

2008-12-18 14:11

4358642928

4358642928 >>

P 2/5

EQUIPMENT PURCHASE AGREEMENT

This Equipment Purchase Agreement ("Agreement") is made and entered into this 18 day of December 2008 by and between International Automated Systems, Inc., a Utah corporation with offices at 26 North Highway 6, Salem, UT 84653, hereinafter referred to as "Seller", and, Ilios, LLC, a Florida limited liability company whose address is 3016 S.E. Dune Drive Stuart, Florida 34955, hereinafter referred to as "Purchaser".

BACKGROUND

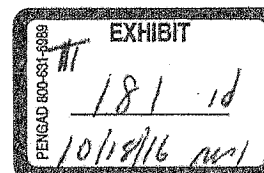
Seller is the owner of certain proprietary alternative energy technology, hereinafter "IAS Technology", which technology relates to solar energy collection and which technology is utilized for the design and fabrication of certain equipment and components which are referred to below and which are hereinafter collectively referred to as "Alternative Energy System".

Seller and Purchaser now desire to enter into an agreement whereby Seller will sell Purchaser Alternative Energy Systems specifically described below.

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Seller hereby sells to Purchaser and Purchaser hereby purchases from Seller each Alternative Energy System and its components, which includes IAS Technology, and this Agreement shall serve as the Bill of Sale for the Alternative Energy Systems. The number of Alternative Energy Systems purchased by Purchaser from Seller under this Agreement shall be 50. Seller shall furnish, deliver, install and startup the Alternative Energy System at a site provided by Seller in Delta, Utah, hereinafter referred to as the "Installation Site".
2. Seller agrees to complete the following for each Alternative Energy System in accordance with the schedule stated:
 - a. Seller shall furnish, deliver, install and startup each Alternative Energy System at the Installation Site by December 31, 2008, hereinafter referred to as the "Installation Date" and represents that it has obtained or will obtain prior to the Installation Date all necessary permits, approvals and licenses needed or required to install and operate, at all times hereunder, each Alternative Energy System.
 - b. Seller shall provide to Purchaser all required documentation relating to each Alternative Energy System and its components in Seller's possession and as requested by Purchaser from time to time for federal, state and local review of the Alternative Energy System for potential tax benefits or any other purpose.
3. Purchaser shall pay to Seller the sum of \$30,000 for each Alternative Energy System, hereinafter referred to as the "Purchase Amount" which includes the IAS Technology, the cost of delivery, installation, startup and the cost of all warranty and repair work performed during the Warranty Period as described below. The Purchase Amount shall be paid as follows:



2008-12-18 14:12

4358642928

4358642928 >>

P 3/6

a. Upon execution for this Agreement, Nine Thousand Dollars (\$9,000) for each Alternative Energy System for a total of Four Hundred and Fifty Thousand Dollars (\$450,000) ("Initial Down Payment").

b. Commencing after the 3rd anniversary of this Agreement and for thirty (30) years thereafter, Seven Hundred Dollars (\$700) for each Alternative Energy System ("Annual Installments") and payable at any time from revenue received from the energy sold as contemplated in Section 5 below or by Purchaser, but in no event later than December 31 of the year in which payment is due.

35,000

c. The Initial Down Payment and Annual Installments shall be made payable to Seller and forwarded to Seller's address listed above or any other address as directed by Seller at any time hereafter.

4. Each Alternative Energy System shall be installed in a workmanlike manner and operated only at the Installation Site and shall be operated, managed and maintained during the Warranty Period by an independent Operations and Management Company, namely LTB, LLC, with principal offices at Las Vegas, Nevada, hereinafter referred to as "Operations and Management Company". In the event that Operations and Management Company shall cease to operate and manage the Alternative Energy System for any reason during the Warranty Period, a substitute operations and management company or person shall be selected and employed by Purchaser to operate and manage the Alternative Energy System.

