes' share shall be 10%.
- b. Simultaneously with the execution of the definitive documentation between the Company and a prospective partner acceptable to Masada and Barnes, Barnes' share shall increase by 2½% to 12½%.
- c. Simultaneously with the start of construction of the first facility by the joint venture between the Company and the new partner, Barnes' share shall increase by 2½% to 15%.
- d. Simultaneously with the opening for full commercial operations of the first facility by the joint venture between the Company and the new partner, Barnes' share shall increase by 2½% to 17½%.
- e. Notwithstanding the foregoing provisions of this Section 4.2, if the license execution fee payable under Section 4.1.a or Section 4.1.b above has previously been paid to the Company, then upon Barnes' interest in the Company increasing as provided in Sections 4.2 b, 4.2.c and 4.2.d above, the Company shall pay to Barnes its additional percentage share of such license execution fee so previously paid to the Company, and if Masada has not previously received its proportionate share of such license execution fee, the Company shall pay to Masada its proportionate share of such license execution fee at such time.

f. Notwithstanding the foregoing provisions of Section 4.2.e above, the Company shall reimburse Masada and deduct from payments to Barnes in the aggregate amount of all expense reimbursements to Barnes under Section 3.1.b above prior to making any distributions or other payments to Barnes.

5. ADDITIONAL BUSINESS OPPORTUNITIES

5.1 Barnes' Business Development. Barnes and Masada recognize that Barnes may provide additional services to the Company that are not presently contemplated by the Parties. In the event that Masada and Barnes so determine in the future to have such services so provided by Barnes, then Barnes and Masada shall agree upon appropriate compensation for Barnes to cover Barnes overhead and a commercially reasonable "reward" for Barnes' employees who provide the services. Barnes and Masada acknowledge that such compensation would be paid out of operating income generated by the Company.

5.2 Masada's International Business. Barnes and Masada recognize that the Company's involvement with Masada's business is limited to the United States. The Parties recognize, however, that Barnes' contacts and business relationships may provide opportunities for Masada's business outside the United States. Accordingly, Masada and Barnes agree that if Barnes shall make the appropriate introductions that lead to the sale of Masada's business assets outside the United States or the investment of capital with Masada to develop facilities outside the United States, Masada shall pay to Barnes a finder's fee out of the net sales proceeds or the net capital so invested, as follows:

- a. If such sale or investment occurs on or before April 30, 2012, Masada shall pay Barnes 20% of such net proceeds or net capital invested, as the case may be.
- b. If such sale or investment occurs after April 30, 2012 but on or before April 30, 2013, Masada shall pay Barnes 15% of such net proceeds or net capital invested, as the case may be.
- c. If such sale or investment occurs after April 30, 2013 Masada shall pay Barnes

(i) 10% of the first \$1 billion of such net proceeds or net capital invested, as the case may be;

(ii) 15% of the next \$1 billion of such net proceeds or net capital invested, as the case may be;

(ii) 20% of the balance of the net proceeds or net capital invested in excess of \$2 billion, as the case may be.

6. MANAGEMENT TEAM

It is the intention of the Parties that an affiliate of Masada shall manage the Company and be responsible for all decisions concerning the day-to-day operations of the Company as well as all decisions involving certain extraordinary events that affect the Company; provided, however, that Barnes' agreement shall be required for any of the following decisions:

- a. Permitting the registration of any person as a member of Company other than the initial parties and any of their permitted transferees; provided, however, with respect to the admission of any parties providing debt or equity financing for a facility in the United States, all decisions regarding such admission, including, without limitation, the percentage of ownership to be given to any such parties so providing debt or equity financing, if any, shall be made exclusively by Masada, provided that any dilution of ownership percentage held by Masada and Barnes shall be proportionate.
- b. Altering any constitutional documents of the Company;
- c. Requiring any capital contribution to the Company; and
- d. Other reserved and relevant matters.

6.4 The Parties acknowledge that all matters related to the management team are subject to the approval of the Parties that will provide the debt and equity financing for the project.

7. TRANSFER OF INTERESTS IN THE COMPANY

7.1 Neither Party shall be able to transfer interests to a third-party without first offering to the other Party a first right to purchase such interests at the price of the proposed sale to the third-party. However, such pre-emption shall not apply to intra-group transfers of the whole of a Party's interests.

