FORM 10-12G

Initial general form for registration of a class of securities pursuant to Section 12(g)

Filing Date: **2019-09-30**
SEC Accession No. 0001493152-19-014735

(HTML Version on secdatabase.com)

FILER

Taronis Fuels, Inc.
CIK:**1778805**| IRS No.: **320547454** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-12G** | Act: **34** | File No.: **000-56101** | Film No.: **191125129**

Mailing Address
15923 N.89TH AVENUE
PEORIA AZ 85382

Business Address
300 W.CLARENDON
AVENUE, STE.230
PHOENIX AZ 85013
727-934-3448

As filed with the Securities and Exchange Commission on September 30, 2019

File No. _____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934

TARONIS FUELS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**32-0547454**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
300 W. Clarendon Ave. Unit 230 Phoenix, Arizona	**85013**
(Address of principal executive offices)	*(Zip Code)*

Tyler B. Wilson, Esq.
Chief Financial Officer,
General Counsel & Secretary
16165 N. 83rd Avenue, Suite 200
Peoria, Arizona 85382
(866) 370-3835
(Registrant's telephone number, including area code)

Copy to:

Laura Anthony, Esq.
Craig D. Linder, Esq.
Anthony L.G., PLLC
625 N. Flagler Drive, Ste, 600
West Palm Beach, FL 33401
Phone: (561) 514-0936
Fax: (561) 514-0832

Securities to be registered pursuant to Section 12(b) of the Act: **None**

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.000001 per share

Title of Class

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [X]	Smaller reporting company [X]
	Emerging growth company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

TARONIS FUELS, INC.

INFORMATION REQUIRED AND INCORPORATED BY REFERENCE IN FORM 10

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. ***Business.***

The information required by this item is contained under the sections of the information statement entitled "Summary," "Business," "Certain Relationships and Related Transactions," "Relationship With Taronis Technologies After the Spinoff" and "Where You Can Find More Information." Those sections are incorporated herein by reference.

Item 1A. ***Risk Factors.***

The information required by this item is contained under the section of the information statement entitled "Risk Factors." That section is incorporated herein by reference.

Item 2. ***Financial Information.***

The information required by this item is contained under the sections of the information statement entitled "Selected Historical Consolidated Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk." Those sections are incorporated herein by reference.

Item 3. ***Properties.***

The information required by this item is contained under the section of the information statement entitled "Business — Properties." That section is incorporated herein by reference.

Item 4. ***Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. ***Directors and Executive Officers.***

The information required by this item is contained under the section of the information statement entitled "Management." That section is incorporated herein by reference.

Item 6. ***Executive Compensation.***

The information required by this item is contained under the section of the information statement entitled "Executive Compensation." That section is incorporated herein by reference.

Item 7. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this item is contained under the sections of the information statement entitled "Management" and "Certain Relationships and Related Transactions." Those sections are incorporated herein by reference.

Item 8. ***Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled "Business — Legal Proceedings." That section is incorporated herein by reference.

Item 9. ***Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled "Risk Factors," "The Spinoff," "Dividend Policy," "Security Ownership of Certain Beneficial Owners and Management" and "Description of Capital Stock." Those sections are incorporated herein by reference.

Item 10. ***Recent Sales of Unregistered Securities.***

The information required by this item is contained under the sections of the information statement entitled "The Spinoff" and "Description of Capital Stock." Those sections are incorporated herein by reference.

Item 11. ***Description of Registrant's Securities to be Registered.***

The information required by this item is contained under the sections of the information statement entitled "Risk Factors," "Dividend Policy" and "Description of Capital Stock." Those sections are incorporated herein by reference.

Item 12. ***Indemnification of Directors and Officers.***

The information required by this item is contained under the sections of the information statement entitled "Description of Capital Stock — Limitation on Directors' Liability" and "Indemnification of Directors and Officers." Those sections are incorporated herein by reference.

Item 13. ***Financial Statements and Supplementary Data.***

The information required by this item is contained under the section of the information statement entitled "Index to Combined Carve-Out Financial Statements" (and the financial statements referenced therein). That section is incorporated herein by reference.

Item 14. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 15. ***Financial Statements and Exhibits.***

(a) Financial Statements

The information required by this item is contained under the section of the information statement entitled "Index to Combined Carve-Out Financial Statements" (and the financial statements referenced therein). That section is incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Master Distribution Agreement
2.2	Form of Separation Agreement
3.1	Amended and Restated Certificate of Incorporation of the Registrant
3.2	Bylaws of the Registrant
4.1	Form of Specimen Certificate for the Registrant's common stock, $0.000001 par value per share
5.1*	Opinion Re Legality
8.1*	Opinion Re Tax Matters
10.1	Form of Tax Sharing Agreement
10.2	Form of Transition Services Agreement
10.3	Intellectual Property License Agreement
10.4	Taronis Fuels, Inc. 2019 Equity Incentive Award Plan
10.5	Executive Bonus Plan
10.6	Form of Assignment, Assumption and Amendment to Contract
10.7	Form of Director and Officer Indemnification Agreement
10.8	Form of Director Services Agreement
10.9	Director Compensation Policy
10.10	Executive Severance Plan
10.11	Insider Trading Policy
10.12	Employee Stock Purchase Plan
14	Code of Ethics
21.1	List of Subsidiaries
99.1	Information Statement, Subject to Completion, dated September 30, 2019.

* To be filed by amendment.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

TARONIS FUELS, INC.

By: */s/ Scott Mahoney*
Name: Scott Mahoney
Title: Chief Executive Officer and President

Dated: September 30, 2019

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Form of Master Distribution Agreement
2.2	Form of Separation Agreement
3.1	Amended and Restated Certificate of Incorporation of the Registrant
3.2	Bylaws of the Registrant
4.1	Form of Specimen Certificate for the Registrant's common stock, $0.000001 par value per share
5.1*	Opinion Re Legality
8.1*	Opinion Re Tax Matters
10.1	Form of Tax Sharing Agreement
10.2	Form of Transition Services Agreement
10.3	Intellectual Property License Agreement
10.4	Taronis Fuels, Inc. 2019 Equity Incentive Award Plan
10.5	Executive Bonus Plan
10.6	Form of Assignment, Assumption and Amendment to Contract
10.7	Form of Director and Officer Indemnification Agreement
10.8	Form of Director Services Agreement
10.9	Director Compensation Policy
10.10	Executive Severance Plan
10.11	Insider Trading Policy
10.12	Employee Stock Purchase Plan
14	Code of Ethics
21.1	List of Subsidiaries
99.1	Information Statement, Subject to Completion, dated September 30, 2019.

* To be filed by amendment

Master Distribution Agreement

By and Between

Taronis Technologies, Inc.

And

Taronis Fuels, Inc.

Dated as of November [__], 2019

Table of Contents

Exhibits and Schedules

MASTER DISTRIBUTION AGREEMENT

This Master Distribution Agreement (this "Agreement"), dated as of November [___], 2019 (the "Execution Date"), is made and entered into by and between Taronis Technologies, Inc., a Delaware corporation ("Tech"), and Taronis Fuels, Inc., a Delaware corporation and wholly owned subsidiary of Tech ("Fuels"). Each of Tech and Fuels may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the board of directors of Tech (the "Tech Board") has determined that it is advisable and in the best interests of Tech and Tech's stockholders to separate the Fuels Business from that of Tech's standing alone, creating two independent publicly traded companies;

WHEREAS, the Parties contemplate that the Fuels Business will be transferred to Fuels (the "Separation") as provided for in the Separation Agreement;

WHEREAS, the Parties contemplate that immediately following the Fuels Transfer, Tech shall distribute 100% of the issued and outstanding Fuels Shares to holders of Tech's Shares on the Record Date, on a pro rata basis (the "Distribution");

WHEREAS, for U.S. federal income tax purposes, the Parties intend that (i) the Fuels Transfer, taken together with the Distribution, qualify as a reorganization pursuant to Section 368 of the Code, (ii) the Distribution as such, qualify as a distribution of the Fuels Shares to the Fuels shareholders pursuant to Section 355 of the Code, and the execution of this Agreement constitute a "plan of reorganization" within the meaning of Section 368 of the Code;

WHEREAS, the Parties intend in this Agreement to set forth the principal corporate transactions required to effect the Distribution and certain other agreements governing various matters relating to the Distribution and the relationship of Tech, Fuels and the members of their respective Groups following the Distribution; and

WHEREAS, Tech and Fuels acknowledge that this Agreement, the Separation Agreement and the Ancillary Agreements represent the integrated agreement of Tech and Fuels relating to the Distribution, are entered into simultaneously and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Article I. DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Action" means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any Governmental Authority.

(b) "Affiliate" means, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For purposes of this definition, "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the Fuels Group shall be deemed to be an Affiliate of any member of the Tech Group and (b) no member of the Tech Group shall be deemed to be an Affiliate of any member of the Fuels Group.

(c) "Agent" means the trust company or bank duly appointed by Tech to act as distribution agent, transfer agent and registrar for the Fuels Shares in connection with the Distribution.

(d) "Agreement Schedule" means Schedule 2 to this Agreement.

(e) "Agreement" has the meaning set forth in the introductory paragraph hereto.

(f) "Ancillary Agreements" means the Transition Services Agreement and any and all other agreements (other than this Agreement) entered into by the Parties or the members of their respective Groups (but as to which no Third Party is a party) in connection with the Distribution, or the other transactions contemplated by this Agreement, including the Transition Services Agreement and all other agreements listed on Schedule 1.8.

(g) "Approvals or Notifications" means any and all consents, waivers, approvals, permits or authorizations that Tech determines are required to be obtained from, and any notices, registrations or reports that Tech determines are required to be submitted to, or other filings that Tech determines are required to be made with, any Third Party, including any Governmental Authority, in connection with the Distribution or the consummation of the transactions contemplated hereby.

(h) "Assets" means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Third Parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

(i) "Business Day" means any day on which commercial banks are generally open for business in the State of Delaware.

(j) "Business Transfer Time" has the meaning established for such phrase in the Separation Agreement.

(k) "CEO Notice" has the meaning set forth in Section 6.02.

(l) "Change of Control" means, with respect to a Person, directly or indirectly, (i) any consolidation, merger or similar business combination involving such Person in which the holders of voting securities of such Person immediately prior thereto are not the holders of a majority in interest of the voting securities of the surviving Person in such transaction, (ii) any sale, lease, license, disposition or conveyance to a third party of all or substantially all of the consolidated assets of such Person in one transaction or a series of related transactions; or (iii) any acquisition by any third party or group (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the Execution Date) of at least 50% of the aggregate ownership interests, directly or indirectly, beneficially or of record, of such Person, having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such Person, in one transaction or a series of related transactions.

(m) "Code" means the Internal Revenue Code of 1986, as amended.

(n) "Continuing Employee" has the meaning given to such phrase in the Separation Agreement.

(o) "Convey" (and variants of this word such as "Conveyance") has the meaning given to such phrase in the Separation Agreement.

(p) "Disclosure Document" means any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of such Party's Group, and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case, that describes the Distribution or the Fuels Group or primarily relates to the transactions contemplated hereby.

(q) "Dispute" has the meaning set forth in Section 6.01.

(r) "Distribution Date" means the date of the consummation of the Distribution, which shall be determined by the Tech Board in its sole and absolute discretion.

(s) "Distribution" has the meaning set forth in the Recitals.

(t) "Effective Time" means 12:01 a.m., Eastern time, on the Distribution Date.

(u) "Environmental Law" means any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, or protection of human health, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

(v) "Environmental Liabilities" means all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

(w) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

(x) "Execution Date" has the meaning set forth in the introductory paragraph hereto.

(y) "Final Determination" means the final resolution of liability for any Tax for any taxable period, by or as a result of (a) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed, (b) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the entire Tax liability for any taxable period, (c) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund or credit may be recovered by the jurisdiction imposing the Tax, or (d) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Taxing Authority.

(z) "Force Majeure" means, with respect to a Party, an event beyond the control of such Party (or any Person acting on such Party's behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on such Party's behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or any Person acting on such Party's behalf), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto shall not be deemed an event of Force Majeure.

(aa) "Form 10" means the registration statement on Form 10 filed by Fuels with the SEC to effect the registration of Fuels Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

(bb) "Fuels Assets" has the meaning set forth in Section 2.05(b).

(cc) "Fuels Balance Sheet" means the pro forma combined balance sheet of the Fuels Business, including any notes thereto, as of [June 30, 2019], as presented in the Information Statement.

(dd) "Fuels Books and Records" has the meaning set forth in Section 2.06(b)(ix).

(ee) "Fuels Business" means (a) the operation of welding supply and gas distribution businesses and the manufacture and sale of "MagneGas" and the Venturi® Gasification systems used to create gas, conducted at any time prior to the Effective Time by either Party or any of their current or former Subsidiaries and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to (i) the business, operations or activities described in clause (a) as then conducted or (ii) any other business operations or activities previously conducted as part of the businesses of Tech and its Subsidiaries, including those set forth on Schedule 1.2.

(ff) "Fuels Bylaws" means the Bylaws of Fuels, substantially in the form of Exhibit B.

(gg) "Fuels Certificate of Incorporation" means the Amended and Restated Certificate of Incorporation of Fuels, substantially in the form of Exhibit A.

(hh) "Fuels Contracts" means all contracts and agreements set forth on Schedule 1.3, and any other contracts or agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing, as of the Effective Time that relate exclusively to the Fuels Business, including the following: (a) any customer, distribution, supply or vendor contract or agreement that relates exclusively to the Fuels Business; (b) any contract or agreement in the nature of a guarantee, indemnity or other Liability of either Party or any member of its Group in respect of any other Fuels Contract, any Fuels Liability or the Fuels Business; (c) any Real Property Lease that relates exclusively to the Fuels Business; (d) any lease (including any capital lease), agreement to lease, option to lease, license, right to use, installment or conditional sale agreement pertaining to the leasing or use of any equipment or other tangible property that relates exclusively to the Fuels Business; (e) any contract or agreement licensing or otherwise granting rights to Intellectual Property that relates exclusively to the Fuels Business; provided, that notwithstanding the foregoing, except with respect to any such contract or agreements that are expressly set forth on Schedule 1.3, Fuels Contracts shall not include any contract or agreement that is contemplated to be retained by Tech or any member of the Tech Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement.

(ii) "Fuels Designees" means any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by Fuels that will be members of the Fuels Group as of immediately after the Effective Time.

(jj) "Fuels Group" means (a) prior to the Effective Time, Fuels and each Person that will be a Subsidiary of Fuels as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of Fuels; and (b) on and after the Effective Time, Fuels and each Person that is a Subsidiary of Fuels.

(kk) "Fuels Indemnitees" has the meaning set forth in Section 3.03.

(ll) "Fuels Intellectual Property" means all Intellectual Property owned or used by Fuels or any member of the Fuels Group as of the Effective Time exclusively used or exclusively held for use in the Fuels Business.

(mm) "Fuels Liabilities" has the meaning set forth in Section 2.05(a).

(nn) "Fuels Permits" means all Permits held by Fuels or any member of the Fuels Group as of the Effective Time with respect to the Fuels Business.

(oo) "Fuels Real Property" means (i) the Owned Real Property set forth on Schedule 1.5(i), and (ii) the Leased Real Property set forth on Schedule 1.5(ii).

(pp) "Fuels Shares" means the shares of common stock, par value $0.000001 per share, of Fuels.

(qq) "Fuels Software" means all Software owned or used by Fuels or any member of the Fuels Group as of the Effective Time exclusively used or exclusively held for use in the Fuels Business.

(rr) "Fuels Technology" means all Technology owned or used by Fuels or any member of the Fuels Group as of the Effective Time exclusively used or exclusively held for use in the Fuels Business.

(ss) "Fuels Transfer" has the meaning set forth in the Separation Agreement.

(tt) "Fuels" has the meaning set forth in the introductory paragraph hereto.

(uu) "Governmental Approvals" means any and all Approvals or Notifications that Tech determines are required to be made to, or obtained from, any Governmental Authority.

(vv) "Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

(ww) "Group" means either the Fuels Group or the Tech Group, as the context requires.

(xx) "Hazardous Materials" means any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

(yy) "Indemnifying Party" has the meaning set forth in Section 3.04(a).

(zz) "Indemnitee" has the meaning set forth in Section 3.04(a).

(aaa) "Indemnity Payment" has the meaning set forth in Section 3.04(a).

(bbb) "Information Statement" means the information statement, which will be sent, or of which a notice of internet availability will be provided, to the holders of Tech Shares in connection with the Distribution, as such information statement may be amended or supplemented from time to time prior to the Distribution.

(ccc) "Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data; provided that "Information" shall not include Registrable IP.

(ddd) "Initial Notice" has the meaning set forth in Section 6.01.

(eee) "Insurance Proceeds" means those monies (i) received by an insured from an insurance carrier, or (ii) paid by an insurance carrier on behalf of the insured, in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

(fff) "Intellectual Property" means all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, registrations and related rights, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, in each case, other than Software, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, in each case, other than Software, and (f) intellectual property rights arising from or in respect of any Technology.

(ggg) "IRS" means the United States Internal Revenue Service.

(hhh) "Law" means any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

(iii) “Leased Real Property” means the real property in which either Party or any of the members of its Group hold valid leasehold or sub-leasehold interests and any other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interests in real property held by either Party or any of the members of its Group as of the Effective Time under the Real Property Leases.

(jjj) “Liabilities” means all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, settlements, sanctions, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

(kkk) “Losses” means actual losses, costs, damages, fines, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim, provided, however, that “Losses” shall not include (i) punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party or (ii) lost profits or consequential damages, in any case.

(lll) “OTC Markets” means the OTC Markets Group Inc. and the over-the-counter stock markets run by such entity.

(mmm) “Other IP” means all Intellectual Property, other than Registrable IP, that is owned by either Party or any member of its Group as of the Effective Time.

(nnn) “Owned Real Property” means the real property that is owned by either Party or any of the members of such Party’s Group as of the Effective Time, together with all buildings, improvements and structures thereon.

(ooo) “Party” and “Parties” have the meanings given in the introductory paragraph hereto.

(ppp) “Permits” means permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

(mmm) “Person” means an individual, a corporation, a general or limited partnership, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

(nnn) “Prime Rate” means the rate that Bloomberg (or any successor thereto) displays as “Prime Rate by Country United States” at https://www.bloomberg.com/quote/PRIME:IND or on a Bloomberg terminal at PRIMBB Index.

(qqq) "Privileged Information" means any information, in written, oral, electronic or other tangible or intangible form, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or any member of such Party's Group would be entitled to assert or has asserted a privilege, including the attorney-client and attorney work product privileges.

(rrr) "Real Property Leases" means the real property leases, subleases, licenses or other agreements, including all amendments, modifications, supplements, extensions, renewals, guaranties or other agreements with respect thereto, pursuant to which either Party or any of the members of its Group as of the Effective Time is a party.

(sss) "Record Date" means the close of business on the date to be determined by the Tech Board as the record date for determining holders of Tech Shares entitled to receive Fuels Shares pursuant to the Distribution.

(rrr) "Record Holders" means the holders of record of Tech Shares as of the Record Date.

(ttt) "Registrable IP" means all patents, patent applications, statutory invention registrations, trademark and service mark registrations and applications, registered Internet domain names and copyright registrations and applications.

(uuu) "Release" means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including, ambient air, surface water, groundwater and surface or subsurface strata).

(vvv) "Representatives" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

(www) "SEC" means the U.S. Securities and Exchange Commission.

(xxx) "Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

(yyy) "Separation" has the meaning ascribed to said phrase in the recital hereof.

(zzz) "Separation Agreement" means the Separation Agreement in the form of Exhibit C attached to this Agreement among Tech and Fuels.

(aaaa) "Software" means any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

(bbbb) "Subsidiary" means, with respect to any Person, any corporation, general or limited partnership, trust, joint venture, unincorporated organization, limited liability company or other entity of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) in the case of a partnership, is a general partner, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

(cccc) "Tangible Information" means information that is contained in written, electronic or other tangible forms.

(dddd) "Tax Return" shall mean any return, report, certificate, election, form or similar statement or document (including any related supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or declaration of estimated tax) supplied to or filed with, or required to be supplied to or filed with, a Taxing Authority, or any bill for or notice related to ad valorem or other similar Taxes received from a Taxing Authority, in each case, in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

(eeee) "Tax" or "Taxes" means (i) all taxes, charges, fees, duties, levies, imposts, rates or other assessments or governmental charges of any kind imposed by any U.S. federal, state, local or non-U.S. Taxing Authority, including, without limitation, income, gross receipts, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, property, sales, use, license, capital stock, transfer, franchise, registration, payroll, withholding, social security, unemployment, disability, value added, alternative or add-on minimum or other taxes, whether disputed or not, and including any interest, penalties, charges or additions attributable thereto, (ii) liability for the payment of any amount of the type described in clause (i) above arising as a result of being (or having been) a member of any group or being (or having been) included or required to be included in any Tax Return related thereto, and (iii) liability for the payment of any amount of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

(ffff) "Tech Assets" has the meaning set forth in Section 2.05(d).

(gggg) "Tech Board" has the meaning set forth in the Recitals.

(hhhh) "Tech Business" means all businesses, operations and activities (whether or not such businesses, operations or activities are or have been terminated, divested or discontinued) conducted at any time prior to the Effective Time by either Party or any member of its Group, other than the Fuels Business.

(iiii) "Tech Designees" means any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by Tech that will be members of the Tech Group as of immediately after the Effective Time.

(jjjj) “Tech Group” means Tech and each Person that is a Subsidiary of Tech (other than Fuels and any other member of the Fuels Group).

(kkkk) “Tech Indemnitees” has the meaning set forth in Section 3.02.

(llll) “Tech Liabilities” has the meaning set forth in Section 2.05(c).

(mmmm) “Tech Marks” means the trademarks, trade names, service names, trade dress, logos and other source or business identifiers comprising or containing “Taronis Technologies”, or any other term or element listed on Schedule 1.1, either alone or in combination with other terms or elements, and all allocated logos and trade dress, and all names, marks, domain names, social media accounts and handles and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other terms or elements, and any registrations or applications for any of the foregoing, together with the goodwill associated with any of the foregoing.

(nnnn) “Tech Shares” means the shares of common stock, par value $0.001 per share, of Tech.

(oooo) “Tech” has the meaning set forth in the introductory paragraph hereto.

(pppp) “Technology” means all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

(qqqq) “Third Party” means any Person other than the Parties or any members of their respective Groups.

(rrrr) “Third-Party Claim” has the meaning set forth in Section 3.05(a).

(ssss) “Transferred Entities” means the wholly owned or partially owned subsidiaries of Fuels, as set forth on Schedule 1.7.

(tttt) “Transition Services Agreement” or “TSA” means the Transition Services Agreement to be entered into by and between Tech and Fuels and/or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

(uuuu) “Treasury Regulations” means the tax regulations issued by the IRS.

Section 1.02 Interpretation. Unless the express context otherwise requires:

(a) the words "hereof," "herein," and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(b) terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa;

(c) the terms "Dollars" and "$" mean United States Dollars;

(d) references herein to a specific Section, Subsection or Recital shall refer, respectively, to Sections, Subsections or Recitals of this Agreement;

(e) wherever the word "include," "includes," or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation";

(f) references herein to any gender shall include each other gender;

(g) references herein to any Person shall include such Person's heirs, executors, personal Representatives, administrators, successors and assigns; provided, however, that nothing contained in this Section 1.02(g) is intended to authorize any assignment or transfer not otherwise permitted by this Agreement;

(h) references herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity;

(i) references herein to any contract or agreement (including this Agreement) mean such contract or agreement as amended, supplemented or modified from time to time in accordance with the terms thereof;

(j) with respect to the determination of any period of time, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding";

(k) references herein to any Law or any license mean such Law or license as amended, modified, codified, reenacted, supplemented or superseded in whole or in part, and in effect from time to time; and

(l) references herein to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder.

Article II. THE TRANSACTION

Section 2.01 The Transaction; Sole and Absolute Discretion; Cooperation

(a) Subject to the unfettered discretion of Tech to initiate, structure their form, timing and conditions, and consummate said transactions, consistent with the terms of the Separation Agreement, as of the Distribution Date, Tech shall cause the Fuels Transfer, and coincident therewith, the Distribution (collectively, the "Transactions"). In addition, Tech may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing shall in any way limit Tech's right to terminate this Agreement or the Distribution as set forth in Article VIII or alter the consequences of any such termination from those specified in Article VIII.

(b) Should Tech elect to effectuate the Transactions, as of the Business Transfer Time, in partial consideration for the Conveyance of Fuels Assets contemplated by Section 1.1 of the Separation Agreement, Fuels shall assume the Fuels Liabilities in accordance with the provisions provided therefor hereunder.

(c) Should Tech elect to undertake the Transactions, the Tech Board, would in accordance with applicable Law, establish (or designate Persons to establish) a Record Date and the Distribution Date. Assuming Tech's establishment of appropriate procedures in connection with the Distribution as reserved unto it hereunder, all Fuels Shares held by Tech on the Distribution Date would be distributed to the Record Holders in the manner determined by Tech and in accordance with Section 2.04.

(d) Fuels shall cooperate with Tech to accomplish the Distribution and shall, at Tech's direction, promptly take any and all actions that Tech or Fuels determines to be necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of Fuels Shares on the Form 10. Tech shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or distribution agent and financial, legal, accounting and other advisors for Tech. Fuels and Tech, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

Section 2.02 Undertakings Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) *Notice to Nasdaq*. Tech shall, to the extent practicable, give the Nasdaq Capital Market, LLC not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *Fuels Directors and Officers*. On or prior to the Distribution Date, Tech and Fuels shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of Fuels shall be those set forth in the Information Statement, unless otherwise agreed by the Parties; (ii) except those individuals who will continue to serve as members of the Tech Board after the Effective Time, as set forth in the Information Statement, each individual referred to in clause (i) shall have resigned from his or her position, if any, as a member of the Tech Board, as an executive officer of Tech and as a member of the board of directors or other governing body or as an executive officer of any other member of the Tech Group, as applicable; and (iii) Fuels shall have such other officers as Fuels shall appoint.

(c) *OTC Markets Listing*. Fuels shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the Fuels Shares to be distributed in the Distribution on the OTC Markets.

(d) *Securities Law Matters*. Fuels shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. Tech and Fuels shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Tech and Fuels shall prepare, and Fuels shall, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters which Tech determines are necessary or desirable to effectuate the Distribution, and Tech and Fuels shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Tech and Fuels shall take all such action as may be necessary or appropriate under the securities or blue-sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(e) *Availablility of Information Statement.* Tech shall, as soon as is reasonably practicable after the Form 10 is effective under the Exchange Act and the Tech Board has approved the Distribution, cause the Information Statement, or a notice of internet availability of the Information Statement, to be mailed to the Record Holders.

(f) *The Distribution Agent*. Tech shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

Section 2.03 Conditions to the Distribution.

(a) The consummation of the Distribution shall be subject to the satisfaction, or, to the extent permitted by applicable Law, waiver by Tech in its sole and absolute discretion, of the following conditions:

(i) The effectiveness of the Form 10, no order suspending the effectiveness of the Form 10 shall be in effect, and no proceedings for such purposes shall have been instituted or threatened by the SEC.

(ii) The Information Statement, or a notice of internet availability of the Information Statement, shall have been mailed to Record Holders.

(iii) The Tech Board shall have obtained an opinion from a nationally recognized appraisal, valuation and investment banking firm, in form and substance satisfactory to the Tech Board, substantially to the effect that, immediately after and giving effect to the Distribution and on a pro forma basis: (a) each of the fair value and present fair saleable value of the assets of Tech and Fuels on a consolidated basis would exceed the stated liabilities and identified contingent liabilities of Tech and Fuels, respectively, on a consolidated basis; (b) each of Tech and Fuels should be able to pay its debts as they become absolute and mature; and (c) each of Tech and Fuels should not have unreasonably small capital for the business in which each such entity is engaged.

(iv) Tech shall have received a written opinion, dated as of the Distribution Date, from Anthony L.G., PLLC, counsel to Tech, to the effect that (i) the Fuels Transfer, taken together with the Distribution, should qualify as a Tax-free reorganization pursuant to Section 368(a)(1)(D) of the Code, and (ii) the Distribution, as such, should qualify as a distribution of the Fuels Shares to Tech stockholders pursuant to Section 355 of the Code. In rendering the foregoing opinion, counsel will be permitted to rely upon and assume the accuracy of customary representations provided by (A) Tech and (B) Fuels.

(v) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state and other securities Laws or blue-sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted.

(iv) Each of the Separation Agreement, the Distribution Agreement, Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(v) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Distribution or any of the transactions related thereto shall be threatened or in effect.

(vi) Tech shall have received the Fuels Shares.

(vii) No other events or developments shall exist or shall have occurred that, in the judgment of the Tech Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of Tech and shall not give rise to or create any duty on the part of Tech or the Tech Board to waive or not waive any such condition or in any way limit Tech's right to terminate this Agreement as set forth in Article VIII or alter the consequences of any such termination from those specified in Article VIII. Any determination made by the Tech Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 2.03(a) shall be conclusive and binding on the Parties. If Tech waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

Section 2.04 The Distribution.

(a) Subject to Section 2.03, on or prior to the Effective Time, Fuels will deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of Fuels Shares as is necessary to effect the Distribution, and shall cause the transfer agent for the Tech Shares to instruct the Agent to distribute at the Effective Time the appropriate number of Fuels Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. Fuels will not issue paper stock certificates in respect of the Fuels Shares, unless it deems it necessary to do so. The Distribution shall be effective at the Effective Time.

(b) Subject to Section 2.03, each Record Holder will be entitled to receive in the Distribution one (1) Fuels Share for every Tech Share held by such Record Holder on the Record Date.

(c) No fractional shares shall be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of Fuels. In lieu of any such fractional shares, each Record Holder who, but for the provisions of this Section 2.04(c), would be entitled to receive a fractional share interest of a Fuels Share pursuant to the Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. As soon as practicable after the Effective Time, Tech shall direct the Agent to determine the number of whole and fractional Fuels Shares allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's or owner's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of Tech, Fuels or the Agent shall be required to guarantee any minimum sale price for the fractional Fuels Shares sold in accordance with this Section 2.04(c). Neither Tech nor Fuels shall be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Tech or Fuels. Solely for purposes of computing fractional share interests pursuant to this Section 2.04(c) and Section 2.04(d), the beneficial owner of Tech Shares held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(d) Any Fuels Shares or cash in lieu of fractional shares with respect to Fuels Shares that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to Fuels, and Fuels or its transfer agent shall hold such Fuels Shares for the account of such Record Holder, and the Parties agree that all obligations to provide such Fuels Shares and cash, if any, in lieu of fractional share interests shall be obligations of Fuels, subject in each case to applicable escheat or other abandoned property Laws, and Tech shall have no Liability with respect thereto.

(e) Until the Fuels Shares are duly transferred in accordance with this Section 2.04 and applicable Law, from and after the Effective Time, Fuels will regard the Persons entitled to receive such Fuels Shares as record holders of Fuels Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Fuels agrees that, subject to any transfers of such shares, from and after the Effective Time, (i) each such holder will be entitled to receive all dividends, if any, payable on, and exercise voting rights and all other rights and privileges with respect to, the Fuels Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the Fuels Shares then held by such holder.

Section 2.05 Additional Defined Terms.

(a) *Fuels Liabilities*. For purposes of this Agreement, "Fuels Liabilities" means, as of the date of determination, all Liabilities of either Party or any of the members of such Party's Group that relate primarily to the Fuels Business, including without limitation:

(i) all Liabilities included or reflected as liabilities or obligations of Fuels or the members of the Fuels Group on the Fuels Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Fuels Balance Sheet; provided, however, that the amounts set forth on the Fuels Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Fuels Liabilities pursuant to this Section 2.05(a)(i);

(ii) all Liabilities that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of Fuels or the members of the Fuels Group on a pro forma combined balance sheet of the Fuels Group or any notes thereto (were such balance sheet and notes to be prepared on a basis consistent with the determination of the Liabilities included on the Fuels Balance Sheet), it being understood that (x) the Fuels Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Fuels Liabilities pursuant to this Section 2.05(a)(ii); and (y) the amounts set forth on the Fuels Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Fuels Liabilities pursuant to this Section 2.05(a)(ii);

(iii) all Liabilities, including any Environmental Liabilities, relating to, arising out of or resulting from the actions, inactions, events, conduct, omissions, conditions, occurrences, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the Fuels Business or any Fuels Asset;

(iv) all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Fuels or any other member of the Fuels Group, and all agreements, obligations and Liabilities of any member of the Fuels Group under this Agreement or any of the Ancillary Agreements;

(v) all Liabilities relating to, arising out of or resulting from the Fuels Contracts, the Fuels Intellectual Property, the Fuels Software, the Fuels Technology or the Fuels Permits;

(vi) all Liabilities set forth in Section 2.05(a)(vi) of the Agreement Schedule; and

(vii) all Liabilities arising out of claims made by any Third Party (including Tech's or Fuels' respective directors, officers, stockholders, employees and agents) against any member of the Tech Group or the Fuels Group to the extent relating to, arising out of or resulting from the Fuels Business or the Fuels Assets or the other business, operations, activities or Liabilities referred to in Section 2.05(a)(i) through Section 2.05(a)(vi).

(b) *Fuels Assets. For purposes of this Agreement, "Fuels Assets" means, as of the date of determination, all Assets of Fuels or the members of the Fuels Group, including without limitation:*

(i) all issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by Fuels or the members of the Fuels Group;

(ii) all Assets of Fuels or the members of the Fuels Group included or reflected as assets of the Fuels Group on the Fuels Balance Sheet;

(iii) all Fuels Real Property and all rights, interests or claims of Fuels or the members of the Fuels Group thereunder;

(iv) all office equipment, trade fixtures and furnishings located at (x) Fuels Real Property, but excluding the items listed in Section 2.05(b)(iv) of the Agreement Schedule, and (y) Owned Real Property or Leased Real Property (other than the Fuels Real Property) and listed in Section 2.05(b)(iv) of the Agreement Schedule (in each case excluding any office equipment, trade fixtures and furnishings owned by Persons other than Tech and its subsidiaries);

(v) all Fuels Contracts and all rights, interests or claims of Fuels or the members of the Fuels Group thereunder;

(vi) all Fuels Intellectual Property, Fuels Software and Fuels Technology and all rights, interests or claims of Fuels or the members of the Fuels Group thereunder;

(vii) all Fuels Permits, and all rights, interests or claims of Fuels or the members of the Fuels Group thereunder;

(viii) subject to the provisions herein and the provisions of the applicable Ancillary Agreements, all rights, interests and claims of either Party or any of the members of such Party's Group with respect to Information that is primarily related to the Fuels Assets, the Fuels Liabilities, the Fuels Business or the Transferred Entities;

(ix) (A) all business and employment records exclusively related to Fuels Business, including the corporate minute books and related stock records of the members of the Fuels Group, (B) all of the separate financial and Tax records of the members of the Fuels Group that do not form part of the general ledger of Tech or any of its Affiliates (other than the members of the Fuels Group), and (C) all other books, records, ledgers, files, documents, correspondence, lists, plats, drawings, photographs, product literature (including historical), advertising and promotional materials, distribution lists, customer lists, supplier lists, studies, reports, market and market share data owned by Tech, operating, production and other manuals, manufacturing and quality control records and procedures, research and development files, and accounting and business books, records, files, documentation and materials, in all cases whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form, that are exclusively related to Fuels Business (collectively, the "Fuels Books and Records"); provided, however, that (x) none of clauses (A), (B) or (C) will include Intellectual Property in any such records, writings or other materials (which is the subject of clause (vii), above), (y) Tech will be entitled to retain a copy of the Fuels Books and Records, which will be subject to the provisions of Article V hereof regarding confidentiality and (z) neither clause (A) nor (C) will be deemed to include any books, records or other items or portions thereof (1) with respect to which it is not reasonably practicable to identify and extract the portion thereof exclusively related to Fuels Business from the portions thereof that relate to businesses of Tech other than Fuels Business, (2) that are subject to restrictions on transfer pursuant to applicable Laws regarding personally identifiable information or Tech's privacy policies regarding personally identifiable information or with respect to which transfer would require any Governmental Approval under applicable Law, (3) that relate to performance ratings or assessments of employees of Tech and its Affiliates (including performance history, reports prepared in connection with bonus plan participation and related data (other than individual bonus opportunities based on target bonus as a percentage of base salary)), unless such records are required to be transferred to Fuels under applicable Law, or (4) that relate to any employees that are not Continuing Employees;

(x) the benefits of all prepaid expenses (other than allocated expenses), including prepaid leases and prepaid rentals, in each case arising exclusively out of the operation or conduct of Fuels Business;

(xi) the right to enforce the confidentiality provisions of any confidentiality, non-disclosure or other similar Contracts to the extent related to confidential information of Fuels Business and rights to enforce the Intellectual Property assignment provisions of any invention assignment Contract to the extent related to the development of Intellectual Property of Fuels Business;

(xii) all rights of the Fuels Group under this Agreement and the Separation Agreement or any Ancillary Agreement and the certificates, instruments and Transfer Documents delivered in connection therewith; and

(xiii) all Assets set forth in Section 2.05(b)(xii) of the Agreement Schedule.

(c) *Tech Liabilities*. For purposes of this Agreement, "Tech Liabilities" means, as of the date of determination, (i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, conduct, omissions, conditions, occurrences, facts or circumstances occurring or existing as of the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), of any member of the

Tech Group and any member of the Fuels Group, in each case that are not Fuels Liabilities, including any and all Liabilities set forth in Section 2.05(c) of the Agreement Schedule and (iii) all Liabilities arising out of claims made by any Third Party (including Tech's or Fuels' respective directors, officers, stockholders, employees and agents) against any member of the Tech Group or the Fuels Group to the extent relating to, arising out of or resulting from the Tech Business or the Tech Assets.

(d) *Tech Assets*. For purposes of this Agreement, "Tech Assets" means, as of the date of determination, all Assets of Tech or the members of the Tech Group, it being understood that the Tech Assets shall include:

(i) all issued and outstanding capital stock or other equity interests of Tech's Subsidiaries other than Fuels and the Transferred Entities;

(ii) all office equipment, trade fixtures and furnishings located at any Owned Real Property or Leased Real Property (other than the items set forth in Section 3.05(b)(v) or any office equipment, trade fixtures or furnishings owned by Persons other than Tech and its Subsidiaries);

(iii) all Owned Real Property and Leased Real Property (other than the Fuels Real Property);

(iv) all contracts of Tech or the members of the Tech Group (other than the Fuels Contracts);

(v) all Intellectual Property of Tech or the members of the Tech Group (other than the Fuels Intellectual Property), including the Tech Marks and the Intellectual Property set forth in Section 2.05(d)(v) of the Agreement Schedule;

(vi) all Permits of Tech or the members of the Tech Group (other than the Fuels Permits);

(vii) all rights, interests and claims of Tech or the members of the Tech Group with respect to Information that does not relate primarily to the Fuels Assets, the Fuels Liabilities, the Fuels Business or the Transferred Entities; and

(viii) all Assets set forth in Section 2.05(d)(viii) of the Agreement Schedule.

Section 2.06 Plan of Reorganization. This Agreement will constitute a "plan of reorganization" for the Transactions under Treasury Regulation Section 1.368-2(g). Pursuant to the plan of reorganization, Tech will complete the Distribution.

Article III. MUTUAL RELEASES; INDEMNIFICATION

Section 3.01 Release of Pre-Distribution Claims

(a) *Fuels Release of Tech.* Except as provided in Section 3.01(c), effective as of the Effective Time, Fuels does hereby, for itself and each other member of the Fuels Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Fuels Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Tech and the members of the Tech Group, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Tech Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been stockholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of Fuels or a member of the Fuels Group, in each case from: (A) all Fuels Liabilities, (B) all Liabilities arising from or in connection with the transactions contemplated by this Agreement and all other activities undertaken to implement the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Fuels Business, the Fuels Assets or the Fuels Liabilities.

(b) *Tech Release of Fuels.* Except as provided in Section 3.01(c), effective as of the Effective Time, Tech does hereby, for itself and each other member of the Tech Group and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Tech Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Fuels and the members of the Fuels Group and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Fuels Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of Tech or a member of the Tech Group, in each case from: (A) all Tech Liabilities, (B) all Liabilities arising from or in connection with the transactions contemplated by this Agreement and all other activities undertaken to implement the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Tech Business, the Tech Assets or the Tech Liabilities.

(c) *Obligations Not Affected*. Nothing contained in Section 3.01(a) or Section 3.01(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings as not terminating as of the Effective Time, in each case in accordance with its terms. In furtherance of the foregoing, nothing contained in Section 3.01(a) or Section 3.01(b) shall release any Person from:

(i) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of either Group under, this Agreement or any Ancillary Agreement;

(ii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iii) any Liability that the Parties may have pursuant to this Agreement or any Ancillary Agreement, including with respect to indemnification or contribution pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by Third Parties, which Liability shall be governed by the provisions of this Article III and Article IV and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(iv) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 3.01.

(d) *No Claims*. Fuels shall not make, and shall not permit any member of the Fuels Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Tech or any other member of the Tech Group, or any other Person released pursuant to Section 3.01(a), with respect to any Liabilities released pursuant to Section 3.01(a). Tech shall not make, and shall not permit any other member of the Tech Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against Fuels or any other member of the Fuels Group, or any other Person released pursuant to Section 3.01(b), with respect to any Liabilities released pursuant to Section 3.01(b).

(e) *Execution of Further Releases*. At any time at or after the Effective Time, at the request of either Party, the other Party shall cause each member of such Party's respective Group to execute and deliver releases reflecting the provisions of this Section 3.01.

(f) *Agreement*. Nothing contained in Section 3.01(a) and Section 3.01(b) shall release any member of the Tech Group or the Fuels Group from honoring its existing obligations to indemnify any director, officer, employee or agent of Fuels who was a director, officer, employee or agent of any member of the Tech Group on or prior to the Effective Time, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is an Fuels Liability, Fuels shall indemnify Tech for such Liability (including Tech's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article III.

Section 3.02 Indemnification by Fuels.

Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Fuels shall, and shall cause the other members of the Fuels Group to, indemnify, defend and hold harmless Tech, each member of the Tech Group and each of their respective past, present and future directors, officers, employees and agents, in each case, in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Tech Indemnitees"), from and against any and all Liabilities of the Tech Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Fuels Liability;

(b) any failure of Fuels, any other member of the Fuels Group or any other Person to pay, perform or otherwise promptly discharge any Fuels Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Fuels or any other member of the Fuels Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Tech Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Fuels Group by any member of the Tech Group that survives following the Distribution;

(e) the ownership or operation of the Fuels Business from and after the Effective Time; and

(f) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if Fuels shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in Section 3.03(f).

Section 3.03 Indemnification by Tech. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Tech shall, and shall cause the other members of the Tech Group to, indemnify, defend and hold harmless Fuels, each member of the Fuels Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Fuels Indemnitees"), from and against any and all Liabilities of the Fuels Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Tech Liability;

(b) any failure of Tech, any other member of the Tech Group or any other Person to pay, perform or otherwise promptly discharge any Tech Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Tech or any other member of the Tech Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Fuels Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Tech Group by any member of the Fuels Group that survives following the Distribution;

(e) the ownership or operation of the Tech Business from and after the Effective Time; and

(f) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in Tech's name in the Form 10, the Information Statement (as amended or supplemented if Fuels shall have furnished any amendments or supplements thereto) or any other Disclosure Document; it being agreed that the statements set forth in Section 3.03(f) of the Agreement Schedule shall be the only statements made explicitly in Tech's name in the Form 10, the Information Statement or any other Disclosure Document, and all other information contained in the Form 10, the Information Statement or any other Disclosure Document shall be deemed to be information supplied by Fuels.

Section 3.04 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that the indemnification, contribution or reimbursement with respect to any Liability pursuant to this Article III or Article IV shall be net of Insurance Proceeds and other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof, including increased premiums) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount which either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification, contribution or reimbursement hereunder (an "Indemnitee") shall be reduced by any Insurance Proceeds and other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof, including increased premiums) from any Person by or on behalf of the Indemnitee in respect of the related Liability. For avoidance of doubt and to illustrate the operation of this Section 3.04, if Fuels should be responsible to indemnify Tech for an insured Liability, and the claim for that Liability to an insurer results in a deductible or loss reimbursement and a retrospectively rated premium adjustment, Fuels shall be responsible for the deductible or loss reimbursement and the retrospectively rated premium adjustment. If an Indemnitee receives an indemnification, contribution or reimbursement payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of the related Liability, then the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof, including increased premiums) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification, contribution and reimbursement provisions hereof. Each Party shall, and shall cause the members of such Party's Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys' fees and expenses) to collect or recover any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification, contribution or reimbursement may be available under this Article III. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification, contribution or reimbursement, or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

Section 3.05 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims*. If, at or following the Execution Date, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) that is not a member of the Tech Group or the Fuels Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 3.02 or Section 3.03, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within fourteen (14) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 3.05(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually prejudiced in some material respect by the Indemnitee's failure to provide notice in accordance with this Section 3.05(a).

(b) *Control of Defense.* An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee being true, the Indemnifying Party shall indemnify the Indemnitee for any such Liabilities to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 3.05(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim and specifying any reservations or exceptions to its defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 3.05(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs*. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, whether with or without any reservations or exceptions with respect to such defense, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification, contribution or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 3.05(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, as applicable, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 3.05(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Section 5.07 and Section 5.08, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation in connection with a Third-Party Claim inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim.

Section 3.06 Additional Matters.

(a) *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification, contribution or reimbursement under this Article III shall be paid reasonably promptly (but in any event within thirty (30) days of the final determination of the amount that the Indemnitee is entitled to indemnification, contribution or reimbursement under this Article III) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification, contribution or reimbursement payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnification, contribution and reimbursement provisions contained in this Article III shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims*. Any claim for indemnification, contribution or reimbursement under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced in some material respect thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 3.06(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VI, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement, (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party, and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) *Subrogation*. In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution*. In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in Section 3.05 and this Section 3.06, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

Section 3.07 Right of Contribution

(a) *Contribution*. If any right of indemnification contained in Section 3.02 or Section 3.03 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of the Indemnifying Party's Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault*. Solely for purposes of determining relative fault pursuant to this Section 3.07: (i) any fault associated with the ownership, operation or activities of the Fuels Business prior to the Effective Time shall be deemed to be the fault of Fuels and the other members of the Fuels Group, and no such fault shall be deemed to be the fault of Tech or any other member of the Tech Group; (ii) any fault associated with the ownership, operation or activities of the Tech Business prior to the Effective Time shall be deemed to be the fault of Tech and the other members of the Tech Group, and no such fault shall be deemed to be the fault of Fuels or any other member of the Fuels Group.

Section 3.08 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any Fuels Liabilities by Fuels or a member of the Fuels Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Tech Liabilities by Tech or a member of the Tech Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason, or (c) the provisions of this Article III are void or unenforceable for any reason. Furthermore, from and after the Distribution Date, Tech covenants that it will not sue, and it will ensure that none of its Affiliates will sue Fuels or any of its Subsidiaries or direct or indirect customers, suppliers or distributors for Patent or Copyright infringement, or trade secret misappropriation based upon the manufacture, use, sale, offer for sale, research, development, marketing, importation or exportation of products related to Fuels Business as it is conducted immediately prior to the Effective Time.