5. The Seller guarantees that the energy generated from each Alternative Energy System shall be sold after the Installation Date and all amounts received from the same shall be paid to Purchaser. Unless otherwise elected by Purchaser, all amounts generated from the sale of the energy as contemplated hereunder shall be collected by the Operations and Management Company or any substitute operations and management company or person selected by Purchaser. If collectively the Alternative Energy Systems do not generate a minimum of \$35,000 per year for each year that Purchaser owes an Annual Installment, Purchaser may terminate this Agreement upon written notice to Seller at Seller's last known address and upon termination Purchaser shall be released and forever discharged from any and all amounts then due or due thereafter and from any other obligations under this Agreement.

6. The Seller represents that each Alternative Energy System will be installed and operational no later than December 31, 2008 and in sufficient time to meet IRS standards of an active investment. In the event Seller fails to meet these active investment standards or if the IRS deems the investment as passive precluding Purchaser from obtaining the tax benefits expected or contemplated hereunder by Purchaser, this Agreement may be terminated by Purchaser upon written notice by Purchaser to Seller, and the Initial Down Payment shall be promptly, but in no event more than fourteen (14) days after receipt of such written notice, refunded to Purchaser.

7. If Seller shall fail, for any reason, to deliver, install and startup each Alternative Energy System at the Installation Site by December 31, 2008, Seller, upon written request from Purchaser, shall promptly, but in no event more than fourteen (14) days after receipt of such written notice, refund to Purchaser the Initial Down Payment.

8. Seller hereby warrants commencing on the Installation Date and for thirty-five (35) years thereafter ("Warranty Period") that the Alternative Energy System shall be free of defects and maintained and repaired as needed and at all times remain in a good operating condition. Seller shall initiate within ten (10) business days or as soon as practical after becoming aware that an Alternative Energy System is not in good operating condition, the maintenance or repair of any non-functioning component of the Alternative Energy System. Seller shall be responsible for the cost and expense of the maintenance and repair of each Alternative Energy System during the Warranty Period.

9. Seller and Purchaser acknowledge that the Target Production Rate from the Alternative Energy System is 250,000,000 (Two-Hundred and Fifty Million) British Thermal Units ("BTU's") per year and the Warranty Production Rate is ninety-five percent (95%) of the Target Production Rate per year. Seller hereby warrants that for the initial five-year period from the Installation Date to a date five years following the Installation Date, the energy production for the Alternative Energy system, shall be no less than five times the Warranty Production Rate. However, if the average cloud cover for the initial five year period exceeds by more than ten percent (10%) of the ten year average cloud cover for the Installation Site as measured at the nearest weather station maintaining cloud cover records for the ten calendar year period immediately preceding the year of the Installation Date, the Warranty Production rate, for the initial five year period, shall be reduced to the ratio of the ten year average cloud cover to the actual average cloud cover for the initial five year period, multiplied times the Warranty Production Rate. This reduced production rate shall be referred to hereafter as the Adjusted Warranty Production Rate.

In the event that the actual energy production rate from the Alternative Energy System during the initial five year period is less than the Warranty Production Rate, or the Adjusted Warranty Production Rate if an adjustment is made as described above, Purchaser shall have the option to terminate this Agreement and relinquish the Alternative Energy System to Seller. Purchaser shall thereafter have no further obligation under this Agreement to make any further payment or to perform any other obligation to Seller arising under this Agreement, except to cooperate with and assist Seller in obtaining possession of the Alternative Energy System. If Purchaser elects to terminate this Agreement as provided above, Purchaser shall not be entitled to a reimbursement of any portion of the Initial Down Payment. The foregoing option to terminate must be exercised by Purchaser in writing and within sixty (60) calendar days following the expiration of the 5th year after the date of this Agreement.

10. Except for Purchaser's rights for a the return of the Initial Down Payment and related to Seller's obligations to maintain and repair the Alternative Energy System, Purchaser hereby waives any and all claims against Seller, including but not limited to claims for damages due to delays in preparing plans, delays in applying for or obtaining approvals or permits, delays in the delivery, installation, or start-up, or delays in performing warranty work beyond the reasonable control of Seller. This waiver includes any and all direct and indirect consequential damages.

