

MEMORANDUM OF UNDERSTANDING
BETWEEN
HYPERION POWER GENERATION INC.
AND
SAVANNAH RIVER NATIONAL LABORATORY

Introduction

This Memorandum of Understanding (MOU) is entered into by and between Hyperion Power Generation Inc. (Hyperion Power Generation) and Savannah River National Laboratory (SRNL).

Hyperion Power Generation and SRNL may individually be referred to as a "Party" or collectively as the "Parties".

Purpose

Whereas: SRNL is the applied research and development laboratory for the Department of Energy's (DOE) Office of Environmental Management (EM), and

Whereas: Hyperion Power Generation Inc. is a private commercial enterprise formed to develop and market an innovative small modular nuclear reactor concept commonly referred to as the "Hyperion Power Module.", and

Whereas: both Parties have experienced personnel, technologies, and unique technical capabilities in the areas of nuclear materials, nuclear fuel fabrication and qualification, reactor licensing, and reactor development,

Whereas: both Parties concur that, upon design certification and licensing by the U.S. Nuclear Regulatory Commission (NRC), the Hyperion Power Module can contribute significantly to energy security, greenhouse gas reduction, and high-technology jobs creation efforts in the U.S. and abroad,

Whereas: both Parties understand that an operating prototype of the Hyperion Power Module is essential to informing and accelerating design certification and licensing by NRC,

Now Therefore: the Parties hereby enter into this agreement to explore opportunities to work collaboratively on a program to deploy, on an expedited basis at the Savannah River Site (SRS), a prototype of the Hyperion Power Module.

Scope

The scope of this MOU and the associated collaboration is related exclusively to the expedited development and deployment at SRS of the Hyperion Power Module.

The Hyperion Power Module is a liquid metal-cooled, small modular nuclear reactor designed to operate in the fast neutron spectrum. Fueled with uranium nitride enriched to approximately 19%, the Hyperion Power Module has a nominal output of 70 megawatts thermal and 25 megawatts electric.

Forms of collaboration to be explored under this MOU may include some or all of the following:

- Seek an agreement with DOE leadership under which DOE assumes responsibility for regulating the design, construction, and operation of the prototype under its existing authorities codified in 10 CFR 830, *Nuclear Safety Management* in advance of any design certification and licensing by the NRC.
- Develop a public-private partnership and associated business case and cost-share model under which most of the funding required for a Hyperion Power Module prototype at SRS would be provided by private sources; limiting government funding to that required for "licensing" the prototype and leveraging existing SRS infrastructure and assets, as described below.
- Acquire DOE leadership approval to leverage existing facilities and materials at SRS, including, but not limited to, H-Canyon, HB-Line, the hot cells at SRNL, and inventories of surplus plutonium and uranium to reduce the cost, schedule and risk associated with fuel development, fuel qualification, and fabrication of the start-up core for the prototype reactor.
- Assist DOE with the establishment of an organization and program responsible for regulating the Hyperion Power Module.
- Complete National Environmental Policy Act (NEPA) documentation, engineering designs, documented safety analyses, and other required studies.
- Construct, commission, and operate at SRS the Hyperion Power Module prototype.
- Develop a small modular reactor (SMR) power park and associated secure mini-grid which would service critical national defense related facilities at SRS and within the surrounding region, including the Fort Gordon, Eisenhower Medical Center, and the National Security Agency.

Under this MOU, the Parties intend to: (i) notify each other of projects on which they can collaborate; and (ii) provide each other with necessary information and support reasonably requested by the other Party to facilitate the MOU objectives.

This MOU is not intended to create a contract, partnership, or make any other legally binding commitment. As new business efforts develop, however, the Parties will negotiate separate written agreements containing mutually agreeable terms and conditions applicable to the specific collaborative opportunities being pursued.

Terms

1. Unless superseded by a more comprehensive agreement or terminated by the Parties, this MOU shall remain in effect for the duration of the SRNS Contract with DOE. It may be terminated by either Party upon 90 days written notice to the other Party.

2. Each Party acknowledges that they are entering into this MOU in a spirit of cooperation. The Parties intend to pursue the goals and purposes of this MOU in good faith.
3. The Parties agree that any work to be undertaken pursuant to this MOU will be the subject of separate and specific agreements between Hyperion Power Generation, Inc. and Savannah River Nuclear Solutions, LLC (SRNS) as the operator of SRNL that are consistent with the terms and conditions of SRNS's contract with DOE. The exchange of information will also be in accordance with the information protection requirements set forth in SRNS' contract with DOE. Hyperion Power Generation, Inc. acknowledges that SRNS cannot undertake activities that are inconsistent with its contract with DOE or constitute a violation of Federal, state, or local law.
4. The Parties acknowledge that during the course of this MOU they may wish to exchange information of a proprietary nature. The Parties agree that any such exchange of proprietary information shall be made under a separately written Non-Disclosure Agreement specific to the subject matter being discussed.
5. No work or funds are committed under this MOU. Any commitment of work or funds shall be made under a separate agreement following the contracting requirements of each Party.
6. Each Party shall bear all costs, risks and liabilities which it may incur arising out of its obligations and efforts under this MOU. However, neither Party is obligated to undertake any activity hereunder.
7. Publications generated from collaborative efforts resulting from this MOU will be covered in separate task agreements governing deliverables and financial arrangements for the particular tasks.
8. Unless otherwise specified, this MOU embodies the entire understanding between the two Parties and any prior representation or agreement is superseded. Any modifications to this MOU must be in writing and signed by all Parties.
9. Conflicts or issues that may arise which cannot be resolved between Hyperion Power Generation, Inc. and SRNL staff personnel should be raised to the necessary level of management to obtain resolution. An effort shall be made by all participants to resolve conflicts with a spirit of cooperation at the working level.
10. The Parties agree to adhere to all applicable U.S. export laws and regulations. Each Party acknowledges that it is responsible for its own compliance with all U.S. export control laws and regulations.
11. Any news releases, public announcements, advertisements or publicity to be released by either Party concerning this MOU, or any proposal or agreement resulting from this MOU, shall be subject to prior approval by the other Party.

13. This MOU will be effective upon the date the last Party signs.

Authorized Signatures

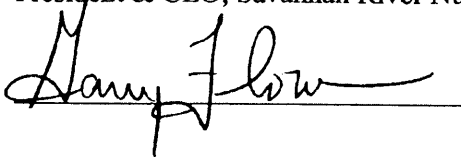
Those individuals whose signatures appear below certify that they are authorized to sign on behalf of the respective Parties to this Agreement. This Agreement will be executed in duplicate, and is not effective until signed by both Parties.

HYPERION POWER GENERATION
John R. Deal
CEO



Date 26 August 2010

SAVANNAH RIVER NATIONAL LABORATORY
Garry Flowers
President & CEO, Savannah River Nuclear Solutions, LLC



Date AUGUST 31, 2010