Section 3.09 Remedies Cumulative. The remedies provided in this Article III shall be cumulative and, subject to the provisions of Article VII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 3.10 Survival of Indemnities. The rights and obligations of each of TT and Fuels and their respective Indemnitees under this Article III shall survive (a) the sale or other transfer by either Party or any member of such Party's Group of any assets or businesses or the assignment by it of any liabilities, or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of the members of such Party's Group.

Article IV. CERTAIN OTHER MATTERS

Section 4.01 Insurance Matters

(a) Tech and Fuels agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the Execution Date through the Effective Time. In no event shall Tech, any other member of the Tech Group or any Tech Indemnitee have any Liability or obligation whatsoever to any member of the Fuels Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Fuels Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(b) From and after the Effective Time, with respect to any losses, damages and Liability incurred by any member of the Fuels Group, or arising out of facts, events or circumstances occurring, prior to the Effective Time, Tech will provide Fuels with access to, and Fuels may, upon ten (10) days' prior written notice to Tech, make claims under, Tech's third-party insurance policies in place immediately prior to the Effective Time and Tech's historical third-party policies of insurance, but solely to the extent that such policies provided coverage for Fuels Liabilities or Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time, in each case relating to, arising out of or resulting from the Fuels Business, the Fuels Assets or the Fuels Liabilities; provided that such access to, and the right to make claims under, such insurance policies shall be subject to the terms and conditions of such insurance policies, including any limits on coverage or scope, any deductibles, self-insured retentions, loss reimbursements and other fees and expenses, and any retrospectively rated or other premium adjustments, resulting from such losses, damages or Liability. Any deductible, loss reimbursement, other fee or expense, or retrospectively rated or other premium adjustment, resulting from such losses, damages or Liability shall be Fuels' sole responsibility. Fuels' access shall be subject to the following additional conditions:

(i) Fuels shall report any claim to Tech, as promptly as practicable, and in any event in sufficient time so that such claim may be made in accordance with Tech's claim reporting procedures in effect immediately prior to the Effective Time (or in accordance with any modifications to such procedures after the Effective Time communicated by Tech to Fuels in writing);

(ii) Fuels may, in its sole discretion, report such claim to the insurers on its and/or Fuels' behalf with a request that the insurers defend and indemnify it and/or Fuels;

(iii) Fuels and the members of the Fuels Group shall indemnify, hold harmless and reimburse Tech and the members of the Tech Group for any fees and expenses incurred by Tech or any members of the Tech Group to the extent resulting from any access to, any claims made by Fuels or any other members of the Fuels Group under, any insurance provided pursuant to this Section 4.01(b), including any indemnity payments, settlements, judgments, legal fees and allocated claim or loss adjusting expenses and claim handling fees, whether such claims are made by Fuels, its employees or Third Parties; and

(iv) Fuels shall exclusively bear (and neither Tech nor any members of the Tech Group shall have any obligation to repay or reimburse Fuels or any member of the Fuels Group for) and shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by Fuels or any member of the Fuels Group under the policies as provided for in this Section 4.01(b).

(c) In the event that any member of the Tech Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Effective Time for which such member of the Tech Group is entitled to coverage under Fuels' third-party insurance policies, the same process pursuant to this Section 4.01(b) shall apply, substituting "Tech" for "Fuels" and "Fuels" for "Tech."

(d) Except as provided in Section 4.01(b), from and after the Effective Time, neither Fuels nor any member of the Fuels Group shall have any rights to or under any of the insurance policies of Tech or any other member of the Tech Group. At the Effective Time, Fuels shall have in effect all insurance programs required to comply with Fuels' contractual obligations and such other insurance policies required by Law or as reasonably necessary or appropriate for companies operating a business similar to Fuels'. Such insurance programs may include general liability, commercial auto liability, workers' compensation, employer's liability, cyber security, product liability, professional services liability, property, open lot, employment practices liability, employee dishonesty/ crime, directors' and officers' liability and fiduciary liability.

(e) Neither Fuels nor any member of the Fuels Group, in connection with making a claim under any insurance policy of Tech or any member of the Tech Group pursuant to this Section 4.01, shall take any action that would be reasonably likely to (i) have an adverse impact on the then-current relationship between Tech or any member of the Tech Group, on the one hand, and the applicable insurance company, on the other hand, (ii) result in the applicable insurance company terminating or materially reducing coverage, or materially increasing the amount of any premium owed by Tech or any member of the Tech Group under the applicable insurance policy, or (iii) otherwise compromise, jeopardize or interfere with the rights of Tech or any member of the Tech Group under the applicable insurance policy.

(f) All payments and reimbursements by Fuels pursuant to this Section 4.01 will be made within thirty (30) days after Fuels' receipt of an invoice therefor from Tech. If Tech incurs costs to enforce Fuels' obligations herein, Fuels agrees to indemnify and hold harmless Tech for such enforcement costs, including reasonable attorneys' fees pursuant to Section 3.06. Tech shall retain the exclusive right to control its insurance policies and programs, including the right under the policies or applicable law to settle the policies to which losses or claim expenses are allocated, to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its insurance policies and programs and to amend, modify or waive any rights under any such insurance policies and programs, notwithstanding whether any such policies or programs apply to any Fuels Liabilities and/or claims Fuels has made or could make in the future, and no member of the Fuels Group shall allocate losses or claims or loss adjusting expenses to, or erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with Tech's insurers with respect to any of Tech's insurance policies and programs, or amend, modify or waive any rights under any such insurance policies and programs. Fuels shall cooperate with Tech and share such information as is reasonably necessary to permit Tech to manage and conduct its insurance matters as it deems appropriate. Tech shall share such information with Fuels as is reasonably necessary to enable Fuels so to cooperate with Tech. Except as otherwise expressly provided in this Agreement, neither Tech nor any of the members of the Tech Group shall have any obligation to secure extended reporting for any claims under any liability policies of Tech or any member of the Tech Group for any acts or omissions by any member of the Fuels Group incurred prior to the Effective Time.

(g) This Agreement shall not be considered as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Tech Group in respect of any insurance policy or any other contract or policy of insurance.

Fuels does hereby, for itself and each other member of the Fuels Group, agree that no member of the Tech Group shall have any Liability whatsoever as a result of the insurance policies and practices of Tech and the members of the Tech Group as in effect
(h) at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

Section 4.02 Continuation of Director and Officer Insurance. For a period of not less than six (6) years from and after the Distribution Date, Tech shall, and shall cause the Tech Group to, maintain directors and officers liability insurance covering the persons who are presently covered by Tech's and its Subsidiaries' directors and officers liability insurance policies with respect to actions and omissions occurring prior to the Distribution Date, providing coverage not less favorable than provided by such insurance in effect on the Execution Date.

Section 4.03 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to Prime Rate plus one percent (1%).

Section 4.04 Treatment of Payments for Tax Purposes. Unless otherwise required by a Final Determination, this Agreement the Parties agree that any payment made pursuant to this Agreement (other than payments with respect to interest accruing after the Effective Time) by: (i) Fuels to Tech shall be treated for all tax purposes as a distribution by Fuels to Tech with respect to Fuels Shares occurring immediately before the Distribution; (ii) Tech to Fuels shall be treated for all tax purposes as a tax-free contribution by Tech to Fuels with respect to its stock occurring immediately before the Distribution; and (iii) any payment of interest shall be treated as taxable or deductible, as the case may be, to the Party entitled under this Agreement to retain such payment or required under this Agreement to make such payment. No Party shall take any position inconsistent with this Section 4.04, and, in the event that a Governmental Authority asserts that a Party's treatment of a payment pursuant to this Agreement should be other than as set forth in this Section 4.04, such Party shall use its commercially reasonable efforts to contest such challenge.

Section 4.05 Inducement. Fuels acknowledges and agrees that Tech's willingness to cause, effect and consummate the Distribution has been conditioned upon and induced by Fuels' covenants and agreements in this Agreement and the Ancillary Agreements, including Fuels' assumption of the Fuels Liabilities pursuant to the Separation and the provisions of this Agreement and Fuels' covenants and agreements contained in Article III.

Section 4.06 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article III) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

Article V. EXCHANGE OF INFORMATION; CONFIDENTIALITY

Section 5.01 Agreement for Exchange of Information.

(a) Each of Tech and Fuels acknowledge and agree that certain books, records and other tangible Information is and, as of the Effective Time, will be stored in locations that will be allocated, assigned, transferred, conveyed and delivered to the Tech Group or the Fuels Group, as the case may be, and that from and after the Effective Time, such tangible books and records may remain at the current locations thereof, subject to the terms and conditions of this Article V. From and after the Effective Time, (i) each member of the Fuels Group shall be permitted to obtain from the Tech Group, and Tech shall cause each member of the Tech Group to cooperate to provide and deliver to Fuels or the applicable member of the Fuels Group, the originals of all books, records and other tangible Information that constitutes Fuels Assets, subject to the terms and conditions of this Article V, and (ii) each member of the Tech Group shall be permitted to obtain from the Fuels Group, and Fuels shall cause each member of the Fuels Group to cooperate to provide and deliver to Tech or the applicable member of the Tech Group, the originals of all books, records and other tangible Information that constitutes Tech Assets, subject to the terms and conditions of this Article V. For the avoidance of any doubt, (i) each member of the Tech Group shall be permitted to deliver any books, records or other tangible Information that constitutes Fuels Assets to Fuels (or such location as may be designated by Fuels), (ii) each member of the Fuels Group shall be permitted to deliver any books, records or other tangible Information that constitutes Tech Assets to Tech (or such location as may be designated by Tech), and (iii) subject to Section 5.04, neither Party nor any member of its Group shall be required to store or maintain any books, records or other tangible Information for the benefit of the other Party or its Group.

(b) Subject to Section 5.09 and any other applicable confidentiality obligations, each of Tech and Fuels, on behalf of itself and each member of such Party's Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor, any information (or a copy thereof) in the possession or under the control of such Party or such Party's Group which the requesting Party or such Party's Group to the extent that (i) such information relates to the Fuels Business, or any Fuels Asset or Fuels Liability, if Fuels is the requesting Party, or to the Tech Business, or any Tech Asset or Tech Liability, if Tech is the requesting Party, (ii) such information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement or (iii) such information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be detrimental in any material respect to the Party providing the information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 5.01 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 5.01 shall expand the obligations of a Party under Section 5.04.

(c) Without limiting the generality of the foregoing, until the first Fuels fiscal year end occurring after the Effective Time (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each Party shall use its commercially reasonable efforts to cooperate with the other Party's information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act, and (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

Section 5.02 Ownership of Information. The provision of any information pursuant to Section 5.01 or Section 5.07 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

Section 5.03 Compensation for Providing Information. The Party requesting information shall not be required to pay or reimburse the other Party for the cost of creating, gathering, copying, transporting and otherwise complying with a request with respect to such information (including those expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information); provided, however, that the Party requesting information shall be required to pay or reimburse the other Party for such costs in connection with any request resulting in a significant burden on the other Party, involving an unusually high volume of requested information, or otherwise arising outside the ordinary course of such requests.

Section 5.04 Compensation for Providing Information. To facilitate the possible exchange of information pursuant to this Article V and other provisions of this Agreement after the Effective Time, the Parties agree to use their respective commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in their respective possession or control on the Effective Time in accordance with the policies of Tech as in effect on the Effective Time or such other policies as may be adopted by Tech after the Effective Time (provided, in the case of Fuels, that Tech notifies Fuels of any such change); provided, however, that in the case of any information relating to Taxes, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Without limiting the foregoing retention obligations of the Parties, before destroying or disposing of any books, records or other tangible Information relating to the business, Assets or Liabilities of the other Party's Group, (i) the Party proposing to dispose of or destroy such tangible Information shall use commercially reasonable efforts to provide no less than ninety (90) days prior written notice to the other Party, specifying the books, records or other tangible Information proposed to be destroyed or disposed of and (ii) if, before the scheduled date for such destruction or disposal, the other Party requests in writing that any of the books, records or other tangible Information proposed to be destroyed or disposed of be delivered or made available to such other Party, then the Party proposing to destroy or dispose of the books, records or other tangible Information will promptly arrange for the delivery or making available of the requested books, records or other tangible Information to or at a location specified by, and at the sole cost and expense of, the requesting Party. Notwithstanding the foregoing, each Party may destroy or dispose of any books, records or other tangible Information that the other Party has previously received copies of, without any obligation to notify the other Party thereof.

Section 5.05 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 5.04.

Section 5.06 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article V are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any Party that receives, pursuant to a request for information in accordance with this Article V, Tangible Information that is not relevant to its request shall (i) return such Tangible Information to the providing Party or, at the providing Party's request, destroy such Tangible Information, and (ii) deliver to the providing Party written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

(c) Notwithstanding Section 6.01, in the event of any Dispute between or among one or more members of the Fuels Group and one or more members of the Tech Group relating to the rights and obligations of the Parties with respect to the exchange, access and retention of Information hereunder, the Parties shall attempt in good faith to negotiate a resolution of the Dispute through the Parties' respective record administrators, in the first instance and, if the records administrators cannot resolve the Dispute, then the Dispute may be resolved pursuant to the terms and procedures set forth in Article VI.

Section 5.07 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action or Dispute between Tech and Fuels, or any members of their respective Groups, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of such Party's respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of such Party's Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of such Party's respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 5.07, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect any Intellectual Property and shall not claim to acknowledge, or permit any member of such Party's respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a Third Party in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 5.07 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 5.07(a)).

Section 5.08 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Tech Group and the Fuels Group, and that each of the members of the Tech Group and the Fuels Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges and immunities which may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services will be rendered solely for the benefit of the Tech Group or the Fuels Group, as the case may be.

(b) The Parties agree as follows:

(i) Tech shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Tech Business and not to the Fuels Business, whether or not the Privileged Information is in the possession or under the control of any member of the Tech Group or any member of the Fuels Group. Tech shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Tech Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Tech Group or any member of the Fuels Group; and

(ii) Fuels shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Fuels Business and not to the Tech Business, whether or not the Privileged Information is in the possession or under the control of any member of the Fuels Group or any member of the Tech Group. Fuels shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Fuels Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Fuels Group or any member of the Tech Group.

(iii) If the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VI to resolve any disputes as to whether any information relates solely to the Tech Business, solely to the Fuels Business, or to both the Tech Business and the Fuels Business.

(c) Subject to the remaining provisions of this Section 5.08, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 5.08(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any Dispute arises between the Parties or any members of their respective Group regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of their respective Group, each Party agrees that it shall (i) negotiate with the other Party in good faith, (ii) endeavor to minimize any prejudice to the rights of the other Party, and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except in good faith to protect its own legitimate interests.

(e) In the event of any adversarial Action or Dispute between Tech and Fuels, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 5.08(c); provided that such waiver of a shared privilege shall be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of such Party's respective Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which another Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of such Party's respective Group's, current or former directors, officers, agents or employees has received any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 5.08 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the covenants and agreements of Tech and Fuels set forth in this Section 5.08 and in Section 5.09 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that (i) their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise and (ii) in the event of any transfer by one Party to the other Party of any Privileged Information that should not have been transferred pursuant to the terms of this Article V, the Party receiving such Privileged Information shall promptly return such Privileged Information to and at the request of the Party that has the right to assert the privilege or immunity and without prejudice to any longer period that may be provided for in any of the Ancillary Agreements.

(h) In connection with any matter contemplated by Section 5.07 or this Section 5.08, the Parties agree to, and to cause the applicable members of their Group to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

Section 5.09 Confidentiality.

(a) *Confidentiality.* Subject to Section 5.10, from and after the Effective Time until the five-year anniversary of the Distribution Date, each of Tech and Fuels, on behalf of itself and each member of such Party's respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Tech's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses that is either in its possession (including confidential and proprietary information in its possession prior to the Execution Date) or furnished by any such other Party or any member of such Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information, or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of the other Party or any member of such Party's Group. If any confidential and proprietary information of one Party or any member of such Party's Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction*. Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 5.09(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 5.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly after request of the other Party either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) *Third-Party Information; Privacy or Data Protection Laws*. Each Party acknowledges that it and members of such Party's Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such Party's Group, on the other hand, prior to the Effective Time, or (ii) that, as between the two Parties, was originally collected by the other Party or members of such Party's Group and that may be subject to and protected by privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of such Party's Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand.

Section 5.10 Protective Arrangements. In the event that a Party or any member of such Party's Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

Article VI. DISPUTE RESOLUTION

Section 6.01 Good-Faith Officer Negotiation. Either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or, except as otherwise provided therein, any Ancillary Agreement (including regarding whether any Assets are Fuels Assets, any Liabilities are Fuels Liabilities or the validity, interpretation, breach or termination of this Agreement or, except as otherwise provided therein, any Ancillary Agreement) (a "Dispute") may provide written notice thereof to the other Party (the "Initial Notice"), and the Parties shall thereafter attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives of each Party who hold, at a minimum, the title of vice president and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

Section 6.02 Good-Faith CEO Negotiation. In the event that a Dispute has not been resolved pursuant to Section 6.01 within thirty (30) days after receipt by a Party of the Initial Notice, or within such longer period as the Parties may agree to in writing, the Party that delivered the Initial Notice shall provide written notice of such Dispute to the Chief Executive Officer of each Party (the "CEO Notice"). As soon as reasonably practicable following receipt of the CEO Notice, the Chief Executive Officers of the Parties shall begin conducting good-faith negotiations with respect to such Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

Section 6.03 Dispute Resolution.

(a) In the event that a Dispute has not been resolved pursuant to Section 6.01 or thereafter pursuant to Section 6.02 within thirty (30) days of the commencement of efforts pursuant to Section 6.02, the Parties agree that such Dispute shall be resolved in binding arbitration in accordance with this Section 6.03.

(b) Any arbitration hereunder shall be conducted in accordance with the rules of the American Arbitration Association then in effect.

(c) Each Party shall each select one arbitrator, and the two arbitrators so selected shall select a third arbitrator, and the three arbitrators shall resolve the Dispute. The arbitrators will be instructed to prepare in writing as promptly as practicable, and provide to each Party such arbitrators' determination, including factual findings and the reasons on which the determination was based. The decision of the arbitrators will be final, binding and conclusive and will not be subject to review or appeal and may be enforced in any court having jurisdiction over the Parties as set forth herein.

(d) Each Party shall initially pay its own costs, fees and expenses (including, without limitation, for counsel, experts and presentation of proof) in connection with any arbitration or other action or proceeding brought under this Section 6.03, and the fees of the arbitrators shall be share equally, provided, however, that the arbitrators shall have the power to award costs and expenses in a different proportion.

(e) The arbitration shall be conducted in Phoenix, Arizona.

(f) The provisions of Section 9.02 shall apply to any arbitration pursuant to this Section 6.03 and the award of the arbitrators may be enforced in any court having jurisdiction over the Parties.

Section 6.04 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause their respective members of their Group to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by such agreements during the course of dispute resolution pursuant to the provisions of this Article VI, unless such commitments are the specific subject of the Dispute at issue.

Article VII. FURTHER ASSURANCES AND ADDITIONAL COVENANTS

Section 7.01 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Fuels Assets and the Tech Assets and the assignment and assumption of the Fuels Liabilities and the TT Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Tech and Fuels in their respective capacities as direct and indirect stockholders of the members of their Groups, shall each ratify any actions which are reasonably necessary or desirable to be taken by Tech, Fuels or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Tech and Fuels, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of (i) the failure of Fuels or any other member of the Fuels Group, on the one hand, or of Tech or any other member of the Tech Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the transactions contemplated by this Agreement, including the transfer by any member of either Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee, or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any Third Party arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

Article VIII. TERMINATION

Section 8.01 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Tech, in its sole and absolute discretion, without the approval or consent of any other Person, including Fuels and the stockholders of Tech. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

Section 8.02 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

Article IX. MISCELLANEOUS

Section 9.01 Entire Agreement; Corporate Power.

(a) This Agreement, the Separation Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(b) Tech represents on behalf of itself and each other member of the Tech Group, and Fuels represents on behalf of itself and each other member of the Fuels Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof, other than as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws of general application affecting enforcement of creditors' rights generally and general principles of equity.

Section 9.02 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or Disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any Party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 9.03 Jurisdiction; Waiver of Jury Trial.

(a) Subject to Section 6.03, each Party hereby agrees and consents to be subject to the jurisdiction of the Court of Chancery of the State of Delaware in and for New Castle County, or if the Court of Chancery lacks jurisdiction over such dispute, in any state or federal court having jurisdiction over the matter situated in New Castle County, Delaware, to enforce this Agreement or to enforce any award of the arbitrators pursuant to Section 6.03, or to resolve any such unresolved dispute which, for any reason cannot be resolved pursuant to Section 6.01, Section 6.02 or Section 6.03, or in any suit, action or proceeding seeking to enforce any provision of, or based on any other matter arising out of or in connection with, this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, nothing contained herein is intended to or shall be construed to prevent any Party from applying to any court of competent jurisdiction for injunctive or other similar equitable relief in connection with the subject matter of any dispute or such enforcement action, to prevent irreparable harm prior to the expiration of the relevant notice and negotiation time periods provided under this Article VI. Each Party hereby irrevocably consents to the service of any and all process in any such suit, action or proceeding by the delivery of such process to such Party at the address and in the manner provided in Section 9.07. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in the Court of Chancery of the State of Delaware in and for New Castle County, or if the Court of Chancery lacks jurisdiction over such dispute, in any state or federal court having jurisdiction over the matter situated in New Castle County, Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 9.03(b).

Section 9.04 Limitation on Damages. In no event will any Party be liable to any other Party under or in connection with this Agreement or the Ancillary Agreements in connection with the transactions contemplated herein or therein for special, general, indirect, consequential, or punitive or exemplary damages (other than as set forth in the definition of "Losses" herein), including damages for lost profits or lost opportunity, even if the Party sought to be held liable has been advised of the possibility of such damage.

Section 9.05 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (i.e., the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a Change of Control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any member of its Group from being party to or undertaking a Change of Control.

Section 9.06 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any Tech Indemnitee or Fuels Indemnitee in their respective capacities as such, and except as set forth in Section 4.02, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

Section 9.07 Notices.

(a) All notices, requests, claims, demands or other communications under this Agreement and, to the extent, applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by electronic mail (for which a confirmation email is obtained), or sent by overnight courier (providing proof of delivery) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.07):

If to Tech:

Taronis Technologies, Inc.
Attn: Scott Mahoney
300 W. Clarendon Avenue, Suite 230
Phoenix, AZ 85013
Email: scottmahoney@taronistech.com

With a copy, which shall not constitute notice, to:

Anthony L.G., PLLC
Attn: Laura Anthony
625 N. Flagler Drive, Suite 600
West Palm Beach, FL 33401
Email: Lanthony@anthonypllc.com

If to Fuels:

Taronis Fuels, Inc.
Attn: Scott Mahoney
300 W. Clarendon Avenue, Suite 230
Phoenix, AZ 85013
Email: scottmahoney@taronistech.com

With a copy, which shall not constitute notice, to:

Anthony L.G., PLLC
Attn: Laura Anthony
625 N. Flagler Drive, Suite 600
West Palm Beach, FL 33401
Email: Lanthony@anthonypllc.com

(b) A Party may, by notice to the other Party, change the address to which such notices are to be given.

Section 9.08 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.09 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated pursuant to Article VIII. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition, and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 9.10 No Set-Off. Except as set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement, or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

Section 9.11 Publicity. Prior to the Effective Time, Tech shall be responsible for issuing any press releases or otherwise making public statements with respect to the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto. From and after the Effective Time, for a period of 1 year, Fuels shall consult with Tech prior to issuing any press releases or otherwise making public statements with respect to the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

Section 9.12 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all costs and expenses in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Form 10 and the consummation of the transactions contemplated hereby and thereby incurred (i) on or prior to the Effective Time will be borne by Tech and (ii) after the Effective Time will be borne by the Party or its applicable Subsidiary incurring such costs or expenses.

Section 9.13 Headings. The Article, Section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

Section 9.14 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

Section 9.15 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall be in writing and shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.16 Specific Performance. From and after the Distribution, subject to the provisions of Article VI (including, for the avoidance of doubt, after compliance with all notice and negotiation provisions provided herein), in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their respective rights under this Agreement or such Ancillary Agreement, as applicable, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that, from and after the Distribution, the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 9.17 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.18 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither Fuels or any member of the Fuels Group, on the one hand, nor Tech or any member of the Tech Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

Section 9.19 Performance. Tech will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Tech Group. Fuels will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Fuels Group. Each Party (including such Party's permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of such Party's Group and (b) cause all of the other members of such Party's Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

Section 9.20 Mutual Drafting. This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 9.21 Counterparts; Electronic Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 9.22 Plan of Reorganization. This Agreement and the Separation Agreement will constitute a "plan of reorganization" for the Transactions under Treasury Regulation Section 1.368-2(g). Pursuant to the plan of reorganization, the Parties will perform their respective duties hereunder and Tech will convey the Fuels Assets as described in, and subject to the conditions set forth in, the Separation Agreement.

[Signatures appear on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Execution Date.

"Tech"
Taronis Technologies, Inc.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

"Fuels"
Taronis Fuels, Inc.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

Exhibit A

Amended and Restated Certificate of Incorporation of Fuels

(Attached)

Exhibit B

Bylaws of Fuels

Exhibit C

Separation Agreement

SEPARATION AGREEMENT

This Separation Agreement (this "**Agreement**") is dated as of [ ], 2019 by and between TARONIS TECHNOLOGIES, INC., a Delaware corporation ("**Tech**") and TARONIS FUELS, INC., a Delaware corporation and presently a wholly owned Subsidiary of Tech ("**Fuels**").

RECITALS

1. Tech is engaged, directly and indirectly, in the welding supply and gas distribution business and the manufacture and sale of "MagneGas" and Venturi® Gasification systems used to create synthetic gases ("**Fuels Business**");

2. Tech has determined that it would be appropriate and desirable to separate Fuels Business from Tech and to divest Fuels Business in the manner contemplated by the Master Distribution Agreement, dated the date hereof (the "**Transaction Agreement**"), between Tech and Fuels;

3. Tech has heretofore conducted Fuels Business through Fuels albeit that certain assets utilized in connection with Fuels Business have continued to be nominally owned by Tech;

4. Tech currently owns all of the issued and outstanding shares of common stock, par value $0.000001 per share, of Fuels (the "**Fuels Shares**");

5. Tech and Fuels have each determined that, subject to the terms and conditions herein, it would be appropriate and desirable for Tech and/or certain of its Subsidiaries to, directly or indirectly, Convey to Fuels and/or the Fuels Entities, as applicable, certain Assets of Fuels Business in exchange for (i) the assumption by Fuels and/or the Fuels Entities, as applicable, of certain Liabilities of Fuels Business (collectively, the "**Fuels Transfer**");

6. Tech and Fuels intend that the Fuels Transfer and Distribution should qualify as a "reorganization" under Section 368(a) of the Code;

7. The Parties intend that the execution of this Agreement and the Transaction Agreement constitutes a "plan of reorganization" within the meaning of Section 368 of the Code; and

8. The Parties intend in this Agreement to set forth the principal arrangements among them regarding the Fuels Transfer.

Accordingly, the Parties agree as follows:

I. TRANSFER OF FUELS BUSINESS

1.1 Transfer of Assets. Effective as of the Business Transfer Time, Tech will assign, transfer, convey and deliver ("**Convey**") (or will cause any applicable Subsidiary to Convey) to Fuels, or a Fuels Entity, and Fuels will accept from Tech, or the applicable Subsidiary of Tech, and will cause the applicable Fuels Entity to accept, all of Tech's and its applicable Subsidiaries' respective right, title and interest in and to all Fuels Assets (other than any Fuels Assets that are already held as of the Business Transfer Time by Fuels or a Fuels Entity, which Fuels Asset will continue to be held by Fuels or such Fuels Entity).

1.2 Assumption of Liabilities. Effective as of the Business Transfer Time, Tech will Convey (or will cause any applicable Subsidiary to Convey) to Fuels or a Fuels Entity, and Fuels will assume, perform and fulfill when due and, to the extent applicable, comply with, or will cause any applicable Fuels Entity to assume, perform and fulfill when due and, to the extent applicable, comply with, all of the Fuels Liabilities, in accordance with their respective terms (other than any Fuels Liability that as of the Business Transfer Time is already a Liability of Fuels or a Fuels Entity, which Fuels Liability will continue to be a Liability of Fuels or such Fuels Entity). As between members of the Tech Group, on the one hand, and members of the Fuels Group, on the other hand, the members of the Fuels Group will be solely responsible for all Fuels Liabilities, on a joint and several basis.

1.3 Transfer of Excluded Assets; Excluded Liabilities. Prior to the Business Transfer Time, (a) Tech will cause any applicable Fuels Entity to Convey to Tech or a Subsidiary of Tech any Excluded Assets that it owns, leases or has any right to use, and Tech will accept from such member of the Fuels Group, and will cause an applicable Subsidiary of Tech to accept, all such respective right, title and interest in and to any and all of such Excluded Assets and (b) Tech will cause any applicable Fuels Entity to Convey any Excluded Liability for which it is otherwise responsible to Tech or a Subsidiary of Tech, and Tech will assume, perform and fulfill when due, and to the extent applicable, comply with, or will cause the applicable Subsidiary of Tech to assume, perform and fulfill when due, and to the extent applicable, comply with, any and all of such Excluded Liabilities.

1.4 Misallocated Transfers. In the event that, at any time from and after the Business Transfer Time, either Party (or any member of the Tech Group or the Fuels Group, as applicable) discovers that it or its Affiliates is the owner of, receives or otherwise comes to possess any Asset (including the receipt of payments made pursuant to Contracts and proceeds from accounts receivable) or is liable for any Liability that is allocated to any Person that is a member of the other Group pursuant to this Agreement or any Ancillary Agreement (except in the case of any acquisition of Assets or assumption of Liabilities from the other Party for value subsequent to the Business Transfer Time), such Party will promptly Convey, or cause to be Conveyed, such Asset or Liability to the Person so entitled thereto (and the relevant Party will cause such entitled Person to accept such Asset or assume such Liability).

1.5 Fuels Assets. (a) For purposes of this Agreement, "**Fuels Assets**" shall have the meaning ascribed to such phrase under the Transaction Agreement.

(b) Notwithstanding Section 1.6(a), the Fuels Assets will not in any event include any of the following Assets (the "**Excluded Assets**"):

(i) the Assets listed or described in Section 2.05(b) of the Transaction Agreement or the Schedules thereto.

(ii) the Excluded IP Assets;

(iii) Assets in respect of any and all compensation and benefit plans and all other compensation and benefit plans sponsored by the Tech Group;

(iv) all third-party accounts receivable specific to Tech and its Affiliates;

(v) all cash and cash equivalents not otherwise conveyed by the Transaction Agreement (including investments and securities but excluding any capital stock or other equity interest in any member of the Fuels Group) and all bank or other deposit accounts of Tech and its Affiliates;

(vi) other than any Asset specifically listed or described in the Assets listed or described in Section 2.05(b) of the Transaction Agreement or the Schedules thereto, any and all Assets of Tech or its Affiliates that are not exclusively used, held for exclusive use in, or exclusively related to, Fuels Business;

(vii) any tangible property located at any owned or leased property of Tech and its Affiliates that is not a Fuels Facility, unless such Asset is exclusively used, held for exclusive use in, or exclusively related to, Fuels Business;

(viii) any furniture or office equipment other than (A) computers, PDAs and similar equipment provided by the Tech Group in connection with a Continuing Employee's performance of services or (B) furniture and office equipment at the Fuels Facilities;

(ix) all rights to causes of action, lawsuits, judgments, claims, counterclaims or demands of Tech, its Affiliates or any member of the Fuels Group against a party that do not exclusively relate to Fuels Business;

(x) all financial and Tax records relating to Fuels Business that form part of the general ledger of Tech or any of its Affiliates (other than the members of the Fuels Group), any working papers of Tech's auditors, and any other Tax records (including accounting records) of Tech or any of its Affiliates (other than the members of the Fuels Group);

(xi) all rights to insurance policies or practices of Tech and its Affiliates (including any captive insurance policies, fronted insurance policies, surety bonds or corporate insurance policies or practices, or any form of self-insurance whatsoever), any refunds paid or payable in connection with the cancellation or discontinuance of any such policies or practices, and any claims made under such policies;

(xii) other than rights to enforce the confidentiality provisions of any confidentiality, non-disclosure or other similar Contracts to the extent related to confidential information of Fuels Business, all records relating to the negotiation and consummation of the transactions contemplated by this Agreement and all records prepared in connection with the potential divestiture of all or a part of Fuels Business, including (A) bids received from third parties and analyses relating to such transactions and (B) confidential communications with legal counsel representing Tech or its Affiliates and the right to assert the attorney-client privilege with respect thereto;

(xiii) all rights of Tech or its Affiliates (other than members of the Fuels Group) under this Agreement, the Transaction Agreement or any Ancillary Agreement;

(xiv) all software owned or used by Tech and its Affiliates (other than the Fuels Software and any software licensed under the Fuels Contracts); and

(xv) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets to be retained by Tech or any other member of the Tech Group.

The Parties acknowledge and agree that, except for such rights as are otherwise expressly provided in the Agreement or any Ancillary Agreements, neither Fuels nor any of its Subsidiaries will acquire or be permitted to retain any right, title or interest in any Excluded Assets through the Conveyance of the Fuels Entity Interests, and that if any of the Fuels Entities owns, leases or has the right to use any such Excluded Assets, such Excluded Assets will be Conveyed to Tech as contemplated by Section 1.3.

(c) Any Assets of any member of the Tech Group not included in any of the clauses in the Assets listed or described in Section 2.05(b) of the Transaction Agreement are Excluded Assets and no Excluded Assets will be Fuels Assets. For the avoidance of doubt, all right, title and interest in and to intellectual property assets not expressly those perfected in Fuels or otherwise licensed to Fuels (the "**Excluded IP Assets**") are expressly retained by the Tech Group in all respects.

1.6 Fuels Liabilities. (a) For the purposes of this Agreement, "**Fuels Liabilities**" will have the meaning ascribed to said phrase in the Transaction Agreement.

(b) Notwithstanding the foregoing, the Fuels Liabilities will not in any event include any of the following Liabilities (the "**Excluded Liabilities**"):

(i) all Liabilities of a member of the Tech Group to the extent relating to, arising out of, resulting from or otherwise in respect of, the ownership or use of the Excluded Assets other than in the operation or conduct of the Fuels Business, whether before, at or after the Business Transfer Time;

(ii) all Liabilities (including reporting and withholding and other related Taxes) under compensation and benefit plans other than Liabilities in respect of Continuing Employees under Fuels Business Pension Plans;

(iii) all Liabilities under Intercompany Accounts; and

(iv) all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement as Liabilities to be retained or assumed by Tech or any other member of the Tech Group, and all Liabilities of any member of the Tech Group under this Agreement or any of the Ancillary Agreements.

The Parties acknowledge and agree that neither Fuels nor any other member of the Fuels Group will be required to assume or retain any Excluded Liabilities as a result of the Conveyance of the Fuels Entity Interests, and that if any of the Fuels Entities is liable for any Excluded Liabilities, such Excluded Liabilities will be assumed by Tech as contemplated by Section 1.3; provided, however, that, for the avoidance of doubt, nothing herein will be construed as eliminating, reducing or otherwise altering any of Fuels' or its Subsidiaries' respective obligations with respect to the Continuing Employees under Article V.

(c) Any Liabilities of any member of the Tech Group not included in any of the clauses in Section 1.6(a) above are Excluded Liabilities and no Excluded Liabilities will be Fuels Liabilities.

1.7 Termination of Intercompany Agreements; Settlement of Intercompany Accounts. (a) Except as set forth in Section 1.7(b), Fuels, on behalf of itself and each other member of the Fuels Group, on the one hand, and Tech, on behalf of itself and each other member of the Tech Group, on the other hand, hereby terminate any and all Contracts, whether or not in writing, between or among Fuels or any member of the Fuels Group, on the one hand, and Tech or any member of the Tech Group, on the other hand, effective as of the Business Transfer Time. No such Contract (including any provision thereof which purports to survive termination) will be of any further force or effect after the Business Transfer Time and all parties will be released from all Liabilities thereunder. Each Party will, at the reasonable request of any other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 1.7(a) will not apply to any of the following Contracts (or to any of the provisions thereof):

(i) this Agreement, the Transaction Agreement and the Ancillary Agreements (and each other Contract expressly contemplated by this Agreement, the Transaction Agreement or any Ancillary Agreement to be entered into or continued by any of the Parties or any of the members of their respective Groups);

(ii) any Contracts to which any Person other than the Parties and their respective Affiliates is a Party (it being understood that to the extent that the rights and Liabilities of the Parties and the members of their respective Groups under any such Contracts constitute Fuels Assets or Fuels Liabilities, they will be Conveyed pursuant to Sections 1.1 or 1.2 or allocated pursuant to Section 1.7(c)); and

(iii) any other Contracts that this Agreement, the Transaction Agreement or any Ancillary Agreement expressly contemplates will survive the Business Transfer Time.

(c) All of the intercompany receivables, payables, loans and other accounts, rights and Liabilities between Fuels or any Fuels Entity, on the one hand, and Tech or any of its Subsidiaries (other than Fuels and the Fuels Entities), on the other hand, in existence as of immediately prior to the Business Transfer Time (collectively, the "**Intercompany Accounts**") will be netted against each other, and the balance will be, without further action, contributed to the equity of Fuels or distributed to Tech, as the case may be, such that, as of the Business Transfer Time, there are no Intercompany Accounts outstanding.

II. COMPLETION OF THE FUELS TRANSFER

2.1 Business Transfer Time. Subject to the satisfaction and waiver of the conditions set forth in **Article V**, the effective time and date of each Conveyance and assumption of any Asset or Liability in accordance with Article I in connection with the Fuels Transfer will be on or before, yet effective in any event for all purposes as of 12:01 a.m., Eastern Time, on the anticipated Distribution Date (such time, the "**Business Transfer Time**," and such date the "**Business Transfer Date**").

2.2 Transfer of Fuels Business. (a) *Agreements to be Delivered by Tech*. On or before, yet effective for all purposes as of the Business Transfer Date, Tech will deliver, or will cause its appropriate Subsidiaries to deliver, to Fuels all of the following instruments:

(i) A Tax Sharing Agreement in the form attached hereto as **Exhibit A** (the "**Tax Sharing Agreement**"), duly executed by the members of the Tech Group party thereto;

(ii) A Transition Services Agreement in the form attached hereto as **Exhibit B** (the "**TSA**"), duly executed by the members of the Tech Group party thereto;

(iii) All necessary Transfer Documents as described in Sections 2.3 and 2.4; and

(iv) Resignations of each of the individuals who serve as an officer or director of members of the Fuels Group in their capacity as such and the resignations of any other Persons that will be employees of any member of the Tech Group after the Business Transfer Time and that are directors or officers of any member of the Fuels Group, to the extent requested by Fuels.

(b) *Agreements to be Delivered by Fuels*. On the Business Transfer Date, Fuels will deliver, or will cause its Subsidiaries to deliver, as appropriate, to Tech all of the following instruments:

(i) In each case where any member of the Fuels Group is a party to any Ancillary Agreement, a counterpart of such Ancillary Agreement duly executed by the member of the Fuels Group party thereto; and

(ii) Resignations of each of the individuals who serve as an officer or director of members of the Tech Group in their capacity as such and the resignations of any other Persons that will be employees of any member of the Fuels Group after the Business Transfer Time and that are directors or officers of any member of the Tech Group, to the extent requested by Tech.

2.3 Transfer of Fuels Assets and Assumption of Fuels Liabilities. In furtherance of the Conveyance of Fuels Assets and Fuels Liabilities provided in Section 1.1 and Section 1.2, as of (or, as applicable, prior to and in anticipate of) the Business Transfer Date (a) Tech will execute and deliver (or, as applicable, shall have executed and delivered), and will cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of Contracts and other instruments of Conveyance (in each case in a form that is consistent with the terms and conditions of this Agreement, and otherwise customary in the jurisdiction in which the relevant Assets are located), as and to the extent reasonably necessary to evidence the Fuels Transfer of all of Tech's and its Subsidiaries' (other than Fuels and its Subsidiaries) right, title and interest in and to the Fuels Assets to Fuels and its Subsidiaries (it being understood that no such bill of sale, stock power, certificate of title, deed, assignment or other instrument of Conveyance will require Tech or any of its Affiliates to make any additional representations, warranties or covenants, expressed or implied, not contained in this Agreement except to the extent required to comply with applicable local Law, and in which case the Parties will enter into such supplemental agreements or arrangements as are effective to preserve the allocation of economic benefits and burdens contemplated by this Agreement) and (b) Fuels will execute and deliver (or, as applicable, shall have executed and delivered) such assumptions of Contracts and other instruments of assumption (in each case in a form that is consistent with the terms and conditions of this Agreement, and otherwise customary in the jurisdiction in which the relevant Liabilities are located) as and to the extent reasonably necessary to evidence the valid and effective assumption of the Fuels Liabilities by Fuels. All of the foregoing documents contemplated by this Section 2.3 will be referred to collectively herein as the "**Tech Transfer Documents**."

2.4 Transfer of Excluded Assets; Assumption of Excluded Liabilities. In furtherance of the Conveyance of Excluded Assets and the assumption of Excluded Liabilities provided in Section 1.3: (a) Fuels will execute and deliver, and will cause its Subsidiaries to execute and deliver, such bills of sale, certificates of title, assignments of Contracts and other instruments of Conveyance (in each case in a form that is consistent with the terms and conditions of this Agreement, and otherwise customary in the jurisdiction in which the relevant Assets are located) as and to the extent reasonably necessary to evidence the Conveyance of all of Fuels' and its Subsidiaries' right, title and interest in and to the Excluded Assets to Tech and its Subsidiaries (it being understood that no such bill of sale, stock power, certificate of title, deed, assignment or other instrument of Conveyance will require Fuels or any of its Affiliates to make any additional representations, warranties or covenants, expressed or implied, not contained in this Agreement except to the extent required to comply with applicable local Law, and in which case the Parties will enter into such supplemental agreements or arrangements as are effective to preserve the allocation of economic benefits and burdens contemplated by this Agreement) and (b) Tech will execute and deliver such assumptions of Contracts (in each case in a form that is consistent with the terms and conditions of this Agreement, and otherwise customary in the jurisdiction in which the relevant Liabilities are located) as and to the extent reasonably necessary to evidence the valid and effective assumption of the Excluded Liabilities by Tech. All of the foregoing documents contemplated by this Section 2.4 will be referred to collectively herein as the "**Fuels Transfer Documents**" and, together with the Tech Transfer Documents, the "**Transfer Documents**."

III. ADDITIONAL AGREEMENTS

3.1 Non-Solicitation; No Hiring. (a) Fuels agrees that for a period of 12 months from the Business Transfer Date, it will not, and will cause each of its Subsidiaries not to, without obtaining the prior written consent of Tech, directly or indirectly, solicit for employment or employ (or refer to another Person for the purpose of such Person soliciting for employment or employing) any employees of any member of the Tech Group as of the Business Transfer Date; *provided, however*, that (i) neither Fuels nor any member of the Fuels Group will be deemed to have solicited any such person who is an employee of the Tech Group and responds to any general media advertisement or job posting placed by or on behalf of Fuels or any of its Subsidiaries or such person is contacted by an employment search firm engaged by Fuels or a member of the Fuels Group that is not specifically directed to solicit persons employed by the Tech Group and such contact is initiated without the involvement or knowledge of a Senior Executive of Fuels or any of its Subsidiaries, and (ii) Fuels and any member of the Fuels Group may solicit and hire any such person who has been terminated by the relevant member of the Tech Group or has been given notice of such termination, in either case, prior to any direct or indirect solicitation by or on behalf Fuels or any of its Subsidiaries.

(b) Tech agrees that for a period of 12 months from the Business Transfer Date, Tech will not, and will cause each other member of the Tech Group not to, without obtaining the prior written consent of Fuels, directly or indirectly, solicit for employment or employ (or refer to another Person for the purpose of such Person soliciting for employment or employing) any Continuing Employee (after giving effect to any employee transfers contemplated in this Agreement); *provided, however*, that (i) no member of the Tech Group will be deemed to have solicited any such person who is an employee of Fuels or the Fuels Group and responds to any general media advertisement or job posting placed by on behalf of Tech or any member of the Tech Group or such person is contacted by an employment search firm engaged by Tech or a member of the Tech Group that is not specifically directed to solicit persons employed by Fuels or the Fuels Group and such contact is initiated without the involvement or knowledge of a Senior Executive of Tech, Tech Group or any of their respective Subsidiaries, and (ii) any member of the Tech Group may solicit and hire any such person who has been terminated by the relevant member of the Fuels Group or has been given notice of such termination, in either case, prior to any direct or indirect solicitation by any member of the Tech Group.

3.2 Intellectual Property Assignment/Recordation. Each Party will be responsible for, and will pay all expenses (whether incurred before or after the Business Transfer Time) involved in notarization, authentication, legalization and/or consularization of the signatures of any of the representatives of its Group on any of the Transfer Documents relating to the transfer of Intellectual Property. Fuels will be responsible for, and will pay all expenses (whether incurred before or after the Business Transfer Time) relating to, the recording of any such Transfer Documents relating to the transfer of Intellectual Property to any member of the Fuels Group with any Governmental Authorities as may be necessary or appropriate.

3.3 Reserved.

3.4 Removal of Tangible Assets. (a) Except as may be otherwise provided in the Ancillary Agreements or otherwise agreed to by the Parties, all tangible Fuels Assets that are located at any facilities of any member of the Tech Group that are not Fuels Facilities will be moved as promptly as practicable after the Business Transfer Time from such facilities, at Fuels expense and in a manner so as not to unreasonably interfere with the operations of any member of the Tech Group and to not cause damage to such facility, and such member of the Tech Group will provide reasonable access to such facility to effectuate same. Fuels will remove any Fuels Assets that remain at any such facilities in connection with the performance of services under the TSA as promptly as practicable after the termination of such service pursuant to the same terms and conditions stated in the immediately preceding sentence.

(b) Except as may be otherwise provided in the TSA or otherwise agreed to by the Parties, all tangible Excluded Assets that are located at any of the Fuels Facilities will be moved as promptly as practicable after the Business Transfer Time from such facilities, at Tech's expense and in a manner so as not to unreasonably interfere with the operations of any member of the Fuels Group and to not cause damage to such Fuels Facility, and such member of the Fuels Group will provide reasonable access to such Fuels Facility to effectuate such movement. Tech will remove any Excluded Assets that remain at any such Fuels Facilities in connection with the performance of services under the TSA as promptly as practicable after the termination of such service pursuant to the same terms and conditions stated in the immediately preceding sentence.