11. Purchaser hereby waives any and all claims against Seller for delays, including but not limited to claims for damages due to delays in preparing plans; delays in applying for or obtaining approvals or permits; delays in the delivery, installation, or start-up; or delays in performing warranty work. This waiver includes any and all direct, indirect or consequential damages.

2008-12-18 14:13

4358642928

4358642928 >>

P 5/6

12. The Operations and Management Company shall maintain Comprehensive General Liability Insurance or other applicable insurance in limits not less than \$1,000,000 insuring against bodily injury, property damage, product liability or other claims related to the design, manufacture, delivery, installation, start-up, operation or maintenance of the Alternative Energy System and naming Purchaser as an additional insured.

13. This Agreement shall not be assigned by Purchaser without the express written consent of Seller. Seller may assign its rights and obligations under this Agreement but Seller shall remain liable to Purchaser for the failure of its assignee to perform the obligations of Seller under this Agreement.

14. This Agreement shall be binding upon the successors and assigns of each of the parties.

15. Seller makes no representations or warranties, expressed or implied, including the implied warranty of merchantability and fitness, except as expressly stated in this Agreement.

16. Unless required by law or to prevent a known harm or deterioration of the Alternative Energy System, Purchaser shall not repair, modify or adjust the Alternative Energy System or any component thereof and Purchaser agrees to prohibit anyone other than Seller's authorized personnel to repair, modify or adjust the Alternative Energy System or any component thereof.

17. Purchaser shall promptly and without delay notify Seller of any accidents, casualties, disabilities, failures or like information concerning the Alternative Energy System.

18. Purchaser agrees that the Alternative Energy System shall be used and operated only at the Installation Site and in accordance with the "Safety and Operating Guidelines" which shall be written and set forth by Seller. A copy of which shall be delivered to Purchaser. The Alternative Energy System shall not be relocated by Purchaser without the written consent of Seller.

19. Any notice under this Agreement shall be deemed sufficient if it is in writing and it is delivered to Purchaser, personally or sent by mail addressed to Purchaser at the address set forth above.

20. Seller reserves the right to file or record such documents and instruments as it may deem necessary from time to time to protect its rights, liens, title and interest in the Alternative Energy System. Purchaser agrees to reasonably cooperate with Seller and to execute such documents as may be required or requested by Purchaser to assist Seller in protecting its rights, liens, title and interest in the Alternative Energy System.

21. In the event of the breach of this Agreement by either party, the prevailing party shall be entitled to recover its costs, attorney fees, arbitration costs and arbitration fees incurred in enforcing this Agreement and in pursuing appropriate remedies.

22. Seller and Purchaser acknowledge that they each understand that the Alternative Energy System may qualify for certain tax incentives and benefits under the 2005 Energy Policy Act and other statutes. Purchaser agrees to obtain the evaluation and opinion of its own tax attorney or accountant as to any tax matters relating to this Agreement and to the Alternative Energy System. Seller does not guarantee any tax incentive or benefit to Purchaser. Seller

2008-12-18 14:13

4358642928

4358642928 >>

P 6/6

hereby transfers to Purchaser any and all energy tax credits, if any, related to the Alternative Energy System. Seller shall not claim any such energy tax credits. Seller and Purchaser agree that the respective initial value of the Alternative Energy System is listed on the attached Exhibit "A".

23. In the event of a dispute arising out of this Agreement or the transactions, events or occurrences related thereto, either party shall have the option of electing to have such dispute resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association with all hearings and other proceedings in that arbitration being conducted in Salt Lake City, Utah.

24. This Agreement shall be construed in accordance with the laws of the State of Utah.

25. This is the entire agreement between the parties. This agreement shall not be modified except by written amendment signed by Purchaser and Seller.

PURCHASER
#ILIOS, LLC

SELLER
INTERNATIONAL AUTOMATED
SYSTEMS, INC.

By: *Patricia Lambeck*
Title: *Member*

By: *William P. [Signature]*
Its: *CEO International Automated Sys. Inc.*

PA