7.2 Notwithstanding the provisions of Section 7.1 above, if a decision is made by Masada to sell its shares in the Company to a bona fide third party, Barnes shall have tag-along rights, and Masada shall have drag-along rights.

8. DEADLOCK

8.1 This Section 8 is legally binding.

8.2 If there is a disagreement arising under this MOU and/or between the Parties to the Company that cannot be resolved at board or shareholder level, the matter shall be referred to the Chairmen of the Parties and, failing agreement, the dispute shall be referred to binding arbitration by the American Arbitration Association ("AAA") using a single arbitrator and AAA commercial arbitration rules.

8.3 The Parties agree that the place for the arbitration of any and all disputes concerning the rights and obligations of the Parties under the definitive Company agreement and operation of the company shall be in Atlanta, Georgia.

8.4 All disputes referred to arbitration shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflict of laws thereof.

9. TERMINATION AND LIQUIDATION

9.1 If any Party becomes insolvent or is subject to a change of control, the other Party shall be entitled to purchase such Party's interests in the Company at an agreed price or,

failing agreement, at a price determined by a qualified independent appraiser with expertise in waste-to-ethanol facilities.

9.2 If the Company is wound-up, the Parties shall endeavor to ensure that assets contributed by each Party shall, so far as possible, be transferred back to that Party.

9.3 If this MOU or the definitive agreement between the Parties is terminated for any reason, and if prior to such termination the Company has entered into one of more letters of intent to place Projects in the United States but formal agreements have not yet been entered into with respect to such letters of intent, then for a period of twelve (12) months following the date of such termination, Masada shall not enter into any other agreements for waste-to-ethanol projects within the United States except pursuant to such letters of intent.

10. MILESTONES

The Parties agree that no later than the September 30, 2011, Barnes shall obtain for the benefit of the Company at least one definitive final agreement for the development of a project in the United States based upon the terms and conditions of the applicable letter of intent. Barnes acknowledges that if Barnes is unable to meet such milestone, the exclusivity of the Company as set forth in Section 1 above shall be null and void.

11. GOVERNING LAW AND JURISDICTION

11.1 This Section 11 is legally binding.

11.2 This MOU is (and all negotiations and any legal agreements prepared in connection with the Company shall be) governed by and construed in accordance with the laws of the State of Delaware.

11.3 The Parties agree that the AAA shall settle any and all disputes and claims that may arise from or are in connection with this MOU and the negotiations relating to the proposed Company, as provided for in Section 8 herein.

12. PATENTS AND INTELLECTUAL PROPERTY

12.1 This Section 12 is legally binding.

12.2 Any and all intellectual property developed by Masada and/or the Company during the term of the Company shall be the exclusive property of Masada, and Barnes shall have no pecuniary interest in or claim of any nature to such property, except to the extent that Barnes is otherwise entitled to a share in profit derived from such development as elsewhere provided herein.

13. NOTICES

All notices, unless otherwise notified in writing to the contrary, shall be effective if delivered personally or if sent by overnight courier (such as UPS, Federal Express, DHL or the like) and directed to those addresses set forth below:

Barnes: Mr. Ben Barnes
Ben Barnes Group
1215 19th Street, NW
Washington, DC 20036
TEL: 202-467-4141
EMAIL: ben@benbarnesgroup.com

With a copy to:

Mr. Kent Caperton
Ben Barnes Group
1215 19th Street, NW
Washington, DC 20036
TEL: 202-467-4141
EMAIL: kent@benbarnesgroup.com

Masada: Mr. Donald V. Watkins
Chairman
Masada Resource Group, L.L.C.
2170 Highland Avenue, Suite 100
Birmingham, AL 35205
Office: (205) 558-4665
EMAIL: donaldivatkinspc@aol.com

With a copy to:

Mr. David Minkin
Smith Gambrell & Russell
1230 Peachtree Street
Suite 3100
Atlanta, GA 30309
TEL: (404)815-3605
EMAIL: dminkin@sgrlaw.com

14. PUBLIC ANNOUNCEMENTS

Barnes and Masada agree not to make any public announcement relating to matters covered by this MOU without the prior written approval of the other Party, except for situations in which disclosures are required by applicable law.

[SIGNATURES – NEXT PAGE]

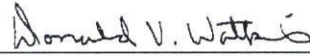
BEN BARNES GROUP



Ben Barnes

Title: CEO

MASADA RESOURCE GROUP, L.L.C.



Donald V. Watkins

Chairman