3.5 Reserved.

3.6 Fuels Entities; Fuels Assets; Excluded Assets; Transition Period Assets. (a) Prior to the Business Transfer Date, Tech will undertake with commercially reasonable diligence to identify all Fuels Assets held by Tech or any of its Affiliates. Tech will undertake with commercially reasonable diligence to provide Fuels, as promptly as practicable after the date hereof, and in any event not more than 30 days after the date hereof, with (i) a final version of Schedule 2.05(b)(i) of the Transaction Agreement to reflect the addition of any new entity formed in connection with, and in contemplation of, the Fuels Transfer, or the removal of any entity from the list of Fuels Entities as a result of such identification, which final Schedule will be deemed to be the definitive Schedule 2.05(b)(i) for all purposes of the Transaction Agreement and this Agreement, (ii) schedules identifying or describing any Fuels Assets that are held as of such date by Tech or any of its Affiliates (other than the Fuels Entities) and that will be transferred to a Fuels Entity prior to the Distribution Date (the "**Pre-Distribution Transferred Assets**"), (iii) schedules identifying or describing any Direct Assignment Assets, and (iv) schedules identifying or setting forth any Excluded Assets that are held as of such date by the Fuels Entities and that will be transferred to Tech or its Affiliates (other than a Fuels Entity) prior to the Distribution. The determination of the composition of Schedule 2.05(b)(i) of the Transaction Agreement, and the designation of any Fuels Asset as a Pre-Distribution Transferred Asset or a Direct Assignment Asset will be made by Tech in good faith. Tech will pay all costs and expenses associated with the Asset and Liability transfers for the internal reorganization contemplated by this Agreement, including this Section 3.6 (a); *provided, however*, for the avoidance of doubt and notwithstanding the foregoing, (A) Taxes will be allocated as set forth in the Tax Sharing Agreement, (B) any other express allocation reflected herein, in the Transaction Agreement or in any Ancillary Agreement will be allocated as set forth herein, in the Transaction Agreement or in such Ancillary Agreement.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Transaction Agreement, or any of the Ancillary Agreements, Tech, in its sole discretion, will determine (i) the manner in which the Fuels Transfer is consummated, including whether a particular Fuels Asset is contributed directly to Fuels or another Fuels Group member or is included as an asset of an entity whose equity interests are contributed to Fuels, and (ii) the reasonable allocation of the Fuels Group's aggregate fair market value among particular Fuels Assets or Fuels Entities, as the case may be (clauses (i) and (ii), collectively, the "**Restructuring Plan**"). Fuels agrees to cause this Agreement, the Transaction Agreement and any of the Ancillary Agreements to be amended to the minimum extent necessary, as reasonably determined by the Chief Financial Officer of Tech, only to accurately reflect the specific elements of the Restructuring Plan as permitted by items (i) through (ii) in the immediately preceding sentence, *provided, however*, that (1) Tech will notify Fuels, at reasonable intervals, regarding Tech's development of the Restructuring Plan, and (2) Fuels is not required to agree to any amendments pursuant to the Restructuring Plan that would (x) alter any of the Fuels Assets or Fuels Liabilities comprising Fuels Business, each of which will be owned, directly or indirectly, by Fuels at the time of the Distribution, or (y) affect the ability of Tech to obtain the opinions contemplated by Section 2.03(a)(iv) of the Transaction Agreement. For the avoidance of doubt, Fuels acknowledges that changes to the Tax basis of any assets held by the Fuels Group as a result of the Restructuring Plan or other proposed amendments, other than such changes that, individually or in the aggregate, would result in the aggregate Tax basis of all such directly and indirectly held assets (exclusive of stock basis in entities held directly or indirectly by Fuels) to be less than $5 million as determined for U.S. federal income Tax purposes, do not constitute a basis to withhold consent for purposes of this Section 3.6(b).

(c) Fuels acknowledges and agrees that in the course of preparing for the implementation of the services contemplated by the TSA Tech may identify certain Assets included within the Fuels Assets (the "**Transition Period Assets**"), that are necessary or desirable for Tech to retain in order to provide the services contemplated by the TSA. At Tech's request, Fuels may elect to (i) allow Tech to retain possession of such Transition Period Asset during the term of the TSA solely for purposes of enabling Tech to satisfy its obligations under the TSA, in which case as soon as practicable following the expiration of the applicable services contemplated by the TSA, Tech will Convey such Transition Period Asset to Fuels for no additional consideration or (ii) include any Transition Period Asset in the Fuels Assets as of the Distribution (in which case Tech will not be required to provide any service under the TSA where it is not reasonably practicable to provide such service without such Transition Period Asset).

3.7 Shared Contracts.

(a) No later than 30 days following the date hereof, Tech will provide Fuels with a list of third-party providers to Tech of goods and services related to the manufacturing of the products of Fuels Business that are not exclusive to Fuels Business as well as distributors of both Fuels Business products and other Tech products. Tech will provide Fuels with contact information for such third parties and use commercially reasonable efforts to introduce representatives of Fuels to the Tech contacts at such third parties.

(b) Prior to the Distribution, Tech will undertake with commercially reasonable efforts to obtain the consent (without charge to Fuels) of any advertising agency or similar party to the assignment to Fuels, as of the Business Transfer Time, of the right to use previously created Fuels Business advertising and promotional content.

3.8 Notification of Certain Matters; Schedule Updates. Prior to the Distribution Date, Tech may deliver to Fuels supplements or updates to the following schedules: Schedules to Section 2.05 of the Transaction Agreement, 4.1, the attachment to **Annex A** to 4.3(a) (solely to reflect any jurisdictions to the extent that Schedule 4.1 is supplemented or updated) and **Annex A** to 4.3(e). The Parties will cooperate to mutually agree on the final schedules attached to the form of the TSA.

IV. EMPLOYEE MATTERS

4.1 Identification of Employees. Schedule 4.1 identifies each In-Scope Employee, Excluded In-Scope Employee, and Retained Employee, as well as each such employee's jurisdiction of employment, in all cases as determined by Tech in good faith based upon the information available to Tech as of the date of this Agreement; *provided, however*, that Tech may update Schedule 4.1 from time to time in order to maintain the accuracy of Schedule 4.1, including as a result of terminations, transfers, new hires and accidental or inadvertent errors or omissions. Notwithstanding anything to the contrary in this Agreement, the Transaction Agreement or any Ancillary Agreement, Tech may, in its sole discretion, cause the employment of any In-Scope Employee to be transferred to any entity within the Fuels Group at any time prior to the Distribution in connection with the Restructuring Plan.

4.2 Continuity of Employment.

(a) Tech and Fuels hereby acknowledge that it is in their mutual best interest for there to be continuity of employment by Fuels or a member of the Fuels Group following the Distribution Date with respect to each In-Scope Employee who accepts an offer of employment from Fuels or another member of the Fuels Group as of the Distribution Date (in each case, other than any employee whose employment with Tech or its Affiliates terminated prior to the Distribution Date) ("**Fuels Employees**"). At or prior to the Distribution Date, Tech will transfer the employment of each In-Scope Employee to Fuels or another member of the Fuels Group. Each Fuels Employee who continues employment or accepts employment with Fuels or any applicable other member of the Fuels Group (the applicable entity, the "**Employing Entity**") immediately following the Distribution is referred to herein as a "**Continuing Employee**." Each Continuing Employee who is based in the United States is referred to as a "**US Continuing Employee**," and each Continuing Employee who is based outside of the United States is referred to as a "**Non-US Continuing Employee**." Nothing herein will be construed as a representation or guarantee by Tech or any of its Affiliates that some or all of the Fuels Employees will continue in employment with Fuels or any applicable member of the Fuels Group for any period of time; *provided, however* that, unless prohibited by applicable Law, in the event that an In-Scope Employee refuses employment with Fuels (the terms and conditions of which employment are consistent with the provisions of Section 4.3), Tech will or will cause its Affiliates to terminate the employment of such employee with Tech and its Affiliates and will not hire any such employee for 12 months following such termination. Not less than 30 calendar days prior to the anticipated Distribution Date, Fuels will, or will cause an applicable member of the Fuels Group to, present its terms and conditions of employment (including terms and conditions in respect of post-Distribution compensation and benefits) to the Fuels Employees, which terms and conditions will be consistent with the provisions of Section 4.3(m) Fuels will provide Tech with a reasonable opportunity to review its proposed terms and conditions and will not present any particular set of terms and conditions to any Fuels Employees without Tech's written consent, which consent will not be unreasonably withheld, conditioned or delayed. Subject to applicable Law, Tech and Fuels will reasonably cooperate in connection with the presentation of such terms and conditions of employment to the Fuels Employees, including with respect to the timing thereof.

(b) Tech and Fuels will, and will cause their respective Affiliates to, cooperate to identify and effect the transfer to Fuels of any individuals retained as independent contractors whose employment is required to transfer to Fuels are an applicable Fuels Group entity as of the Distribution Date pursuant to applicable Law.

4.3 Terms of Employment.

(a) *Continuation Period*. As of the Distribution Date, Fuels will, or will cause an applicable Fuels Group member to, provide to each Continuing Employee employment in a position at least comparable to that held by such Continuing Employee immediately before the Distribution. Fuels will, or will cause or will cause an applicable Fuels Group member to, maintain such comparable employment with respect to each Continuing Employee during the two-year period that begins as of the Distribution Date or such shorter period as such Continuing Employee remains an employee of an Employing Entity following the Distribution (the "**Continuation Period**"). The Parties will take all actions necessary to effectuate the provisions of Schedule 4.3(a).

(b) *Welfare Plans*. To the extent permitted by applicable Law, Fuels will cause each benefit plan of Fuels or an applicable Fuels Subsidiary in which any Continuing Employee participates that is a health or welfare benefit plan (collectively, "**Fuels' Welfare Plans**") to (i) waive all limitations as to preexisting conditions, exclusions and service conditions with respect to participation and coverage requirements applicable to Continuing Employees, other than limitations that were in effect with respect to such Continuing Employees as of the Distribution Date under the corresponding Compensation And Benefit Plan, (ii) honor any payments, charges and expenses of such Continuing Employees (and their eligible dependents) that were applied toward the deductible and out-of-pocket maximums under the corresponding Compensation And Benefit Plan in satisfying any applicable deductibles, out-of-pocket maximums or co-payments under a corresponding Fuels' Welfare Plan during the same plan year in which such payments, charges and expenses were made, and (iii) with respect to any medical plan, waive any waiting period limitation or evidence of insurability requirement that would otherwise be applicable to a Continuing Employee following the Distribution Date to the extent such employee had satisfied any similar limitation under the corresponding Compensation And Benefit Plan. Additionally, to the extent that any Continuing Employee has begun a course of treatment with a physician or other service provider who is considered "in network" under a Compensation And Benefit Plan and such course of treatment is not completed prior to the Distribution, Fuels will undertake with commercially reasonable diligence to arrange for transition care, whereby such Continuing Employee may complete the applicable course of treatment with the pre-Distribution physician or other service provider at "in network" rates.

(c) *Earned Vacation*. Fuels and Fuels' Subsidiaries will credit each Continuing Employee the amount of accrued and unpaid hours of vacation, personal hours or days earned and sick leave (together, the "**Transferred Leave**") applicable to such Continuing Employee as of the Distribution and Tech will provide to Fuels as of the Distribution Date a schedule indicating for each Continuing Employee the type and number of days of Transferred Leave. Fuels and Fuels' Subsidiaries will ensure that such Transferred Leave is not subject to forfeiture to the same extent not subject to forfeiture under the policies of Tech and its Affiliates governing such Transferred Leave prior to the Distribution and that such Transferred Leave does not count toward any maximum accrual amount under any plan, program or policy maintained by Fuels or one of Fuels' Subsidiaries for the purpose of providing vacation, personal days or hours or sick leave.

(e) *Post-Continuation Period Benefits*. Following the Continuation Period, Fuels will, or will cause one of Fuels' Subsidiaries to, provide to each Continuing Employee then continuing in employment with Fuels or a Fuels' Subsidiary employment on terms no less favorable in the aggregate than the terms of employment of similarly situated employees of Fuels and Fuels' Subsidiaries.

(f) *Special Rules for Non-US Employees*. Notwithstanding anything to the contrary herein, any Fuels Employee who is employed by a member of the Tech Group in a non-US jurisdiction immediately prior to the Distribution, and who is required by applicable Law to transfer to a member of the Fuels Group in connection with the Transactions, will transfer automatically on the Distribution Date to a member of the Fuels Group in accordance with such applicable Law. Notwithstanding anything to the contrary herein, the following terms will apply to all Non-US Continuing Employees:

(i) To the extent that (A) the applicable Law of any jurisdiction, (B) any collective bargaining agreement or other agreement with a works council or economic committee, or (C) any employment agreement, would require Fuels or applicable Fuels Entities to provide any more favorable terms of employment to any Non-US Continuing Employee than those otherwise provided for by this Section 4.3 (or modify the period of time for which such standards are met), in connection with the sale of Fuels Business to Fuels, then Fuels will, or will cause one of Fuels' Affiliates to provide such Non-US Continuing Employee with such more favorable term, and otherwise provide terms of employment in accordance with this Section 4.3.

(ii) Fuels and Tech agree that to the extent provided under the applicable Laws of certain foreign jurisdictions, (x) any employment agreements between Tech and its Affiliates, on the one hand, and any Non-US Continuing Employee, on the other hand, and (y) any collective bargaining agreements applicable to the Non-US Continuing Employees in such jurisdictions, will in each case have effect after the Distribution as if originally made between Fuels and the other parties to such employment agreement or collective bargaining agreement.

4.4 **Bonuses and Incentives**. Tech will retain all obligations to the Fuels Employees, including Continuing Employees, with respect to the bonuses and incentives under any cash, annual, long-term, equity or similar incentive program in which the Continuing Employees participate for the plan year in which the Distribution Date occurs that are attributable to the period prior to the Distribution Date; *provided, however*, that, if requested by Tech, Fuels will make all cash payments in respect of any such program so long as Tech transfers to Fuels, as of the Distribution, all amounts payable in respect of such cash obligations that are attributable to the period prior to the Distribution and any associated Taxes payable by Fuels in connection with such cash payments (but Tech will not be liable for any Tax withholding except to the extent it is required to remit any such Tax withheld from any such bonuses and incentives to the appropriate Governmental Authority); *provided further, however*, that nothing herein will be deemed to require Fuels to assume any Tax Liabilities that are the sole responsibility of any Fuels Employee. Notwithstanding anything herein to the contrary, Fuels is responsible for all Continuing Employee compensation (including the forms of compensation described in this Section 4.4) attributable to periods following the Distribution.

4.5 **Credit for Service with Tech**. Where applicable, Fuels or any applicable Fuels Subsidiary will provide credit for each Continuing Employee's length of service with Tech and its Affiliates for all purposes (including eligibility, vesting and benefit accrual) under each plan, program, policy or arrangement of Fuels or any applicable Fuels Subsidiary to the same extent such service was recognized under a similar plan, program, policy or arrangement of Tech or any of its Affiliates, except that such prior service credit will not be required to the extent that it results in a duplication of benefits.

4.6 **COBRA and HIPAA; Workers' Compensation**. Effective as of the Distribution, Fuels and Fuels Subsidiaries will assume and be responsible for (i) all Liabilities with respect to US Continuing Employees and their eligible dependents, in respect of health insurance under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, the Health Insurance Portability and Accountability Act of 1996, Sections 601, et seq. and Sections 701, et seq. of ERISA, Section 4980B and Sections 9801, et seq. of the Code and applicable state or similar Laws (other than with respect to an eligible Continuing Employee who elects coverage under a retiree medical plan of Tech or its Affiliates) and (ii) to the extent applicable, all workers' compensation benefits payable to or on behalf of the US Continuing Employees.

4.7 **Administration, Employee Communications, Cooperation**. (a) Following the date of this Agreement, Tech and Fuels (and their Affiliates) will reasonably cooperate and use good faith efforts in all matters reasonably necessary to effect the transactions contemplated by this Article V, including, (i) cooperating and providing each other with all necessary and reasonable assistance and information to ensure that any works councils or committees, trade unions and/or employee representatives applicable to the Non-US Continuing Employees are provided with the information required in order for proper consultation to take place and (ii) exchanging information and data, including reports prepared in connection with bonus plan participation and related data of Continuing Employees (other than individual bonus opportunities based on target bonus as a percentage of base salary), relating to workers' compensation, employee benefits and employee benefit plan coverages, including information and data that is necessary to support or perform the compensation consultant process or that is otherwise reasonably requested in connection with the compensation consultant process (in each case, except to the extent prohibited by applicable Law or to the extent that such information and data relates to performance ratings or assessments or employees of Tech and its Affiliates), making any and all required filings and notices, making any and all required communications with Fuels Employees and obtaining any Governmental Approvals required hereunder.

(b) Between the date hereof and the Distribution Date, any communications between Fuels and any employees of Tech and its Affiliates regarding terms of employment, employee benefits or otherwise regarding employment with Fuels will be conducted at the times and through processes approved by Tech, such approval not to be unreasonably withheld. Such processes will provide adequate access to the Fuels Employees and allow all reasonable means of communication with such employees by Fuels and its Subsidiaries; *provided, however*, that any communications with Fuels Employees or any other employees of Tech or its Affiliates will be limited to (i) business operations and employee benefit matters relating to Fuels Employees, future organization design and staffing and (ii) the list (by name and/or title) of the Fuels Group management team previously provided by Tech to Fuels; *provided, however*, that Tech may update such list from time to time in order to maintain the accuracy of such list, including as a result of terminations, transfers, new hires and accidental or inadvertent errors or omissions.

(c) Without limiting Fuels' obligations under this Article IV with respect to the Continuing Employees, this Article IV will not prohibit Fuels or any member of the Fuels Group from amending any employee benefit plan in which Fuels' employees participate.

V. CONDITIONS TO THE FUELS TRANSFER

The obligations of Tech to effect the Fuels Transfer pursuant to this Agreement will be subject to fulfillment (or waiver by Tech) at or prior to the Business Transfer Date of each of the conditions to Tech's obligation to effect the Distribution of the transactions contemplated by the Transaction Agreement, as provided in Section 2.03 and Section 2.04 of the Transaction Agreement, shall have been satisfied or waived (other than those conditions that, by their nature, are to be satisfied contemporaneously with the Distribution).

VI. MISCELLANEOUS

6.1 Expenses. Except as otherwise provided in this Agreement, the Transaction Agreement or any Ancillary Agreement, Tech will be responsible for the fees and expenses of the Parties.

6.2 Entire Agreement. This Agreement, the Transaction Agreement and the Ancillary Agreements, including any related annexes, schedules and exhibits, as well as any other agreements and documents referred to herein and therein, will together constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and will supersede all prior negotiations, agreements and understandings of the Parties of any nature, whether oral or written, with respect to such subject matter, including the Confidentiality Agreement, which is hereby terminated and no further force or effect, subject to the provisions of Section 6.03 of the Transaction Agreement.

6.3 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) The validity, interpretation and enforcement of this Agreement will be governed by the Laws of the State of Delaware, other than any choice of Law provisions thereof that would cause the Laws of another state to apply.

(b) By execution and delivery of this Agreement, each Party irrevocably (i) submits and consents to the personal jurisdiction of the state and federal courts of the State of Delaware for itself and in respect of its property in the event that any dispute arises out of this Agreement or any of the Transactions, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement or any of the Transactions in any other court. Each of the Parties irrevocably and unconditionally waives (and agrees not to plead or claim) any objection to the laying of venue of any dispute arising out of this Agreement or any of the Transactions in the state and federal courts of the State of Delaware, or that any such dispute brought in any such court has been brought in an inconvenient or improper forum. The Parties further agree that the mailing by certified or registered mail, return receipt requested, of any process required by any such court will constitute valid and lawful service of process against them, without necessity for service by any other means provided by statute or rule of court.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.3(c).

6.4 **Notices.** All notices, requests, permissions, waivers and other communications hereunder will be in writing and will be deemed to have been duly given (a) five Business Days following sending by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile, provided that the facsimile transmission is promptly confirmed by telephone, (c) when delivered, if delivered personally to the intended recipient and (d) one Business Day following sending by overnight delivery via a national courier service and, in each case, addressed to a Party at the following address for such Party:

(i) If to Tech:

Taronis Technologies
Attn: Scott Mahoney
300 W. Clarendon Avenue, Suite 230
Phoenix, AZ 85013
Email: scottmahoney@taronistech.com

with a copy to (which will not constitute notice):

Anthony L.G., PLLC
Attn: Laura Anthony
625 N. Flagler Drive, Suite 600
West Palm Beach, FL 33401
Email: Lanthony@anthonypllc.com

(ii) If to Fuels:

Taronis Fuels, Inc.
Attn: Scott Mahoney
300 W. Clarendon Avenue, Suite 230
Phoenix, AZ 85013
Email: scottmahoney@taronistech.com
with a copy to (which will not constitute notice):

Anthony L.G., PLLC
Attn: Laura Anthony
625 N. Flagler Drive, Suite 600
West Palm Beach, FL 33401
Email: Lanthony@anthonypllc.com

or to such other address(es) as will be furnished in writing by any such Party to the other Party in accordance with the provisions of this Section 6.4. Any notice to Tech will be deemed notice to all members of the Tech Group, and any notice to Fuels will be deemed notice to all members of the Fuels Group.

6.5 Priority of Agreements. If there is a conflict between any provision of this Agreement and a provision in any of the Ancillary Agreements, the provision of this Agreement will control unless specifically provided otherwise in this Agreement or in the Ancillary Agreement.

6.6 Amendments and Waivers.

(a) This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver will be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement.

(b) No delay or failure in exercising any right, power or remedy hereunder will affect or operate as a waiver thereof; nor will any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any Party would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 6.6(a) and will be effective only to the extent in such writing specifically set forth.

6.7 Termination. This Agreement will terminate without further action at any time before the Distribution upon termination of the Transaction Agreement. If terminated, no Party will have any Liability of any kind to the other Party or any other Person on account of this Agreement, except as provided in the Transaction Agreement.

6.8 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and does not confer on third parties (including any employees of any member of the Tech Group or the Fuels Group) any remedy, claim, reimbursement, claim of action or other right in addition to those existing without reference to this Agreement; *provided, however*, that this Section 6.8 does not limit any rights of Tech pursuant to Section 4.3.

6.9 Assignability. No Party may assign its rights or delegate its duties under this Agreement without the written consent of the other Parties, except that a Party may assign its rights or delegate its duties under this Agreement to a member of its Group, provided that the member agrees in writing to be bound by the terms and conditions contained in this Agreement and provided further that the assignment or delegation will not relieve any Party of its indemnification obligations or obligations in the event of a breach of this Agreement. Except as provided in the preceding sentence, any attempted assignment or delegation will be void.

6.10 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement or Schedules hereto will include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs will include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words "include" or "including" in this Agreement or Schedules hereto will be by way of example rather than by limitation. The use of the words "or," "either" or "any" will not be exclusive. The Parties have participated jointly in the negotiation and drafting of this Agreement, the Transaction Agreement and the Ancillary Agreements, and in the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Except as otherwise expressly provided elsewhere in this Agreement, the Transaction Agreement or any Ancillary Agreement, any provision herein which contemplates the agreement, approval or consent of, or exercise of any right of, a Party, such Party may give or withhold such agreement, approval or consent, or exercise such right, in its sole and absolute discretion, the Parties hereby expressly disclaiming any implied duty of good faith and fair dealing or similar concept.

6.11 Severability. The Parties agree that (a) the provisions of this Agreement will be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions will be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the remaining provisions will remain valid and enforceable to the fullest extent permitted by applicable Law.

6.12 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which will be deemed to be an original but all of which taken together will constitute one and the same agreement. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, will be treated in all manner and respects as an original agreement and will be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, the other Party will re-execute original forms thereof and deliver them to the requesting Party. No Party will raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a Contract and each such Party forever waives any such defense.

6.13 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties will be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at Law or in equity.

6.14 Dispute Resolution. Except as otherwise specifically provided in this Agreement or in any Ancillary Agreement, the procedures set forth in Article VI of the Transaction Agreement will apply to any dispute, controversy or claim (a "**Dispute**") (whether sounding in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby between or among any member of the Party's respective Group.

6.15 Plan of Reorganization. This Agreement and the Transaction Agreement will constitute a "plan of reorganization" for the Transactions contemplated thereunder pursuant to Treasury Regulation Section 1.368-2(g). Pursuant to the plan of reorganization, the Parties will perform their respective duties hereunder and, furthermore, Tech will complete the Distribution as described in, and subject to the conditions set forth in, the Transaction Agreement.

VIII. DEFINITIONS

For purposes of this Agreement, the following terms, when utilized in a capitalized form, will have the following meanings:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

"Agreement" has the meaning set forth in the preamble.

"Ancillary Agreements" means the Tax Sharing Agreement, the TSA, the Intellectual Property Distribution and License Agreement and any other agreement entered into by and between Tech and Fuels in contemplation of the Distribution.

"Assets" means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third-parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following: (i) all accounting, business and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form; (ii) all computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, motor vehicles and other transportation equipment, special and general tools, prototypes and models and other tangible personal property; (iii) all inventories of materials, parts, raw materials, packing materials, supplies, work-in-process, goods in transit and finished goods and products; (iv) all Real Property Interests; (v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person, and all other investments in securities of any Person; (vi) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other Contracts; (vii) all deposits, letters of credit and performance and surety bonds; (viii) all Intellectual Property and licenses from third Persons granting the right to use any Intellectual Property; (ix) all software owned, licensed or used; (x) all employment records (except for any information relating to performance ratings or assessments of employees of Tech and its Affiliates (including performance history, reports prepared in connection with bonus plan participation and related data, other than individual bonus opportunities based on target bonus as a percentage of base salary)); cost information; sales and pricing data; customer prospect lists; supplier records; customer, distribution and supplier lists; customer and vendor data, correspondence and lists; product literature (including historical); advertising and promotional materials; artwork; design; development, manufacturing and quality control records, procedures and files; vendor and customer drawings, formulations and specifications; quality records and reports and other books, records, ledgers, files, documents, plats, photographs, studies, surveys, reports, plans and documents, operating, production and other manuals, including corporate minute books and related stock records, financial and Tax records (including Tax Returns), in all cases whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form; (xi) all prepaid expenses, including prepaid leases and prepaid rentals, trade accounts and other accounts and notes receivables; (xii) all interests, rights to causes of action, lawsuits, judgments, claims, counterclaims, demands and benefits of Tech, its Affiliates or any member of the Fuels Group under Contracts, including all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers, causes of action or similar rights, whether accrued or contingent; and (xiii) all Governmental Approvals.

"Business Day" means any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States.

"Business Transfer Date" has the meaning set forth in Section 2.1.

"Business Transfer Time" has the meaning set forth in Section 2.1.

"Code" means the Internal Revenue Code of 1986 (or any successor statute), as amended from time to time, and the regulations promulgated thereunder.

"Consents" means any consents, waivers or approvals from, or notification requirements to, or authorizations by, any third-parties.

"Continuation Period" has the meaning set forth in Section 4.3(a).

"Continuing Employee" has the meaning set forth in Section 4.2(a).

"Contracts" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment, whether written or oral, that is binding on any Person or any part of its property under applicable Law.

"Convey" has the meaning set forth in Section 1.1. Variants of this term such as "Conveyance" will have correlative meanings.

"Copyrights" has the meaning set forth in the definition of "Intellectual Property."

"Direct Assignment Asset" means any Fuels Asset not owned as of the Distribution Date by a Fuels Entity.

"Dispute" has the meaning set forth in Section 6.14(a).

"Distribution" has the meaning given to such term in the Transaction Agreement.

"Distribution Date" has the meaning given to such term in the Transaction Agreement.

"Effective Time" has the meaning given to such term in the Transaction Agreement.

"Employing Entity" has the meaning set forth in Section 4.2(a).

"Excluded Assets" has the meaning set forth in Section 1.5(b).

"Excluded In-Scope Employees" means the employees of Tech and its Affiliates identified as Excluded In-Scope Employees on Schedule 4.1.

"Excluded Liabilities" has the meaning set forth in Section 1.6(b).

"Final Determination" has the meaning set forth in the Tax Sharing Agreement.

"Fuels Books and Records" has the meaning set forth in Section 2.05(b)(ix) of the Transaction Agreement.

"Fuels Business" means Fuels Business and also, with respect to events that take place after the Business Transfer Time, Fuels Business as it is operated by the Fuels or any of its Subsidiaries after the Business Transfer Time, including any new activities, expansions, or other modifications made by Fuels or any of its Subsidiaries in the types and scope of activities conducted at the Business Transfer Time that are exclusively related to the marketing, selling and development of the gas distribution business and the manufacture and sale of "MagneGas" and the Venturi® Gasification systems used to create gas related products and services.

"Fuels Shares" has the meaning set forth in the recitals.

"Fuels Employees" has the meaning set forth in Section 4.2(a).

"Fuels Group" means Fuels and each of its Subsidiaries. Each of the Fuels Entities will be deemed to be members of the Fuels Group as of the Business Transfer Time.

"Fuels Indemnitees" means Fuels and each member of the Fuels Group (from and after the Business Transfer Time), and each of their respective successors and assigns, and all Persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents or employees of any member of the Fuels Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns.

"Fuels Information" has the meaning set forth in Section 3.3(c).

"Fuels Liabilities" has the meaning set forth in Section 1.6(a).

"Fuels Transfer" means the transfer of the Fuels Assets and Fuels Liabilities as provided in Section 1.1 and Section 1.2.

"Fuels Transfer Documents" has the meaning set forth in Section 2.4.

"Fuels' Welfare Plans" has the meaning set forth in Section 4.3(b).

"Governmental Approvals" means any notices, reports or other filings to be made, or any Consents, registrations, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or self-regulatory organization.

"Group" means the Tech Group or the Fuels Group as the context requires.

"In-Scope Employees" means those corporate, research and development, manufacturing, procurement, marketing, sales and other employees of Tech or its Affiliates who, as determined by Tech in good faith:

(a) (i) (A) are working in a Tech's Fuels Business cost center consistent with Tech's past practices of assigning employees to cost center codes applied in the ordinary course, and (B) have devoted more than 50% of their working hours to Fuels Business during the 12 months (or, if less than 12 months, the period of employment with Tech or its Affiliates) immediately preceding the date of this Agreement (or, if such Person was on approved leave of absence, disability or long-term inactive status, immediately preceding the commencement of such leave of absence, disability or long-term inactive status); or

(ii) have devoted more than 50% of their working hours to Fuels Business when they were providing core business capabilities during the 12 months (or, if less than 12 months, the period of employment with Tech or its Affiliates) immediately preceding the date of this Agreement (or, if such Person was on approved leave of absence, disability or long-term inactive status, immediately preceding the commencement of such leave of absence, disability or long-term inactive status); or

(b) notwithstanding anything to the contrary herein (including any other employee classifications), have devoted no more than 50% of their working hours to Fuels Business during the 12 months (or, if less than 12 months, the period of employment with Tech or its Affiliates) immediately preceding the date of this Agreement (or, if such Person was on approved leave of absence, disability or long-term inactive status, immediately preceding the commencement of such leave of absence, disability or long-term inactive status), but whose services are determined by Tech in good faith to be "essential" to the continuation of the operation of Fuels Business (except those employees whose services are covered by an Ancillary Agreement).

"Information" means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

"Intercompany Accounts" has the meaning set forth in Section 1.7(c).

"Laws" means any statute, law, ordinance, regulation, rule, code or other requirement of, or Order issued by, a Governmental Authority.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any Contract or tort based on negligence, strict liability or relating to Taxes payable by a Person in connection with compensatory payments to employees or independent contractors) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Pinellas Facility" means the Pinellas County, Florida improved real property utilized in Fuels Business.

"Non-US Continuing Employee" has the meaning set forth in Section 4.2(a).

"Non-Fuels Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Business Transfer Time by Tech, the Tech Subsidiaries, Fuels and the Fuels Subsidiaries, in each case that are not included in Fuels Business.

"Tech" has the meaning set forth in the preamble.

"Tech Guarantees" has the meaning set forth in Section 3.5.

"Tech Group" means Tech and each of its Subsidiaries, but excluding any member of the Fuels Group.

"Tech Transfer Documents" has the meaning set forth in Section 2.3

"Tech's FSA" has the meaning set forth in Section 4.3(c).

"Parties" means Tech and Fuels.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

"Pre-Distribution Transferred Assets" has the meaning set forth in Section 3.6.

"Real Property Interests" means all interests in real property of whatever nature, including easements, whether as owner or holder of a Security Interest, lessor, sublessor, lessee, sublessee or otherwise.

"Restructuring Plan" has the meaning set forth in Section 3.6(b).

"Retained Employees" means all employees of Tech or its Affiliates other than the Continuing Employees. For the avoidance of doubt, Retained Employees will include (i) the employees identified as Retained Employees on Schedule 4.1, (ii) the Excluded In-Scope Employees and (iii) any employee who would have been a New Hire Employee but for the fact that such employee did not request an offer of employment from Fuels or any of its Subsidiaries.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, indenture, right to acquire, right of first refusal, deed of trust, licenses to third parties, leases to third parties, security agreements, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance and other restrictions or limitations on use of real or personal property of any nature whatsoever.

"Senior Executive" means an employee of Fuels or any of its Subsidiaries, or as applicable, Tech or any of its Subsidiaries, whose annual base salary at the relevant time is $150,000 or more.

"Shared Information" means (i) all Information provided by any member of the Fuels Group to a member of the Tech Group prior to the Business Transfer Time, (ii) any Information in the possession or under the control of such respective Group that relates to the operation of Fuels Business prior to the Business Transfer Time and that the requesting Party reasonably needs (A) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities and tax Laws) by a Governmental Authority having jurisdiction over the requesting Party, (B) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, in each case other than claims or allegations that one Party to this Agreement has against the other, (C) subject to the foregoing clause (B) above, to comply with its obligations under this Agreement, the Transaction Agreement or any Ancillary Agreement, or (D) to the extent such Information and cooperation is necessary to comply with such reporting, filing and disclosure obligations, for the preparation of financial statements or completing an audit, and as reasonably necessary to conduct the ongoing businesses of Tech or Fuels, as the case may be, and (iii) any Information, that in the good faith judgment of Tech, is reasonably necessary for the conduct of Fuels Business (except for any information relating to performance ratings or assessments of employees of Tech and its Affiliates (including performance history, reports prepared in connection with bonus plan participation and related data, other than individual bonus opportunities based on target bonus as a percentage of base salary)).

"Subsidiary" of any Person means another Person (other than a natural Person), of which such Person owns directly or indirectly (a) an aggregate amount of the voting securities, other voting ownership or voting partnership interests to elect at least a majority of the Board of Directors or other governing body or, (b) if there are no such voting interests, 50% or more of the equity interests therein.

"Tax" or "Taxes" has the meaning set forth in the Tax Sharing Agreement.

"Tax Sharing Agreement" has the meaning set forth in Section 2.2(a)(i). From and after the Business Transfer Time, the Tax Sharing Agreement will refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"Tax Return" has the meaning set forth in the Tax Sharing Agreement.

"Third-Party Claim" has the meaning set forth in Section 3.5(b)(i).

"Trademarks" has the meaning set forth in the definition of "Intellectual Property."

"Transaction Agreement" has the meaning set forth in the recitals of the Agreement.

"Transactions" has the meaning given to such term in the Transaction Agreement.

"Transfer Documents" has the meaning set forth in Section 2.4.

"Transferred Leave" has the meaning set forth in Section 5.3(d).

"Transition Period Assets" has the meaning set forth in Section 4.13(c).

"TSA" has the meaning set forth in Section 2.2(a)(ii). From and after the Business Transfer Time, the TSA will refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"US Continuing Employee" has the meaning set forth in Section 4.2(a).

"Fuels" has the meaning set forth in the preamble.

"Fuels Assets" has the meaning set forth in Section 1.5(a).

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Parties has caused this Separation Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

TECH:

Taronis Technologies, Inc.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

FUELS:

Taronis Fuels, Inc.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

Exhibits/Schedules Index

Exhibits

Exhibit A – Tax Sharing Agreement

Exhibit B – Transition Services Agreement

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

TARONIS FUELS, INC.

Scott D. Mahoney hereby certifies that:

ONE: The name of the company is Taronis Fuels, Inc. ("Company"). The original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 9, 2019.

TWO: He is the duly elected and acting Chief Executive Officer of Taronis Fuels, Inc., a Delaware corporation.

THREE: The Amended and Restated Certificate of Incorporation of this Company is hereby amended and restated to read as follows:

I.

The name of this company is **Taronis Fuels, Inc.** (the "***Company***").

II.

The address of the registered office of the Company in the State of Delaware is 1013 Centre Road, Ste. 403-B, Wilmington, County of New Castle, Delaware, and the name of the registered agent of the Company in the State of Delaware at such address is VCorp Services, LLC.

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law ("***DGCL***").

IV.

A. This Company is authorized to issue two classes of stock to be designated, respectively, "***Common Stock***" and "***Preferred Stock***." The total number of shares which the Company is authorized to issue is one billion (1,000,000,000) shares. Nine hundred fifty million (950,000,000) shares shall be Common Stock, having a par value per share of $0.000001. Fifty million (50,000,000) shares shall be Preferred Stock, having a par value per share of $0.000001.

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Company (the "***Board of Directors***") is hereby expressly authorized to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

C. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Company for their vote; *provided, however*, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

V.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. MANAGEMENT OF BUSINESS. The management of the business and the conduct of the affairs of the Company shall be vested in its Board of Directors. The number of directors which shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors, whether or not there exist any vacancies in previously authorized directorships.

B. BOARD OF DIRECTORS. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, at each annual meeting of stockholders (an "***Annual Meeting***"), the directors of the Company shall be elected annually by stockholders and shall hold office until the next Annual Meeting and until his or her successor shall have been duly elected and qualified, or until such director's prior death, resignation, retirement, disqualification or other removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

C. REMOVAL OF DIRECTORS. Subject to any limitation imposed by applicable law, the Board of Directors or any individual director or directors may be removed with or without cause by the affirmative vote of the holders of at majority of the then-outstanding shares of capital stock of the Company entitled to vote generally at an election of directors.

D. VACANCIES. Subject to any limitations imposed by applicable law and the Bylaws of the Company and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, retirement, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office until the next Annual Meeting and until such director's successor shall have been elected and qualified, or until such director's prior death, resignation, retirement, disqualification or other removal.

E. BYLAW AMENDMENTS.

1. The Board of Directors is expressly empowered to adopt, alter, change, amend or repeal the Bylaws of the Company. Any adoption, amendment or repeal of the Bylaws of the Company by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, alter, change, amend or repeal the Bylaws of the Company; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock), such action by stockholders shall require the affirmative vote of the holders of a majority of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class. Notwithstanding anything to the contrary herein, any alteration, change, amendment or repeal of Sections 17, 23, 26, 27, 29, 30 or 47 of the Bylaws of the Company shall require (i) the affirmative vote of a majority of the directors then in office and (ii) the affirmative vote of the holders of at least a majority of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

2. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

3. Unless otherwise set forth herein or in the Bylaws, any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of a majority outstanding shares entitled to vote thereon. Written consent thus given by the holders of a majority of outstanding shares entitled to vote shall have the same effect as a unanimous vote of the shareholders.

4. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner provided in the Bylaws of the Company.

VI.

A. The liability of the directors of the Company for monetary damages shall be eliminated to the fullest extent under applicable law.

B. To the fullest extent permitted by applicable law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and other agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by applicable law as so amended.

C. Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (A) any derivative action or proceeding brought on behalf of the Company; (B) any action asserting a breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders; (C) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the DGCL, this Amended and Restated Certificate of Incorporation or the Bylaws of the Company; (D) any action or proceeding to interpret, apply, enforce or determine the validity of this Amended and Restated Certificate of Incorporation or the Bylaws of the Company (including any right, obligation, or remedy thereunder); (E) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; or (F) any action asserting a claim against the Company or any director or officer or other employee of the Company that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. This Article VII shall not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and to have consented to the provisions of this Article VII.

VIII.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VIII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or any provision of applicable law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Company required by law or by this Amended and Restated Certificate of Incorporation or any certificate of designation filed with respect to a series of Preferred Stock, the affirmative vote of (i) a majority of the directors then in office and (ii) the holders of a majority of the then outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter, change or repeal Articles V and VIII.

* * * *

FOUR: This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of the Company.

FIVE: This Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of the Company in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.

IN WITNESS WHEREOF, Taronis Fuels, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer this 23rd day of July, 2019.

Taronis Fuels, Inc.

By: */s/ Scott D. Mahoney*
Scott D. Mahoney
Chief Executive Officer

BYLAWS

OF

TARONIS FUELS, INC.
(A DELAWARE CORPORATION)

BYLAWS

OF

TARONIS FUELS, INC.
(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. If adopted, the corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("**DGCL**").

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder's notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation's notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "**1934 Act**")) before an annual meeting of stockholders.

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting in accordance with the procedures below.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class and number of shares of each class of capital stock of the corporation which are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) a statement that such nominee agrees to tender an irrevocable resignation to the Secretary, to be effective upon such person's failure to receive the required vote for re-election in any uncontested election at which such person would face re-election and acceptance of such resignation by the Board of Directors and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act (including such person's written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(ii) Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest in such business of any Proponent (as defined below) (including any anticipated benefit of such business to any Proponent other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate); and (B) the information required by Section 5(b)(iv).

(iii) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90^{th}) day nor earlier than the close of business on the one hundred twentieth (120^{th}) day prior to the first anniversary of the preceding year's annual meeting; *provided, however,* that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received (A) not earlier than the close of business on the one hundred twentieth (120^{th}) day prior to such annual meeting and (B) not later than the close of business on the later of the ninetieth (90^{th}) day prior to such annual meeting or the tenth (10^{th}) day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(iv) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "**Proponent**" and collectively, the "**Proponents**"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class, series and number of shares of the corporation that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

(c) A stockholder providing written notice required by Section 5(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two (2) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

(d) Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors of the Board of Directors of the corporation is increased and there is no public announcement of the appointment of a director, or, if no appointment was made, of the vacancy, made by the corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with Section 5(b)(iii), a stockholder's notice required by this Section 5 and which complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(e) A person shall not be eligible for election as a director unless the person is nominated either in accordance with clause (ii) of Section 5(a), or in accordance with clause (iii) of Section 5(a). Except as otherwise required by law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

(f) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however,* that any references in these Bylaws to the 1934 Act are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii) of these Bylaws.

(g) For purposes of Sections 5 and 6,

(i) "**affiliates**" and "**associates**" shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended, and Rule 12b-2 under the 1934 Act.

(ii) a "**Derivative Transaction**" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial:

(w) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation,

(x) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation,

(y) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or

(z) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the corporation, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member; and

(iii) "**public announcement**" shall mean disclosure in a press release reported by the Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

(b) For a special meeting called pursuant to Section 6(a), the Board of Directors shall determine the time and place, if any, of such special meeting. Upon determination of the time and place, if any, of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. No business may be transacted at a special meeting otherwise than as specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this subsection, who shall be entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if written notice setting forth the information required by Section 5(b)(i) of these Bylaws shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the ninetieth (90^{th}) day prior to such meeting or the tenth (10^{th}) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(d) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however,* that any references in these Bylaws to the 1934 Act are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors or proposals of other business to be considered pursuant to Section 6(c) of these Bylaws.

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If sent via electronic transmission, notice is given as of the sending time recorded at the time of transmission. Notice of the time, place, if any, and purpose of any meeting of stockholders (to the extent required) may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his or her attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairperson of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 9. Voting Standard for Stockholder Meetings. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a majority of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws or by applicable stock exchange rules, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws or by applicable stock exchange rules, the affirmative vote of the holders of a majority of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 10. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairperson of the meeting or by the vote of the holders of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 11. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 13 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy explicitly provides for a longer period.

Section 12. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his or her act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Court of Chancery of the State of Delaware for relief as provided in Section 217(b) of the DGCL. If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) of this Section 12 shall be a majority or even-split in interest.

Section 13. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 14. Action without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of a majority outstanding shares entitled to vote thereon. Written consent thus given by the holders of a majority of outstanding shares entitled to vote shall have the same effect as a unanimous vote of the shareholders.

Section 15. Organization.

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer, or if no Chief Executive Officer is then serving or is absent, the President, or, if the President is absent, a chairperson of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall act as chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as chairperson of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary or other officer or other person directed to do so by the chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairperson of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 16. Number. The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 17. Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 18. Election, Qualification and Term of Office of Directors. The corporation has established a majority voting standard in uncontested elections of directors. In an uncontested election of directors (i.e., an election where the number of nominees does not exceed the number of directors to be elected at the meeting as of the date that is ten (10) calendar days prior to the earlier of (i) the date a Notice of Internet Availability of Proxy Materials is sent to stockholders in accordance with Rule 14a-16 under the 1934 Act, or (ii) the date the corporation first mails its notice for such meeting to the stockholders of the corporation), each director shall be elected by the vote of the majority of the votes cast with respect to that director's election at any meeting for the election of directors at which a quorum is present. In any election of directors that is not an uncontested election, directors shall be elected by a plurality of the votes cast. For purposes of this section, "a majority of the votes cast" means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director's election. "Abstentions" and "broker non-votes" shall not be counted as votes cast with respect to a director's election. Following certification of the stockholder vote in an uncontested election, any incumbent director who received a greater number of votes "against" his or her election than votes "for" his or her election shall promptly tender his or her resignation, contingent upon acceptance of such resignation by the Board of Directors in accordance with Section 20, to the Secretary. Subject to the rights of the holders of any series of preferred stock to elect additional directors under specified circumstances, each director, including a director elected to fill a vacancy, shall be elected at each annual meeting of stockholders to serve until the next annual meeting of stockholders. Each director shall serve until such director's successor is duly elected and qualified or until such director's earlier death, resignation, retirement, disqualification or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 19. Vacancies. Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of preferred stock or as otherwise provided by applicable law, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders and except as otherwise provided by applicable law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, *provided*, *however*, that whenever the holders of any series of preferred stock are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such series will, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships will be filled by stockholders, be filled by a majority of the directors elected by such series then in office, or by a sole remaining director so elected, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting and until such director's successor shall have been elected and qualified, or until such director's prior death, resignation, retirement, disqualification or other removal. A vacancy in the Board of Directors shall be deemed to exist under these Bylaws in the case of the death, resignation, retirement, disqualification or removal of any director.

Section 20. Resignation. Any director may resign at any time by delivering his or her or it's notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the Secretary, in his or her or it's discretion, may either (a) require confirmation from the director prior to deeming the resignation effective, in which case the resignation will be deemed effective upon receipt of such confirmation, or (b) deem the resignation effective at the time of delivery of the resignation to the Secretary. Subject to the rights of the holders of any series of preferred stock or as otherwise provided by applicable law, when one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his or her successor shall have been duly elected and qualified.

Section 21. Removal. Subject to any limitation imposed by applicable law, the Board of Directors or any individual director or directors may be removed with or without cause by the affirmative vote of the holders of at least a majority of the then-outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors.

Section 22. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairperson of the Board, the Chief Executive Officer, the Secretary or at least two directors.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, or by electronic mail or other electronic means, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by U.S. mail, it shall be sent by first class mail, postage prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 23. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 45 for which a quorum shall be one-third of the exact number of directors fixed from time to time, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided, however,* at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws. Notwithstanding anything to the contrary herein, at all properly called meetings of the Board of Directors at which a quorum is established, the Chairperson of the Board or, if there is no Chairperson in office, the Chief Executive Officer, shall have the tie-breaking vote if the Board of Directors is deadlocked on any matter requiring the approval of the Board of Directors or a committee thereof (on which the Chairperson serves). For the purpose of this paragraph, the Board of Directors or a committee thereof shall be considered "deadlocked" with respect to a particular matter brought before a properly called meeting of the Board of Directors or a committee thereof at which a quorum is established, if the number of votes "in favor" of, or affirming, such matter is equal to the number of votes "against," or dissenting upon, such matter, with "abstentions" included as votes "against."

Section 24. Action without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 25. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors and equity awards for service as Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 26. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, altering, changing, amending or repealing any Bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws. Notwithstanding anything to the contrary herein, no former employee of the corporation or any of its subsidiaries who provided services to the corporation or any of its subsidiaries as an employee of the corporation or any of its subsidiaries shall serve as a chairperson of any committee or sub-committee of the Board of Directors, if prohibited by statute or by applicable stock exchange rules.

(c) Term. The Board of Directors, subject to the rights of the holders of any series of preferred stock, the requirements of applicable law and stock exchange rules, and the provisions of subsections (a) or (b) of this Section 26, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her or its death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, retirement, disqualification, or removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee and subject to the requirements of applicable law and stock exchange rules, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, meetings of the Executive Committee or any other committee appointed pursuant to this Section 26 shall be governed by, and held and taken in accordance with, the provisions of (i) Section 22 (Meetings); (ii) Section 23 (Quorum and Voting); and (iii) Section 24 (Action without a Meeting); with such changes in the context of such Sections as are necessary to substitute such committee and its members for the Board and its members. However, (A) the time of regular meetings of such committee may be determined either by resolution of the Board or by resolution of such committee; (B) special meetings of such committee may also be called by resolution of the Board, by a majority of the committee members or by the chairperson of such committee; and (C) the Board may adopt rules for the governance of any committee to override the provisions that would otherwise apply to such committee pursuant to this Section 26(d), provided that such rules do not violate the provisions of the Certificate of Incorporation or the Bylaws.

Section 27. Duties of Chairperson of the Board of Directors.

(a) Except as otherwise set forth herein, the Chairperson of the Board of Directors, if appointed and when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(b) The Chairperson of the Board of Directors, or if the Chairperson is not an independent director, one of the independent directors, may be designated by the independent members of the Board of Directors as lead independent director annually or until replaced by such members of the Board of Directors ("**Lead Independent Director**"); *provided*, *however*, notwithstanding anything to the contrary herein, no former employee of the corporation or any of its subsidiaries who provided services to the corporation or any of its subsidiaries as an employee of the corporation or any of its subsidiaries shall serve as Chairperson of the Board of Directors, if prohibited by statute or by applicable stock exchange rules. If appointed, the Lead Independent Director will: with the Chairperson of the Board of Directors, establish the agenda for regular Board meetings and serve as chairperson of Board of Directors meetings in the absence of the Chairperson of the Board of Directors; establish the agenda for meetings of the independent directors; coordinate with the committee chairs, if so requested, regarding meeting agendas and informational requirements; preside over meetings of the independent directors; preside over any portions of meetings of the Board of Directors at which the evaluation or compensation of the Chief Executive Officer is presented or discussed; preside over any portions of meetings of the Board of Directors at which the performance of the Board of Directors is presented or discussed; and perform such other duties as may be established or delegated by the Board of Directors.

Section 28. Organization. At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Lead Independent Director, or if the Lead Independent Director has not been appointed or is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his or her absence, any Assistant Secretary or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 29. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, a Chief Executive Officer. The corporation may also have, at the discretion of the Board of Directors, a President, a Chief Financial Officer, a Treasurer, a Secretary, one or more Vice Presidents, one of more Assistant Vice Presidents, one or more Assistant Treasurers and Assistant Secretaries and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility.

Section 30. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly appointed, unless sooner removed. Any officer appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Authority and Duties of Officers. All officers of the corporation shall respectively have such authority and perform such duties in the management of the business of the corporation as may be provided herein or designated from time to time by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

Section 31. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 32. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 33. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous consent in writing or by electronic transmission of the directors in office at the time, or by any committee or by the Chief Executive Officer or by other superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 34. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 35. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 36. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by any two officers authorized to sign stock certificates, certifying the number of shares owned by him or her in the corporation. The Chairperson of the Board of Directors, the President, the Chief Executive Officer, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary and any Assistant Secretary shall be specifically authorized to sign stock certificates. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he or she were such officer, transfer agent, or registrar at the date of issue.

Section 37. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 38. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 39. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however,* that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 40. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 41. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 36), may be signed by the Chairperson of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; *provided, however,* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile or electronic signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures or electronic signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile or electronic signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile or electronic signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile or electronic signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 42. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting of the directors. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 43. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 44. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 45. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and its executive officers (for the purposes of this Article XI, "**executive officers**" shall have the meaning ascribed in Rule 3b-7 promulgated under the 1934 Act) to the fullest extent not prohibited by the DGCL or any other applicable law; *provided, however,* that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided, further,* that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d) of this Section 45.

(b) Other Officers, Employees and Other Agents. The corporation shall have the power to indemnify (including the power to advance expenses) its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation may advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding; *provided, however*, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to subsection (e) of this Section 45, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) Amendments. Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability or indemnification.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term "**proceeding**" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term "**expenses**" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the "**corporation**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a "**director**," "**executive officer**," "**officer**," "**employee**," or "**agent**" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the corporation**" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the corporation**" as referred to in this section.

ARTICLE XII

NOTICES

Section 46. Notices.

(a) Notice to Stockholders. Notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, notice to stockholders for purposes other than stockholder meetings may be sent by U.S. mail or nationally recognized overnight courier, or by facsimile, or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a) of this Section 46 or as otherwise provided in these Bylaws, with notice other than one which is delivered personally to be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single notice in writing or by electronic transmission to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 47. Subject to the limitations set forth in Section 45(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, alter, change, amend or repeal the Bylaws of the corporation. Any adoption, alteration, change, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, alter, change, amend or repeal the Bylaws of the

corporation; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of a majority of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

CERTIFICATION OF BYLAWS
OF
TARONIS FUELS, INC.

a Delaware Corporation

I, Tyler B. Wilson, Esq., certify that I am the Corporate Secretary of Taronis Fuels, Inc., a Delaware corporation (the "**Corporation**"), that I am duly authorized to make and deliver this certification, and that the attached Bylaws are a true and complete copy of the Bylaws of the Corporation in effect as of the date of this certificate.

Dated: July 19, 2019

/s/ Tyler B. Wilson
Tyler B. Wilson, Esq.
Secretary

TARONIS FUELS, INC.

CORPORATE STOCK TRANSFER, INC.

TRANSFER FEE: AS REQUIRED

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	
TEN ENT -	as tenants by the entireties	
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	

UNIF GIFT MIN ACT - _____Custodian_____
(Cust) (Minor)
under Uniform Gifts to Minors

Act _____
(State)

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

_____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

_____

_____ Shares of the Common Stock represented by the within Certificate and do hereby irrevocably constitute and appoint

_____ Attorney to transfer the said stock on the books of the within-named Corporation, with full power of substitution in the premises.

Dated:_____20_____.

Signature: X_____

Signature(s) Guaranteed:

Signature: X_____

THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER. THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this "**Agreement**"), dated as of [ ], 2019, is by and between TARONIS TECHNOLOGIES, INC. ("**Tech**"), a Delaware corporation, and TARONIS FUELS, INC. ("**Fuels**"), Delaware corporation. Each of Tech and Fuels is sometimes referred to herein as a "**Party**" and, collectively, as the "**Parties**."

WHEREAS, Tech, through itself and its direct and indirect Subsidiaries, currently conducts the Water Sterilization Business and the Welding Supply & Gas Distribution Business;

WHEREAS, the Board of Directors of Tech has determined that it is in the best interests of Tech and its shareholders to separate into two publicly traded companies:

(a) Tech, which will continue to conduct, directly and through its Subsidiaries, the Water Sterilization Business; and (b) Fuels, which will continue to conduct, directly and through its Subsidiaries the Welding Supply & Gas Distribution Business;

WHEREAS, Tech has contributed to Fuels certain assets related to the Welding Supply & Gas Distribution Business in exchange for the assumption by Fuels of liabilities associated with the Welding Supply & Gas Distribution Business (the "**Contribution**");

WHEREAS, on the Distribution Date and subject to the terms and conditions of this Agreement, Tech will distribute to the Record Holders (as defined in the Master Distribution Agreement), on a pro rata basis, all the outstanding common shares, par value $0.000001, of Fuels then owned by Tech (the "**Distribution**"), and the Board of Directors of Tech has approved such Distribution;

WHEREAS, for U.S. federal income tax purposes, the Separation and the Distribution, taken together, are is intended to qualify as a reorganization that is described in Sections 368(a)(1)(D) and 355(a) of the Code;

WHEREAS, Tech anticipates receiving an opinion of Anthony L.G., PLLC to the effect that, among other things, the Separation and the Distribution, taken together, should be tax-free (except for cash received in lieu of fractional shares) to Fuels, Tech, and the Tech shareholders for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355(a) and related provisions of the Code;

WHEREAS, prior to consummation of the Separation and the Distribution, Tech will be the common parent corporation of an affiliated group of corporations within the meaning of Section 1504 of the Code that includes Fuels; and

WHEREAS, the Parties wish to (a) provide for the payment of Tax liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in, the filing of Tax Returns, and provide for certain other matters relating to Taxes, and (b) set forth certain covenants and indemnities relating to the preservation of the tax-free status of the Separation and the Distribution.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

Article I. Definitions.

As used in this Agreement, the following terms shall have the following meanings: "Accounting Firm" means, or any other nationally recognized accounting firm as mutually agreed by the Parties.

"Acting Party" has the meaning set forth in Section 6.02(b).

"Adjustment" means any change in the Tax liability of a taxpayer, determined issue- by-issue or transaction-by-transaction, as the case may be.

"Aggregate Carryback Amount" has the meaning set forth in Section 4.02(c).

"Agreement" has the meaning set forth in the preamble.

"Benefited Party" has the meaning set forth in Section 4.01(b).

"Carryback Amount" has the meaning set forth in Section 4.02(c).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Controlling Party" means Tech or any other member of the Tech Group with respect to any Mixed Business Tax Return and Single Business Tax Return related to the Water Sterilization Business, and Fuels or any other member of the Fuels Group with respect to any Single Business Tax Return related to the Welding Supply & Gas Distribution Business.

"Counsel" means Anthony L.G., PLLC.

"Disqualifying Action" means a Tech Disqualifying Action or a Fuels Disqualifying Action.

"Distribution" has the meaning set forth in the preamble.

"Distribution Agreement" means the Master Distribution Agreement, dated as of the date of this Agreement, between the Parties.

"Distribution Date" means the date on which the Distribution occurs.

"Due Date" means (i) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law and with respect to a payment of Taxes, the date on which such payment is required to be made to avoid the incurrence of interest, penalties and/or additions to Tax.

"Extraordinary Transaction" means any action that is not in the Ordinary Course of Business, but shall not include any action described in the Separation Agreement or Distribution Agreement or that is undertaken pursuant to, or in connection with, the Separation or the Distribution.

"Fifty-Percent or Greater Interest" has the meaning ascribed to such term by Section 355(d)(4) of the Code.

"Final Determination" means the final resolution of liability for any Tax for any taxable period, by or as a result of (i) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed; (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the entire Tax liability for any taxable period; (iii) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund or credit may be recovered by the jurisdiction imposing the Tax; or (iv) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Taxing Authority.

"Fuels" has the meaning set forth in the preamble.

"Fuels Allocable Portion" means, with respect to any Tax paid after the Distribution Date or any Adjustments to Tax after the Distribution Date relating to a Mixed Business Tax Return, the amount of such Tax attributable to Fuels, any Fuels Entity, or the Welding Supply & Gas Distribution Business, as determined taking into account historical practice (including historical methodologies for making corporate allocations), the Code, Treasury Regulations, and any applicable state, local or foreign law. For purposes of determining the Fuels Allocable Portion of any Tax related to a Pre-Closing Period or Straddle Period for which no Tax Return has been filed, the amount of the Fuels Allocable Portion will be determined after subtracting the amount of the Tax (whether positive, or if a loss, negative) attributable to Fuels, any Fuels Entity, or the Welding Supply & Gas Distribution Business as agreed to by the Parties with respect to the portion of the Tax year ending on December 31, 2019.

"Fuels Common Shares" means (i) all classes or series of outstanding common shares of Fuels for U.S. federal income tax purposes, including common shares and all other instruments treated as outstanding equity in Fuels for U.S. federal income tax purposes, and (ii) all options, warrants and other rights to acquire such stock.

"Fuels Disqualifying Action" means (i) any action (or the failure to take any action) by Fuels or any Fuels Entity (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions), or (ii) any event (or series of events) involving the Fuels Common Shares, any assets of Fuels or any assets of any Fuels Entity that, in each case, negates the Tax-Free Status of the Transactions in whole or in part, regardless of whether such act or failure to act (A) is covered by a Post-Distribution Ruling or an Unqualified Tax Opinion, or (B) occurs during or after the Restriction Period.

"Fuels Entity" means a member of the Fuels Group.

"Fuels Group" means Fuels and each Person that will be a direct or indirect Subsidiary of Fuels immediately prior to the Distribution (but after giving effect to the Contribution), including the entities set forth on Schedule 1.1(E) of the Distribution Agreement, and each Person that is or becomes a member of the Fuels Group after the Distribution, including in all circumstances any Person that is or was merged into Fuels or any direct or indirect Subsidiary that is a member of the Fuels Group.

"Fuels Percentage" means the percentage determined by dividing (i) the average total value of the Fuels Common Shares for the five business days following the Distribution Date, computed for each day by averaging the intraday high and intraday low trading price of the Fuels Common Shares and multiplying such amount by the total number of shares of Fuels Common Shares outstanding on such day, by (ii) the sum of (A) the amount determined in clause (i) and (B) the average total value of the Tech Common Shares for the five business days following the Distribution Date, computed for each day by averaging the intraday high and intraday low trading price of the Tech Common Shares and multiplying such amount by the total number of shares of Tech Common Shares outstanding on such day.

"Fuels Taxes" means, without duplication, (i) any Taxes imposed on Tech (or any of its Subsidiaries) or Fuels (or any of its Subsidiaries) attributable to a Fuels Disqualifying Action, (ii) the Fuels Percentage of any Taxes imposed on Tech (or any of its Subsidiaries) or Fuels (or any of its Subsidiaries) attributable to both a Fuels Disqualifying Action and a Tech Disqualifying Action, (iii) 50% of all Transfer Taxes, (iv) the Fuels Allocable Portion of any Taxes in respect of a Mixed Business Tax Return, and (v) any Taxes in respect of any Single Business Tax Return related to the Welding Supply & Gas Distribution Business. For the avoidance of doubt, Fuels Taxes shall not include any Taxes solely attributable to a Tech Disqualifying Action

"Governmental Authority" means any federal, state, local or foreign government (including any political or other subdivision or judicial, legislative, executive or administrative branch, agency, commission, authority or other body of any of the foregoing).

"Governmental Order" means any order, writ, judgment, injunction, decree or award entered by or with any Governmental Authority.

"Indemnifying Party" means the Party from which the other Party is entitled to seek indemnification pursuant to the provisions of Article 3.

"Indemnified Party" means the Party which is entitled to seek indemnification from the other Party pursuant to the provisions of Article 3.

"Information" has the meaning set forth in Section 7.01(a).

"Information Request" has the meaning set forth in Section 7.01(a).

"Interested Party" means Tech or Fuels (including any successor and/or assign of any of the foregoing), as the case may be, to the extent (i) such Person or a member of such Person's group is not a Controlling Party with respect to a Tax Proceeding and (ii) such Person or a member of such Person's group is (A) an Indemnifying Party or (B) an Indemnified Party.

"IRS" means the U.S. Internal Revenue Service or any successor thereto, including its agents, representatives, and attorneys.

"Law" means any statute, law, ordinance, regulation, rule, code or other requirement of a Governmental Authority or any Governmental Order.

"Mixed Business Tax Return" means any Tax Return including any consolidated, combined or unitary Tax Return, that relates to at least one asset or activity that is part of the Water Sterilization Business, on the one hand, and at least one asset or activity that is part of the Welding Supply & Gas Distribution Business, on the other hand.

"Non-Acting Party" has the meaning set forth in Section 6.02(b).

"Opinion" means the opinion of Counsel to the effect that the Separation and Distribution, taken together, should qualify as tax-free (except for cash received in lieu of fractional shares) to Fuels, Tech and Tech shareholders for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 and related provisions of the Code.

"Ordinary Course of Business" means an action taken by a Person only if such action is taken in the ordinary course of the normal day-to-day operations of such Person.

"Party" has the meaning set forth in the preamble.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

"Post-Closing Period" means any taxable period (or portion thereof) beginning after the Distribution Date.

"Post-Distribution Ruling" has the meaning set forth in Section 6.02(b).

"Pre-Closing Period" means any taxable period (or portion thereof) ending on or before the Distribution Date.

"Proposed Acquisition Transaction" means a transaction or series of transactions (or any agreement, understanding, arrangement, or substantial negotiations within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by the applicable Party's management or shareholders, is a hostile acquisition, or otherwise, as a result of which such Party would merge or consolidate with any other Person or as a result of which one or more Persons would (directly or indirectly) acquire, or have the right to acquire, from such Party and/or one or more holders of outstanding shares of such Party's common shares, as the case may be, a number of such Party's common shares that would, when combined with any other changes in ownership of such Party's common shares pertinent for purposes of Section 355(e) of the Code, comprise 25% or more of (i) the value of all outstanding shares of stock of such Party as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all outstanding shares of voting stock of such Party as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (A) the adoption by a Party of a shareholder rights plan or (B) issuances by a Party that satisfy Safe Harbor VIII (relating to acquisitions in connection with a Person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or Treasury Regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

"Refund" means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to other Taxes payable), including any interest paid on or with respect to such refund of Taxes, provided, however, that for purposes of this Agreement, the amount of any Refund required to be paid to another Party shall be reduced by the net amount of any income Taxes imposed on, related to, or attributable to, the receipt or accrual of such Refund.

"Restriction Period" means the period beginning at the effective time of the Distribution and ending on the two-year anniversary of the day after the Distribution Date.

"Separation" has the meaning set forth in the preamble.

"Separation Agreement" means the Separation Agreement, dated [____], 2019, between the Parties.

"Single Business Tax Return" means any Tax Return including any consolidated, combined or unitary Tax Return, that includes assets or activities relating only to the Water Sterilization Business, on the one hand, or the Welding Supply & Gas Distribution Business,

on the other (but not both), whether or not the Person charged by Law to file such Tax Return is engaged in the business to which the Tax Return relates.

"Straddle Period" means any taxable period that begins on or before and ends after the Distribution Date.

"Subsidiary" of any Person means another Person (a) in which the first Person owns, directly or indirectly, an amount of the voting securities, voting partnership interests or other voting ownership sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting securities, interests or ownership, a majority of the equity interests in such other Person), or (b) of which the first Person otherwise has the power to direct the management and policies. A Subsidiary may be owned directly or indirectly by such first Person or by another Subsidiary of such first Person.

"Tax" means (i) all taxes, charges, fees, duties, levies, imposts, or other similar assessments, imposed by any U.S. federal, state or local or foreign governmental authority, including income, gross receipts, excise, property, sales, use, license, common shares, transfer, franchise, payroll, withholding, social security, value added, goods and services, consumption, and other taxes, (ii) any interest, penalties or additions attributable thereto and all liabilities in respect of any items described in clauses (i) or (ii) payable by reason of assumption, transferee or successor liability, operation of Law or Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law).

"Tax Attribute" means a net operating loss, net capital loss, tax credit, earnings and profits, overall foreign loss, separate limitation loss, previously taxed income, or any item of income, gain, loss, deduction, credit, recapture or other item that may have the effect of increasing or decreasing any income Tax paid or payable.

"Tax Benefit" has the meaning set forth in Section 3.04.

"Tax-Free Status of the Transactions" means the tax-free treatment accorded to the Separation and the Distribution as set forth in the Opinion.

"Tax Materials" has the meaning set forth in Section 6.01(a).

"Tax Matter" has the meaning set forth in Section 7.01(a)(i).

"Tax Package" means all relevant Tax-related information relating to the operations of the Water Sterilization Business or the Welding Supply & Gas Distribution Business, as applicable, that is reasonably necessary to prepare and file the applicable Tax Return.

"Tax Proceeding" means any audit, assessment of Taxes, pre-filing agreement, other examination by any Taxing Authority, proceeding, appeal of a proceeding or litigation relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

"Tax Representation Letter" means any letter containing certain representations and covenants issued by Tech or any of its Subsidiaries to Counsel in connection with the Opinion.

"Tax Return" means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the payment, determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax and any amended Tax return or claim for refund.

"Taxing Authority" means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

"Tech" has the meaning set forth in the preamble.

"Tech 10-K" means Tech's Annual Report on Form 10-K, including for the fiscal year ended December 31, 2018, and all prior fiscal years.

"Tech Allocable Portion" means, with respect to any Tax paid after the Distribution Date relating to a Mixed Business Tax Return, the amount of any such Tax less the Fuels Allocable Portion.

"Tech Common Shares" means (i) all classes or series of outstanding common shares of Tech for U.S. federal income tax purposes, including common stock and all other instruments treated as outstanding equity in Tech for U.S. federal income tax purposes, and (ii) all options, warrants and other rights to acquire such stock.

"Tech Disqualifying Action" means (i) any action (or the failure to take any action) within its control by Tech or any Tech Entity (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions), or (ii) any event (or series of events) involving Tech Common Shares, any assets of Tech or any assets of any Tech Entity that, in each case, negates the Tax-Free Status of the Transactions in whole or in part, regardless of whether such act or failure to act (x) is covered by a Post-Distribution Ruling or an Unqualified Tax Opinion, or occurs during or after the Restriction Period.

"Tech Entity" means a member of the Tech Group.

"Tech Group" means Tech and each of its direct or indirect Subsidiaries that is not a member of the Fuels Group, and each Person that is or becomes a member of the Tech Group after the Distribution, including any Person that is or was merged into Tech or any direct or indirect Subsidiary that is not a member of the Fuels Group.

"Tech Percentage" 100% minus the Fuels Percentage.

"Tech Taxes" means, without duplication, (i) any Taxes imposed on Tech (or any of its Subsidiaries) or Fuels (or any of its Subsidiaries) attributable to a Tech Disqualifying Action, (ii) the Tech Percentage of any Taxes imposed on Tech (or any of its Subsidiaries) or Fuels (or any of its Subsidiaries) attributable to both a Fuels Disqualifying Action and a Tech Disqualifying Action, (iii) 50% of all Transfer Taxes, (iv) the Tech Allocable Portion of any Taxes in respect of a Mixed Business Tax Return, and (v) any Taxes in respect of any Single Business Tax Return related to the Water Sterilization Business. For the avoidance of doubt, Tech Taxes shall not include any Taxes solely attributable to a Fuels Disqualifying Action.

"Transfer Taxes" means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on the Separation or the Distribution, and paid after the Distribution Date.

"Treasury Regulations" means the final and temporary (but not proposed) Tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Unqualified Tax Opinion" means a reasoned "will" opinion, without qualifications, of an appropriately credentialed law firm to the effect that a transaction will not affect the Tax-Free Status of the Transactions. For purposes of this definition, an opinion is reasoned if it describes the reasons for the conclusions and includes the facts, assumptions, and supporting legal analysis.

"Water Sterilization Business" means (i) the business and operations conducted by Tech and its Subsidiaries prior to the Distribution comprising what is referred to in the Tech 10-K as the use of the Company's proprietary plasma arc technology for waste water sterilization, among other things; (ii) any other business (other than the Welding Supply & Gas Distribution Business) directly conducted by any member of the Tech Group as of or prior to the Distribution; and (iii) any business operation or assets that, at the time they were discontinued or sold, were not part of the Welding Supply & Gas Distribution Business as then reported in the Tech 10-K.

"Welding Supply & Gas Distribution Business" means (i) the business and operations conducted by Tech and its Subsidiaries prior to the Distribution comprising what is referred to in the Tech 10-K as the Welding Supply & Gas Distribution segments; (ii) any other business (other than the Welding Supply & Gas Distribution Business) directly conducted by any member of the Tech Group as of or prior to the Distribution; and (iii) any business operation or assets that, at the time they were discontinued or sold, were not part of the Welding Supply & Gas Distribution Business as then reported in the Tech 10-K.

"U.S." means the United States of America.

Article II. Preparation, Filing and Payment of Taxes

Section 2.01 Responsibility of Parties to Prepare Tax Returns and Pay Taxing Authority.

(a) Tech Tax Returns. Tech shall prepare and file (or cause a Tech Entity to prepare and file) all (i) Single Business Tax Returns relating to the Water Sterilization Business and (ii) all Mixed Business Tax Returns, and shall pay (or cause such Tech Entity to pay) all Taxes shown to be due and payable on such Tax Returns.

(b) Fuels Tax Returns. Fuels shall prepare and file (or cause a Fuels Entity to prepare and file) all Single Business Tax Returns relating to the Welding Supply & Gas Distribution Business, and shall pay (or cause such Fuels Entity to pay) all Taxes shown to be due and payable on such Tax Returns.

Section 2.02 Tax Return Procedures for Mixed Business Tax Returns.

(a) Tech shall prepare all, if any, Mixed Business Tax Returns consistent with historical practice, the Opinion, and the Tax Representation Letter unless otherwise required by Law or agreed to in writing by Fuels. In the event that there is no historical practice for reporting a particular item or matter, Tech shall determine the reporting of such item or matter provided that such determination is, in the reasonable opinion of Tech, at least more likely than not to be sustained. In connection with the preparation of any Mixed Business Tax Return, Fuels will assist and cooperate with Tech with respect to Tech's preparation of any such Mixed Business Tax Return, including assisting Tech in the preparation of a pro forma Tax Return for Fuels and any Fuels Entity to be used in determining the Fuels Allocable Portion with respect to such Mixed Business Tax Return.

(b) In connection with any Mixed Business Tax Return, no later than 30 days prior to the Due Date of each such Tax Return, Tech shall make available or cause to be made available drafts of such Tax Return (together with all related work papers) and a document determining the Fuels Allocable Portion of Taxes with respect to such Mixed Business Tax Return to Fuels. The failure of Tech to make available any such materials described in the preceding sentence to Fuels within the time frame described in the preceding sentence shall not relieve Fuels of any obligation which it may have to Tech under this Agreement except to the extent that Fuels is actually prejudiced by such failure. Fuels shall have access to any and all data and information necessary for the preparation of any such Mixed Business Tax Returns and the Parties shall cooperate fully in the preparation and review of such Tax Returns. Subject to the preceding sentence, no later than 15 days after receipt of such Mixed Business Tax Returns (and related documents), Fuels shall have a right to object to such Mixed Business Tax Return (or items with respect thereto, including the Fuels Allocable Portion with respect to such Mixed Business Tax Return) by written notice to Tech; such written notice shall contain such disputed item (or items) and the basis for its objection. Fuels shall pay to Tech no later than five days prior to the Due Date of each such Tax Return the Fuels Allocable Portion of Taxes shown as due and payable on such Mixed Business Tax Return (net of any prepayment made against such amount).

(c) With respect to a Mixed Business Tax Return delivered by Tech to Fuels pursuant to Section 2.02(b), if Fuels does not object by proper written notice described in Section 2.02(b), such Mixed Business Tax Return and the calculation of the Fuels Allocable Portion with respect thereto shall be deemed to have been accepted and agreed upon, and to be final and conclusive, for purposes of this Section 2.02 (c). If Fuels does object by proper written notice described in Section 2.02(b), Tech and Fuels shall act in good faith to resolve any such dispute as promptly as practicable; *provided, however*, that, notwithstanding anything to the contrary contained herein, if Tech and Fuels have not resolved the disputed item or items by the day five days prior to the Due Date of such Mixed Business Tax Return, such Tax Return shall be filed as prepared pursuant to this Section 2.02(a) (revised to reflect all initially disputed items that Tech and Fuels have agreed upon prior to such date). In the event that a Mixed Business Tax Return is filed that includes any disputed item for which proper notice was given pursuant to Section 2.02(b) that was not finally resolved and agreed upon, such disputed item (or items) shall be resolved in accordance with Section 8.01 (interpreted without regard to the requirement that the Accounting Firm render a determination no later than the Due Date of the Tax Return at issue). In the event that the resolution of such disputed item (or items) in accordance with Section 8.01 with respect to a Mixed Business Tax Return is inconsistent with such Mixed Business Tax Return as filed, Tech (with cooperation from Fuels, if necessary) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Mixed Business Tax Return is adjusted as a result of a resolution pursuant to this Section 2.02(c), proper adjustment shall be made to the amounts previously paid or required to be paid in a manner that reflects such resolution.

Section 2.03 Expenses. Except as provided otherwise herein or in the Distribution Agreement, each Party shall bear its own expenses incurred in connection with this Article 2.

Section 2.04 Coordination with Article 4. This Article 2 shall not apply to any amended Tax Returns, other than such Tax Returns required to be amended under Section 2.02(c), all other such amended Tax Returns governed by Article 4.

Article III. Payment of Taxes and Indemnification.

Section 3.01 Payment and Indemnification by Tech. Tech shall pay, and shall indemnify and hold the Fuels Group harmless from and against, without duplication, all Tech Taxes, (b) all Taxes incurred by Fuels or any Fuels Entity by reason of the breach by Tech of any of its representations, warranties or covenants hereunder, and (c) any external costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses but excluding any expenses described in Section 2.03).

Section 3.02 Payment and Indemnification by Fuels. Fuels shall pay, and shall indemnify and hold the Tech Group harmless from and against, without duplication, (a) all Fuels Taxes, (b) all Taxes incurred by Tech or any Tech Entity by reason of the breach by Fuels of any of its representations, warranties or covenants hereunder, and (c) any external costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses but excluding any expenses described in Section 2.03).

Section 3.03 Timing of Tax Payments. Unless otherwise provided in this Agreement, in the event that a Party (the "**Indemnifying Party**") is required to make a payment to another Party (the "**Indemnified Party**") pursuant to this Article 3, the Indemnified Party shall deliver written notice of the payments to the Indemnifying Party, including proof of payment to the Taxing Authority, in accordance with Section 8.19 on the last day of the calendar quarter in which the obligation giving rise to the indemnification payment must be satisfied, and the Indemnifying Party shall be required to make payment to the Indemnified Party within 10 days after notice of such payment is delivered to the Indemnifying Party.

Section 3.04 Characterization of and Adjustments to Payments. For all Tax purposes, Tech and Fuels agree to treat (a) any payment required by this Agreement or any indemnity payments required by the Separation Agreement or Distribution Agreement (other than payments pursuant to Section 8.03) as either a contribution by Tech to Fuels or a distribution by Fuels to Tech, as the case may be, occurring immediately prior to the Distribution Date. Except as otherwise provided, any payment under this Agreement shall be decreased to take into account any reduction in taxable income of the Indemnified Party arising from the payment by the Indemnified Party of such indemnified liability and increased to take into account any inclusion in taxable income of the Indemnified Party arising from the receipt of such indemnity payment if there is any such increase notwithstanding the first sentence of this Section 3.04 (collectively, "**Tax Benefits**"). Any Tax Benefit shall be determined (i) using the flat U.S. federal corporate income tax rate (or, the highest applicable marginal U.S. federal corporate income tax rate in effect at the time of the determination, if different, and excluding any state income tax effect of such inclusion or reduction) and assuming that the Indemnified Party will be liable for Taxes at such rate, the Indemnified Party has sufficient taxable income to use any tax deduction, and has no other relevant Tax Attributes at the time of the determination.

Article IV. Refunds, Carrybacks, Amendments and Tax Attributes.

Section 4.01 Refunds.

(a) Except as provided in Section 4.02, Tech shall be entitled to all Refunds of Taxes with respect to which Tech would be liable for payment under Article 3 if such Taxes were paid after the Distribution Date, and Fuels shall be entitled to all Refunds of Taxes with respect to which Fuels would be liable for payment under Article 3 if such Taxes were paid after the Distribution Date. A Party receiving a Refund to which the other Party is entitled pursuant to this Agreement shall pay to the other Party the amount to which such other Party is entitled within 10 days after the receipt of the Refund.

(b) Notwithstanding Section 4.01(a), to the extent that a Party applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable by such Party (or a Taxing Authority requires such application in lieu of a Refund) and such overpayment of Taxes, if received as a Refund, would have been payable by such Party to the other Party pursuant to this Section 4.01, such Party shall pay such amount to the other Party no later than the Due Date of the Tax Return for which such overpayment is applied to reduce Taxes otherwise payable.

(c) In the event of an Adjustment relating to Taxes for which one Party is or may be liable pursuant to Article 3 would have given rise to a Refund but for an offset against the Taxes for which the other Party is or may be liable pursuant to Article 3 (the "**Benefited Party**"), then the Benefited Party shall pay to the other Party within 10 days of the Final Determination of such Adjustment an amount equal to the lesser of (a) the amount of such hypothetical Refund or (b) the amount of such reduction in the Taxes of the Benefited Party, in each case plus interest at the rate set forth in Section 6621(a)(1) of the Code on such amount for the period from the filing date of the Tax Return that would have given rise to such Refund to the payment date to the other Party.

(d) To the extent that the amount of any Refund under this Section 4.01 is later reduced by a Taxing Authority or as the result of a Tax Proceeding, such reduction shall be allocated to the Party that was entitled to such Refund pursuant to this Section 4.01 and an appropriate adjusting payment shall be made by such Party to the other Party if the other Party originally paid the Refund to such Party. For the avoidance of doubt, this Section 4.01(d) is intended to make whole the other Party that was not entitled to the Refund.

Section 4.02 Carrybacks.

(a) Subject to Tech's discretion to file an amended Tax return under Section 4.03, each Party is permitted (but not required) to carry back (or to cause its Subsidiaries to carry back) a loss, credit, or other Tax Attribute realized in a Post-Closing Period or a Straddle Period to a Pre-Closing Period or a Straddle Period; provided, however, that if such carryback would reasonably be expected to adversely impact the other Party (including through an increase in Taxes or a loss or reduction in the utilization of a loss, credit, or other Tax Attribute regardless of whether or when such loss, credit, or other Tax Attribute otherwise would have been used), such carryback shall not be permitted without first obtaining the prior written consent of such other Party, which consent shall not be unreasonably withheld or delayed.

(b) (i) Refunds for Carrybacks. Subject to Sections 4.02(c) and 4.02(d), in the event that any member of the Fuels Group chooses to (or is required to under applicable Law), and is permitted to under Sections 4.02(a) and 4.03, carry back a loss, credit, or other Tax Attribute to a Mixed Business Tax Return, Tech shall cooperate with Fuels and such member in seeking from the appropriate Taxing Authority any Refund that reasonably would result from a permitted carryback (including by filing an amended Tax Return at Fuels' cost and expense). Fuels (or such member) shall be entitled to any Refund realized by any member of the Tech Group or Fuels Group as a result of the carryback.

(ii) Subject to Sections 4.02(c) and 4.02(d), in the event that any member of the Tech Group chooses to (or is required to under applicable Law), and is permitted to under Sections 4.02(a) and 4.03, carry back a loss, credit, or other Tax Attribute to a Mixed Business Tax Return, Fuels shall cooperate with Tech and such member in seeking from the appropriate Taxing Authority any Refund that reasonably would result from a permitted carryback (including by filing an amended Tax Return at Tech's cost and expense). Tech shall be entitled to any Refund realized by any member of the Fuels Group or Tech Group as a result of the carryback.

(c) Except as otherwise provided by applicable Law, if any loss, credit or other Tax Attribute of the Water Sterilization Business and the Welding Supply & Gas Distribution Business both would be eligible to be carried back or carried forward to the same Pre-Closing Period or Straddle Period (had such carryback been the only carryback to such taxable period) (such amount for each of Water Sterilization Business and the Welding Supply & Gas Distribution Business separately referred to as the "**Carryback Amount**" and the sum of both amounts returned to as the "**Aggregate Carryback Amount**"), any Refund resulting therefrom shall be allocated between Tech and Fuels proportionately based on the ratio of the Water Sterilization Business Carryback Amount to the Aggregate Carryback Amount and the Welding Supply & Gas Distribution Business Carryback Amount to the Aggregate Carryback Amount, respectively. Appropriate adjustments to the allocation of any Refund under the preceding sentence shall be made if the carryback results in any additional Tax Attributes being allocated to the Tech Group or the Fuels Group (for example, under the regulations applicable to U.S. federal consolidated income tax returns) to the extent necessary to cause the Tech Group, on the one hand, and the Fuels Group, on the other hand, to proportionately benefit from such carryback.

(d) To the extent the amount of any Refund under this Section 4.02 is later reduced by a Taxing Authority or a Tax Proceeding, such reduction shall be allocated to the Party to which such Refund was allocated pursuant to this Section 4.02.

Section 4.03 Amended Tax Returns.

(a) Mixed Business Tax Returns. Tech shall, in its sole discretion, be permitted to amend, or to cause Fuels or any Fuels Entity to amend (and Fuels shall, if Tech so chooses, amend or cause the applicable Fuels Entity to amend), any Mixed Business Tax Return; *provided, however*, that unless otherwise required by a Final Determination, Tech shall not be permitted to so amend any such Mixed Business Tax Return to the extent that any such amendment or filing (i) would reasonably be expected to materially adversely impact Fuels (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used), (ii) would be inconsistent with historical practice, or (iii) would be inconsistent with the Opinion or Tax Representation Letter, in each case without the prior written consent of Fuels, which consent shall not be unreasonably withheld or delayed. If requested in writing by Fuels at least 60 days prior to the expiration of the applicable statute of limitations, Tech shall amend any Mixed Business Tax Return to reflect changes proposed by Fuels; *provided, however*, that Fuels shall reimburse Tech for all reasonable out-of-pocket costs and expenses incurred by Tech in amending such Mixed Business Tax Return; *provided, further*, that unless otherwise required by a Final Determination, Tech shall not be required to so amend any such Mixed Business Tax Return to the extent that any such amendment (A) would reasonably be expected to materially adversely impact Tech (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used), (B) would be inconsistent with historical practice, or (C) would be inconsistent with the Opinion or Tax Representation Letter.

(b) Single Business Tax Returns.

(i) Tech. Tech shall, in its sole discretion, be permitted to amend (or cause or permit to be amended) any Single Business Tax Return relating to the Water Sterilization Business.

(ii) Fuels. Fuels shall, in its sole discretion, be permitted to amend (or cause or permit to be amended) any Single Business Tax Return relating to the Welding Supply & Gas Distribution Business.

Section 4.04 Tax Attributes.

(a) Tax Attributes arising in a Pre-Closing Period will be allocated to (and the benefits and burdens of such Tax Attribute will inure to) the Tech Group and the Fuels Group in accordance with historical practice (including historical methodologies for making corporate allocations), the Code, Treasury Regulations, and any applicable state, local and foreign Law. Tech and Fuels shall jointly determine the allocation of such Tax Attributes arising in Pre-Closing Periods as soon as reasonably practicable following the Distribution Date, and shall compute all Taxes for a Post-Closing Period and Straddle Period consistently with that determination unless otherwise required by a Final Determination.

(b) Except as otherwise provided herein, to the extent that the amount of any Tax Attribute is later reduced or increased by a Taxing Authority or as a result of a Tax Proceeding, such reduction or increase shall be allocated to the Party to which such Tax Attribute was allocated pursuant to Section 4.04(a).

(c) Notwithstanding anything to the contrary in this Agreement, Tech shall at all times be entitled to any Tax deduction or credit, as the case may be, relating to the exercise of Tech Common Shares compensatory stock options, (ii) restricted stock that has vested (in whole or in part) on or prior to the Distribution Date, or (iii) restricted stock with respect to Tech Common Shares. Fuels shall be entitled to any Tax deduction or credit, as the case may be, relating to (A) the exercise of Fuels Common Shares compensatory stock options or (B) restricted stock with respect to Fuels Common Shares. To the extent any Tax deduction that is described in either of the first two sentences of this Section 4.04(c) and claimed by the Party to whom the deduction is allocated under this section 4.04(c) is disallowed to such Party and a Taxing Authority makes a determination that the other Party is entitled to such deduction, the Party denied such deduction shall notify the other Party of the receipt of such determination, promptly after receipt thereof, and the Party for which the determination allows the Tax deduction shall pay to the other Party the amount of the Tax Benefit arising therefrom.

Article V. Tax Proceedings

Section 5.01 Notification of Tax Proceedings. Within 10 days after a Controlling Party (or its Subsidiary) becomes aware of the commencement of a Tax Proceeding that may give rise to Taxes for which an Interested Party is responsible pursuant to Article 3, such Controlling Party shall provide notice to the Interested Party of such Tax Proceeding, and thereafter shall promptly forward or make available to the Interested Party copies of notices and communications relating to such Tax Proceeding. The failure of the Controlling Party to provide notice to the Interested Party of the commencement of any such Tax Proceeding within such 10-day period or promptly forward any further notices or communications shall not relieve the Interested Party of any obligation which it may have to the Controlling Party under this Agreement except to the extent that the Interested Party is actually prejudiced by such failure.

Section 5.02 Tax Proceeding Procedures. The Controlling Party, in its sole discretion, and at its own expense, shall be entitled to control, administer, contest, litigate, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding and any such actions taken by the Controlling Party shall be made diligently and in good faith; provided that the Controlling Party shall (a) keep the Interested Party informed in a timely manner of all actions proposed to be taken by the Controlling Party and shall permit the Interested Party to comment in advance on the Controlling Party's oral or written submissions with respect to such Tax Proceeding, (b) prepare all correspondence or filings to be submitted to any Taxing Authority or judicial authority in a manner consistent with the Tax Return, which is the subject of such Adjustment, as filed and timely provide the Interested Party with copies of any such correspondence or filings for the Interested Party's prior review and comment and (c) provide the Interested Party with written notice reasonably in advance of, and the Interested Party shall have the right to attend and participate in, any formally scheduled meetings with any Taxing Authority or hearings or proceedings before any judicial authority with respect to such Adjustment. Furthermore, the Controlling Party may not settle or otherwise resolve a Tax Proceeding with respect to an Adjustment that would reasonably be expected to impact the Tax liability of an Interested Party without the consent of such Interested Party, such consent not to be unreasonably withheld; provided that the Controlling Party shall be permitted to settle or otherwise resolve a Tax Proceeding if and when the only unsettled issue of such Tax Proceeding relates to an Adjustment for which an Interested Party has consent rights pursuant to the previous clause, but has not consented to settlement.

Section 5.03 Tax Proceeding Cooperation. Each Party shall act in good faith and use its reasonable best efforts to cooperate fully with the other Party (and its Subsidiaries) in connection with such Tax Proceeding and shall provide or cause its Subsidiaries to provide such information to each other as may be necessary or useful with respect to such Tax Proceeding in a timely manner, identify and provide access to potential witnesses, and other persons with knowledge and other information within its control and reasonably necessary to the resolution of the Tax Proceeding.

Article VI. Tax-Free Status of the Transactions

Section 6.01 Representations and Warranties.

(a) Fuels. Fuels hereby represents and warrants or covenants and agrees, as appropriate, that:

(i) it has examined (A) the Opinion, (B) the Tax Representation Letter, and (C) any other materials delivered or deliverable by Tech or Fuels in connection with the rendering by Counsel of the Opinion (all of the foregoing, collectively, the "**Tax Materials**");

(ii) the facts presented and the representations made therein, to the extent descriptive of the Fuels Group (including the business purposes for the Distribution as described in the Opinion and the other Tax Materials to the extent that they relate to the Fuels Group and the plans, proposals, intentions and policies of the Fuels Group), are, or will be from the time presented or made through and including the Distribution Date and thereafter as relevant, true, correct and complete in all respects; it knows of no fact (after due inquiry) that may negate the Tax-Free Status of the Transactions; and

(iii) neither it, nor any of its Subsidiaries, has any plan or intent to take any action which is inconsistent with any statements or representations made in the Tax Materials.

(b) Tech. Tech hereby represents and warrants or covenants and agrees, as appropriate, that:

(i) it has examined the Tax Materials;

(ii) it has delivered complete and accurate copies of the Tax Materials to Fuels, and the facts presented and the representations made therein, to the extent descriptive of the Tech Group (including the business purposes for the Distribution as described in the Opinion, and the other Tax Materials to the extent that they relate to the Tech Group and the plans, proposals, intentions and policies of the Tech Group), are, or will be from the time presented or made through and including the Distribution Date and thereafter as relevant, true, correct and complete in all respects;

(iii) it knows of no fact (after due inquiry) that may negate the Tax-Free Status of the Transactions; and

(iv) neither it, nor any of its Subsidiaries, has any plan or intent to take any action which is inconsistent with any statements or representations made in the Tax Materials.

Section 6.02 Limits on Proposed Acquisition Transactions and Other Transactions During Restriction Period.

(c) During the Restriction Period, Tech and Fuels:

(i) shall continue and cause to be continued the active conduct of the Water Sterilization Business and the Welding Supply & Gas Distribution Business, in each case taking into account Section 355(b)(3) of the Code and as conducted immediately prior to the Distribution;

(ii) shall not voluntarily dissolve, liquidate, or partially liquidate (including any action that is treated as a liquidation for federal income Tax purposes);

(iii) shall not enter into any Proposed Acquisition Transaction or, approve any Proposed Acquisition Transaction, or permit any Proposed Acquisition Transaction to occur;

(iv) shall not redeem or otherwise repurchase (directly or through an Affiliate) any stock, or rights to acquire stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48 and as such analogous elements or embodied in super ceding Revenue Procedure 2017-52 (provided, however, that the fact that any such redemption or repurchase satisfies Section 4.05(1)(b) of Revenue Procedure 96-30 shall not prevent such redemption or repurchase from being considered, or taken into account for purposes of another transaction constituting, a Proposed Acquisition Transaction, in which case clause (iii) shall apply);

(v) shall not amend its articles of incorporation (or other organizational documents), or take any other action or approve or permit the taking of any action, whether through a stockholder vote or otherwise, affecting the relative voting rights of the common shares (including through the conversion of any common shares into another class of capital stock);

(vi) shall not issue shares of a new class of nonvoting stock;

(vii) shall not merge or consolidate with any other Person; *provided, however*, that if Tech or Fuels acquires equity of another Person in a transaction that is not otherwise described in clauses (i) through (vi), (viii), or (ix) of this Section 6.02(a), then the merger or consolidation of such Person with and into Tech or Fuels (with Tech or Fuels surviving), as applicable, shall not constitute a merger or consolidation described in this clause (vii);

(viii) shall not sell, transfer, or otherwise dispose of or agree to, sell, transfer or otherwise dispose of (including in any transaction treated for U.S. federal income Tax purposes as a sale, transfer or disposition, and including any sale, transfer or other disposition to an Subsidiary or otherwise) assets (including, any shares of common shares of a Subsidiary) that, in the aggregate, constitute more than 35% of its consolidated gross or net assets. The foregoing sentence shall not apply to (A) sales, transfers, or dispositions of assets in the Ordinary Course of Business, (B) any cash paid to acquire assets from an unrelated Person in an arm's-length transaction, (C) any assets transferred to a Person that is disregarded as an entity separate from the transferor for U.S. federal income Tax purposes or (D) any mandatory or optional repayment (or pre-payment) of any indebtedness of such company. The percentages of consolidated gross and net assets sold, transferred, or otherwise disposed of, shall be based on the fair market value of the gross or net assets, as the case may be, of Tech and Fuels, as applicable, as of the Distribution Date. For purposes of this Section 6.02(a)(viii), a merger of Tech or Fuels with and into any Person shall constitute a disposition of all of the assets of Tech or Fuels, respectively; and

(ix) shall not take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Tax Materials) which in the aggregate (and taking into account any other transactions described in this Section 6.02(a)) would be reasonably likely to have the effect of causing or permitting one or more Persons (whether or not acting in concert) to acquire directly or indirectly stock representing a Fifty-Percent or Greater Interest in Tech or Fuels or otherwise jeopardize the Tax-Free Status of the Transactions.

(x) Notwithstanding the restrictions imposed by Section 6.02(a), during the Restriction Period, Tech and Fuels shall be permitted to take such action or one or more actions set forth in the foregoing clauses (i) through (ix), if, prior to taking any such actions, the Party taking the action (the "**Acting Party**") set forth in the foregoing clauses (i) through (ix) shall (1) have received a favorable private letter ruling from the IRS, or a ruling from another appropriate Taxing Authority that confirms that such action or actions will not affect the Tax-Free Status of the Transactions, taking into account such actions and any other relevant transactions in the aggregate (a "**Post-Distribution Ruling**"), in form and substance satisfactory to the other Party (the "**Non-Acting Party**"), or (2) have received an Unqualified Tax Opinion that confirms that such action or actions will not affect the Tax-Free Status of the Transactions, or (3) the Non-Acting Party shall have waived in writing the requirement to obtain such ruling or opinion. In determining whether a ruling or opinion is satisfactory, the Non-Acting Party shall exercise its discretion, in good faith, solely to preserve the Tax-Free Status of the Transactions and may consider, among other factors, the appropriateness of any underlying assumptions or representations used as a basis for the ruling or opinion and the Non-Acting Party's views on the substantive merits of such ruling or opinion. The Acting Party shall provide a copy of the Post-Distribution Ruling or the Unqualified Tax Opinion described in this paragraph to the Non-Acting Party as soon as practicable prior to taking or failing to take any action set forth in the foregoing clause through (ix). The Acting Party shall bear all costs and expenses of securing any such Post-Distribution Ruling or Unqualified Tax Opinion and shall reimburse the Non-Acting Party for all reasonable out-of-pocket costs and expenses that the Non-Acting Party may incur in good faith in seeking to obtain or evaluate any such Post-Distribution Ruling or Unqualified Tax Opinion.

Article VII. Cooperation

Section 7.01 General Cooperation.

(a) The Parties shall each cooperate fully (and each shall cause its respective Subsidiaries to cooperate fully) with all reasonable requests in writing ("**Information Request**") from another Party hereto, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns (including the preparation of Tax Packages), claims for Refunds, Tax Proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of any of the Parties or their respective Subsidiaries covered by this Agreement and the establishment of any reserve required in connection with any financial reporting (a "**Tax Matter**"). Such cooperation shall include the provision of any information reasonably necessary or helpful in connection with a Tax Matter ("**Information**") and shall include, without limitation, at each Party's own cost:

(i) the provision of any Tax Returns of the Parties and their respective Subsidiaries, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;

(ii) the execution of any document (including any power of attorney) in connection with any Tax Proceedings of any of the Parties or their respective Subsidiaries, or the filing of a Tax Return or a Refund claim of the Parties or any of their respective Subsidiaries;

(ii) the use of the Party's reasonable best efforts to obtain any documentation in connection with a Tax Matter; and (iv) the use of the Party's reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records or other information in connection with the filing of any Tax Returns of any of the Parties or their Subsidiaries.

(b) Each Party shall make its employees, advisors, and facilities available, without charge, on a reasonable and mutually convenient basis in connection with the foregoing matters.

Section 7.02 Retention of Records. Tech and Fuels shall retain or cause to be retained all Tax Returns, schedules and workpapers, and all material records or other documents relating thereto in their possession, until 60 days after the expiration of the applicable statute of limitations (including any waivers or extensions thereof) of the taxable periods to which such Tax Returns and other documents relate or until the expiration of any additional period that any Party reasonably requests, in writing, with respect to specific material records or documents. A Party intending to destroy any material records or documents shall provide the other Party with reasonable advance notice and the opportunity to copy or take possession of such records and documents. The Parties hereto will provide notice to each other in writing of any waivers or extensions of the applicable statute of limitations that may affect the period for which the foregoing records or other documents must be retained.

Article VIII. Miscellaneous

Section 8.01 Dispute Resolution.

(a) Except as otherwise provided herein, in the event of any dispute between the Parties as to any matter covered by this Agreement, the dispute shall be governed exclusively by the procedures set forth in Section 8.01(b).

(b) With respect to any dispute governed by this Section 8.01(b), the Parties shall appoint an appropriately credentialed independent public accounting firm (the "**Accounting Firm**") to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the disputed items based solely on representations made by Tech and Fuels and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Accounting Firm to resolve all disputes no later than 45 days after the submission of such dispute to the Accounting Firm, but in no event later than the Due Date for the payment of Taxes or the filing of the applicable Tax Return, if applicable, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the historical practices of Tech and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Accounting Firm shall be paid by the non-prevailing Party.

Section 8.02 Tax Sharing Agreements. Any Tax sharing, indemnification and similar agreements, written or unwritten, as between Tech, on the one hand, and Fuels or a Fuels Entity, on the other (other than this Agreement), shall be or shall have been terminated no later than the effective time of the Distribution and, after the effective time of the Distribution, none of Tech, Fuels or a Fuels Entity shall have any further rights or obligations under any such Tax sharing, indemnification or similar agreement.

Section 8.03 Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate equal to the rate of interest from time to time announced publicly by The Wall Street Journal as its prime rate, calculated on the basis of a year of 365 days and the number of days elapsed.

Section 8.04 Survival of Covenants. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Date and remain in full force and effect in accordance with their applicable terms, *provided, however*, that the representations and warranties and all indemnification for Taxes shall survive until 90 days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, of the Tax that gave rise to the indemnification, *provided, further*, that, in the event that notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

Section 8.05 Termination. Notwithstanding any provision to the contrary, this Agreement may be terminated by the board of directors of Tech, in its sole and absolute discretion, at any time prior to the Distribution. In the event of any termination of this Agreement prior to the Distribution, neither Party (nor any member of its Group or any of its respective directors or officers) will have any liability or further obligation to the other Party (or member of its Group) with respect to this Agreement. After the Distribution Date, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties.

Section 8.06 Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained in this Agreement.

Section 8.07 Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement and any annexes, exhibits, schedules and appendices hereto constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter of this Agreement. This Agreement will not be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby other than those expressly set forth in this Agreement or in any document required to be delivered hereunder. Notwithstanding any oral agreement or course of action of the Parties or their representatives to the contrary, no Party to this Agreement will be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement and the Distribution Agreement, as applicable, will have been executed and delivered by each of the Parties. Except as specifically set forth in the Distribution Agreement, and except as provided in Section 8.15, all matters related to Taxes or Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by this Agreement.

Except as provided in Section 8.15, in the event of a conflict between this Agreement and the Distribution Agreement with respect to such matters, this Agreement shall govern and control.

Section 8.08 Assignment. Except as expressly provided in this Agreement, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any Party without the prior written consent of the other Party, and any such assignment or delegation without such prior written consent will be null and void. If any Party to this Agreement (or any of its successors or permitted assigns) (a) will consolidate with or merge into any other Person and will not be the continuing or surviving corporation or entity of such consolidation or merger or (b) will transfer all or substantially all of its properties and/or assets to any Person, then, and in each such case, the Party (or its successors or permitted assigns, as applicable) will ensure that such Person assumes all of the obligations of such Party (or its successors or permitted assigns, as applicable) under this Agreement, in which case the consent described in the previous sentence will not be required.

Section 8.09 No Third-Party Beneficiaries. Except as provided in Article 3 with respect to the Fuels Group and the Tech Group, nothing in this Agreement, express or implied, is intended to or will confer upon any Person other than the Parties and their respective Subsidiaries and their respective successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

Section 8.10 Specific Performance. Subject to the provisions of Section 8.01, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by the Parties.

Section 8.11 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing expressly designated as an amendment hereto, signed on behalf of each Party hereto.

Section 8.12 Waiver. No failure or delay of either Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Parties (and the other members of their respective Groups) under this Agreement are cumulative and are not exclusive of any rights or remedies that they would otherwise have hereunder. Any agreement on the part of any Party to any such waiver will be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 8.13 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, clause, Exhibit and Schedule are references to the Articles, Sections, paragraphs, clauses, exhibits and schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including any Schedules or Exhibits hereto; (d) references to "$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) provisions shall apply, when appropriate, to successive events and transactions; (i) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) Tech and Fuels have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (k) a reference to any Person includes such Person's successors and permitted assigns.

Section 8.14 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 8.15 Coordination with the Separation Agreement and Distribution Agreement. To the extent any conflict arises between this Agreement and the Separation Agreement or Distribution Agreement, this Agreement shall control.

Section 8.16 Effective Date. This Agreement shall become effective only upon the occurrence of the Distribution.

Section 8.17 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby will be governed by, and construed in accordance with, the Laws of the State of Delaware, without regard to the conflicts of law rules thereof.

Section 8.18 Force Majeure. Neither Party hereto (nor any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) notify the other Party of the nature and extent of any such Force Majeure condition and (b) undertake with commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 8.19 Notices. All notices and other communications under this Agreement will be in writing and will be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or electronic transmission, upon written confirmation of receipt by facsimile, e-mail or otherwise, (b) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier, or (c) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder will be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to Tech:
Taronis Technologies, Inc.
Attention: General Counsel
300 W. Clarendon Ave., #230
Phoenix, AZ 85013

If to Fuels:
Taronis Fuels, Inc.
300 W. Clarendon Ave. #230
Phoenix, AZ 85013
Attention: General Counsel

Section 8.20 No Circumvention. Each Party agrees not to directly or indirectly take any actions, act in concert with any Person who takes any action, or cause or allow any of its Subsidiaries to take any actions (including the failure to take any reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to the provisions of this Agreement).

Section 8.21 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

[This space intentionally blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

TECH:
Taronis Technologies, Inc., a Delaware corporation

By: _____
Its: _____
Date: _____

FUELS:
Taronis Fuels, Inc., a Delaware corporation

By: _____
Its: _____
Date: _____

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement"), dated as of November [___], 2019 (the "Effective Date"), is made and entered into by and between Taronis Technologies, Inc., a Delaware corporation ("Tech"), and Taronis Fuels, Inc., a Delaware corporation and wholly owned subsidiary of Tech ("Fuels"). Each of Tech and Fuels may be referred to herein individually as a "Party" and collectively as the "Parties." For purposes of this Agreement, capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the Master Distribution Agreement (as defined below).

RECITALS

WHEREAS, the board of directors of Tech (the "Tech Board") has determined that it is advisable and in the best interests of Tech and Tech's stockholders to separate Fuels' businesses from that of Tech standing along, creating two independent publicly traded companies (the "Distribution");

WHEREAS, to effectuate the Distribution, Tech and Fuels have entered into a Master Distribution Agreement, dated as of November [__], 2019 (the "Master Distribution Agreement"); and

WHEREAS, to facilitate and provide for an orderly transition in connection with the Distribution, the Parties desire to enter into this Agreement to set forth the terms pursuant to which each of the Parties shall provide Services to the other Party for a transitional period;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Article I. Services

Section 1.01 Services.

(a) With respect to each applicable service set forth on Schedule 1 hereto (the "Services"), the Party identified on Schedule 1 hereto as the "Provider" of such Service agrees to provide, or to cause one or more members of its Group to provide, such Service to the other Party (the "Recipient"), or any members of the Recipient's Group, in each case for the period commencing on the Effective Date and ending on the earlier of (i) the date that a Party terminates the provision of such Service pursuant to Section 4.02 and (ii) the date set forth on Schedule 1 with respect to such Service (the "Service Period"). The Parties acknowledge and agree that the "Service" as described on Schedule 1 may be amended or modified, or added to with greater specificity, by the Parties following the Effective Date, via a revision of such Schedule 1 duly executed by an authorized officer of each of the Parties.

(b) At any time during the term of this Agreement, either Party may request that the other Party provide or cause its Group to provide additional services hereunder (the "Additional Services") by providing written notice of such request, it being understood that the Party that receives such request may in its sole discretion decline to provide such requested Additional Services. If a Provider agrees to undertake to provide the Additional Services, upon the mutual written agreement as to the nature, cost, duration and scope of such Additional Services, Tech and Fuels shall supplement in writing the Services set forth on Schedule 1 to include such Additional Services. Except where the context otherwise indicates or requires, any such Additional Services specified on Schedule 1 or so agreed upon in writing by the Parties shall be deemed to be "Services" under this Agreement.

Section 1.02 Performance of Services.

(a) The Provider shall perform, or shall cause one or more members of its Group to perform, all Services to be provided by the Provider in a manner that is based on its past practice and that is substantially similar in all material respects to such Services (or analogous services) provided by or on behalf of Tech or any of its Subsidiaries with respect to the Fuels Business or Tech Business, as applicable, during the twelve (12) months prior to the Effective Date (collectively referred to as the "Level of Service").

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent that the manner of such performance would constitute a violation of any applicable Law or any existing contract or agreement with a Third Party. As between the Parties, the Provider shall be the party that determines, in its sole discretion, whether to communicate with and shall be the party that communicates with Third Parties in connection with any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow the Provider to perform, or cause to be performed, Services to be provided to the Recipient hereunder, with any such communications to be in the sole discretion of Provider. Unless otherwise agreed in writing by the Parties, all reasonable and documented out-of-pocket costs and expenses (if any) incurred by any Party or any member of its Group in connection with obtaining any Third Party consent that is required to allow the Provider to perform or cause to be performed any Services hereunder shall be paid for by the Recipient. If, with respect to a Service, a required Third-Party consent has not been obtained, or the performance of a Service by or on behalf of the Provider would constitute a violation of any applicable Law, the Provider shall have no obligation to perform or cause to be performed such Service.

(c) The Provider shall not be obligated to perform or to cause to be performed any Service in a manner that is materially more burdensome (with respect to service quality, service quantity, or allocation of personnel or resources) than such services (or analogous services) provided by or on behalf of Tech or any of its Subsidiaries with respect to the Fuels Business or Tech Business, as applicable, during the 12-month period prior to the Effective Date. Without limiting the generality of the foregoing, the Provider shall not be required to maintain the employment of any specific employee(s), hire additional employees or third-party service providers or purchase, lease or license any additional equipment, software or other assets or properties in order the provide the Services hereunder. If the Recipient requests that the Provider perform or cause to be performed any Service in a manner that exceeds the Level of Service, then the Parties shall reasonably cooperate and act in good faith to determine whether the Provider will be required to provide such requested higher Level of Service. If the Parties determine that the Provider shall provide the requested higher Level of Service, then such higher Level of Service shall be documented in a written agreement signed by the Parties, which may be an amendment or addendum to this Agreement.

(d) Neither the Provider nor any member of its Group shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the Recipient and the members of its Group. EXCEPT AS EXPRESSLY PROVIDED IN THIS Section 1.02 OR Section 6.04, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(e) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any action in violation of any such applicable Law.

Section 1.03 Determination of Allocated Costs; Dispute Resolution; Payment.

(a) From and after the Effective Date and during the Service Period, the actual costs to applicable Provider of providing the Services to the Recipient, including, without limitation, the salaries, employment taxes and benefits applicable to the employees of the Provider actually engaged in providing the Services, based on the percentage of time spent by such employees in providing such services relative to the time spent by such employees on matters not relating to such services, plus applicable allocated overhead and other expenses incurred, in each case without mark-up (the "Allocated Costs"), will be determined and allocated in good faith by the Parties jointly, on a monthly basis, commencing as of the end of the first (1st) calendar month following the Effective Date and continuing thereafter as of the end of each succeeding one (1) calendar month period. The Allocated Costs so determined by the Parties shall be subject to quarterly review ("Review Period") and approval by the Audit Committee of each Party, or such other committee as determined by the Board of Directors of each Party (the "Audit Committees").

(b) In the event of a dispute between the Parties or their applicable Audit Committees, concerning the proposed Allocated Costs in respect of any month(s) comprising a Review Period, then the Parties shall mutually select and engage a recognized certified public accountant acceptable to each of the them to review disputed items and to determine the Allocated Costs for the month(s) comprising the Review Period in question; provided, however, if such Parties cannot agree on a mutually acceptable certified public accountant, each Party or such party's Audit Committee, each shall name a recognized certified public accountant and those two certified public accountants shall select a third recognized certified public accountant which shall be used for the purposes of this Section 1.03(b). The selected certified public accountant's opinion concerning the Allocated Costs for the quarterly period in question shall be final and binding on all Parties. The expenses of the certified public accountant will be borne by each Party in the same proportion by which their respective positions as initially presented to the certified public accountant differs from the final resolution as determined by the certified public accountant.

(c) The Allocated Costs for each month comprising a Review Period during the Service Period, as finally determined pursuant to Section 1.03(a) or Section 1.03(b), as applicable, will be invoiced, in arrears, by the applicable Provider to the applicable Recipient as set forth in Article III. Together with any invoice for Allocated Costs, the Provider shall provide the Recipient with reasonable documentation, including any additional documentation reasonably requested by the Recipient to the extent that such documentation is in the Provider's or its Group's possession or control, to confirm the calculation of the Allocated Costs.

Section 1.04 Changes in the Performance of Services. Subject to the performance Level of Service, the Provider may make changes from time to time in the manner of performing the Services if the Provider is making similar changes in performing analogous services for itself or its Group and if the Provider furnishes to the Recipient reasonable prior written notice of such changes. No such change shall materially adversely affect the timeliness or quality of the applicable Service.

Section 1.05 Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to reasonably cooperate and to use commercially reasonable efforts to effectuate a smooth transition of the Services from the Provider to the Recipient (or its designee).

Section 1.06 Subcontracting. A Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, however, that (a) such Provider shall use the same degree of care (but at least reasonable care) in selecting each such Third Party as it would if such Third Party was being retained to provide similar services to the Provider or its Group and (b) such Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the Services.

Article II. OTHER ARRANGEMENTS

Section 2.01 Access. The Recipient shall, and shall cause the members of its Group to, allow the Provider and the members of its Group and their respective Representatives reasonable access to the facilities of the Recipient and the members of its Group that is necessary for the Provider to fulfill its obligations under this Agreement. In addition to the foregoing right of access, the Recipient shall, and shall cause the members of its Group to, afford the Provider and the members of its Group and their respective Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of the Recipient and the members of its Group as reasonably necessary for the Provider to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by the Provider or the members of the Provider Group, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of the Recipient or any member of its Group and (ii) in the event that the Recipient determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids such harm and consequence. The Provider agrees that all of its and its Group's employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of the Recipient or a member of the Recipient's Group, or when given access to any facilities, Information, systems, infrastructure or personnel of the Recipient or a member of the Recipient's Group, conform to the policies and procedures of the Recipient and the members of the Recipient's Group, as applicable, concerning health, safety, conduct and security which are made known or provided to the Provider from time to time.

Section 2.02 Audit Assistance. Each of the Parties and the members of their respective Groups are or may be subject to regulation and audit by a Governmental Authority (including a Governmental Authority with respect to Taxes) or parties to contracts with such Parties or the members of their Groups. If such a Third Party exercises its right to examine or audit such Party's or a member of its Group's books, records, documents or accounting practices and procedures pursuant to such applicable Law or contract provisions, and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party (except if related to the Recipient's receipt of Services, in which case such cost and expense shall be the Recipient's responsibility), all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services. The requesting Party shall consult and cooperate with the cooperating Party to limit the scope of any such examination or audit to the extent reasonably possible.

Section 2.03 Title to Intellectual Property. Except as otherwise expressly provided for under this Agreement, the Master Distribution Agreement, or another Ancillary Agreement, the Recipient acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any intellectual property which is owned or licensed by the Provider, by reason of the provision of the Services hereunder (other than the receipt and use of the Services by the Recipient during the term of this Agreement as contemplated hereunder). The Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by the Provider, and the Recipient shall reproduce any such notices on any and all copies thereof. The Recipient shall not attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by the Provider, and the Recipient shall promptly notify the Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Article III. BILLING; TAXES

Section 3.01 Procedure. Allocated Costs for the Services as well as any Covered Taxes (as defined below) (collectively, the "Charges") due and owing in accordance with this Agreement, shall be charged to and payable by the Recipient. Amounts payable pursuant to this Agreement shall be paid by wire transfer (or such other method of payment as may be agreed between the Parties from time to time) to the Provider (as directed by the Provider), on a monthly basis, which amounts shall be due within thirty (30) days after the Recipient's receipt of each such invoice, including reasonable documentation pursuant to Section 1.02(e). All amounts due and payable hereunder shall be invoiced and paid in U.S. dollars.

Section 3.02 Late Payments. Charges not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of the receipt of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus one percent (1%) or the maximum rate under applicable Law, whichever is lower.

Section 3.03 Taxes.

(a) Without limiting any provisions of this Agreement, the Charges shall be exclusive of all sales, use, value-added, goods and services, services, excise, consumption, transfer or similar taxes, and any related penalties and interest, arising from the payment of such Charges to the Provider under this Agreement (other than any taxes measured by or imposed on the Provider's gross or net income, or franchise or other similar taxes of the Provider) ("Covered Taxes").

(b) The Recipient shall pay, or reimburse the Provider for, any and all Covered Taxes.

(c) Where required by applicable Law, the Recipient shall pay any Covered Taxes directly to the relevant Governmental Authority in compliance with applicable Law. If any Covered Taxes are assessed on the receipt of Charges by the Provider under this Agreement, the Provider shall notify the Recipient, pay such Covered Taxes directly to the applicable Governmental Authority and promptly provide the Recipient with an official receipt showing such payment, and the Recipient shall (without duplication) reimburse the Provider for such Covered Taxes.

(d) In the event that applicable Law requires any Covered Taxes to be withheld from a payment of Charges by a Recipient to a Provider under this Agreement, the Recipient shall make such required withholding, pay such withheld amounts over to the applicable Governmental Authority in compliance with applicable Law, and increase the amount payable to the Provider as necessary so that, after the Recipient has withheld such amounts, the Provider receives an amount equal to the amount the Provider would have received had no such withholding been required.

(e) The Recipient and the Provider shall use reasonable efforts, and shall cooperate with each other in good faith, to secure (and to enable the Recipient to claim) any exemption from, or otherwise to minimize, any Covered Taxes or to claim a tax refund therefor or tax credit in respect thereof, and the Recipient shall not be responsible for any Covered Taxes to the extent that such Covered Taxes would not have been imposed if (i) the Provider was eligible to claim an exemption from or reduction of such Covered Taxes, (ii) the Recipient used commercially reasonable efforts to notify the Provider of such eligibility reasonably in advance and (iii) the Provider failed to claim such exemption or reduction. If the Provider receives a refund with respect to any Covered Taxes paid or borne by the Recipient under this Agreement, the Provider shall promptly pay such refund to the Recipient net of costs and expenses (including any additional taxes) incurred by the Provider in connection with the receipt of such refund or the payment of such refund to the Recipient net of costs and expenses (including any additional taxes) incurred by the Provider in connection with the receipt of such refund or the payment of such refund to the Recipient.

(f) Except as mutually agreed to in writing by Tech and Fuels, no Party or any member of its Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any of member of its Group arising out of this Agreement.

Article IV. TERM AND TERMINATION

Section 4.01 Term. This Agreement shall commence upon the Effective Date and shall terminate upon the earlier to occur of: (a) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement; (b) the mutual written agreement of the Parties to terminate this Agreement in its entirety; and (c) 11:59 p.m., Arizona time on September 1, 2020. Unless otherwise terminated pursuant to Section 4.02, this Agreement shall terminate with respect to each Service as of the close of business on the last day of the Service Period for such Service.

Section 4.02 Early Termination.

(a) Without prejudice to the Recipient's rights with respect to Force Majeure, the Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service:

(i) for any reason or no reason, at least thirty (30) days following written request to the Provider to terminate such Service, if the Provider agrees in writing to such termination; provided, however, that any such termination (x) may only be effective as of the date agreed to in writing by the Parties, (y) shall not result in a reduction of Charges with respect to calendar year 2019, and (z) shall result in a reduction of Charges following calendar year 2019 only if and to the extent expressly set forth in Schedule 1; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to be uncured for a period of thirty (30) days (or ninety (90) days if Provider is using good-faith efforts to so cure during such thirty (30) day period and thereafter) after receipt by the Provider of written notice of such failure from the Recipient; provided, however, that any such termination may only be effective as of the last day of a month; provided, further, that the Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 7.02) as to whether the Provider has cured the applicable breach.

(b) The Provider may terminate this Agreement with respect to any individual Service, but not a portion thereof, at any time upon prior written notice to the Recipient if the Recipient has failed to perform any of its material obligations under this Agreement relating to such Service, including making payment of Charges for such Service when due, and such failure shall continue to be uncured for a period of thirty (30) days (or ninety (90) days if Recipient is using good-faith efforts to so cure during such thirty (30) day period and thereafter) after receipt by the Recipient of a written notice of such failure from the Provider; provided, however, that any such termination may only be effective as of the last day of a month; provided, further, that the Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 7.02) as to whether the Recipient has cured the applicable breach.

Section 4.03 Interdependencies. The Parties acknowledge and agree that: (a) there may be interdependencies among the Services being provided under this Agreement; (b) upon the request of either Party, the Parties shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that a Party is seeking to terminate pursuant to Section 4.02 and (ii) in the case of such termination, the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination of another Service; and (c) in the event that the Parties have determined that such interdependencies exist (and, in the case of such termination that the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination), the Parties shall negotiate in good faith to amend Schedule 1 with respect to such termination of such impacted Service, which amendment shall be consistent with the terms of comparable Services. To the extent that the Provider's ability to provide a Service is dependent on the continuation of a specified Service, the Provider's obligation to provide such dependent Service shall terminate automatically with the termination of such supporting Service.

Section 4.04 Effect of Termination. Upon the termination of any Service pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service.

Section 4.05 Information Transmission. The Provider, on behalf of itself and the members of its Group, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the Recipient, in accordance with the Master Distribution Agreement, any Information received or computed by the Provider for the benefit of the Recipient concerning the relevant Service during the Service Period; provided, however, that, except as otherwise agreed to in writing by the Parties (a) the Provider shall not have any obligation to provide, or cause to be provided, Information in any nonstandard format, (b) the Provider and the members of its Group shall be reimbursed for their reasonable costs in accordance with the Master Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) the Provider shall use commercially reasonable efforts to maintain any such Information in accordance with the Master Distribution Agreement.

Article V. CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 5.01 Tech and Fuels Obligations. Subject to Section 5.04, until the five (5)-year anniversary of the Effective Date, each of Tech and Fuels, on behalf of itself and each member of its Group, agrees to hold, and to cause its respective Representatives to hold, in confidence, with at least the same degree of care that applies to Tech's proprietary and confidential Information pursuant to policies in effect as of the Effective Date, all proprietary or confidential Information concerning the other Party or the members of its Group or their respective businesses ("Confidential Information") that is either in its possession (including Confidential Information in its possession prior to the Effective Date) or furnished by such other Party or such other Party's Group members or their respective Representatives at any time pursuant to this Agreement, and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information has been (a) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of its Group or any of their respective Representatives in violation of this Agreement; (b) later lawfully acquired from other sources by such Party or any of member of its Group, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) independently developed or generated without reference to or use of the Confidential Information of the other Party or any member of its Group, in each case other than as may be required by applicable law or order of a Governmental Authority. If any Confidential Information of a Party or any member of its Group is disclosed to the other Party or any member of its Group in connection with providing the Services, then such disclosed Confidential Information shall be used only as required to perform such Services.

Section 5.02 No Release; Return or Destruction. Other than as may be required by law or order of a Governmental Authority, each Party agrees (a) not to release or disclose, or permit to be released or disclosed, any Confidential Information of the other Party addressed in Section 5.01 to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such (whom shall be advised of their obligations hereunder with respect to such Confidential Information) and except in compliance with Section 5.04, and (b) to use commercially reasonable efforts to maintain such Confidential Information in accordance with the Master Distribution Agreement. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by the Master Distribution Agreement, this Agreement or any other Ancillary Agreements, each Party will promptly after request of the other Party either return to the other Party all such Confidential Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon).

Section 5.03 Privacy and Data Protection Laws. Each Party shall comply with all applicable state, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of the Services under this Agreement.

Section 5.04 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Confidential Information of the other Party pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the other Party (or any member of its Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such Information and shall reasonably cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such Information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide such Information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the Information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such Information was disclosed, in each case to the extent legally permitted.

Article VI. LIMITED LIABILITY AND INDEMNIFICATION

Section 6.01 Limitations on Liability.

(a) THE LIABILITIES OF THE PROVIDER AND ITS GROUP MEMBERS AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY AND ALL ACTS OR FAILURES TO ACT IN CONNECTION HEREWITH (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY AND ALL SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT IN THE AGGREGATE EXCEED FIFTY (50%) PERCENT OF THE CHARGES PAID AND PAYABLE TO PROVIDER BY THE RECIPIENT PURSUANT TO THIS AGREEMENT.

(b) The limitations in Section 6.01(a) shall not apply in respect of any Liability to the extent arising out of or in connection with the gross negligence, willful misconduct or fraud of or by the Party (or a member of its Group) to be charged.

(c) IN NO EVENT SHALL EITHER PARTY, THE MEMBERS OF ITS GROUP OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT (OTHER THAN ANY SUCH LIABILITY AS PERMITTED BY THE MASTER DISTRIBUTION AGREEMENT) AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, THE MEMBERS OF ITS GROUP AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

Section 6.02 Obligation to Re-Perform. In the event of any breach of this Agreement by the Provider with respect to the provision of any Services which the Provider can reasonably be expected to re-perform in a commercially reasonable manner, the Provider shall promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider. Any request for re-performance in accordance with this Section 6.02 by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one month from the later of (x) the date on which such breach occurred and (y) the date on which such breach was reasonably discovered by the Recipient.

Section 6.03 Recipient Indemnity. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Master Distribution Agreement, this Agreement or any other Ancillary Agreement, but subject to the limitations set forth in Section 6.01, the Recipient shall indemnify, defend and hold harmless the Provider, the members of the Provider's Group and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties to the extent relating to, arising out of or resulting from the Provider's furnishing or failing to furnish the Services provided for in this Agreement, other than Third Party Claims to the extent arising out of the gross negligence, willful misconduct or fraud of Provider or a member of Provider's Group.

Section 6.04 Provider Indemnity. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Master Distribution Agreement, this Agreement or any other Ancillary Agreement, but subject to the limitations set forth in Section 6.01, the Provider shall indemnify, defend and hold harmless the Recipient, the members of the Recipient's Group and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Recipient Indemnitees"), from and against any and all Liabilities to the extent relating to, arising out of or resulting from the sale, delivery, provision or use of any Services provided by such Provider hereunder, but only to the extent that such Liability relates to, arises out of or results from the gross negligence, willful misconduct or fraud of Provider or a member of Provider's Group.

Section 6.05 Indemnification Procedures. The procedures for indemnification set forth in Master Distribution Agreement shall govern claims for indemnification under this Agreement, mutatis mutandis.

Article VII. MISCELLANEOUS

Section 7.01 Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between the Parties or the respective members of its Group. Employees performing Services hereunder do so on behalf of, under the direction of, and as employees of, the Provider, and the Recipient shall have no right, power or authority to direct such employees.

Section 7.02 Dispute Resolution. In the event of any controversy, dispute or claim (a "Dispute") arising out of or relating to any Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation or allocation of the costs of any Service or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved in accordance with the dispute resolution process referred to in the Master Distribution Agreement.

Section 7.03 Incorporation by Reference. The provisions of Article X of the Master Distribution Agreement (Miscellaneous) are incorporated herein by reference and shall apply to this Agreement as though fully set forth herein, including the representations and warranties of the Parties as set forth therein, provided that any reference therein to the "Agreement" shall be deemed a reference to this Agreement.

[Signatures appear on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Taronis Technologies, Inc.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

Taronis Fuels, Inc.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

Schedule 1

Services; Service Period; Additional Notes

Item or Service	Provider (Tech or Fuels or Both)	Service Period	Additional Notes
Executive Office:	Fuels	12 months	Subject to extension
Finance:	Both	12 months	Subject to extension
Taxation:	Both	12 months	Subject to extension
Legal/Compliance:	Both	12 months	Subject to extension
Government Relations/Public Relations:	Both	12 months	Subject to extension
Risk:	Both	12 months	Subject to extension
Information Technology:	Fuels	12 months	Subject to extension
Marketing & Product Management:	Fuels	12 months	Subject to extension
Operations:	None	12 months	Subject to extension
Human Resources:	Fuels	12 months	Subject to extension
Payroll:	Fuels	12 months	Subject to extension
Back Office/Computers/Communications:	Fuels	12 months	Subject to extension
Websites and Domains:	Fuels	12 months	Subject to extension
Software:	Fuels	12 months	Subject to extension
Regulatory:	Both	12 months	Subject to extension
SEC and OTC Compliance:	Both	12 months	Subject to extension
Asset maintenance:	Fuels	12 months	Subject to extension
Advertising:	Fuels	12 months	Subject to extension
Real Estate:	Fuels	12 months	Subject to extension

DISTRIBUTION AND LICENSE AGREEMENT

THIS Distribution and License Agreement, (hereinafter "Agreement"), dated the 16th day of July, 2019 is between TARONIS TECHNOLOGIES, INC., a Delaware Corporation, f/k/a MagneGas Applied Technology Solutions, Inc. and f/k/a MagneGas Corporation, and MAGNEGAS IP, LLC, a Delaware limited liability company (collectively, the "Company"); and TARONIS FUELS, INC., a Delaware Corporation ("Distributor").

RECITALS

WHEREAS, the Company owns all right, title and interest in the trademark registrations identified in Schedule A (the "Trademarks");

WHEREAS, the Company owns all right, title and interest in the patents identified in Schedule B (the "Patents");

WHEREAS, the Distributor desires to be the exclusive worldwide manufacturer and distributor of gases created using the equipment and methods claimed within the Patents;

WHEREAS, in exchange for this right, Distributor will compensate Company.

NOW, THEREFORE, in consideration of the foregoing Recitals which are incorporated by reference herein and forth other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Definitions.

1.1. "Trademark" or "Trademarks" means any registered trademark or trademark application listed in Schedule A.

1.2. "Patent" or "Patents" means any registered trademark or trademark application listed in Schedule B.

1.3. "Trademark Territory" means every country and territory in which a trademark from Schedule A is in use.

1.4. "Patent Territory" is defined as every country and territory in which a patent from Schedule B exists.

1.5. "Product" is defined as any gas produced using the equipment and methods claimed within any Patent, but excluding water treatment or treated water.

1.6. "Third-Parties" means any individual or entity that is not a party to this Agreement.

1.7. "Forecast" means the Distributor's anticipated purchase quantities.

2. Trademark License Grant. Subject to the terms of this Agreement, Company grants to Distributor an exclusive license to use the Trademarks in conjunction with the Product within the Trademark Territory.

3. Patent License Grant. Subject to the terms of this Agreement, Company grants to Distributor an exclusive license under the Patents to make, use, sell, and offer for sale the Product within the Patent Territory.

4. Right to Enforce Trademarks. Company retains the right to enforce the Trademarks. If Distributor becomes aware of trademark infringement within the Trademark Territory, Distributor must inform Company within fourteen (14) calendar days. The Company may then choose whether, and how, to enforce the Trademarks against Third-Parties. The Company has the right to file lawsuits to enforce the Trademarks, and the right to join Distributor if Company determines joinder is appropriate. The Company bears the cost of such lawsuits, and the right to recover any damages or settlement payments.

5. Right to Enforce Patents. The Company retains the sole right to enforce the Patents. If Distributor becomes aware of patent infringement within the Patent Territory, Distributor must inform Company within fourteen (14) calendar days. The Company may then choose whether, and how, to enforce the Patents against Third-Parties. The Company has the right to file lawsuits to enforce the Patents, and the right to join Distributor if Company determines joinder is appropriate. The Company bears the cost of such lawsuits, and the right to recover any damages or settlement payments.

6. Prohibition of Sublicensing and Sale of Similar Products. Distributor may sublicense Trademarks or Patents with written consent of the Company.

7. Patent and Trademark Fees. Company is solely responsible for tracking and paying all fees and costs associated with maintaining registration of the Trademarks and Patents.

8. Grant Back of Products Developed by Distributor. Distributor, or its employees and members, may choose to develop inventions related to Products ("Distributor Invention"). If Distributor believes that it has reduced to practice a product that is an invention and is an appropriate subject of patent protection, Distributor shall contact Company within thirty (30) days, and prior to any public disclosure. Distributor hereby assigns any Inventions related to Products to Company. It is the sole responsibility of Company to file and prosecute any patent applications to achieve patents for Distributor Inventions. Schedule B will be amended from time to time to include any patents/applications resulting from a Distributor Invention, and that Distributor and Company agree to license.

9. Licensing New Trademarks to Distributor. The Company may seek to use and/or register additional trademarks. If the additional trademarks are related to the Product, Company may add the trademarks to Schedule A. Distributor will cooperate with Company to facilitate registration of additional trademarks, including helping Company to provide proof of use to the relevant trademark office, including executing any documents reasonably necessary for the procurement of registrations.

10. Licensing New Patents to Distributor. The Company may file additional patent applications, and be awarded additional patents. If the additional patents/applications are related to the Product, Company may add the patents/applications to Schedule B. The Company acknowledges that if additional patents are issued to Company, and the patents are related to the Product, Company will only license to Distributor and not to Third-Parties.

11. Royalty Payment. Distributor shall pay Company a royalty in exchange for the above licenses ("Royalty Payments"). Royalty Payments are calculated as seven percent (7%) of any net cash proceeds received by the Distributor in relation to use of the above licenses in any form or fashion. Distributor shall issue a Royalty Payment each month. The Royalty Payment is due no later than thirty (30) days after receipt of net cash proceeds received by the Distributor in relation to is use of the above licenses. Royalty payments will be wired or deposited electronically to an account specified by Company.

12. Sales Forecasts. Upon request, Distributor shall provide a Forecast of anticipated purchase quantities to Company. The scope of a requested Forecast will be negotiated between Company and Distributor at the time of the request.

13. Marking. All Products and advertising of Products bearing the Trademark must be marked with appropriate legend. Specifically, TM or ®, and such other legend as from time to time required by Company. All Products and advertising of the Products claimed by the Patents must be marked in accordance with 35 USC 287(a) as follows:

    13.1.1. U.S. Pat. No. [Patent number(s) from Schedule B]

14. Quality Control. Distributor agrees to use Trademarks in conjunction with the Products under the quality standards and business practices that Company will from time to time establish and promulgate. The Company maintains the right, at any reasonable time, and without prior notice, to inspect Distributor's use of the Trademarks in conjunction with Products for the purpose of insuring that the quality of Product under Trademarks meets or exceeds Company's standards. The Distributor agrees to provide Product of a high quality, fit for its intended purpose.

15. Term and Termination. This Agreement shall remain in effect in perpetuity from the Effective Date, subject to termination as set forth herein.

15.1. This Agreement may be terminated by the Company if:

15.1.1. Company serves written notice of termination on Distributor twelve (12) months in advance of the anniversary of the Effective Date of this Agreement; or

15.1.2. Distributor fails to make a Royalty Payment when due; or

15.1.3. Distributor ceases production of any gas available for creation under this Agreement for a period of three (3) months.

15.2. In the event the other party breaches its obligation(s) under this Agreement, a party may terminate this Agreement in whole or in part subject to such notice if it sends a written notice demanding to cure the breach within reasonable period to the breaching party and breaching party fails to cure such breach.

16. Governing Law. This Agreement is interpreted and governed by the laws of Delaware, and the United States of America, as appropriate.

17. Venue. Venue for any litigation concerning this Agreement, the Patents, or Trademarks is the City of Phoenix, Maricopa County, State of Arizona or the Federal District Court situated in the City of Phoenix, Arizona.

18. Dispute Resolution.

18.1. If a dispute arises from or relates to this Agreement or the breach thereof, and if the dispute cannot be settled through direct discussions, the parties agree to endeavor first to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration. The parties further agree that any unresolved controversy or claim arising out of or relating to this contract, or breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitrator(s) shall be qualified in the field of intellectual property. The place of arbitration shall be Phoenix, Arizona. The arbitration shall be governed by the laws of the State of Arizona.

18.2. In making determinations regarding the scope of exchange of electronic information, the arbitrator(s) and the parties agree to be guided by The Sedona Principles, Third Edition: Best Practices, Recommendations & Principles for Addressing Electronic Document Production.

18.3. Hearings will take place pursuant to the standard procedures of the Commercial Arbitration Rules that contemplate in person hearings.

18.4. The arbitrators will have no authority to award punitive or other damages not measured by the prevailing party's actual damages, except as may be required by statute.

18.5. The arbitrator(s) shall award to the prevailing party, if any, as determined by the arbitrators, all of their costs and fees. "Costs and fees" mean all reasonable pre-award expenses of the arbitration, including the arbitrators' fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, court costs, witness fees, and attorneys' fees. The award of the arbitrators shall be accompanied by a reasoned opinion.

19. Notices. All notices relating to this Agreement must be in writing, and are deemed given when personally delivered, or upon delivery when sent by a method that permits tracking and signature confirmation (e.g., FedEx), or when emailed and confirmation provided by return email. Notices are to be addressed as follows:

Company

TARONIS TECHNOLOGIES, INC.,

Attention: Chief Executive Officer

Address: 300 W. Clarendon Avenue
#230, Phoenix, Arizona 85013

Distributor

TARONIS FUELS, INC.

Attention: General Counsel

Address: 300 W. Clarendon Avenue
#230, Phoenix, Arizona 85013

Either party may change its address for notices by giving notice to the other party in the manner set forth in this section.

20. Integration. This Agreement constitutes the entire understanding and contractual rights and obligations of the parties concerning this Agreement, the Patents, and the Trademarks, and any prior or contemporaneous terms not expressed herein are not enforceable.

21. Severability. The parties intend as follows:

21.1. that if any provision of this Agreement is held to be unenforceable, then that provision will be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded

21.2. that if an unenforceable provision is modified or disregarded in accordance with this section 21, then the rest of the agreement will remain in effect as written; and

21.3. that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable.

22. Legal Fees. If either party brings an action to enforce their rights under this Agreement, the prevailing party may recover its expenses and reasonable legal fees from the losing party incurred in connection with the action and any appeal.

[Signature Page Follows]

[The Remainder of This Page is Intentionally Blank]

IN WITNESS WHEREOF, this Agreement is executed and agreed to on behalf of the parties by their respective, duly authorized officers or representatives identified below.

COMPANY:

By: */s/ Scott Mahoney*
Name: Scott Mahoney
Title: Chief Executive Officer

DISTRIBUTOR:

By: */s/ Scott Mahoney*
Name: Scott Mahoney
Title: President

Schedule A – Trademarks

Mark	Class Goods/Services	Country	Serial No.	Reg. No.	Owner of Mark	Registration Date
MAGNEGAS	IC 004. US 001 006 015. G & S: Fuel for motor vehicles, namely an oxygen-rich, hydrocarbon-free gas produced as a byproduct of recycling liquid waste such as anti-freeze, oil waste and sewage.	US	78039484	2812824	MAGNEGAS CORPORATION DELAWARE 150 Rainville Road Tarpon Springs Florida 34689	February 10, 2004
MAGNEGAS 2	IC 004. US 001 006 015. G & S: Fuels.	US	86642367	5156799	MAGNEGAS CORPORATION DELAWARE 11885 44th Street North Clearwater Florida 33762	March 7, 2017
MAGNETOTE	IC 007. US 013 019 021 023 031 034 035. G & S: Portable tank system being a gas welding apparatus and containing a gas used for cutting and welding metal	US	86816532	5157232	MAGNEGAS CORPORATION DELAWARE 11885 44th Street North Clearwater Florida 33762	March 7, 2017
VENTURI	IC 007. US 013 019 021 023 031 034 035. G & S: machines for gasification, namely, industrial electrochemical reactors for converting liquid waste into gaseous hydrocarbon fuels	US	86454770	4952283	MAGNEGAS CORPORATION DELAWARE 150 Rainville Road Tarpon Springs Florida 34689	May 3, 2016
VENTURI PLASMA ARC FLOW	IC 008. Machines for producing synthetic gas and decontaminating and sterilizing liquefied waste streams	US	TBD	TBD	TARONIS TECHNOLOGIES, INC. DELAWARE 11885 44 th Street North Clearwater, FL 33762	TBD

Schedule B – Patents

Serial Number	Date of Filing	Publication Number	Patent Number	Patent or Patent Application Title
09/ 372,277	8/11/ 1999		6,183,604	DURABLE AND EFFICIENT EQUIPMENT FOR THE PRODUCTION OF A COMBUSTIBLE AND NON-POLLUTANT GAS FROM UNDERWATER ARCS AND METHOD THEREFOR
09/ 970,405	10/ 03/ 2001	2003/0133855	6,663,752	CLEAN BURNING LIQUID FUEL PRODUCED VIA A SELF-SUSTAINING PROCESSING OF LIQUID FEEDSTOCK
09/ 896,422	6/29/ 2001	2002/0004022	6,673,322	APPARATUS FOR MAKING A NOVEL, HIGHLY EFFICIENT, NONPOLLUTANT, OXYGEN RICH AND COST COMPETITIVE COMBUSTIBLE GAS AND ASSOCIATED METHOD
10/ 008,813	12/ 07/ 2001	2003/0106787	6,926,872	APPARATUS AND METHOD FOR PRODUCING A CLEAN BURNING COMBUSTIBLE GAS WITH LONG LIFE ELECTRODES AND MULTIPLE PLASMA-ARC-FLOWS
10/ 020,091	12/ 14/ 2001	2003/0113597	6,972,118	APPARATUS AND METHOD FOR PROCESSING HYDROGEN, OXYGEN AND OTHER GASES
12/ 828,905	07/ 01/ 2010	2012/0000787	8,236,150	PLASMA-ARC-THROUGH APPARATUS AND PROCESS FOR SUBMERGED ELECTRIC ARCS
14/ 244,229	04/ 03/ 2014	2014/0299463	9,700,870	METHOD AND APPARATUS FOR THE INDUSTRIAL PRODUCTION OF NEW HYDROGEN-RICH FUELS
14/ 288,807	05/ 28/ 2014	N/A	9,433,916	PLASMA-ARC-THROUGH APPARATUS AND PROCESS FOR SUBMERGED ELECTRIC ARCS WITH VENTING
15/ 230,537	8/08/ 2016	US 2016-0340790 A1	10,100,416	PLASMA-ARC-THROUGH APPARATUS AND PROCESS FOR SUBMERGED ELECTRIC ARCS WITH VENTING
15/ 612,457	6/02/ 2017	US 2017-0321130 A1	10,100,262	METHOD AND APPARATUS FOR THE INDUSTRIAL PRODUCTION OF NEW HYDROGEN-RICH FUELS
62/ 542,689	8/08/ 2017	-	-	SYSTEM, METHOD, AND APPARATUS FOR GASIFICATION OF A SOLID OR LIQUID
15/ 720,816	9/29/ 2017	US 2018-0093248 A1	-	APPARATUS FOR FLOW-THROUGH OF ELECTRIC ARCS
16/ 052,759	8/02/ 2018	-	-	SYSTEM, METHOD, AND APPARATUS FOR GASIFICATION OF A SOLID OR LIQUID

TARONIS FUELS, INC.
2019 EQUITY INCENTIVE PLAN

1. General.

1.1. Purpose. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company and any Affiliates that exist now or in the future, by offering eligible persons an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined in the text are defined in Section 16.

1.2. Available Awards. The Plan provides for the grant of the following Awards: (a) Incentive Stock Options, (b) Nonstatutory Stock Options, (c) Stock Appreciation Rights, (d) Restricted Stock Awards, (e) Restricted Stock Unit Awards, (f) Performance Awards, and (g) Other Awards.

2. Shares Subject to the Plan.

2.1. Number of Shares Available. Subject to any Capitalization Adjustment and the automatic increase in Section 2.2 and any other applicable provisions in the Plan, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will not exceed 100,000,000 Shares (the "***Share Reserve***").

2.2. Automatic Share Reserve Increase. The Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1, 2020 and ending on (and including) January 1, 2029 by the lesser of (a) 5% of the total number of the shares of Common Stock outstanding on December 31st of the immediately preceding calendar year, and (b) such number of Shares determined by the Board.

2.3. Incentive Stock Option Limit. Subject to the provisions relating to Capitalization Adjustments, the maximum number of Shares that may be issued pursuant to the exercise of ISOs is 10,000,000 shares (the "***ISO Limit***").

2.4. Adjustment of Shares. After the Adoption Date, if the number of outstanding Shares is changed or the value of the Shares is otherwise affected by a stock dividend, extraordinary dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend) recapitalization, stock split, reverse stock split, subdivision, combination, consolidation, reclassification, spin-off or similar change in the capital structure of the Company or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), without consideration (a "***Capitalization Adjustment***"), then (a) the maximum number and class of Shares or type of security reserved for issuance and future grant from the Share Reserve set forth in Section 2.1, including Returning Shares, (b) the Exercise Price, Purchase Price, and number and class of Shares or type of security subject to outstanding Awards, and (c) the ISO Limit set forth in Section 2.3, will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with Applicable Laws; provided that fractions of a Share will not be issued.

2.5. Source of Shares; Use of Proceeds. The Shares issuable under the Plan will be authorized but unissued or forfeited shares, treasury shares or shares reacquired by the Company in any manner. At all times the Company will reserve and keep available a sufficient number of Shares as are reasonably required to satisfy the requirements of all Awards granted and outstanding under this Plan. Proceeds from the sale of Shares pursuant to Awards will constitute general funds of the Company.

3. Eligibility.

3.1. General. ISOs may be granted only to Employees of the Company and any Subsidiary. All other Awards may be granted to Employees, Consultants and Directors, provided such Consultants and Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction.

4. Options and Stock Appreciation Rights.

Each Option or SAR will be in such form and will contain such terms and conditions as the Committee deems appropriate. Each SAR will be denominated in Share equivalents. The provisions of separate Options or SARs need not be identical; provided, however, that each Award Agreement will conform (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) to the substance of each of the following provisions.

4.1. Type of Option Grant. All Options will be separately designated as ISOs or NSOs at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for Shares purchased on exercise of each type of Option. If an Option is not specifically designated as an ISO, or if an Option is designated as an ISO but some portion or all of the Option fails to qualify as an ISO under Applicable Law, then the Option (or portion thereof) will be an NSO.

4.2. Exercise Period; Term. Options and SARs may be exercisable within the times or upon the events determined by the Committee and as set forth in the Award Agreement governing such Award. No Option or SAR will be exercisable after the expiration of ten (10) years from the date the Option or SAR is granted, or such shorter period specified in the Award Agreement. In addition, in the case of an ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary ("***Ten Percent Stockholder***"), such Option may not be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options or SARs to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

4.3. Exercise Price. The Exercise Price of an Option or SAR will be determined by the Committee when the Award is granted; provided that: (a) the Exercise Price of an Option or SAR will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (b) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Notwithstanding the foregoing, an Option or SAR may be granted with an Exercise Price lower than 100% of the Fair Market Value in connection with an assumption of or substitution for another award as provided in Section 13.2 of the Plan.

4.4. Method of Exercise. An Option or SAR will be deemed exercised when the Company receives: (a) notice of exercise (in such form as the Plan Administrator may specify from time to time, including via electronic execution through an authorized third-party administrator) from the person entitled to exercise the Option or SAR; (b) in the case of an Option, full payment of the applicable Exercise Price in accordance with Section 9 of the Plan and the applicable Award Agreement, and (c) payment of applicable Tax Related Items, as determined by the Plan Administrator. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except in connection with a Capitalization Adjustment. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

4.5. Settlement of a SAR. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (a) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price, by (b) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

4.6. Post-Termination Exercise Period. Unless explicitly provided otherwise in a Participant's Award Agreement, if a Participant's Continuous Service Status is terminated, the Participant (or his or her legal representative, in the case of death) may exercise his or her Option or SAR (to the extent such Award was exercisable on the termination date) within the following period of time following the termination of the Participant's Continuous Service Status:

(a) three (3) months following a termination of a Participant's Continuous Service Status by the Company without Cause or by the Participant for any reason (other than due to death or Disability);

(b) six (6) months following a termination due to the Participant's Disability;

(c) twelve (12) months following a termination due to the Participant's death; and

(d) twelve (12) months following the Participant's death, if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in clauses (a) or (b) above).

Following the termination date, to the extent the Participant does not exercise such Award within the applicable post-termination exercise period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in the terminated Award.

4.7. Termination for Cause. If a Participant's Continuous Service Status is terminated for Cause, the Participant's Options or SARs will terminate and be forfeited immediately upon such Participant's termination of Continuous Service Status, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service Status. If a Participant's Continuous Service Status is suspended pending an investigation of whether the Participant's Continuous Service Status will be terminated for Cause, all of the Participant's rights under any Option or SAR, including the right to exercise such Awards, shall be suspended during the investigation period.

4.8. Automatic Extension of Termination Date. Except as otherwise provided in the Award Agreement, if a Participant's Continuous Service Status terminates for any reason other than for Cause and, at any time during the last thirty (30) days of the applicable post-termination exercise period: (i) the exercise of the Participant's Option or SAR would be prohibited solely because the issuance of Shares upon such exercise would violate Applicable Law, or (ii) the immediate sale of any Shares issued upon such exercise would violate the Trading Policy, then the applicable post-termination exercise period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions); provided, however, that in no event may such Award be exercised after the expiration of its maximum term.

4.9. Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the U.S. Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any Shares until at least six months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Notwithstanding the foregoing, in accordance with the provisions of the U.S. Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Transaction in which such Award is not assumed, continued or substituted, or (iii) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

4.10. Limitations on Exercise. Options and SARs may be exercised only with respect to whole Shares. The Plan Administrator may also specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option or SAR, provided that such minimum number will not prevent Participant from exercising the Option or SAR for the full number of Shares for which it is then exercisable. The Committee may, or may authorize the Plan Administrator to, prohibit the exercise of any Option or SAR during a period of up to thirty (30) days prior to the consummation of any pending Capitalization Adjustment or Corporate Transaction, or any other change affecting the Shares or the Fair Market Value, for reasons of administrative convenience.

4.11. Limitations on ISOs. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or any Parent or Subsidiary of the Company) will not exceed One Hundred Thousand Dollars ($100,000). If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds One Hundred Thousand Dollars ($100,000), then the Options for the first One Hundred Thousand Dollars ($100,000) worth of Shares to become exercisable in such calendar year will be ISOs and the Options for the amount in excess of One Hundred Thousand Dollars ($100,000) that become exercisable in that calendar year will be NSOs.

4.12. Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options or SARs, and authorize the grant of new Options or SARs in substitution therefor, including in connection with an Exchange Program. Any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Award previously granted, except that the Committee may reduce the Exercise Price of an outstanding Option or SAR without the consent of a Participant by a written notice (notwithstanding any adverse tax consequences to the Participant arising from the repricing); provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code.

5. Restricted Stock Awards.

A Restricted Stock Award is an offer by the Company to sell or issue (with no payment required) Shares to a Participant that are subject to certain specified restrictions ("***Restricted Stock***"). Each Restricted Stock Award will be in such form and will contain such terms and conditions as the Committee will deem appropriate. The terms and conditions of Restricted Stock Awards may change from time to time, and the terms and conditions of separate Award Agreements need not be identical, but each Award Agreement will conform to (through incorporation of the provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions.

5.1. Acceptance Procedures. Except as otherwise provided in an Award Agreement, a Restricted Stock Award will be accepted by the Participant's execution and delivery of the Award Agreement and full payment of the Purchase Price for the Shares to the Company (if applicable) within thirty (30) days from the date the Award Agreement is delivered to the Participant. If the Participant does not execute and deliver the Award Agreement along with full payment for the Shares (if applicable) to the Company within such thirty (30) days, then the offer will terminate, unless otherwise determined by the Committee.

5.2. Purchase Price. The Purchase Price for Shares issued pursuant to a Restricted Stock Award, if any, will be determined by the Committee on the date the Restricted Stock Award is granted and, if permitted by Applicable Law, no cash consideration will be required in connection with the payment for the Purchase Price where the Committee provides that payment shall be in the form of services previously rendered. Payment of the Purchase Price shall be made in accordance with Section 9 of the Plan and the applicable Award Agreement.

5.3. Dividends and Other Distributions. Participants holding Restricted Stock Awards will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Committee provides otherwise at the time the Award is granted. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Restricted Stock Awards with respect to which they were paid.

6. Restricted Stock Unit Awards.

An RSU Award is an Award covering a number of Shares that may be settled in cash, or by issuance of those Shares at a date in the future. Each RSU Award will be in such form and will contain such terms and conditions as the Committee will deem appropriate. The terms and conditions of RSU Awards may change from time to time, and the terms and conditions of separate Award Agreements need not be identical, but each RSU Award will conform to (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions.

6.1. Purchase Price. Unless otherwise determined by the Committee, no Purchase Price shall apply to an RSU settled in Shares. Payment of a Purchase Price, if any, shall be made in accordance with Section 9 of the Plan and the applicable Award Agreement.

6.2. Form and Timing of Settlement. Payment of vested RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle vested RSUs in cash, Shares, or a combination of both.

6.3. Dividend Equivalent Rights. The Committee may permit Participants holding RSUs to receive Dividend Equivalent Rights on outstanding RSUs if and when dividends are paid to stockholders on Shares. In the discretion of the Committee, such Dividend Equivalent Rights may be paid in cash or Shares, and may either be paid at the same time as dividend payments are made to stockholders or delayed until Shares are issued pursuant to the underlying RSUs, and may be subject to the same vesting or performance requirements as the RSUs. If the Committee permits Dividend Equivalent Rights to be made on RSUs, the terms and conditions for such Dividend Equivalent Rights will be set forth in the applicable Award Agreement.

7. Performance Awards.

7.1. Types of Performance Awards. A Performance Award is an Award that may be granted, may vest or may become eligible to vest contingent upon the attainment during a Performance Period of certain Performance Goals. Performance Awards may be granted as Options, SARs, Restricted Stock, RSUs or Other Awards, including cash-based Awards.

7.2. Terms of Performance Awards. Performance Awards will be based on the attainment of Performance Goals that are established by the Committee for the relevant Performance Period. Prior to the grant of any Performance Award, the Committee will determine and each Award Agreement shall set forth the terms of each Performance Award, including, without limitation: (a) the nature, length and starting date of any Performance Period; (b) the Performance Criteria and Performance Goals that shall be used to determine the time and extent to which a Performance Award has been earned; (c) amount of any cash bonus, or the number of Shares deemed subject to a Performance Award, and (d) the effect of a termination of Participant's Continuous Service Status on a Performance Award. Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and Performance Goals. A Performance Award may but need not require the Participant's completion of a specified period of service.

7.3. Determination of Achievement. The Committee shall determine the extent to which a Performance Award has been earned in its sole discretion, including the manner of calculating the Performance Criteria and the measure of whether and to what degree such Performance Goals have been attained. The Committee may reduce or waive any criteria with respect to a Performance Goal, or adjust a Performance Goal (or method of calculating the attainment of a Performance Goal) to take into account unanticipated events, including changes in law and accounting or tax rules, as the Committee deems necessary or appropriate, or to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships. The Committee may also adjust or eliminate the compensation or economic benefit due upon attainment of Performance Goals in its sole discretion, subject to any limitations contained in the Award Agreement and compliance with Applicable Law.

8. Other Awards.

Other forms of Awards valued in whole or in part by reference to, or otherwise based on, Shares, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Shares at the time of grant) may be granted either alone or in addition to other Awards provided for in the Plan. Subject to the provisions of the Plan and Applicable Law, the Committee may determine the persons to whom and the time or times at which such Other Awards will be granted, the number of Shares (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

9. Payment for Purchases and Exercises.

Payment from a Participant for Shares acquired pursuant to this Plan may be made in cash or cash equivalents or, where approved for the Participant by the Committee and where permitted by Applicable Law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of the Company owed to the Participant;

(b) by surrender of Shares held by the Participant that are clear of all liens, claims, encumbrances or security interests and that have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which said Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or an Affiliate;

(d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Plan Administrator in connection with the Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by Applicable Law.

The Committee or the Plan Administrator may limit the availability of any method of payment, to the extent the Committee or the Plan Administrator determines, in its discretion, that such limitation is necessary or advisable to comply with Applicable Law or facilitate the administration of the Plan. Payment of any Purchase Price or Exercise Price shall be made in accordance with any procedures established by the Plan Administrator.

10. Taxes.

10.1. Responsibility for Taxes. Regardless of any action taken by the Company or any Affiliate, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account, employment tax, stamp tax or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant, including any employer liability for which the Participant is liable (the "***Tax-Related Items***") is the Participant's responsibility and may exceed the amount, if any, withheld by the Company or an Affiliate. If the Participant is subject to Tax-Related Items in more than one jurisdiction, the Company or an Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

10.2. Withholding Methods. Unless otherwise provided in the Participant's Award Agreement, the Committee, or its delegate(s), as permitted by Applicable Law, in its sole discretion and pursuant to such procedures as it may specify from time to time and subject to limitations of Applicable Law, may require or permit a Participant to satisfy any applicable withholding obligations for Tax-Related Items, in whole or in part by (without limitation) (a) requiring the Participant to make a cash payment, (b) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company or any Affiliate; (c) withholding from the Shares otherwise issuable pursuant to an Award; (d) permitting the Participant to deliver to the Company already-owned Shares or (e) withholding from the proceeds of the sale of otherwise deliverable Shares acquired pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by the Company. By adoption of the Plan, the Committee delegates to the Plan Administrator the authority to adopt policies and procedures, in consultation with the Company's tax accountants and legal advisors, to determine the Fair Market Value of the Shares solely for purposes of withholding and reporting Tax-Related Items related to Awards granted under the Plan.

10.3. Withholding Tax Rates. The Company or an Affiliate may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including up to the maximum applicable rate in the Participant's jurisdiction. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares, for tax purposes, a Participant is deemed to have been issued the full number of Shares, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items. In the event the Company withholds less than it is obligated to withhold in connection with an Award, the Participant will indemnify and hold the Company harmless from any liability for Tax-Related Items.

11. Restrictions on Awards and Shares.

11.1. Transferability of Awards. Except as expressly provided in the Plan or an applicable Award Agreement, or otherwise determined by the Committee or the Plan Administrator, Awards granted under the Plan will not be transferable or assignable by the Participant, other than by will or by the laws of descent and distribution. Any Options, SARs or Other Awards that are exercisable may only be exercised: (a) during the Participant's lifetime only by (i) the Participant, or (ii) the Participant's guardian or legal representative; (b) after the Participant's death, by the legal representative of the Participant's heirs or legatees. The Committee or the Plan Administrator may permit transfer of Awards in a manner that is not prohibited by Applicable Law.

11.2. Stockholder Rights. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any Dividend Equivalent Rights permitted by an applicable Award Agreement. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares, subject to any repurchase or forfeiture provisions in any Restricted Stock Award, the terms of the Trading Policy, and Applicable Law.

11.3. Escrow; Pledge of Shares. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all written or electronic certificate(s) representing Shares, together with stock powers or other instruments of transfer approved by the Plan Administrator, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Plan Administrator may cause a legend or legends referencing such restrictions to be placed on the certificate(s). Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan may be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note.

11.4. Exchange and Buyout of Awards. Without prior stockholder approval, the Committee may conduct an Exchange Program, subject to consent of an affected Participant (unless not required in connection with a repricing pursuant to Section 4.12 of the Plan, or under the terms of an Award Agreement) and compliance with Applicable Law.

11.5. Securities Law and Other Regulatory Compliance. An Award will not be effective unless such Award is in compliance with Applicable Law, including all applicable U.S. and foreign federal and state securities and exchange control laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver written or electronic certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares or to effect compliance with the registration, qualification or listing requirements of any foreign, national or state securities laws, exchange control laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

11.6. Clawback/Recovery Policy. All Awards granted under the Plan will be subject to clawback or recoupment under any clawback or recoupment policy adopted by the Board or the Committee or required by Applicable Law during the term of Participant's employment or other service with the Company that is applicable to Officers, Employees, Directors or other service providers of the Company. In addition, the Committee may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Committee determines necessary or appropriate. No recovery of compensation under such a clawback or recoupment policy will be an event giving rise to a right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan or agreement with the Company.

12. General Provisions Applicable to Awards.

12.1. Vesting. The total number of Shares subject to an Award may vest in periodic installments that may or may not be equal. The Committee may impose such restrictions on or conditions to the vesting and/or exercisability of an Award as determined by the Committee, and which may vary.

12.2. Termination of Continuous Service Status. Except as otherwise provided in the applicable Award Agreement or as determined by the Committee, if a Participant's Continuous Service Status terminates for any reason, vesting of an Award will cease and such portion of an Award that has not vested will be forfeited, and the Participant will have no further right, title or interest in any then-unvested portion of the Award. In addition, the Company may receive through a forfeiture condition or a repurchase right any or all of the Shares held by the Participant under a Restricted Stock Award that have not vested as of the date of such termination, subject to the terms of the applicable Award Agreement.

12.3. No Employment or Other Service Rights. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or an Affiliate or limit in any way the right of the Company or an Affiliate to terminate Participant's employment or other relationship at any time. Furthermore, to the extent the Company is not the employer of a Participant, the grant of an Award will not establish or amend an employment or other service relationship between the Company and the Participant. Nothing in the Plan or any Award will constitute any promise or commitment by the Company or an Affiliate regarding future work assignments, future compensation or any other term or condition of employment or service.

12.4. Effect on Other Employee Benefit Plans. The value of and income from any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

12.5. Leaves of Absence. To the extent permitted by Applicable Law, the Committee or the Plan Administrator, in that party's sole discretion, may determine whether Continuous Service Status will be considered interrupted in the case of any leave of absence. Continuous Service Status as an Employee for purposes of ISOs shall not be considered interrupted or terminated in the case of: (a) Company approved sick leave; (b) military leave; (c) any other bona fide leave of absence approved by the Company, provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to a written Company policy. In the case of an approved leave of absence, the Plan Administrator may make such provisions respecting suspension of vesting and crediting of service (including pursuant to a formal policy adopted from time to time by the Company) as it may deem appropriate, except that in no event may an Option or SAR be exercised after the expiration of the term set forth in the Award Agreement.

12.6. Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company or any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from full-time to part-time or takes an extended leave of absence) after the date of grant of any Award, the Committee or the Plan Administrator, in that party's sole discretion, may (x) make a corresponding reduction in the number of Shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting schedule applicable to such Award (in accordance with Section 409A of the Code, as applicable). In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so amended.

12.7. Electronic Delivery. Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

12.8. Deferrals. To the extent permitted by Applicable Law, the Committee, in its sole discretion, may determine that the delivery of Shares or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code, if applicable, and any other Applicable Law.

12.9. Compliance with Section 409A of the Code. Unless otherwise expressly provided in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Committee determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. To the extent that any amount constituting deferred compensation under Section 409A of the Code would become payable under this Plan by reason of a Corporate Transaction, such amount shall become payable only if the event constituting a Corporate Transaction would also qualify as a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 409A. If a Participant holding an Award that constitutes deferred compensation under Section 409A of the Code is a specified employee within the meaning of Section 409A of the Code, no distribution or payment of any amount that is payable because of a separation from service (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant's separation from service or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule. In no event will any Participant have a right to payment or reimbursement or otherwise from the Company or its Affiliates, or their successors or assigns, for any taxes imposed or other costs incurred as a result of Section 409A of the Code.

12.10. Execution of Additional Documents. The Company may require a Participant to execute any additional documents or instruments necessary or desirable, as determined by the Plan Administrator, to carry out the purposes or intent of the Award, or facilitate compliance with securities, tax and/or other regulatory requirements, at the Plan Administrator's request.

---

13. Other Corporate Events.

13.1. Corporate Transaction. In the event that the Company is subject to a Corporate Transaction, outstanding Awards acquired under the Plan shall be subject to the agreement evidencing the Corporate Transaction, which need not treat all outstanding Awards in an identical manner. Such agreement, without the Participant's consent, shall provide for one or more of the following with respect to all outstanding Awards as of the effective date of such Corporate Transaction:

(a) The continuation of an outstanding Award by the Company (if the Company is the successor entity).

(b) The assumption of an outstanding Award by the successor or acquiring entity (if any) of such Corporate Transaction (or by its parents, if any), which assumption, will be binding on all selected Participants; provided that the Exercise Price and the number and nature of shares issuable upon exercise of any Option or SAR, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable.

(c) The substitution by the successor or acquiring entity in such Corporate Transaction (or by its parents, if any) of equivalent awards with substantially the same terms for such outstanding Awards (except that the Exercise Price and the number and nature of shares issuable upon exercise of any Option or SAR, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable).

(d) The full or partial acceleration of exercisability or vesting and accelerated expiration of an outstanding Award and lapse of the Company's right to repurchase or re-acquire shares acquired under an Award or lapse of forfeiture rights with respect to shares acquired under an Award.

(e) The settlement of such outstanding Award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its parent, if any) with a Fair Market Value equal to the required amount provided in the definitive agreement evidencing the Corporate Transaction, followed by the cancellation of such Awards; provided however, that such Award may be cancelled without consideration if such Award has no value, as determined by the Committee in its sole discretion. Subject to compliance with Section 409A of the Code, such payment may be made in installments and may be deferred until the date or dates the Award would have become exercisable or vested. Such payment may be subject to vesting based on the Participant's Continuous Service Status, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which the Award would have become vested or exercisable. For purposes of this paragraph, the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(f) The cancellation of outstanding Awards in exchange for no consideration.

The Board shall have full power and authority to assign the Company's right to repurchase or re-acquire or forfeiture rights to such successor or acquiring corporation. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable (to the extent vested and exercisable pursuant to its terms) for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period.

13.2. Assumption of Awards by the Company. The Company, from time to time, may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan (a "***Substitute Award***"). Such substitution or assumption will be permissible if the holder of the Substitute Award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. The Exercise Price and the number and nature of Shares issuable upon exercise or settlement of any such Substitute Award will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable.

14. Administration.

14.1. Committee Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and any charter adopted by the Board governing the actions of the Committee, the Committee will have full power to implement and carry out this Plan. Without limitation, the Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend, expand, modify and rescind or terminate rules and regulations relating to this Plan or any Award;

(c) approve persons to receive Awards;

(d) determine the form, terms and conditions of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;

(g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or awards under any other incentive or compensation plan of the Company or any Affiliate;

(h) grant waivers of any conditions of this Plan or any Award;

(i) determine the vesting, exercisability and payment of Awards;

(j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(k) determine whether an Award has been earned or has vested;

(l) determine the terms and conditions of any, and to institute any Exchange Program;

(m) adopt or revise rules and/or procedures (including the adoption or revision of any subplan under this Plan) relating to the operation and administration of the Plan to facilitate compliance with requirements of local law and procedures outside the United States, (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement made to ensure or facilitate compliance with the laws or regulations of the relevant foreign jurisdiction);

(n) delegate any of the foregoing to one or more Officers pursuant to a specific delegation as permitted by the terms of the Plan and Applicable Law, including Section 157(c) of the Delaware General Corporation Law; and

(o) make all other determinations necessary or advisable in connection with the administration of this Plan.

14.2. Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant. The Committee may delegate to the Plan Administrator or one or more Officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

14.3. Section 16 of the Exchange Act. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by a committee of the Board that at all times consists solely of two or more Non-Employee Directors. Nothing herein shall create an inference that an Award is not validly granted under the Plan in the event Awards are not granted under the Plan by a committee of the Board that does not at all times consist solely of two or more Non-Employee Directors.

14.4. Plan Administrator. The Committee may appoint a Plan Administrator, who will have the authority to administer the day-to-day operations of the Plan and to make certain ministerial decisions without Committee approval as provided in the Plan or pursuant to resolutions adopted by the Committee. The Plan Administrator may not grant Awards.

14.5. Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to facilitate compliance with the Applicable Laws and practices in other countries in which the Company and its Affiliates operate or have Employees or other persons eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (a) determine which Affiliates shall be covered by the Plan; (b) determine which individuals outside the United States are eligible to participate in the Plan, which may include individuals who provide services to the Company or an Affiliate under an agreement with a foreign nation or agency; (c) modify the terms and conditions of any Award granted to individuals outside the United States or foreign nationals to comply with Applicable Laws or foreign policies, customs and practices; (d) establish sub-plans, modify exercise procedures and adopt other rules and/or procedures relating to the operation and administration of the Plan in jurisdictions other than the United States (including to qualify Awards for special tax treatment under laws of jurisdictions other than the United States); provided, however, that no such sub-plans and/or modifications shall increase the share limitations contained in Section 2.1; and (e) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Law in the United States.

14.6. Non-Exclusivity of the Plan. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and other equity awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

14.7. Governing Law. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to that body of laws pertaining to conflict of laws.

---

15. Effectiveness, Amendment and Termination of the Plan.

15.1. Adoption and Stockholder Approval. The Plan will come into existence on the date the Plan is adopted by the Board (the "***Adoption Date***"); provided, however, no Award may be granted prior to the Effective Date. In addition, no Option or SAR may be exercised, and no other type of Award may be granted, unless and until the Plan has been approved by the stockholders of the Company.

15.2. Amendment of the Plan. The Committee may amend the Plan in any respect the Committee deems necessary or advisable, subject to the limitations of Applicable Law and this section. If required by Applicable Law, the Company will seek stockholder approval of any amendment of the Plan that (a) materially increases the number of Shares available for issuance under the Plan (excluding any Capitalization Adjustment), (b) materially expands the class of individuals eligible to receive Awards under the Plan, (c) materially increases the benefits accruing to Participants under the Plan, (d) materially reduces the price at which Shares may be issued or purchased under the Plan, (e) materially extends the term of the Plan, (f) materially expands the types of Awards available for issuance under the Plan, or (g) as otherwise required by Applicable Law.

15.3. Suspension or Termination of the Plan. The Plan shall terminate automatically on December 31, 2029. No Award will be granted pursuant to the Plan after such date, but Awards previously granted may extend beyond that date. The Committee may suspend or terminate the Plan at any earlier date at any time. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

15.4. No Impairment. No amendment, suspension or termination of the Plan or any Award may materially impair a Participant's rights under any outstanding Award, except with the written consent of the affected Participant or as otherwise expressly permitted in the Plan. Subject to the limitations of Applicable Law, if any, the Committee may amend the terms of any one or more Awards without the affected Participant's consent (a) to maintain the qualified status of the Award as an ISO under Section 422 of the Code; (b) to change the terms of an ISO, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an ISO; (c) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code; or (d) to facilitate compliance with other Applicable Laws.

16. Definitions. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

16.1. "***Affiliate***" means a Parent, a Subsidiary or any corporation or other Entity that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

16.2. "***Applicable Law***" means any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental or regulatory body or self-regulatory organization (including the New York Stock Exchange, Nasdaq Stock Market and the Financial Industry Regulatory Authority).

16.3. "***Award***" means any award granted under the Plan, including any Option, Restricted Stock Award, Restricted Stock Unit Award, Stock Appreciation Right, Performance Award or Other Award.

16.4. "***Award Agreement***" means a written or electronic agreement between the Company and a Participant documenting the terms and conditions of an Award. The term "Award Agreement" will also include any other written agreement between the Company or an Affiliate and a Participant containing additional terms and conditions of, or amendments to, an Award.

16.5. "***Board***" means the Board of Directors of the Company.

16.6. "***Cause***" will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (a) Participant's unauthorized misuse of the Company's trade secrets or proprietary information; (b) Participant's conviction of or plea of *nolo contendere* to a felony or a crime involving moral turpitude; (c) Participant's committing an act of fraud against the Company; or (d) Participant's gross negligence or willful misconduct in the performance of his or her duties that has had or will have a material adverse effect on the Company. For purposes of this definition, the term "Company" will be interpreted to include any Subsidiary, Parent or Affiliate of the Company, as appropriate.

16.7. "***Code***" means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

16.8. "***Committee***" means the Compensation Committee of the Board, or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by Applicable Law and in accordance with the Plan.

16.9. "***Common Stock***" means the common stock of the Company, and the common stock of any successor entity.

16.10. "***Company***" means Taronis Fuels, Inc., a Delaware corporation, or any successor corporation.

16.11. "***Consultant***" means any natural person, including an advisor or independent contractor, that is engaged to render services to the Company or an Affiliate.

16.12. "***Continuous Service Status***" means continued service as an Employee, Director or Consultant. Continuous Service Status shall not be considered interrupted or terminated in the case of a transfer between locations of the Company or between the Company, its Affiliates, or their respective successors, or a change in status (for example, from an Employee to a Consultant). The Committee or the Plan Administrator, in that party's sole discretion, shall determine whether a Participant's Continuous Service Status has ceased and the effective date of such termination.

16.13. "***Corporate Transaction***" means:

(a) the consummation of any consolidation or merger of the Company with any other entity, other than transaction which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such consolidation or merger;

(b) any Exchange Act Person becomes the "beneficial owner" (as defined in Rule 13d-3of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (b) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Corporate Transaction;

(c) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets, except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned Subsidiaries of the Company; or

(d) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (d), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Corporate Transaction.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of an Entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

16.14. "***Director***" means a member of the Board.

16.15. "***Disability***" means (a) in the case of ISOs, total and permanent disability as defined in Section 22(e)(3) of the Code, and (b) in the case of other Awards, unless the applicable Award Agreement provides otherwise, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment. The determination of whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an ISO, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates.

16.16. "***Dividend Equivalent Right***" means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by the Plan, to receive a credit for the account of such Participant in an amount equal to the cash, stock or other property dividends in amounts equal equivalent to cash, stock or other property dividends for each Share represented by an Award held by such Participant.

16.17. "***Effective Date***" means the date of the Company's shareholders approve this Plan.

16.18. "***Employee***" means any person employed by the Company, or any Affiliate, with the status of employment determined pursuant to such factors as are deemed appropriate by the Plan Administrator in its sole discretion, subject to any requirements of Applicable Law, including the Code. Service as a Director or payment by the Company or an Affiliate of a director's fee shall not be sufficient to constitute "employment" of such Director by the Company or any Affiliate.

16.19. "***Entity***" means a corporation, partnership, limited liability company or other entity.

16.20. "***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

16.21. "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

16.22. "***Exchange Program***" means a program pursuant to which (a) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (b) the Exercise Price of an outstanding Award is increased or reduced.

16.23. "***Exercise Price***" means, with respect to an Option, the price per Share at which a holder may purchase the Shares issuable upon exercise of an Option, and with respect to a SAR, the price per share at which the SAR is granted to the holder thereof.

16.24. "***Fair Market Value***" means, as of any date, the value of the Common Stock determined as follows:

(a) If such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Plan Administrator deems reliable, unless another method is approved by the Committee and subject to compliance with Applicable Law (including Section 409A of the Code).

(b) If such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Plan Administrator deems reliable.

(c) If none of the foregoing is applicable, by the Board or the Committee in good faith (and in accordance with Section 409A of the Code, as applicable).

16.25. "***Incentive Stock Option***" or "***ISO***" means an Option granted pursuant to the Plan that is intended to be, and qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

16.26. "***Insider***" means an officer or Director of the Company or any other person whose transactions in the Common Stock are subject to Section 16 of the Exchange Act.

16.27. "***Non-Employee Director***" means a Director who is not an Employee of the Company or any Affiliate, and who satisfies the requirements of a "non-employee director" within the meaning of Section 16 of the Exchange Act.

16.28. "***Nonstatutory Stock Option***" or "***NSO***" means any Option granted pursuant to the Plan that does not qualify as an ISO.

16.29. "***Officer***" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

16.30. "***Option***" means a contract right to purchase Shares at a fixed exercise price per share, subject to certain conditions, if applicable, granted pursuant to the Plan.

16.31. "***Other Award***" means an Award based in whole or in part by reference to Shares that is granted pursuant to the terms and conditions of the Plan.

16.32. "***Parent***" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

16.33. ***"Participant***" means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

16.34. "***Performance Award***" means an award that may vest or may be earned or exercised, in whole or in part, contingent upon the attainment during a Performance Period of one or more Performance Goals and which is granted pursuant to the terms and conditions of the Plan.

16.35. "***Performance Criteria***" means one or more objective or subjective criteria either individually, alternatively or in any combination applied to the Participant, the Company, any business unit or Subsidiary, that the Committee selects for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Committee: net earnings or net income (before or after taxes); basic or diluted earnings per share (before or after taxes); net revenues or net revenue growth; adjusted net revenues or net revenue growth; gross revenue or gross revenue growth; gross profit or gross profit growth; gross bookings or gross booking growth; net operating profit (before or after taxes); return on assets, capital, invested capital, equity or sales; cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital); earnings before or after taxes, interest, depreciation and/or amortization; adjusted earnings before or after taxes, interest, depreciation and/or amortization; gross or operating margins; improvements in capital structure; budget and expense management; debt levels or reduction; productivity ratios; economic value added or other value-added measurements; share price (including, but not limited to, growth measures and total shareholder return); expense targets; margins; operating efficiency; working capital targets; enterprise value; active platform consumers or active platform consumer growth, trips; category market position; implementation or completion of projects or processes; completion of acquisitions or business expansion; sustainability; customer satisfaction; compliance; workforce diversity; workforce hiring or attrition; employee satisfaction; partner growth measures; or partner satisfaction; or any other criteria determined by the Committee.

Such Performance Criteria may relate to the performance of the Company as a whole, a business unit, division, department, individual or any combination of these and may be applied on an absolute basis, an adjusted basis or as a ratio between any of the measures, and/or relative to one or more peer group companies or indices, or any combination thereof, as the Committee will determine.

16.36. "***Performance Goals***" means, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices.

16.37. "***Performance Period***" means the period of time selected by the Committee over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting, exercise and/or settlement of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Committee.

16.38. "***Plan***" means this Taronis Fuels, Inc. 2019 Equity Incentive Plan, as it may be amended from time to time.

16.39. "***Plan Administrator***" means one or more Officers or Employees designated by the Committee to administer the day-to-day operations of the Plan and the Company's other equity incentive programs.

16.40. "***Purchase Price***" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

16.41. "***Restricted Stock Award***" means an award of Shares that is granted pursuant to the terms and conditions of the Plan.

16.42. "***Restricted Stock Unit Award***" or *"**RSU Award**"* means a right to receive Shares that is granted pursuant to the terms and conditions of the Plan.

16.43. "***Securities Act***" means the U.S. Securities Act of 1933, as amended.

16.44. "***Shares***" means shares of Common Stock.

16.45. "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation value on the Shares subject to the Award that is granted pursuant to the terms and conditions of the Plan.

16.46. "***Subsidiary***" means any corporation (other than the Company) in an unbroken chain of Entities beginning with the Company if each of the corporation other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporation in such chain.

16.47. "***Trading Policy***" means the Company's policy permitting certain individuals to sell Company shares only during certain "window" periods and/or otherwise restricts the ability of certain individuals to transfer or encumber shares of the Company's capital stock, as in effect from time to time.

Notice of Stock Option Grant

Taronis Fuels, Inc. (the "***Company***") has awarded to you ("***Participant***") an option to purchase up to the number of shares of Common Stock set forth below (the "***Option***") under its 2019 Equity Incentive Plan (the "***Plan***").

Participant Name:

Employee ID:

Grant ID:

Date of Grant:

Exercise Price per Share:

Number of Shares:

Type of Option: [Incentive Stock Option][Nonstatutory Stock Option]

Country at Grant: United States

Expiration Date:

Vesting Commencement Date:

Vesting Schedule: [*insert applicable vesting schedule*]

Capitalized terms used but not defined in this Notice of Stock Option Grant (this "***Notice***") or the attached Option Terms and Conditions (including any appendices and exhibits) will have the same meanings specified in the Plan. The Notice and the Option Terms and Conditions are collectively referred to as the "***Award Agreement***" applicable to the Option.

By accepting the Option (whether electronically or otherwise), Participant acknowledges and agrees to the following:

1. This Option is governed by the terms and conditions of this Award Agreement and the Plan. In the event of a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will prevail.

2. Participant has received a copy of the Plan, this Award Agreement, the Plan prospectus, and the Trading Policy and represents that he or she has read these documents and is familiar with their terms. Participant further agrees to accept as binding, conclusive, and final all decisions and interpretations of the Committee and the Plan Administrator regarding any questions relating to this Option and the Plan.

---

3. Vesting of the Option is subject to Participant's Continuous Service Status as an Employee, Director, or Consultant, which is for an unspecified duration and may be terminated at any time, with or without Cause, and nothing in this Award Agreement or the Plan changes the nature of that relationship.

4. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding participation in the Plan. ***Participant should consult with his or her own personal tax, legal, and financial advisors regarding participation in the Plan before taking any action related to the Plan.***

5. Participant consents to electronic delivery and participation as set forth in the Plan and this Award Agreement.

Taronis Fuels, Inc.	**Participant**
By: _____	Signature: _____
Title: _____	Date: _____

Option Terms and Conditions

1. **Grant of Option.** Participant has been granted an Option to purchase up to the number of Shares set forth in the Notice at the Exercise Price set forth in the Notice. If designated in the Notice as an Incentive Stock Option ("***ISO***"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, even if this Option is intended to be an ISO, it will be treated as a Nonstatutory Stock Option ("***NSO***") to the extent that it exceeds the $100,000 limit contained in Section 422(d) of Code, as provided in Section 4.11 of the Plan.

2. **Exercise of Option.** This Option is exercisable during its term in accordance with the Vesting Schedule contained in the Notice and the applicable provisions of the Plan and the Award Agreement. Participant may exercise the vested portion of this Option by following the option exercise procedures established by the Plan Administrator and payment of the aggregate Exercise Price for the Shares to be purchased, together with any applicable Tax-Related Items.

3. **Method of Payment.** Participant may always pay the Exercise Price by personal check (or readily available funds), wire transfer, or cashier's check. The Plan Administrator may also allow any other method of payment permitted by Section 9 of the Plan in its discretion at the time of exercise, and any restrictions deemed necessary or appropriate to facilitate compliance with Applicable Law or administration of the Plan (including to avoid the recognition of additional compensation expenses for financial reporting purposes).

4. **Option Term.**

(a) **Maximum Term.** This Option will in all events expire at the close of business at Company headquarters on the Expiration Date specified in the Notice, unless it terminates earlier in connection with the termination of Participant's Continuous Service Status (as provided below) or a Corporate Transaction (as provided in the Plan).

(b) **Post-Termination Exercise Period.** If Participant's Continuous Service Status terminates prior to the Expiration Date of the Option other than for Cause, the unvested portion of this Option will automatically expire on Participant's date of termination, and the vested portion of this Option will remain outstanding and exercisable for the following periods, unless otherwise determined by the Committee:

(i) three (3) months following a termination for any reason other than Cause, Disability, or death;

(ii) six (6) months following a termination due to Disability; and

(iii) twelve (12) months following the date of Participant's death, if Participant dies while in Continuous Service Status, or during the period provided in clauses (i) or (ii) above.

(c) **Termination for Cause.** If Participant's Continuous Service Status is terminated for Cause, the Option will terminate and be forfeited immediately upon such Participant's termination of Continuous Service Status, and Participant will be prohibited from exercising any portion (including any vested portion) of the Option on or after the date of such termination of Continuous Service Status. If Participant's Continuous Service Status is suspended pending an investigation of whether Participant's Continuous Service Status will be terminated for Cause, all of Participant's rights under the Option, including the right to exercise such Awards, shall be suspended during the investigation period.

(d) **Determination of Termination Date.** For purposes of the Option, Participant's Continuous Service Status will be considered terminated as of the date Participant is no longer actively providing services to the Company or one of its Parents, Subsidiaries, or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his or her Option grant (including whether Participant may still be considered to be providing services while on a leave of absence).

(e) **No Notice of Option Expiration.** Participant is responsible for keeping track of the Expiration Date and the post-termination exercise periods following Participant's termination of Continuous Service Status for any reason. The Company is not obligated to provide further notice of such periods. In no event will this Option be exercised later than the Expiration Date set forth in the Notice.

5. **Non-Transferability of Option.** This Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Award Agreement will be binding upon the executors, administrators, heirs, successors, and assigns of Participant.

6. **Taxes.**

(a) **Responsibility for Taxes.** By accepting this Option, Participant acknowledges that, regardless of any action taken by the Company or, if different, any Parent, Subsidiary, or Affiliate that employs Participant (the "***Employer***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting, or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, as applicable, Participant acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means described in this Section. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

(b) **Withholding.** Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary, or Affiliate;

(ii) withholding from proceeds of the sale of Shares acquired at exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);

(iii) withholding Shares to be issued upon exercise of the Option, provided the Company only withholds a number of Shares necessary to satisfy no more than the withholding amounts determined based on the maximum permitted statutory rate applicable in Participant's jurisdiction;

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted under Applicable Law.

Withholding for Tax-Related Items will be made in accordance with Section 10 of the Plan and such rules and procedures as may be established by the Plan Administrator, and in compliance with the Trading Policy, if applicable. In the event the Company or the Employer withholds more than the Tax-Related Items using one of the methods described above, Participant may receive a refund of any over-withheld amount in cash but will have no entitlement to the Shares sold or withheld.

7. **Notice of Disqualifying Disposition of ISO Shares.** If Participant is subject to Tax-Related Items in the United States and sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (a) two years after the grant date, or (b) one year after the exercise date, Participant will immediately notify the Company in writing of such disposition.

8. **Governing Law and Venue.** This Award Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Arizona, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Award Agreement, the parties hereby submit to the exclusive jurisdiction of the State of Arizona and agree that such litigation shall be conducted only in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this grant is made and/or to be performed.

9. **Entire Agreement; Enforcement of Rights.** This Award Agreement, together with the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior discussions, agreements, commitments, or negotiations between the parties. No adverse modification or amendment of this Award Agreement, nor any waiver of any rights under this Award Agreement, will be effective unless in writing and signed by the parties to this Award Agreement (which may be electronic). The failure by either party to enforce any rights under this Award Agreement will not be construed as a waiver of any rights of such party.

10. **Severability.** If one or more provisions of this Award Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Award Agreement, (b) the balance of this Award Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of this Award Agreement shall be enforceable in accordance with its terms.

11. **Consent to Electronic Delivery and Participation.** By accepting this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, and consents to the electronic delivery of the Award Agreement, the Plan, account statements, Plan prospectuses, and all other documents, communications, or information related to the Option and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail, or such other delivery determined at the Company's discretion. Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service, or electronic mail to Stock Administration.

12. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares purchased upon exercise of the Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Notice of Restricted Stock Unit Award

Taronis Fuels, Inc. (the "***Company***") has awarded to you ("***Participant***") restricted stock units ("***RSUs***") covering the number of shares of Common Stock set forth below (the "***RSU Award***") under its 2019 Equity Incentive Plan (the "***Plan***").

Participant Name:

Employee ID:

Grant ID:

Date of Grant:

Number of RSUs:

Country at Grant: United States

Vesting Commencement Date:

Vesting Schedule: [*insert applicable vesting schedule*]

Capitalized terms used but not defined in this Notice of Restricted Stock Unit Award (this "***Notice***") or the attached RSU Terms and Conditions (including any appendices and exhibits attached thereto) will have the same meanings specified in the Plan. The Notice and the RSU Terms and Conditions are collectively referred to as the "***Award Agreement***" applicable to the RSUs.

By accepting (whether electronically or otherwise) the RSU Award, Participant acknowledges and agrees to the following:

1. The RSU Award is governed by the terms and conditions of this Award Agreement and the Plan. In the event of a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will prevail.

2. Participant has received a copy of the Plan, this Award Agreement, the Plan prospectus, and the Trading Policy, and represents that he or she has read these documents and is familiar with their terms. Participant further agrees to accept as binding, conclusive, and final all decisions and interpretations of the Committee and the Plan Administrator regarding any questions relating to the RSU Award and the Plan.

---

3. Vesting of the RSUs is subject to Participant's Continuous Service Status as an Employee, Director, or Consultant, which is for an unspecified duration and may be terminated at any time, with or without Cause, and nothing in this Award Agreement or the Plan changes the nature of that relationship.

4. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding participation in the Plan. ***Participant should consult with his or her own personal tax, legal, and financial advisors regarding participation in the Plan before taking any action related to the Plan.***

5. Participant consents to electronic delivery and participation as set forth in the Plan and this Award Agreement.

6. **If Participant does not accept or decline this RSU Award within 90 days of the Date of Grant or by such other date that may be communicated Participant by the Company, the Company will accept this RSU Award on Participant's behalf and Participant will be deemed to have accepted the terms and conditions of the RSUs set forth in the Plan and this Award Agreement. If Participant wishes to decline this RSU Award, Participant should promptly notify Taronis at [_____]. If Participant declines this RSU Award, the RSUs will be cancelled and no benefits from the RSUs nor any compensation or benefits in lieu of the RSUs will be provided to Participant.**

Taronis Fuels, Inc.		**Participant**	
By:	_____	Signature:	_____
Title:	_____	Date:	_____

RSU Terms and Conditions

1. **Grant of RSUs.** An RSU is a non-voting unit of measurement which is deemed solely for bookkeeping purposes to be equivalent to one outstanding share of Common Stock (a "***Share***"). The RSUs are used solely as a device to determine the number of Shares to eventually be issued to Participant if such RSUs vest. The RSUs shall not be treated as property or as a trust fund of any kind.

2. **Settlement.**

(a) On or as soon as administratively practical (and within thirty (30) days) following the applicable date of vesting under the Vesting Schedule set forth in the Notice (a "***Vesting Date***"), the Company will deliver to Participant a number of Shares (either by delivering one or more certificates for such Shares or by entering such Shares in book entry form, as determined by the Company in its discretion) equal to the number of RSUs subject to the RSU Award that vest on the applicable Vesting Date, subject to the satisfaction of any applicable withholding obligations for Tax-Related Items. No fractional RSUs or rights for fractional Shares shall be created pursuant to this Agreement.

(b) The Company reserves the right to issue to Participant the cash equivalent of Shares, in part or in full satisfaction of the delivery of Shares, upon vesting of the RSUs, and to the extent applicable, references in this Award Agreement to Shares issuable in connection with the RSUs will include the potential issuance of its cash equivalent pursuant to such right, unless otherwise provided for any country applicable to Participant in the Appendix.

3. **Dividend and Voting Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant will have no ownership of the Shares allocated to the RSUs, and will have no rights to vote such Shares and no rights to dividends.

4. **Non-Transferability of RSUs.** The RSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order. The terms of the Plan and this Award Agreement will be binding upon the executors, administrators, heirs, successors, and assigns of Participant.

5. **Termination.** If Participant's Continuous Service Status terminates for any reason, all unvested RSUs will be forfeited to the Company, and all rights of Participant to such RSUs will immediately terminate without payment of any consideration to Participant. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his or her RSU grant (including whether Participant may still be considered to be providing services while on a leave of absence).

---

6. **Taxes.**

(a) **Responsibility for Taxes.** By accepting this RSU Award, Participant acknowledges that, regardless of any action taken by the Company or, if different, any Parent, Subsidiary, or Affiliate that employs Participant (the "***Employer***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including, but not limited to, the grant, vesting, or settlement of the RSU Award, the subsequent sale of Shares acquired pursuant to such settlement, and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, as applicable, Participant acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means described in this Section. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

(b) **Withholding.** Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary, or Affiliate;

(ii) withholding from proceeds of the sale of Shares acquired on settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);

(iii) withholding Shares to be issued upon settlement of the RSUs, provided the Company only withholds a number of Shares necessary to satisfy no more than the withholding amounts determined based on the maximum permitted statutory rate applicable in Participant's jurisdiction;

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted under Applicable Law.

Withholding for Tax-Related Items will be made in accordance with Section 10 of the Plan and such rules and procedures as may be established by the Plan Administrator, and in compliance with the Trading Policy, if applicable. In the event the Company or the Employer withholds more than the Tax-Related Items using one of the methods described above, Participant may receive a refund of any over-withheld amount in cash but will have no entitlement to the Shares sold or withheld.

7. **Code Section 409A.** It is intended that the terms of the RSU Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code, and this Award Agreement shall be construed and interpreted consistent with that intent. Payments pursuant to this RSU Award are intended to constitute separate payments for purposes of Section 409A of the Code.

8. **Governing Law and Venue.** This Award Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Arizona, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Award Agreement, the parties hereby submit to the exclusive jurisdiction of the State of Arizona and agree that such litigation shall be conducted only in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this grant is made and/or to be performed.

9. **Entire Agreement; Enforcement of Rights.** This Award Agreement, together with the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior discussions, agreements, commitments, or negotiations between the parties. No adverse modification of, or adverse amendment to, this Award Agreement, nor any waiver of any rights under this Option Agreement, will be effective unless in writing and signed by the parties to this Award Agreement (which may be electronic). The failure by either party to enforce any rights under this Award Agreement will not be construed as a waiver of any rights of such party.

10. **Severability.** If one or more provisions of this Award Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Award Agreement, (b) the balance of this Award Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of this Award Agreement shall be enforceable in accordance with its terms.

11. **Consent to Electronic Delivery and Participation.** By accepting the RSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, and consents to the electronic delivery of the Award Agreement, the Plan, account statements, Plan prospectuses, and all other documents, communications, or information related to the RSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to Stock Administration.

12. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSU Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Notice of Performance Stock Unit Award

Taronis Fuels, Inc. (the "***Company***") has awarded to you ("***Participant***") performance-based restricted stock units ("***PSUs***") covering the number of shares of Common Stock set forth below (the "***PSU Award***") under its 2019 Equity Incentive Plan (the "***Plan***").

Participant Name:

Employee ID:

Grant ID:

Date of Grant:

[Target/Maximum] Number of PSUs:

Country at Grant:

Vesting Commencement Date:

Vesting Schedule: As provided in Exhibit A to this Notice (the "***Performance Vesting Terms***")

Capitalized terms used but not defined in this Notice of Performance Stock Unit Award (this "***Notice***") or the attached PSU Terms and Conditions (including any appendices and exhibits attached thereto) will have the same meanings specified in the Plan. The Notice (including the Performance Vesting Terms) and the PSU Terms and Conditions are collectively referred to as the "***Award Agreement***" applicable to the PSUs.

By accepting (whether electronically or otherwise) the PSU Award, Participant acknowledges and agrees to the following:

1. The PSU Award is governed by the terms and conditions of this Award Agreement and the Plan. In the event of a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will prevail.

2. Participant has received a copy of the Plan, this Award Agreement, the Plan prospectus, and the Trading Policy, and represents that he or she has read these documents and is familiar with their terms. Participant further agrees to accept as binding, conclusive, and final all decisions and interpretations of the Committee and the Plan Administrator regarding any questions relating to the PSU Award and the Plan.

3. Vesting of the PSUs is subject to Participant's Continuous Service Status as an Employee (except as provided in the Performance Vesting Terms), which is for an unspecified duration and may be terminated at any time, with or without Cause. Nothing in this Award Agreement or the Plan changes the nature of that relationship.

4. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding participation in the Plan. ***Participant should consult with his or her own personal tax, legal, and financial advisors regarding participation in the Plan before taking any action related to the Plan.***

5. Participant consents to electronic delivery and participation as set forth in the Plan and this Award Agreement.

6. **If Participant does not accept or decline this PSU Award within 90 days of the Date of Grant or by such other date that may be communicated Participant by the Company, the Company will accept this PSU Award on Participant's behalf and Participant will be deemed to have accepted the terms and conditions of the PSUs set forth in the Plan and this Award Agreement. If Participant wishes to decline this PSU Award, Participant should promptly notify Taronis at [_____].com. If Participant declines this PSU Award, the PSUs will be cancelled and no benefits from the PSUs nor any compensation or benefits in lieu of the RSUs will be provided to Participant.**

Taronis Fuels, Inc.		**Participant**	
By:	_____	Signature:	_____
Title:	_____	Date:	_____

Exhibit A

Performance Vesting Terms

PSU Terms and Conditions

1. **Grant of PSUs.**

(a) A PSU is a non-voting unit of measurement which is deemed solely for bookkeeping purposes to be equivalent to one outstanding share of Common Stock (a "***Share***"). The PSUs are used solely as a device to determine the number of Shares to eventually be issued to Participant if such PSUs vest. The PSUs shall not be treated as property or as a trust fund of any kind.

(b) The number of PSUs that Participant actually earns will be determined by the level of achievement of the Performance Goal(s) in accordance with Exhibit A to the Notice.

2. **Settlement.**

(a) On or as soon as administratively practical (and within thirty (30) days) following the applicable Vesting Date set forth in Exhibit A to the Notice, the Company will deliver to Participant a number of Shares (either by delivering one or more certificates for such Shares or by entering such Shares in book entry form, as determined by the Company in its discretion) equal to the number of PSUs subject to the PSU Award that vest on the applicable Vesting Date, subject to the satisfaction of any applicable withholding obligations for Tax-Related Items. No fractional PSUs or rights for fractional Shares shall be created pursuant to this Agreement.

(b) The Company reserves the right to issue to Participant the cash equivalent of Shares, in part or in full satisfaction of the delivery of Shares, upon vesting of the PSUs, and to the extent applicable, references in this Award Agreement to Shares issuable in connection with the PSUs will include the potential issuance of its cash equivalent pursuant to such right.

3. **Dividend and Voting Rights.** Unless and until such time as Shares are issued in settlement of vested PSUs, Participant will have no ownership of the Shares allocated to the PSUs, and will have no rights to vote such Shares and no rights to dividends.

4. **Non-Transferability of PSUs.** The PSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order. The terms of the Plan and this Award Agreement will be binding upon the executors, administrators, heirs, successors, and assigns of Participant.

5. **Termination.** If Participant's Continuous Service Status terminates for any reason, the PSUs will be subject to the provisions of Exhibit A to the Notice.

6. **Taxes.**

(a) **Responsibility for Taxes.** By accepting this PSU Award, Participant acknowledges that, regardless of any action taken by the Company or, if different, any Parent, Subsidiary or Affiliate that employs Participant (the "***Employer***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSU Award, including, but not limited to, the grant, vesting or settlement of the PSU Award, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PSU Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, as applicable, Participant acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means described in this Section. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

(b) **Withholding.** Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary or Affiliate;

(ii) withholding from proceeds of the sale of Shares acquired on settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);

(iii) withholding Shares to be issued upon settlement of the PSUs, provided the Company only withholds a number of Shares necessary to satisfy no more than the withholding amounts determined based on the maximum permitted statutory rate applicable in Participant's jurisdiction;

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted under Applicable Law.

Withholding for Tax-Related Items will be made in accordance with Section 10 of the Plan and such rules and procedures as may be established by the Plan Administrator, and in compliance with the Trading Policy, if applicable. In the event the Company or the Employer withholds more than the Tax-Related Items using one of the methods described above, Participant may receive a refund of any over-withheld amount in cash but will have no entitlement to the Shares sold or withheld.

7. **Code Section 409A.** It is intended that the terms of the PSU Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code, and this Award Agreement shall be construed and interpreted consistent with that intent. Payments pursuant to this PSU Award are intended to constitute separate payments for purposes of Section 409A of the Code.

8. **Governing Law and Venue.** This Award Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Arizona, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Award Agreement, the parties hereby submit to the exclusive jurisdiction of the State of Arizona and agree that such litigation shall be conducted only in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this grant is made and/or to be performed.

9. **Entire Agreement; Enforcement of Rights.** This Award Agreement, together with the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior discussions, agreements, commitments, or negotiations between the parties. No adverse modification of, or adverse amendment to, this Award Agreement, nor any waiver of any rights under this Option Agreement, will be effective unless in writing and signed by the parties to this Award Agreement (which may be electronic). The failure by either party to enforce any rights under this Award Agreement will not be construed as a waiver of any rights of such party.

10. **Severability.** If one or more provisions of this Award Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Award Agreement, (b) the balance of this Award Agreement shall be interpreted as if such provision were so excluded and (c) the balance of this Award Agreement shall be enforceable in accordance with its terms.

11. **Consent to Electronic Delivery and Participation.** By accepting the PSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, and consents to the electronic delivery of the Award Agreement, the Plan, account statements, Plan prospectuses, and all other documents, communications or information related to the PSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to Stock Administration.

12. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the PSU Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

International

Notice of Stock Appreciation Right Grant

Taronis Fuels, Inc. (the "***Company***") has awarded to you ("***Participant***") stock appreciation rights ("***SARs***") covering the number of shares of Common Stock set forth below (the "***SAR Award***") under its 2019 Equity Incentive Plan (the "***Plan***").

Participant Name:

Employee ID:

Grant ID:

Date of Grant:

Exercise Price per Share:

Number of SARs:

Country at Grant:

Expiration Date:

Vesting Commencement Date:

Vesting Schedule: **[***insert applicable vesting schedule***]**

Capitalized terms used but not defined in this Notice of Stock Appreciation Right Grant (this "***Notice***") or the attached SAR Terms and Conditions (including any appendices and exhibits) will have the same meanings specified in the Plan. The Notice and the SAR Terms and Conditions (including the country-specific terms and conditions contained in Exhibit A attached hereto (the "***Appendix***")) are collectively referred to as the "***Award Agreement***" applicable to the SAR Award.

By accepting the SAR Award (whether electronically or otherwise), Participant acknowledges and agrees to the following:

1. This SAR Award is governed by the terms and conditions of this Award Agreement and the Plan. In the event of a conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will prevail.

2. Participant has received a copy of the Plan, this Award Agreement, the Plan prospectus, and the Trading Policy and represents that he or she has read these documents and is familiar with their terms. Participant further agrees to accept as binding, conclusive, and final all decisions and interpretations of the Committee and the Plan Administrator regarding any questions relating to this SAR Award and the Plan.

3. Vesting of the SARs is subject to Participant's Continuous Service Status as an Employee, Director, or Consultant, which is for an unspecified duration and may be terminated at any time, with or without Cause (subject to Applicable Law), and nothing in this Award Agreement or the Plan changes the nature of that relationship.

4. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding participation in the Plan. ***Participant should consult with his or her own personal tax, legal, and financial advisors regarding participation in the Plan before taking any action related to the Plan.***

5. Participant consents to electronic delivery and participation as set forth in the Plan and this Award Agreement.

Taronis Fuels, Inc.		**Participant**	
By:	_____	Signature:	_____
Title:	_____	Date:	_____

International

SAR Terms and Conditions

1. **Grant of SAR.** Participant has been granted SARs, which entitle Participant to a payment equal to any appreciation between the Exercise Price per Share set forth in the Notice and the Fair Market Value of a share of Common Stock (a "***Share***") on the date of exercise of any vested SARs.

2. **Exercise.** This SAR Award is exercisable during its term in accordance with the Vesting Schedule contained in the Notice and the applicable provisions of the Plan and this Award Agreement. Participant may exercise the vested portion of this SAR Award by following the exercise procedures established by the Plan Administrator and payment of any applicable Tax-Related Items.

3. **Cash Settlement.** Upon exercise of the SAR Award, Participant shall receive a payment in cash; however, the Company reserves the right to settle such payment in the form of a number of Shares (based upon the Fair Market Value of the Shares on the exercise date) upon written notification to Participant, if both of the following conditions are satisfied: (a) the Committee has decided that the SAR Award is to be settled in Shares and (b) settling in Shares is in compliance with Applicable Law, as determined by the Company in consultation with its legal counsel. Until and unless the Company expressly notifies Participant in writing of its intention to settle the SARs in Shares, nothing within this Award Agreement and all related documents, exhibits, or materials shall constitute and/or be construed as the making available, offering for subscription or purchase, or invitation to subscribe for or purchase securities.

4. **Term.**

(a) **Maximum Term.** This SAR Award will in all events expire at the close of business at Company headquarters on the Expiration Date specified in the Notice, unless it terminates earlier in connection with the termination of Participant's Continuous Service Status (as provided below) or a Corporate Transaction (as provided in the Plan).

(b) **Post-Termination Exercise Period.** If Participant's Continuous Service Status terminates prior to the Expiration Date of the SAR Award other than for Cause, the unvested portion of this SAR Award will automatically expire on Participant's date of termination, and the vested portion of this SAR Award will remain outstanding and exercisable for the following periods, unless otherwise determined by the Committee:

(i) three (3) months following a termination for any reason other than Cause, Disability, or death;

(ii) six (6) months following a termination due to Disability; and

(iii) twelve (12) months following the date of Participant's death, if Participant dies while in Continuous Service Status, or during the period provided in clauses (i) or (ii) above.

(c) **Termination for Cause.** If Participant's Continuous Service Status is terminated for Cause, the SAR Award will terminate and be forfeited immediately upon such Participant's termination of Continuous Service Status, and the Participant will be prohibited from exercising any portion (including any vested portion) of the SAR Award on or after the date of such termination of Continuous Service Status. If Participant's Continuous Service Status is suspended pending an investigation of whether Participant's Continuous Service Status will be terminated for Cause, all of Participant's rights under the SAR Award, including the right to exercise such Awards, shall be suspended during the investigation period.

(d) **Determination of Termination Date.** For purposes of the SAR Award, Participant's Continuous Service Status will be considered terminated as of the date Participant is no longer actively providing services to the Company or one of its Parents, Subsidiaries, or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, (i) Participant's right to vest in the SAR Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); and (ii) the period (if any) during which Participant may exercise the SAR Award after such termination of Participant's Continuous Service Status will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's employment agreement, if any. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his or her SAR grant (including whether Participant may still be considered to be providing services while on a leave of absence).

(e) **No Notice of Expiration.** Participant is responsible for keeping track of the Expiration Date and the post-termination exercise periods following Participant's termination of Continuous Service Status for any reason. The Company is not obligated to provide further notice of such periods. This SAR Award may not be exercised after the Expiration Date set forth in the Notice.

5. **Non-Transferability.** This SAR Award may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Award Agreement will be binding upon the executors, administrators, heirs, successors, and assigns of Participant.

6. **Taxes.**

(a) **Responsibility for Taxes.** By accepting this SAR, Participant acknowledges that, regardless of any action taken by the Company or, if different, any Parent, Subsidiary, or Affiliate that employs Participant (the "***Employer***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the SAR Award, including, but not limited to, the grant, vesting, or exercise of the SAR Award; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the SAR Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, as applicable, Participant acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means described in this Section. The Company may refuse to deliver any cash payment if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

(b) **Withholding.** Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary, or Affiliate;

(ii) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(iii) any other arrangement approved by the Committee and permitted under Applicable Law.

Withholding for Tax-Related Items will be made in accordance with Section 10 of the Plan and such rules and procedures as may be established by the Plan Administrator, and in compliance with the Trading Policy, if applicable.

---

7. **Governing Law and Venue.** This Award Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Arizona, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Award Agreement, the parties hereby submit to the exclusive jurisdiction of the State of Arizona and agree that such litigation shall be conducted only in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this grant is made and/or to be performed.

8. **Entire Agreement; Enforcement of Rights.** This Award Agreement, together with the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior discussions, agreements, commitments, or negotiations between the parties. No adverse modification or amendment of this Award Agreement, nor any waiver of any rights under this Award Agreement, will be effective unless in writing and signed by the parties to this Award Agreement (which may be electronic). The failure by either party to enforce any rights under this Award Agreement will not be construed as a waiver of any rights of such party.

9. **Severability.** If one or more provisions of this Award Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Award Agreement, (b) the balance of this Award Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of this Award Agreement shall be enforceable in accordance with its terms.

10. **Consent to Electronic Delivery and Participation.** By accepting this SAR Award, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, and consents to the electronic delivery of the Award Agreement, the Plan, account statements, Plan prospectuses, and all other documents, communications, or information related to the SAR Award and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail, or such other delivery determined at the Company's discretion. Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service, or electronic mail to Stock Administration.

11. **Language.** Participant acknowledges that Participant is proficient in the English language and, accordingly, understands the provisions of this Award Agreement and the Plan. If Participant has received this Award Agreement, or any other document related to the SAR Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

12. **Country-Specific Provisions.** The SAR Award shall be subject to any special terms and conditions set forth in the Appendix for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.

13. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the SAR Award, and on any cash payment delivered upon exercise of the SAR Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

14. **Insider Trading/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including, but not limited to, the United States and Participant's country, which may affect Participant's ability to accept, acquire, sell, or otherwise dispose of Shares, rights to Shares (*e.g.*, SARs), or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Trading Policy. Neither the Company nor any of its Parents, Subsidiaries, or Affiliates will be responsible for such restrictions or liable for the failure on Participant's part to know and abide by such restrictions. Participant should consult with his or her own personal legal advisers to ensure compliance with local laws.

EXHIBIT A

Country-Specific Terms and Conditions for Employees Outside the U.S.

The information in this Exhibit A is based on the securities, exchange control, and other laws in effect in the respective countries as of [ ] 2019.

Terms and Conditions

This Exhibit A includes additional terms and conditions that govern the SAR Award granted to Participant under the Plan if Participant is an employee and resides and/or works in one of the countries listed below. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan and/or the Agreement to which this Exhibit A is attached.

If Participant is a citizen or resident of a country other than the one in which he or she is currently working and/or residing, transfers to another country after the Date of Grant, changes status from an Employee to a Consultant, or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to Participant.

Notifications

This Exhibit A also includes information regarding securities laws, exchange controls, and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted herein as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in or exercises this SAR Award.

In addition, the information contained in this Exhibit A is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the applicable laws in his or her country may apply to his or her situation.

Finally, Participant understands that if he or she is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transfers to another country after the Date of Grant, or is considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to Participant in the same manner.

A. TERMS AND CONDITIONS APPLICABLE TO ALL NON-U.S. COUNTRIES

1. **Nature of Grant.** In accepting this SAR Award, Participant acknowledges, understands, and agrees that:

(a) **Voluntary and Discretionary.** The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan. Participant is voluntarily participating in the Plan.

(b) **Occasional Benefit.** The grant of the SAR Award is exceptional, voluntary, and occasional and does not create any contractual or other right to receive future grants of SARs, or benefits in lieu of SARs, even if SARs have been granted in the past. All decisions with respect to future SARs or other equity grants, if any, will be at the sole discretion of the Company.

(c) **No Employment or Service Rights.** The SAR Award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate Participant's Continuous Service Status.

(d) **SARs Not In Lieu of Other Compensation.** The SAR Award and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits, or similar payments. Further, the SAR Award and the Shares underlying the SAR Award, and the income from and value of same, are not intended to replace any pension rights or compensation. Unless otherwise agreed with the Company, the SAR Award and the Shares underlying the SAR Award, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a Director of a Subsidiary of the Company.

(e) **Uncertain Future Value.** The future value of the Shares underlying the SAR Award is unknown, indeterminable, and cannot be predicted with certainty. If the underlying Shares do not increase in value, the SAR Award will have no value. If Participant exercises the SAR Award and acquires Shares, the Shares may increase or decrease in value, even below the Exercise Price.

(f) **No Entitlements.** No claim or entitlement to compensation or damages shall arise from forfeiture of the SAR Award resulting from the Termination of Participant's Continuous Service Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). Unless otherwise provided in the Plan or by the Company in its discretion, the SAR Award and the benefits evidenced by this Agreement do not create any entitlement to have the SAR Award or any such benefits transferred to, or assumed by, another company, or to be exchanged, cashed out, or substituted for, in connection with any corporate transaction affecting the Shares.

(g) **Currency Exchange Rates.** Neither the Company, the Employer nor any Parent, Subsidiary, or Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the SAR Award or of any amounts due to Participant pursuant to the exercise of the SAR Award or the subsequent sale of any Shares acquired upon exercise.

B. DATA PRIVACY TERMS

The following data privacy terms govern the grant of SARs under the Plan to Participants outside the European Union / European Economic Area:

Participant hereby explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of Participant's personal data as described in the Award Agreement and any other SAR grant materials by and among, as applicable, the Company and any Parent, Subsidiary, or Affiliate for the exclusive purpose of implementing, administering, and managing Participant's participation in the Plan.

Participant understands that the Company and any Parent, Subsidiary, or Affiliate may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all SARs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested, or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering, and managing the Plan.

Participant understands that Data will be transferred to Taronis or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration, and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering, and managing the Plan to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering, and managing Participant's participation in the Plan.

Participant understands that Data will be held only as long as is necessary to implement, administer, and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Company or any Parent, Subsidiary, or Affiliate will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant SARs or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Finally, Participant understands that the Company may rely on a different legal basis for the processing or transfer of Data in the future and/or request Participant to provide another data privacy consent. If applicable and upon request of the Company, Participant agrees to provide an executed acknowledgement or data privacy consent form to the Company or the Employer (or any other acknowledgements, agreements, or consents) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Participant's country, either now or in the future. Participant understands that he or she will not be able to participate in the Plan if he or she fails to execute any such acknowledgement, agreement, or consent requested by the Company and/or the Employer.

C. COUNTRY-SPECIFIC PROVISIONS

[*Specific country disclosures to be added*]

TARONIS FUELS, INC.

EXECUTIVE BONUS PLAN

1. Purpose. The purpose of the Taronis Fuels, Inc. Executive Bonus Plan (the "**Plan**") is to further link an executive's interests with those of the Company's by creating a direct relationship between key business and individual performance measurements and individual bonus payouts. The Plan is effective as of the date it is approved by the Company's Board.

2. Definitions. The following terms will have the following meanings:

(a) "**Affiliate**" means any corporation or other entity controlled by the Company.

(b) "**Applicable Law**" means any applicable federal, state, foreign, material local, or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling, or requirement issued, enacted, adopted, promulgated, implemented, or otherwise put into effect by or under the authority of any governmental or regulatory body or self-regulatory organization.

(c) "**Base Salary**" means the Participant's annualized rate of base salary on the last day of the Performance Period, before (i) deductions for taxes or benefits and (ii) deferrals of compensation pursuant to any Company or Affiliate-sponsored plan.

(d) "**Board**" means the Board of Directors of the Company, as constituted from time to time.

(e) "**Bonus**" means a cash payment made pursuant to this Plan, the payment of which will be contingent on the attainment of Performance Goals with respect to a particular Performance Period.

(f) "**Code**" means the U.S. Internal Revenue Code of 1986, as amended, including any regulations or authoritative guidance promulgated thereunder and successor provisions thereto.

(g) "**Committee**" means the Compensation Committee of the Board of Directors.

(h) "**Company**" means Taronis Fuels, Inc., a Delaware corporation.

(i) "**Participant**" means as to any Performance Period, any "officer" as defined in Rule 16a-1 of the Securities Exchange Act of 1934, as amended, and any other senior executive as designated by the Committee to participate in the Plan for that Performance Period.

(j) "**Performance Criteria**" means the performance criteria upon which the Performance Goals for a particular Performance Period are based, which may include any of the following, or such other criteria as determined by the Committee in accordance with the Plan: net earnings or net income (before or after taxes); basic or diluted earnings per share (before or after taxes); net revenues or net revenue growth; adjusted net revenues or net revenue growth; gross revenue or gross revenue growth; gross profit or gross profit growth; gross bookings or gross booking growth; net operating profit (before or after taxes); return on assets, capital, invested capital, equity or sales; cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital); earnings before or after taxes, interest, depreciation and/or amortization; adjusted earnings before or after taxes, interest, depreciation, and/or amortization; gross or operating margins; improvements in capital structure; budget and expense management; debt levels or reduction; productivity ratios; economic value added or other value-added measurements; share price (including, but not limited to, growth measures and total shareholder return); expense targets; margins; operating efficiency; working capital targets; enterprise value; active platform consumers or active platform consumer growth, trips; category market position; implementation or completion of projects or processes; completion of acquisitions or business expansion; sustainability; customer satisfaction; compliance; workforce diversity; workforce hiring or attrition; employee satisfaction; partner growth measures; or partner satisfaction.

Such Performance Criteria may relate to the performance of the Company as a whole, a business unit, division, department, individual, or any combination of these and may be applied on an absolute basis and/or relative to one or more peer group companies or indices, or any combination thereof, as the Committee will determine.

(k) "**Performance Goals**" means the goals selected by the Committee, in its discretion, to be applicable to a Participant for any Performance Period. Performance Goals will be based upon one or more Performance Criteria. Performance Goals may include a threshold level of performance below which no Bonus will be paid and levels of performance at which specified percentages of the Target Bonus will be paid and may also include a maximum level of performance above which no additional Bonus amount will be paid.

(l) "**Performance Period**" means the period for which performance is calculated, which unless otherwise indicated by the Committee, will be the Company's fiscal year, which commences on January 1st and ends on December 31st.

(m) "**Plan**" means this Executive Bonus Plan, as amended from time to time.

(n) "**Pro-Rated Bonus**" means an amount equal to the Bonus that would otherwise be payable to the Participant for a Performance Period in which the Participant was actively employed by the Company or an Affiliate based on actual performance, multiplied by a fraction, the numerator of which is the number of days the Participant was actively employed by the Company or an Affiliate during the Performance Period and the denominator of which is the number of days in the Performance Period.

(o) "**Section 16 Participant**" means an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended.

(p) "**Target Bonus**" means the target award payable under the Plan to a Participant for a particular Performance Period, expressed as a percentage of the Participant's Base Salary or as a fixed amount of cash.

3. Administration.

(a) Administration by the Committee. The Plan will be administered by the Committee. The Committee will be responsible for the general administration and interpretation of this Plan and for carrying out its provisions, including the authority to construe and interpret the terms of this Plan, determine the manner and time of payment of any Bonuses, prescribe forms and procedures for purposes of Plan participation and distribution of Bonuses, and adopt rules, regulations, and to take such actions as it deems necessary or desirable for the proper administration of this Plan. The Board will retain the authority to concurrently administer the Plan with the Committee.

(b) Delegation. The Committee may delegate all or part of its authority and powers under the Plan to one or more directors and/or officers of the Company for administrative purposes, subject to the terms of the Committee's charter.

(c) Decisions Binding. All determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan will be final, conclusive, and binding on all persons, and will be given the maximum deference permitted by Applicable Law.

4. Eligibility.

(a) General. Only executive level and other key employees of the Company and its participating Affiliates designated by the Committee to participate in the Plan for a given Performance Period are eligible to participate in the Plan.

(b) New Hires; Newly Eligible Participant. A newly hired or newly eligible Participant that becomes eligible after the beginning of a Performance Period will be eligible to receive a Pro-Rated Bonus for such Performance Period, unless otherwise provided in a written employment agreement with such Participant. In addition, if a Participant becomes eligible to participate in the Plan after the beginning of a Performance Period due to a promotion, then such Participant's continuing eligibility under any other bonus arrangement sponsored by the Company will end as of the date of entry into this Plan, and any eligibility for a prorated bonus under such other plan will be determined by the Committee.

(c) Leaves of Absence. If a Participant is on a leave of absence for a portion of a Performance Period, the Committee may determine in its sole discretion whether the Participant will be eligible to receive a Bonus for such Performance Period (including a Pro-Rated Bonus reflecting participation for the period during which he or she was actively employed and not any period when he or she was on leave), subject to Applicable Law and any Company policy related to leaves of absence.

5. Terms of Bonuses.

(a) Determination of Target Bonus. Prior to, or reasonably promptly following the commencement of each Performance Period, the Committee, in its sole discretion, will establish the Target Bonus for each Participant, the payment of which will be conditioned on the achievement of the Performance Goals set for the relevant Performance Period.

(b) Determination of Performance Goals and Performance Formula. Prior to, or reasonably promptly following the commencement of, each Performance Period, the Committee will establish in writing the Performance Goals for the Performance Period and will prescribe a formula for determining the percentage of the Target Bonus, which may be payable based upon the level of attainment of the Performance Goals for the Performance Period. The Performance Goals will be based on one or more Performance Criteria, each of which may carry a different weight, and which may differ from Participant to Participant (subject to Applicable Law).

(c) Adjustments. The Committee is authorized to adjust or modify the calculation of a Performance Goal for a Performance Period in its sole discretion, including but not limited to in connection with any one or more of the following events: asset write-downs; significant litigation or claim judgments or settlements; the effect of changes in tax laws, accounting standards or principles, or other laws or regulatory rules affecting reporting results; any reorganization and restructuring programs; acquisitions or divestitures; goodwill and intangible asset impairment charges; any other specific unusual or nonrecurring events or objectively determinable category thereof as determined under generally accepted accounting principles ("U.S. GAAP"); foreign exchange rates; and a change in the Company's fiscal year. The Committee may also adjust or eliminate the compensation or economic benefit due upon attainment of Performance Goals in its sole discretion, subject to the limitations of the Plan and compliance with Applicable Law.

6. Payment of Bonuses.

(a) Determination of Bonuses. In general, the Committee will determine the extent to which the Performance Goals have been achieved or exceeded, and the amount of each Participant's Bonus, if any, following the completion of each Performance Period. The Committee may reduce, eliminate, or increase the amount of a Bonus if, in its sole discretion, such adjustment is deemed appropriate.

(b) Form and Timing of Payment. Except as otherwise provided herein, as soon as practicable following the Committee's determination of the Bonuses payable for the applicable Performance Period, each Participant will receive a cash lump sum payment of his or her or its Bonus, less required withholding. In no event will such payment be made later than March 15 of the year following the year that contains the end of the Performance Period.

(c) Deferrals. The Committee, in its sole discretion, may permit a Participant to defer the payment of a Bonus that would otherwise be paid under the Plan. Any deferral election will be made in compliance with Applicable Law (including Section 409A of the Code, if applicable) and subject to such rules and procedures as will be determined by the Committee in its sole discretion.

7. Termination of Employment. Subject to the terms of an employment agreement between a Participant and the Company or an Affiliate, or any severance plan adopted by the Company or an Affiliate that is applicable to such Participant, if a Participant's employment terminates for any reason prior to the date that Bonuses are paid then all of the Participant's rights to a Bonus for the Performance Period will be forfeited.

8. General Provisions.

(a) Non-transferability. A Participant's rights and interests under the Plan, if any, are not assignable or transferable voluntarily or involuntarily or by operation of law.

(b) Withholding. The Company will have the right to withhold from any Bonus any federal, state, local, or foreign income and employment taxes required by Applicable Law.

(c) No Right to Bonus. Unless otherwise expressly set forth in an employment or other agreement between the Company or an Affiliate and a Participant, a Participant will not have any right to any Bonus under the Plan until such Bonus has been paid to such Participant. Participation in the Plan in one Performance Period does not connote any right to remain a Participant in the Plan in any future Performance Period.

(d) No Right to Employment. Nothing in the Plan will confer upon any person the right to continue in the employment of the Company or any Affiliate or affect the right of the Company or any Affiliate to terminate the employment of any Participant. The terms of this Plan do not form part of any employment or service agreement of a Participant and, to the extent a Participant has previously participated in any other bonus plan or scheme, participation in this Plan shall be conditional on participation in that other plan or scheme ceasing with immediate effect. For the avoidance of doubt, nothing contained in any employment or service agreement shall alter, amend or qualify the terms of the Plan (as amended from time to time).

(e) Non-Exclusive. Nothing in the Plan will limit the authority of the Company, the Board, or the Committee to adopt such other compensation arrangements as they may deem desirable for any Participant.

(f) Amendment or Termination of the Plan. The Board or the Committee may, at any time, amend, suspend, or terminate the Plan in whole or in part. Notwithstanding the foregoing, no amendment will adversely affect the rights of any Participant to Bonuses allocated prior to such amendment, suspension, or termination.

(g) Unfunded Status. Nothing contained in the Plan, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between the Company and any Participant, beneficiary, or legal representative or any other person. To the extent that a person acquires a right to receive payments under the Plan, such right will be no greater than the right of an unsecured general creditor of the Company.

(h) Governing Law. The Plan will be construed, administered, and enforced in accordance with the laws of the state of Arizona without regard to conflicts of law.

(i) Section 409A of the Code. It is intended that payments under the Plan qualify as short-term deferrals exempt from the requirements of Section 409A of the Code. In the event that any Bonus does not qualify for treatment as an exempt short-term deferral, it is intended that such amount will be paid in a manner that satisfies the requirements of Section 409A of the Code. The Plan will be interpreted and construed accordingly.

(j) Severability. In the event that any provision of the Plan will be considered illegal or invalid for any reason, such illegality or invalidity will not affect the remaining provisions of the Plan, but will be fully severable.

(k) Successors. All obligations of the Company under the Plan with respect to Bonuses hereunder will be binding upon any successor to the Company.

(l) Clawback. All Bonuses are subject to clawback or recoupment under any clawback or recoupment policy adopted by the Board or the Committee in effect from time to time, or required by Applicable Law, during the term of Participant's employment or other service with the Company that is applicable to officers, employees, directors, or other service providers of the Company. No recovery of compensation under such a clawback or recoupment policy will be an event giving rise to a right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan or agreement with the Company.

ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF CONTRACT

THIS ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF CONTRACT AGREEMENT (this "**Agreement**") is made and as of [ ], 2019 (the "**Effective Date**"), by and between **TARONIS TECHNOLOGIES, INC**., a Delaware corporation ("**Assignor**"), and **TARONIS FUELS, INC.,** a Delaware corporation ("**Assignee**") and **[ ]** (" ").

RECITALS:

WHEREAS, Assignor and [ ] are parties to that certain [ ] Agreement effective as of [ ], 2019 ("**Contract**"). The original Contract is attached hereto as **Exhibit A**.

WHEREAS, Assignor has agreed to assign its interest, rights, responsibilities and obligations under the Contract to the Assignee and Assignee has agreed to assume and perform all of the obligations under the Contract and employ the [ ] on the terms and conditions set forth in the Contract or as otherwise amended by this Agreement, on the Effective Date hereof.

WHEREAS, the [ ] has consented to the assignment in accordance with provisions set forth in the Contract and by his signature below agrees to the Contract amendments set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in, to and under the Contract. Assignee hereby accepts such assignment and assumes all of the Assignor's obligations under the Contract arising prior to, on or after the Effective Date ("**Assigned Contract**"). [ ] agrees that Assignor shall be released from the obligations under the Assigned Contract first arising after the Effective Date. In no event will Assignor be released from any Contract obligations or liability under the Contract that arose or accrued on or before the Effective Date.

2. Assignee agrees to indemnify Assignor and hold Assignor harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including, but not limited to, reasonable attorneys' fees and expenses) asserted against or incurred by Assignor by reason of or arising out of any failure by Assignee to perform or observe the obligations, covenants, terms and conditions under the Contract from and after the Effective Date.

3. Assignor agrees to indemnify Assignee and hold Assignee harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including, but not limited to, reasonable attorneys' fees and expenses) asserted against or incurred by Assignee by reason of or arising out of any failure by Assignor to perform or observe the obligations, covenants, terms and conditions under the Contract prior to the Effective Date.

4. Assignor hereby represents, warrants and agrees that to the knowledge of Assignor, there exists no breach, default or event of default by [ ] under the Contract, as amended hereby, or any event or condition which, with notice or passage of time or both, would constitute a breach, default or event of default by [ ] under the Contract.

5. [ ] represents to his actual knowledge as of the Effective Date that there exists no breach, default or event of default by Assignor under the Contract, as amended hereby, or any event or condition which, with notice or passage of time or both, would constitute a breach, default or event of default by Assignor under the Contract.

6. Amendments to Contract. The Contract is hereby amended as follows:

6.1. [INSERT]

7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement shall be governed by and construed in accordance with the laws of the State of [ ]. This Agreement may be executed in any number of counterparts and by each party on separate counterparts, and all such counterparts shall constitute one and the same instrument. The above recitals are true and correct and constitute part of this Agreement.

[Signature Page Follows]

[The Remainder of This Page is Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first written above.

ASSIGNOR:

TARONIS TECHNOLOGIES, INC.

By: _____
Name:
Title: Authorized Signatory

ASSIGNEE:

TARONIS FUELS, INC.

By: _____
Name:
Title: Authorized Signatory

[ ]:

By: _____
Name:
Title: Authorized Signatory

[Signature Page to Assignment and Assumption and Amendment of Contract Agreement]

Exhibit A
Contract

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "**Agreement**") dated as of _____, 2019, is made by and between **TARONIS FUELS, INC.**, a Delaware corporation (the "**Company**"), and _____("**Indemnitee**").

RECITALS

A. The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.

B. The Company's bylaws (the "**Bylaws**") require that the Company indemnify its directors and officers, and empowers the Company to indemnify its employees and agents, as authorized by the Delaware General Corporation Law, as amended (the "**Code**"), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.

C. Indemnitee does not regard the protection currently provided by applicable law, the Bylaws, the Company's other governing documents, and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

D. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.

E. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Agreement to Serve. Indemnitee will serve, or continue to serve, as the case may be, as an Agent, faithfully and to the best of his or her or its ability, at the will of such entity designated by the Company and at the request of the Company (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves such entity, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the governance documents of such entity, or until such time as Indemnitee tenders his or her or its resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as an Agent, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an Agent.

2. Indemnification.

(a) Indemnification in Third Party Proceedings. Subject to Section 11 below, the Company shall indemnify and hold harmless Indemnitee (including Indemnitee's spouse or Spousal Equivalent) to the fullest extent permitted by the Code, as the same may be amended from time to time (but, to the fullest extent of the law, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, other than a proceeding by or in the right of the Company to procure a judgment in its favor, for any and all Expenses and Liabilities (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses and Liabilities) incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Amended and Restated Certificate of Incorporation of the Company, the Bylaws, vote of its stockholders or disinterested directors, or applicable law.

(b) Indemnification in Derivative Actions and Direct Actions by the Company. Subject to Section 11 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, fullest extent permitted by applicable law, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all Expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 2(b) in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court competent jurisdiction to be liable to the Company, unless and only to the extent that the Chancery Court of the State of Delaware or any court in which the proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

3. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, in circumstances where indemnification is not available under Section 2(a) or 2(b), as the case may be, to the fullest extent permitted by law and to the extent that Indemnitee is a party to (or a participant in) any proceeding and has been successful on the merits or otherwise in defense of any proceeding or in defense of any claim, issue or matter therein, in whole or part, including the dismissal of any action without prejudice, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred and Liabilities in connection with the investigation, defense or appeal of such proceeding. If Indemnitee is not wholly successful in such proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred and Liabilities incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For these purposes, Indemnitee will be deemed to have been "successful on the merits" in circumstances including but not limited to the termination of any Proceeding or of any claim, issue or matter therein, by the winning of a motion to dismiss (with or without prejudice), motion for summary judgment, settlement (with or without court approval, but provided the Indemnitee complies with Section 11(c)), or upon a plea of nolo contendere or its equivalent.

4. Partial Indemnification; Witness Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses and Liabilities incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's acting as an Agent, a witness or otherwise asked to participate in any proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Primacy of Indemnification. The Company hereby acknowledges that the Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more third parties (collectively, the "**Secondary Indemnitors**"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Secondary Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the Amended and Restated Certificate of Incorporation or Bylaws of the Company (or any agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Secondary Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Secondary Indemnitors from any and all claims against the Secondary Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Secondary Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Secondary Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Indemnitee against the Company. The Company and the Indemnitee agree that the Secondary Indemnitors are express third party beneficiaries of the terms hereof.

6. No Presumptions/Burden of Proof. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval, but provided Indemnitee complies with Section 11(c)) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the adjudicating body ("Reviewing Party") to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish by clear and convincing evidence that Indemnitee is not so entitled.

---

7. Advancement of Expenses. The Company shall advance the Expenses actually and reasonably incurred by Indemnitee in connection with any proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the Expenses. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Advances shall include any and all Expenses actually and reasonably incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement or otherwise and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay up to 50% of the actual amount advanced (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other undertaking shall be required. The right to advances under this Section 7 shall continue until final disposition of any proceeding, including any appeal therein. Without limiting the generality or effect of the foregoing, within thirty (30) days after any request by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

8. Notice and Other Indemnification Procedures.

(a) Notification of Proceeding. Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement.

(b) Request for Indemnification Payments. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification under the terms of this Agreement, and shall request payment thereof by the Company.

(c) Determination of Right to Indemnification Payments. Upon written request by Indemnitee for indemnification pursuant to Section 8(b) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board of Directors: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board of Directors, by the stockholders of the Company; *provided, however*, that if there has been a Change in Control, then such determination shall be made by Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). For purposes hereof, disinterested directors are those members of the Board of Directors of the Company who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee. Indemnification payments requested by Indemnitee under Section 2 hereof shall be made by the Company no later than sixty (60) days after receipt of the written request of Indemnitee. Claims for advancement of Expenses shall be made under the provisions of Section 7 herein.

(d) Application for Enforcement. In the event the Company fails to make timely payments as set forth in Sections 7 or 8(b) above, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of Expenses pursuant to this Agreement. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove that indemnification or advancement of Expenses to Indemnitee is not required under this Agreement or permitted by applicable law. In any such proceeding to enforce any rights pursuant to this Agreement, the Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary. Any determination by the Company (including its Board of Directors, a committee thereof, Independent Counsel) or stockholders of the Company, that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of Expenses hereunder.

(e) Indemnification of Certain Expenses. The Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred in connection with any hearing or proceeding under this Section 8 unless the Company prevails in such hearing or proceeding on the merits in all material respects.

9. Assumption of Defense. In the event the Company shall be requested by Indemnitee to pay the Expenses of any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not, in fact, have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the fees and Expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of Expenses provisions of this Agreement.

10. Insurance.

(a) To the extent that the Company maintains an insurance policy or policies providing liability insurance for Agents ("**D&O Insurance**"), Indemnitee shall be covered by such policy or policies in accordance with its or their terms in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's independent directors, if Indemnitee is an independent director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, if Indemnitee is not an officer or director but is a key employee. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has D&O Insurance in effect or otherwise potentially available, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(b) In the event of a change of control or the Company's becoming insolvent, the Company shall, to the extent reasonably practicable, maintain in force any and all insurance policies then maintained by the Company in providing insurance—directors' and officers' liability, fiduciary, employment practices or otherwise—in respect of the individual directors and officers of the Company, for a fixed period of six (6) years thereafter (a "**Tail Policy**"). Such coverage shall be non-cancellable and shall be placed and serviced for the duration of its term by the Company's incumbent insurance broker. Such broker shall place the Tail policy with the incumbent insurance carriers using the policies that were in place at the time of the change of control event (unless the incumbent carriers will not offer such policies, in which case the Tail Policy placed by the Company's insurance broker shall be substantially comparable in scope and amount as the expiring policies, and the insurance carriers for the Tail Policy shall have an AM Best rating that is the same or better than the AM Best ratings of the expiring policies).

11. Exceptions.

(a) Certain Matters. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to: (i) remuneration paid to Indemnitee if it is determined by final judgment not subject to further appeal that such remuneration was in violation of law; (ii) a final judgment not subject to further appeal rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company against Indemnitee or in connection with a settlement by or on behalf of Indemnitee to the extent it is acknowledged by Indemnitee and the Company that such amount paid in settlement resulted from Indemnitee's conduct from which Indemnitee received monetary personal profit to which Indemnitee was not entitled, pursuant to the provisions of Section 16(b) of the Exchange Act, or other provisions of any federal, state or local statute or rules and regulations thereunder; or (iii) a final judgment not subject to further appeal that Indemnitee's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment not subject to further appeal as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee is not legally entitled. For purposes of the foregoing sentence, a final judgment may be reached solely in the underlying proceeding.

(b) Claims Initiated by Indemnitee. Notwithstanding any provision herein to the contrary, the Company shall not be obligated to indemnify or advance Expenses to Indemnitee with respect to proceedings or claims initiated or brought by Indemnitee against the Company or its Agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification or advancement under this Agreement or under any other agreement, provision in the Bylaws or Amended and Restated Certificate of Incorporation or applicable law, or (ii) with respect to any other proceeding initiated by Indemnitee that is either approved by the Board of Directors or Indemnitee's participation is required by applicable law. However, indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors determines in good faith it to be appropriate.

(c) Settlements. Notwithstanding any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent to any proposed settlement. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on the Indemnitee without Indemnitee's written consent, which may be given or withheld in Indemnitee's sole discretion. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of such settlement is to be funded from any corporate insurance policy under which Indemnitee is an insured and for which Indemnitees claims may be covered unless approved by (1) the written consent of Indemnitee or (ii) a majority of the independent directors of the Board of Directors; provided, however, that the right to constrain the Company's use of corporate insurance as described in this Section 11 shall terminate at the time the Company concludes (per the terms of this Agreement) that (i) Indemnitee is not entitled to indemnification pursuant to this agreement, or (ii) such indemnification obligation to Indemnitee has been fully discharged by the Company.

(d) Prior Payments. Notwithstanding any provision herein to the contrary, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee under this Agreement for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, expect with respect to any excess beyond the amount paid under any insurance policy or indemnity policy; provided, however, that payment made to Indemnitee pursuant to an insurance policy purchased and maintained by Indemnitee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnitee pursuant to this Agreement.

12. Nonexclusivity and Survival of Rights. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may at any time be entitled under any provision of applicable law, the Company's Amended and Restated Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an Agent, in any court in which a proceeding is brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an Agent and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with its terms. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to (i) assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place, and (ii) agree to indemnify Indemnitee to the fullest extent permitted by law.

No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her corporate status prior to such amendment, alteration or repeal. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Amended and Restated Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

13. Term. All the rights and privileges afforded by this agreement, including the right to indemnification and the advancement of legal fees provided under this Agreement, shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an indemnifiable event even though Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of three (3) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

14. Definitions and Construction of Certain Phrases.

(a) Agent. For purposes of this Agreement, the term "Agent" of the Company means any person who: (i) is or was a director**,** officer, employee, agent, or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request of the Company or a subsidiary of the Company, as a director, officer, employee, agent, or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise. References to "serving at the request of the Company" shall include, but not be limited to, any service as a director, officer, employee or agent of the Company or any other entity which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries, including as a deemed fiduciary thereto.

(b) Change in Control. For purposes of this Agreement, a "**Change in Control**" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, (A) who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding Voting Securities, increases his beneficial ownership of such securities by five percent (5%) or more over the percentage so owned by such person, or (B) becomes the beneficial owner (as defined in Rule 13d-3under said Exchange Act), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company (the "**Incumbent Board**") and any new director whose election by the Board of Directors or nomination for election by the stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof (*provided, however,* that if the appointment or election (or nomination for election) of any new member of the Board of Directors was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall be considered as a member of the Incumbent Board), or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least two-thirds (2/3) of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

(c) Exchange Act. For purposes of this Agreement, the term "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

(d) Expenses. For purposes of this Agreement, the term "**Expenses**" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys', witness, or other professional fees and related disbursements, and other out-of-pocket costs of whatever nature), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise. The term "**Expenses**" shall also include reasonable compensation for time spent by Indemnitee for which he or she is not compensated by the Company or any subsidiary or third party: (i) for any period during which Indemnitee is not an Agent, in the employment of, or providing services for compensation to, the Company or any subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which Expenses are incurred, for Indemnitee while an Agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

(e) Independent Counsel. For purposes of this Agreement, the term "**Independent Counsel**" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "**Independent Counsel**" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company will pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) Liabilities. For purposes of this Agreement, the term "**Liabilities**" shall be broadly construed and shall include, without limitation, judgments, damages, deficiencies, liabilities, losses, penalties, excise taxes, fines, assessments and amounts paid in settlement, including any interest and any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payment under this Agreement.

(g) Proceedings. For purposes of this Agreement, the term "**proceeding**" shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness, or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting as an Agent; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses may be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a proceeding, this shall be considered a proceeding under this paragraph.

(h) Spousal Equivalent. For purposes of this Agreement, the term "**Spousal Equivalent**" shall be a person who meets the following conditions: (i) irrespective of whether or not the relevant person and the Spousal Equivalent are the same sex, they are the sole spousal equivalent of the other for the last 12 months, (ii) they intend to remain so indefinitely, (iii) neither are married to anyone else, (iv) both are at least 18 years of age and mentally competent to consent to contract, (v) they are not related by blood to a degree of closeness that would prohibit legal marriage in the state in which they legally reside, (vi) they are jointly responsible for each other's common welfare and financial obligations, and (vii) they have resided together in the same residence for the last 12 months and intend to do so indefinitely.

(i) Subsidiary. For purposes of this Agreement, the term "**subsidiary**" means any corporation, limited liability company, or other entity, of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as an Agent.

(j) Voting Securities. For purposes of this Agreement, "**Voting Securities**" shall mean any securities of the Company that vote generally in the election of directors.

15. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who, at the request and expense of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

16. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification and advancement of Expenses to Indemnitee to the fullest extent now or hereafter permitted by law.

17. Severability/No Imputation. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 16 hereof. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or the Company itself shall not be imputed to Indemnitee for purposes of determining any rights under this Agreement.

18. Amendment and Waiver. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

19. Notice. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by electronic transmission, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three (3) business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the Secretary of the Company. Notice shall be sent to both the addresses and electronic email address set forth on the signature page of this Agreement or such other address as either party may specify in writing. Either party to this Agreement may amend the address and electronic email address set forth on the signature page of this Agreement using any of the notice methods set forth above.

20. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

---

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

22. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

23. Entire Agreement. Subject to Section 11 hereof, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; provided, however, that this Agreement is a supplement to and in furtherance of the Company's Amended and Restated Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

24. Determination of Good Faith/Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be presumed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or the Board of Directors or counsel selected by any committee of the Board of Directors or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser, investment banker, compensation consultant, or other expert selected with reasonable care by the Company or the Board of Directors or any committee of the Board of Directors. The provisions of this Section 24 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct. Whether or not the foregoing provisions of this Section 24 are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

25. Monetary Damages Insufficient/Specific Performance. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

26. Information Sharing. If Indemnitee is the subject of or is implicated in any way during an investigation, whether formal or informal, the Company shall promptly notify the Indemnitee of such investigation. The Company shall further share with Indemnitee any information it has turned over to any third parties concerning the investigation ("**Shared Information**") at the time such information is so furnished, unless such notice is prohibited by any law, rule, regulation or formal order from a regulatory agency, would breach a confidentiality obligation owed to a third party or would waive the Company's attorney-client privilege. By executing this agreement, Indemnitee agrees that such Shared Information is material non-public information that Indemnitee is obligated to hold in confidence and may not disclose publicly; provided, however, that Indemnitee is permitted to use the Shared Information and to disclose such Shared information to Indemnitee's legal counsel and third parties solely in connection with defending Indemnitee from legal liability.

27. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such proceeding; and/or (ii) the relative fault of the Company and Indemnitee in connection with such event(s) and/or transaction(s).

28. Consent to Jurisdiction. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) agree to appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, an agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

[Signature Page Follows]

[The Remainder of This Page is Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the date first above written.

TARONIS FUELS, INC.

By: _____
Name: Scott Mahoney
Title: Chief Executive Officer

INDEMNITEE

_____
Signature of Indemnitee

_____
Print or Type Name of Indemnitee

SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT

DIRECTOR SERVICES AGREEMENT

THIS DIRECTOR SERVICES AGREEMENT (this "Agreement") is made and entered into as of [ ], 2019, by and between Taronis Fuels, Inc., a Delaware corporation (the "Company"), and [ ], an individual ("Director").

I. SERVICES.

a. Board of Directors. The Director has been appointed as an [Independent] Director of the Company's Board of Directors (the "Board"), effective upon approval by the Board, until the earlier of the date on which Director ceases to be a member of the Board for any reason or the date of termination or expiration of this Agreement in accordance with Section VII hereof (such earlier date being the "Expiration Date"). The Board shall consist of the Director and such other members as nominated and elected as Directors.

b. Director Services. The Director will use reasonable best efforts to provide the following services to the Company: (a) participate in regularly scheduled and special Board and committee meetings so long as such meetings are noticed in accordance with the Company's Bylaws; (b) meet or otherwise confer with Company executives on an active and regular basis as reasonably requested by the CEO and/or Chairman of the Board, so long as such requests are noticed in no less than the same manner as required for a special meeting of the Board in accordance with the Company's Bylaws; (c) serve as the [chairperson] of the [name of committee]; (d) serve as a member of certain other committees; (e) timely respond to reasonable time requests for consent, which consent may be withheld until the Director has been reasonably satisfied of the facts comprising such request as to make an informed reasonable decision regarding the subject matter thereof; and (f) provide such other reasonable services, and perform such reasonable duties, as are customary and appropriate for Board members. (the "Director Services"). In the cases of (a), (b), (e) and (f) above, in the absence of notice as required by the Company's Bylaws, the Director shall not be held in breach of this Agreement. The Director's reasonable failure to comply with every instance of Director Services set forth in (a), (b), (e) and (f) above shall not constitute a breach of this Agreement. The Director may waive any notice or information requirement set forth above, but may also refrain from participation in any meeting or consent to which proper notice or information requirement has not been met. The Company's failure to comply with its obligations under the Bylaws juxtaposed with the Director's adherence thereto shall not constitute a breach of this Agreement.

II. COMPENSATION.

a. Director's Fee. In connection with Director's continuing service as a director and in accordance with the Director Compensation Policy, the Company shall provide Director with cash compensation of $[ ], per annum, paid quarterly, reflecting the following:

i. $[ ] base;

ii. $[ ] for service as the [Chairperson/Member] of the [Committee]; and

iii. $[ ] for service as the [Member/Chairperson] of the [Committee].

Except in the case of this Agreement being Terminated for Good Reason (defined below), in the event the Director ceases to serve on the Board, the Director shall be entitled to the pro rata portion of the Director's Fee for the number of months served on the Board in a given year and the Company shall ensure that the Director promptly receives all compensation and any other amounts owed to the Director.

b. Equity Awards. The Director will be entitled to any equity awards approved by the Compensation Committee and the Board.

c. Expense Reimbursement. The Company shall reimburse Director in accordance with the Director Compensation Policy.

III. DIRECTOR/OFFICER INSURANCE. The Director will be named as an insured on the director and officer liability insurance policy currently maintained by the Company or as may be maintained by the Company from time to time, which coverages shall be in an amount of no less than $5 million.

IV. INDEMNIFICATION. In addition to being indemnified under Company Bylaws, the Director and the Company will promptly enter into an indemnification agreement in substantially the same form provided to other similarly situated directors of the Company to the extent the Director and the Company have not already entered into such an agreement.

V. DUTIES OF DIRECTOR.

a. Fiduciary Duties. In fulfilling his or her managerial responsibilities, the Director shall be charged with a fiduciary duty to the Company and all of its shareholders. The Director shall be attentive and inform himself or herself of all available material facts regarding a decision before taking action. In addition, the Director's actions shall be motivated solely by the best interests of the Company and its shareholders.

b. Confidentiality. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, the Director shall maintain in strict confidence all information he or she has obtained or shall obtain from the Company, which the Company has designated as "confidential" or which is by its nature confidential, relating to the Company's business, operations, properties, assets, services, condition (financial or otherwise), liabilities, employee relations, customers (including customer usage statistics), suppliers, prospects, technology, or trade secrets, except to the extent such information (i) is in the public domain through no act or omission of the Company, (ii) is required to be disclosed by law or a valid order by a court or other governmental body, or (iii) is independently learned by Director outside of this relationship (the "Confidential Information").

c. Nondisclosure and Nonuse Obligations. The Director will use the Confidential Information solely to perform the Director Services for the benefit of the Company. Director will treat all Confidential Information of the Company with the same degree of care as Director treats its own Confidential Information, and Director will use its best efforts to protect the Confidential Information. Director will not use the Confidential Information for his or her own benefit or the benefit of any other person or entity, except as may be specifically permitted in this Agreement. The Director will immediately give notice to the Company of any unauthorized use or disclosure by or through him or her, or of which he or she becomes aware, of the Confidential Information. Director agrees to assist the Company in remedying any such unauthorized use or disclosure of the Confidential Information.

d. Return of The Company Property. All materials furnished to the Director by the Company, whether delivered to Director by the Company or made by Director in the performance of Director Services under this Agreement (the "Company Property"), are the sole and exclusive property of the Company and the Company may reasonably request the Director to return original copies of any and all Company Property to the Company's corporate headquarters upon reasonable request; the Director may retain copies of Company Property, subject to compliance with the Director's confidentiality obligations.

VI. COVENANTS OF DIRECTOR.

a. No Conflict of Interest. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, the Director shall not be employed by, own, manage, control or participate in the ownership, management, operation or control of any business entity that is competitive with the Company or otherwise undertake any obligation inconsistent with the terms hereof, provided that the Director may continue Director's current affiliation or other current relationships with the entity or entities described on Exhibit A (all of which entities are referred to collectively as "Current Affiliations"). This Agreement is subject to the current terms and agreements governing Director's relationship with Current Affiliations, and nothing in this Agreement is intended to be or will be construed to inhibit or limit any of Director's obligations to Current Affiliations. Director represents that nothing in this Agreement conflicts with Director's obligations to Current Affiliations. A business entity shall be deemed to be "competitive with the Company" for purpose of this Article IV only if and to the extent it engages in the business substantially similar to substantial parts of the Company's business.

b. Noninterference with Business. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, Director agrees not to interfere with the business of the Company in any manner. By way of example and not of limitation, Director agrees not to solicit or induce any employee, independent contractor, customer or supplier of the Company to terminate or breach his, her or its employment, contractual or other relationship with the Company.

c. Compliance with Company Policies. The Director agrees to adhere to the Company's policies currently in effect or hereinafter adopting, including, but not limited to, the Director Compensation Policy and Stock Ownership Guidelines.

VII. TERM AND TERMINATION.

a. Term. This Agreement is effective as of the date first written above and will continue until the Expiration Date.

b. Termination. The Director may terminate this Agreement at any time upon thirty (30) days prior written notice to the Company, or such shorter period as the parties may agree upon. Notwithstanding the foregoing, in the event that a majority of the Board, acting in good faith, reasonably determines that the Director has acted in a manner that has been or could be materially detrimental to the Company or places the Company in a meaningful level of negative light ("Termination for Good Reason"), then the Board can direct the Company to terminate this Agreement without prior notice. In the event that the Board votes to terminate the Director as such and the vote is a tie, then the Chairman of the Board shall cast the deciding vote with respect to such termination. In the event of such termination, the Director shall not be entitled to receive any more compensation pursuant to Section II of this Agreement beyond the date of such termination, and the Company shall ensure that the Director receives all compensation and any other amounts owed to the Director within six (6) months of such termination.

c. Survival. The rights and obligations contained in Articles IV, V and VI will survive any termination or expiration of this Agreement, and the Director shall have the right to the benefits of the director and officer liability insurance policy referenced in Article III of this Agreement for any acts or omissions or claims based on action or inaction that took place during the Term. Irrespective of the termination or expiration of this Agreement, the Director is entitled to any rights and benefits provided in any other agreements or letters signed by the Company that provide any such rights and benefits to the Director.

VIII. MISCELLANEOUS.

a. Assignment. Except as expressly permitted by this Agreement, neither party shall assign, delegate, or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

b. No Waiver. The failure of any party to insist upon the strict observance and performance of the terms of this Agreement shall not be deemed a waiver of other obligations hereunder, nor shall it be considered a future or continuing waiver of the same terms.

c. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission upon acknowledgment of receipt of electronic transmission; (iv) by electronic mail so long as such electronic mail is received by the recipient, or (v) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses and electronic email address set forth on the signature page of this Agreement or such other address as either party may specify in writing. Either party to this Agreement may amend the address and electronic email address set forth on the signature page of this Agreement using any of the notice methods set forth above.

d. Governing Law. This Agreement shall be governed in all respects by the laws of the State of Delaware, without regard to conflicts of law principles thereof.

e. Severability. Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

f. Entire Agreement. This Agreement, along with the Director Compensation Policy and Stock Ownership Guidelines, constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement will govern all Director Services undertaken by Director for the Company.

g. Amendments. This Agreement may only be amended, modified or changed by an agreement signed by the Company and Director. The terms contained herein may not be altered, supplemented or interpreted by any course of dealing or practices.

h. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

[The Remainder of This Page is Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Company:
Address:

Email:

[Independent] Director:
Address:

Email:

TARONIS FUELS, INC.

By: _____
Name:
Title:

_____

EXHIBIT A

Director's Current Affiliations

DIRECTOR COMPENSATION POLICY AND STOCK OWNERSHIP GUIDELINES

The Compensation Committee of the Board of Directors (the "Board") of Taronis Fuels, Inc. (the "Company") has adopted this Director Compensation Policy and Stock Ownership Guidelines (the "Policy"), pursuant to which any member of the Board who is not an employee of the Company or any of its affiliates (each, a "Non-Employee Director") will be compensated as set forth in this Policy.

I. Cash Compensation

Following the Effective Date, an annual cash retainer of $90,000 will be paid to each Non-Employee Director, subject to applicable withholding. The following additional annual cash retainers will be paid to each Non-Employee Director who serves in one of the following roles:

Audit Committee	Chair: $15,000
	Member: $7,500
Compensation Committee	Chair: $15,000
	Member: $7,500
Nominating and Corporate Governance Committee	Chair: $15,000
	Member: $7,500
Acquisition Committee	Chair: $15,000
	Member: $7,500
External Communications Committee	Chair: $15,000
	Member: $7,500
Chairperson of the Board	$30,000

A committee chair will receive the chair retainer for the applicable committee, but also will not receive the committee member annual retainer. All cash compensation is earned on a daily basis, payable at the end of each calendar quarter. The amount of quarterly cash compensation that each Non-Employee Director will be entitled to receive for service as a director, committee chair, or committee member, as the case may be, will be equal to (i) a fraction, (1) the numerator of which is the annual cash retainer for the applicable role, and (2) the denominator of which is the number of days in the calendar year; multiplied by (ii) the number of days the Non-Employee Director served as a director, committee member, or committee chair, as the case may be, during such quarter.

Compensation of the Chairperson of the Board will be determined from time to time by the Compensation Committee, in consultation with the Nominating and Corporate Governance Committee, and the Board.

Compensation for service on any other special or standing committees of the Board will be determined by the Compensation Committee, in consultation with the Nominating and Corporate Governance Committee, and the Board.

II. Equity Compensation

The Non-Employee Directors may be issued equity compensation from time to time as determined by the Compensation Committee (each, an "Equity Award").

- All Equity Awards, if not already fully vested, shall be deemed fully vested at the termination/resignation of a Non-Employee Director (in which case vesting will be accelerated to the date of termination/resignation of such Non-Employee Director). The Compensation Committee will have the authority to reasonably determine in good faith whether or not to accelerate the vesting of an Equity Award if a Non-Employee Director is disqualified or removed, with or without cause, from the Board.

- Unless otherwise determined by the Board, the actual grant value of an Equity Award will be converted into the number of shares underlying the award based on the average daily closing price per share of the Company's common stock in the month prior to the grant date (rounded down to the nearest whole share).

- All Equity Awards will vest in equal monthly installments.

- All Equity Awards will be subject to the Company's standard form of Equity Award Agreement.

- All Equity Awards will be accelerated in full in the event of a Change-in-Control, regardless of whether or not a Non-Employee Director is removed, with or without cause.

The Company represents and warrants that it will do the following, regardless of whether a Non-Employee Director is still a Non-Employee Director of the Company at such time: (a) use its "best efforts" to assist with the removal of the restrictive legends on any Company stock certificate held (even if not a part of an Equity Award) or in the dividing up of any certificate, as applicable, (b) assist with the filing of Form 4's (as applicable), and (c) to the extent feasible and at the direction of the Compensation Committee and/or the Board, include restricted Equity Award shares on the Company's next registration statement slated to be filed and on subsequent registration statement(s), as applicable unless the underlying common stock is already registered at the time of issuance.

For purposes of this Policy, "***Change in Control***" means the occurrence of one of the following events:

(1) the consummation of any consolidation or merger of the Company with any other entity, other than transaction which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such consolidation or merger;

(2) any Exchange Act Person (within the meaning of Section 13(d) or 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (b) the acquisition of additional securities by any one person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Change in Control;

(3) the consummation of the sale or disposition by the Company of all or substantially all of its assets, except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned subsidiaries of the Company; or

(4) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (d), if any person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same person will not be considered a Change in Control.

III. Other Compensation

Expense Reimbursement

All members of the Board will be reimbursed for their reasonable out-of-pocket expenses, including travel and lodging, incurred in attending meetings of the Board and committees thereof, following submission by the Non-Employee Director of reasonable written substantiation for the expenses, consistent with the Company's reimbursement policy.

IV. Effective Date

The effective date of the Policy is August 15, 2019 (the "Effective Date"). If an individual becomes a Non-Employee Director after the effective date of the Policy, the Policy will apply to such individual commencing on the date he or she or it becomes a Non-Employee Director.

V. Amendment

This Policy will be reviewed periodically and may be amended from time to time by the Compensation Committee and the Board.

TARONIS FUELS, INC.
EXECUTIVE SEVERANCE PLAN

1. Introduction

1.1. Purpose. The purpose of the Plan is to ensure that Taronis Fuels, Inc. (the "Company") will have the continued dedication of its key employees by providing severance protection to selected individuals. The Plan is intended to be an unfunded welfare plan maintained primarily for the purpose of providing severance benefits to a select group of key management employees.

1.2. Effective Date. The Plan is effective as of the date the Board approves the Plan.

2. Definitions and Construction

2.1. Definitions. When used in capitalized form in the Plan, the following words and phrases have the following meanings, unless the context clearly indicates that a different meaning is intended:

(a) "***Administrator***" means the Compensation Committee of the Board.

(b) "***Benefits Coverage Period***" means, unless a different period is approved by the Compensation Committee and reflected in the Participant's Participation Agreement:

(1) For a Qualifying Termination of the Chief Executive Officer and Chief Financial Officer of the Company during a Change-in-Control Period, 36 months; and

(2) For other Qualifying Terminations, 24 months for the Chief Executive Officer and Chief Financial Officer and 1 month for each full year of service for all other Participants;

in each case, beginning on the date of the Participant's Qualifying Termination.

(c) "***Board***" means the Board of Directors of Taronis Fuels, Inc.

(d) "***Cause***" has the meaning provided in Section 4.4(c).

(e) "***Change in Control***" means the occurrence of one of the following events:

(1) the consummation of any consolidation or merger of the Company with any other entity, other than transaction which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such consolidation or merger;

(2) any Exchange Act Person becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (b) the acquisition of additional securities by any one person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Change in Control;

(3) the consummation of the sale or disposition by the Company of all or substantially all of its assets, except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned Subsidiaries of the Company; or

(4) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (d), if any person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same person will not be considered a Change in Control.

For purposes of this Section 2.1(e), persons will be considered to be acting as a group if they are owners of an Entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Notwithstanding anything to the contrary in the Plan or any Participation Agreement, an event shall constitute a Change in Control under the Plan only to the extent such event is a permissible payment event under Section 409A of the Code and Treas. Reg. § 1.409A-3(i)(5).

(f) "***Change-in-Control Period***" means a period of 15 months beginning three months before the effective date of a Change in Control.

(g) "***Claim Reviewer***" means a person or entity designated in writing by the Administrator as the Claim Reviewer for this Plan, or if no such person or entity has been designated, the Company's General Counsel.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended.

(i) "***Company***" means Taronis Fuels, Inc. and its affiliates.

(j) "***Compensation Committee***" means the Compensation Committee of the Board.

(k) "***Eligible Employee***" means any employee of the Company who is both

(1) designated by the Compensation Committee to be eligible to participate in the Plan; and

(2) either (A) a citizen or lawful permanent resident of the United States, or (B) providing services to the Company in the United States on a substantially full-time basis.

(l) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(m) "***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

(n) "***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended.

(o) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the date this Plan is approved, is the owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(p) "***Good Reason***" has the meaning provided in Section 4.4(b).

(r) "***Participant***" means an Eligible Employee who participates in the Plan under Section 3.

(s) "***Participation Agreement***" has the meaning provided in Section 3.2.

(t) "***Plan***" means the Taronis Fuels, Inc. Executive Severance Plan as set forth in this document.

(u) "***Qualifying Termination***" has the meaning provided in Section 4.4(a).

(v) "***Section***" means a section of the Plan, including any subsections of that section.

(w) "***Section 409A***" means section 409A of the Code.

(x) "***Severance Benefit***" has the meaning provided in Section 4.1.

(y) "***Severance Coverage Period***" means, unless a different period is approved by the Compensation Committee and reflected in the Participant's Participation Agreement:

(1) For the Chief Executive Officer and Chief Financial Officer of the Company, 24 months from the date of the Participant's Qualifying Termination (regardless of whether or not 24 months remain on the officer's employment contract, the coverage period shall in no event be less than 24 months); and

(2) For other Participants, 1 month for each full year of service;

in each case, beginning on the date of the Participant's Qualifying Termination.

(z) "***Subsidiary***" means any corporation (other than the Company) in an unbroken chain of Entities beginning with the Company if each corporation other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.2. Gender and Number. Words used in the masculine gender in the Plan are intended to include the feminine and neuter genders, where appropriate. Words used in the singular form in the Plan are intended to include the plural form, where appropriate, and vice versa.

2.3. Section 409A. Payments under the Plan are intended to be exempt from, or comply with, Section 409A, and the Plan will be interpreted to achieve this result. However, in no event is the Company responsible for any tax or penalty owed by a Participant with respect to the payments under the Plan.

3. Participation

3.1. Generally. An employee of the Company participates in the Plan upon the date on which the Company and the employee execute a Participation Agreement in accordance with Section 3.2.

3.2. Participation Agreement Required. No employee will be eligible to receive a benefit under the Plan unless the employee and the Company execute a Participation Agreement substantially in the form attached as Exhibit A to the Plan (or another form approved by the Compensation Committee). The executed Participation Agreement will constitute an agreement between the Company and the employee that binds both of them to the terms of the Plan and will bind their heirs, executors, administrators, successors, and assigns, both present and future.

4. Severance Benefits

4.1. Cash Severance Benefits. A Participant who has a Qualifying Termination is entitled to a Severance Benefit in the amount described in subsection (a), unless otherwise specified in the Participant's Participation Agreement. The Severance Benefit shall be paid in the time and form specified in subsection (b) and shall be conditioned upon the Participant's timely execution of a release as provided in Section 6.

(a) Amount.

(1) Base Salary. The Participant's Severance Benefit includes an amount equal to the Participant's base salary, at the rate in effect immediately prior to the Participant's Qualifying Termination, for the Participant's Severance Coverage Period. Notwithstanding the foregoing, in the event the Participant experienced a material reduction in base salary prior to his or her or its Qualifying Termination that would give rise to a Good Reason, then the base salary rate used in the preceding sentence shall, if greater, be the rate in effect immediately prior to such material reduction in base salary.

(2) Bonus Award. The Participant's Severance Benefit may include an amount equal to a prorated amount (to the month) of the Participant's target incentive under the Company's annual cash incentive plan for the measurement period in which the Qualifying Termination occurs, subject to confirmation of the Compensation Committee that the Participant has achieved the objectives necessary for the Participant to otherwise receive the Participant's target incentive for the measurement period. Notwithstanding the foregoing, in the event of a Change in Control, the Participants shall receive their maximum bonus award under their employment agreements and any equity awards subject to vesting shall be accelerated and immediately vest on the start of the Change-in-Control Period.

(b) Time and Form of Payment. If a Participant is entitled to a Severance Benefit, the Severance Benefit will be paid as follows, unless otherwise specified in the Participation Agreement—

(1) In General. Except as otherwise provided in paragraphs (2) and (3), below, the Participant's Severance Benefit will be paid in substantially equal installments over the Severance Coverage Period and in accordance with the Company's payroll practices. Each such installment shall be considered a separate payment for purposes of Section 409A.

(2) Change-in-Control Period. If a Participant's Qualifying Termination occurs during a Change-in-Control Period after the applicable Change in Control, such Participant's Severance Benefit will be paid in a lump sum on or before the 60th day following the Participant's Qualifying Termination date.

(3) Time of Payment under Section 409A. To comply with Section 409A—

(A) Any payment under the Plan that is subject to Section 409A and that is contingent on a termination of employment is contingent on a "separation from service" within the meaning of Section 409A.

(B) If, upon separation from service, the Participant is a "specified employee" within the meaning of Section 409A, any payment under the Plan that is subject to Section 409A and would otherwise be paid within six months after the Participant's separation from service will instead be paid in the seventh month following the Participant's separation from service.

4.2. Medical and Dental Benefits. If the Participant has a Qualifying Termination and timely executes a release as provided in Section 6, the Company will provide the Participant with an additional payment as follows, unless otherwise specified in the Participant's Participation Agreement—

(a) Amount. The Company will pay a lump sum equal to the monthly premiums for medical and dental coverage under COBRA at the time of the Participant's Qualifying Termination, based on the Participant's medical and dental coverage in effect immediately prior to the Qualifying Termination, multiplied by the number of months in the Benefits Coverage Period.

(b) Time of Payment. Any lump sum paid under this Section 4.2 shall be paid on or before the 60th day following the Participant's Qualifying Termination, and such lump sum shall be considered a separate payment for purposes of Section 409A. For purposes of Section 409A, payments under this Section 4 are each a separate payment.

4.3. Equity Awards.

(a) In General. Upon a Participant's Qualifying Termination that is not within a Change-in-Control Period, the Participant will be entitled to pro rata time-based vesting of any Company equity or equity-based awards held by the Participant that are subject to a vesting schedule for which vesting dates occur less frequently than monthly as if the award had a monthly vesting schedule. For each such award, the additional number of shares of the Company's stock for which time-based vesting conditions will lapse is a number equal to the number of shares that would have vested on the next vesting date for such award occurring after the Participant's Qualifying Termination, multiplied by a fraction the numerator of which is the number of complete months between the most recent vesting date for such award and the date of the Participant's Qualifying Termination, and the denominator of which is the number of complete months between the most recent vesting date for such award and the next vesting date for such award occurring after the Participant's Qualifying Termination.

(b) Change-in-Control Period. Upon a Participant's Qualifying Termination that occurs within a Change-in-Control Period, (1) all of the time-based vesting conditions applicable to the Company equity or equity-based awards held by the Participant will lapse, and (2) all performance-based vesting conditions applicable to such awards will be deemed satisfied at a level reasonably determined by the Administrator based on actual performance as of the date of the Qualifying Termination. If a Participant incurs a Qualifying Termination before a Change in Control, the Participant's unvested Company equity or equity-based awards will remain outstanding for three months or such other period of time as the Administrator in its sole discretion concludes is required to determine whether the Participant will become entitled to the acceleration provided by this Section 4.3(b) as a result of a Change in Control that occurs after the Participant's Qualifying Termination; provided, however, that if it is ultimately determined that such Participant's Qualifying Termination did not occur during a Change-in-Control Period, the Participant will not be entitled to any additional vesting as a result of this Section 4.3(b).

(c) Settlement. Any portion of a Company equity or equity-based award (other than a stock right that is exempt from Section 409A under Treas. Reg. § 1.409A-1(b)(5)) that becomes fully vested due to the provisions of this Section 4.3 will be immediately settled to the extent that such award constitutes a short-term deferral exempt from application of Section 409A (*i.e.*, to the extent that the award is not a "deferred payment" within the meaning of Treas. Reg. § 1.409A-1(b)(4)).

4.4. Qualifying Termination.

(a) A Participant has a Qualifying Termination if his or her or its employment with the Company is terminated—

(1) by the Participant for Good Reason; or

(2) by the Company for any reason other than for Cause.

(b) Good Reason. "Good Reason" means the existence or occurrence of one or more of the following conditions or events without the Participant's prior written consent: (i) the Company (or its successor) requires the Participant to relocate to a facility or location more than thirty (30) miles away from the location at which the Participant was working immediately prior to the required relocation, except for required travel by the Participant on the Company's business to an extent substantially consistent with the Participant's business travel obligations prior to the relocation, it also being agreed that the Participant's relocation to the greater Phoenix area shall not constitute Good Reason; (ii) a material reduction of the Participant's base salary or target bonus opportunity (other than as part of an across-the-board, proportional salary reduction applicable to all executive officers); (iii) a sustained and material reduction in the Participant's job title or responsibilities, it being agreed that "Good Reason" shall not exist solely because the Company reorganizes one or more units of its business, its functional organization, or its reporting relationships; or (iv) a material breach by the Company of any term of the Participant's employment agreement with the Company or of the Participant's other agreements with the Company; provided, however, that, in each case under sub-clauses (i) to (iv) above, any termination of employment by the Participant will be for "Good Reason" only if: (1) the Participant gives the Company written notice, within ninety (90) days following the first occurrence of the condition(s) that the Participant believes constitute(s) "Good Reason," which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (such 30-day period, the "Company Cure Period"); and (3) the Participant voluntarily terminates the Participant's employment with the Company within thirty (30) days following the end of the Company Cure Period.

(c) Cause. "Cause" means, with respect to a Participant, the occurrence of any of the following events, as reasonably determined by the Administrator in its discretion: (i) the Participant's conviction of, or plea of nolo contendere to, any felony (other than a vehicular-related felony); (ii) the Participant's commission of, or participation in, intentional acts of fraud or dishonesty that in either case results in material harm to the reputation or business of the Company; (iii) the Participant's intentional, material violation of any term of the Participant's employment agreement with the Company or any other contract or agreement between the Participant and the Company or any statutory duty the Participant owes to the Company that in either case results in material harm to the business of the Company; (iv) the Participant's conduct that constitutes gross insubordination or habitual neglect of duties and that in either case results in material harm to the business of the Company; (v) the Participant's intentional, material refusal to follow the lawful directions of the Company's Board of Directors, the Company's Chief Executive Officer, or his or her or its direct manager (other than as a result of physical or mental illness); or (vi) the Participant's intentional, material failure to follow, or intentional conduct that violates (or would have violated, if such conduct occurred within ten (10) years prior to the date the Participant entered this Agreement and has not been previously disclosed to the Company), the Company's written policies that are generally applicable to all employees or all officers of the Company and that results in material harm to the reputation or business of the Company; provided, however, (1) that willful bad faith disregard will be deemed to constitute intentionality for purposes of this definition and (2) that, in each case under sub-clauses (i) through (vi) above, any termination of employment by the Company will be for "Cause" only if: (1) the Company gives the Participant written notice, within ninety (90) days following the date on which the Company first becomes aware of the action or conduct that it alleges constitutes Cause (or, in the case of clauses (ii), (iii), or (vi), when the Company first becomes aware that the action or conduct has resulted in material harm to the reputation or business of the Company), which notice shall describe such action or conduct; (2) in the case of clauses (iii) through (vi), except in circumstances where the Participant's actions are deemed by the Company not subject to cure, the Participant fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (such 30-day period, the "Employee Cure Period"); and (3) except if a reasonable period is needed to investigate the conduct at issue in (vi) (which investigation, for the avoidance of doubt, shall not constitute Good Reason), the Company terminates the Participant's employment within thirty (30) days following the end of the Employee Cure Period (or, in the case of clauses (i) and (ii), the Company terminates the Participant's employment within sixty (60) days following the Participant's receipt of the written notice).

4.5. Sections 280G and 4999 of the Code.

(a) Limitation on Amounts. Notwithstanding any provision of the Plan to the contrary, if it is determined that part or all of the compensation and benefits payable to a Participant (whether pursuant to the terms of the Plan or otherwise) before application of this Section 4.6 would constitute "parachute payments" under Section 280G of the Code, and the payment thereof would cause the Participant to incur the excise tax under Section 4999 of the Code (or its successor) ("Excise Tax"), the following provisions shall apply:

(1) The Participant shall receive payment of the greater of the following amounts, determined after subtracting the net amount of federal, state and local income taxes on such payments and the amount of Excise Tax to which the Participant would be subject in respect of such payments and after taking into account the phase-out of itemized deductions and personal exemptions attributable to such payments: (A) the amounts otherwise payable to or for the benefit of the Participant pursuant to the Plan (or otherwise) that, but for this Section 4.6 would be "parachute payments," (referred to below as the "Total Payments"), and (B) the Total Payments reduced to an amount equal to three times the "base amount" (as defined under Section 280G of the Code) less $1, as reasonably determined by the Consultant (as defined below).

(2) If the Total Payments are reduced under paragraph (1), above, such reductions shall be made by the Company in its reasonable discretion in the following order: (A) reduction of any cash payment, excluding any cash payment with respect to the acceleration of equity awards, that is otherwise payable to the Participant that is exempt from Section 409A of the Code, (B) reduction of any other payments or benefits (other than equity awards) otherwise payable to the Participant on a pro-rata basis or such other manner that complies with Section 409A of the Code, (C) reduction of any payment with respect to the acceleration of equity awards that is otherwise payable to the Participant that is exempt from Section 409A of the Code, and (D) reduction of any payment, on a pro rata basis, with respect to the acceleration of equity awards that is otherwise payable to the Participant that is subject to Section 409A of the Code.

(3) All determinations under this Section 4.6 shall be made by a nationally recognized accountant, executive compensation consultant, or law firm appointed by the Company (the "Consultant") that is acceptable to the Participant on the basis of "substantial authority" (within the meaning of Section 6662 of the Code). The Consultant's fee shall be paid by the Company. The Consultant shall provide a report to the Participant that may be used by the Participant to file the Participant's federal tax returns.

(b) It is possible that payments will be made by the Company that should not have been made (each, an "Overpayment") due to the uncertain application of Section 280G of the Code at the time of a determination hereunder. In the event that there is a final determination by the Internal Revenue Service, or a final determination by a court of competent jurisdiction, that an Overpayment has been made, any such Overpayment shall be repaid by the Participant to the Company together with interest at the prime rate of interest in effect on the date of such Overpayment; provided, however, that no amount shall be payable by the Participant to the Company if and to the extent such payment would not reduce the amount that is subject to taxation under Section 4999 of the Code.

5. Covenants

5.1. Generally. In consideration for the benefits provided under the Plan, each Participant will agree to the covenants set forth in this Section 5.

5.2. Non-disparagement. The Participant will at no time make any derogatory, misleading or otherwise negative statement about the actions, performance or behavior of the Company or its officers, directors, employees and agents.

5.3. Cooperation. The Participant will cooperate with the Company in order to ensure an orderly transfer of his or her or its duties and responsibilities. In addition, the Participant will at all times, both before and after termination of employment, (a) provide reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) that relates to events occurring during the Participant's employment hereunder, provided that such cooperation does not materially interfere with the Participant's then current employment, and (b) cooperate with the Company in executing and delivering documents requested by the Company, and taking any other actions, that are necessary or requested by the Company to assist the Company in patenting, copyrighting, or registering any programs, ideas, inventions, discoveries, patented or copyrighted material, or trademarks, and to vest title thereto in the Company.

5.4. Recoupment. If the Participant breaches any of the covenants set forth in this Section 5, the Company will have no further obligation to pay to the Participant any benefit under the Plan, and the Participant will be obligated to repay to the Company all benefits previously paid to, or on behalf of, the Participant under the Plan. All benefits under the Plan are subject to the Company's Clawback Policy.

6. Release

6.1. Generally. A Participant will not be entitled to any benefits under the Plan unless, at the time of the Participant's Qualifying Termination, he or she or it executes and does not subsequently revoke a release satisfactory to the Company releasing the Company, its affiliates, subsidiaries, shareholders, directors, officers, employees, representatives, and agents and their successors and assigns from any and all employment-related claims the Participant or his or her or its successors and beneficiaries might then have against them (excluding any claims the Participant might then have under the Plan or any employee benefit plan sponsored by the Company). The release will be substantially in the form that is attached as Exhibit B to the Plan.

6.2. Time Limit for Providing Release. A Participant will execute and submit the release to the Company within 30 days after the date of the Participant's Qualifying Termination. However, if the Participant has a Qualifying Termination in connection with an exit incentive or other employment termination program offered to a group or class of employees, the Participant will have 50 days after the Participant terminates employment to execute and submit the release to the Company. With respect to any payment under the Plan that is subject to Section 409A, if payment is otherwise due prior to the latest date on which the release may become irrevocable and the period between separation from service and such date spans two calendar years, payment shall be made in the second of those two years.

7. Nature of Participant's Interest in the Plan

7.1. No Right to Assets. Participation in the Plan does not create, in favor of any Participant, any right or lien in or against any asset of the Company. Nothing contained in the Plan, and no action taken under its provisions, will create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and a Participant or any other person. The Company's promise to pay benefits under the Plan will at all times remain unfunded as to each Participant, whose rights under the Plan are limited to those of a general and unsecured creditor of the Company.

7.2. No Right to Transfer Interest. Rights to benefits payable under the Plan are not subject in any manner to alienation, sale, transfer, assignment, pledge, or encumbrance. However, the Administrator may recognize the right of an alternate payee named in a domestic relations order to receive all or part of a Participant's benefits under the Plan, but only if (a) the domestic relations order would be a "qualified domestic relations order" within the meaning of section 414(p) of the Code (if section 414(p) applied to the Plan), (b) the domestic relations order does not attempt to give the alternate payee any right to any asset of the Company, (c) the domestic relations order does not attempt to give the alternate payee any right to receive payments under the Plan at a time or in an amount that the Participant could not receive under the Plan, and (d) the amount of the Participant's benefits under the Plan are reduced to reflect any payments made or due the alternate payee.

7.3. No Employment Rights. No provisions of the Plan and no action taken by the Company or the Administrator will give any person any right to be retained in the employ of the Company, and the Company specifically reserves the right and power to dismiss or discharge any Participant for any reason or no reason and at any time.

7.4. Withholding and Tax Liabilities. All payments under the Plan will be subject to tax withholding or other withholding required or permitted by applicable law to the extent deemed necessary by the Administrator. The Participant will bear the cost of any taxes not withheld on benefits provided under the Plan, regardless of whether withholding is required.

8. Administration, Interpretation, and Modification of Plan

8.1. Plan Administrator. The Administrator will administer the Plan.

8.2. Powers of the Administrator. The Administrator's powers include, but are not limited to, the power to adopt rules consistent with the Plan; the power to decide all questions relating to the interpretation of the terms and provisions of the Plan; and the power to resolve all other questions arising under the Plan (including, without limitation, the power to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision). The Administrator has full discretionary authority to exercise each of the foregoing powers.

8.3. Incapacity. If the Administrator determines that any Participant entitled to benefits under the Plan is unable to care for his or her or its affairs because of illness or accident, any payment due (unless a duly qualified guardian or other legal representative has been appointed) may be paid for the benefit of such Participant to his or her or its spouse, parent, brother, sister, or other party deemed by the Administrator to have incurred expenses for such Participant. If a Participant dies after having a Qualifying Termination, any payment of the Participant's Severance Benefit or benefit under Section 4.2 remaining due to the Participant will be paid to the Participant's estate at the time such payment would otherwise be paid to the Participant but no later than 90 days after the Participant's death.

8.4. Amendment, Suspension, and Termination. The Compensation Committee has the right by written resolution to amend, suspend, or terminate the Plan at any time, subject to the terms of this Section 8.4. After a Change in Control, no amendment, suspension, or termination that reduces the benefits to which a Participant is entitled under the Plan will apply to an employee who, at the time the amendment is adopted, already is a Participant without his or her express written consent. Notwithstanding the foregoing, the Compensation Committee may amend the Plan at any time to the extent necessary to comply with Section 409A, provided that, to the extent possible, such amendment does not reduce the benefits of an employee who is already a Participant.

8.5. Power to Delegate Authority. The Administrator may, in its sole discretion, delegate to any person or persons all or part of its authority and responsibility under the Plan, including, without limitation, the authority to amend the Plan.

8.6. Headings. The headings used in this document are for convenience of reference only and may not be given any weight in interpreting any provision of the Plan.

8.7. Severability. If an arbitrator or court of competent jurisdiction determines that any term, provision, or portion of the Plan is void, illegal, or unenforceable, the other terms, provisions, and portions of the Plan will remain in full force and effect, and the terms, provisions, and portions that are determined to be void, illegal, or unenforceable will either be limited so that they will remain in effect to the extent permissible by law, or such arbitrator or court will substitute, to the extent enforceable, provisions similar thereto or other provisions, so as to provide to the Company, to the fullest extent permitted by applicable law, the benefits intended by the Plan.

8.8. Governing Law. The Plan will be construed, administered, and regulated in accordance with the laws of Arizona (excluding any conflicts or choice of law rule or principle), except to the extent that those laws are preempted by federal law.

8.9. Complete Statement of Plan. The Plan contains a complete statement of its terms. The Plan may be amended, suspended, or terminated only in writing and then only as provided in Section 8.4 or 8.5. A Participant's right to any benefit of a type provided under the Plan will be determined solely in accordance with the terms of the Plan. No other evidence, whether written or oral, will be taken into account in interpreting the provisions of the Plan. Notwithstanding the preceding provisions of this Section 8.9, for purposes of determining benefits with respect to a Participant, the Plan will be deemed to include (a) the provisions of any Participation Agreement executed in accordance with Section 3.2, and (b) the provisions of any other written agreement between the Company and the Participant to the extent such other agreement explicitly provides for the incorporation of some or all of its terms into the Plan.

9. Claims and Appeals

9.1. Application of Claims and Appeals Procedures.

(a) If a Participant is not receiving, or believes that he or she or it is not receiving, the full amount of benefits under the Plan to which he or she or it is entitled, the Participant may file a claim under the provisions of this Section 9. However, to the extent that the Participant requests a determination of disability, the procedures for disability benefit claims set forth in Department of Labor Regulation § 2560.503-1 shall apply.

(b) No claim for non-payment or underpayment of benefits allegedly owed under the Plan may be filed in court until the claimant has exhausted the claims review procedures established in accordance with this Section 9.

9.2. Initial Claims.

(a) Any claim for benefits will be in writing (which may be electronic if permitted by the Administrator) and will be delivered to the Claim Reviewer.

(b) Each claim for benefits will be decided by the Claim Reviewer within a reasonable period of time, but not later than 90 days after such claim is received by the Claim Reviewer (without regard to whether the claim submission includes sufficient information to make a determination), unless the Claim Reviewer determines that special circumstances require an extension of time for processing the claim. If the Claim Reviewer determines that an extension of time for processing is required, the Claim Reviewer will notify the claimant in writing before the end of the initial 90-day period of the circumstances requiring an extension of time and the date by which a decision is expected.

(c) If any claim is denied in whole or in part, the Claim Reviewer will provide to the claimant a written decision, issued by the end of the period prescribed by subsection (b), above, that includes the following information:

(1) The specific reason or reasons for denial of the claim;

(2) References to the specific Plan provisions upon which such denial is based;

(3) A description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary;

(4) An explanation of the appeal procedures Plan's and the applicable time limits; and

(5) A statement of the claimant's right to bring a civil action under section 502(a) of ERISA, if his or her claim is denied upon review.

9.3. Appeals.

(a) If a claim for benefits is denied in whole or in part, the claimant may appeal the denial to the Claim Reviewer. Such appeal will be in writing (which may be electronic, if permitted by the Claim Reviewer), may include any written comments, documents, records, or other information relating to the claim for benefits, and will be delivered to the Claim Reviewer within 60 days after the claimant receives written notice that his or her or its claim has been denied.

(b) The Claim Reviewer will decide each appeal within a reasonable period of time, but not later than 60 days after such claim is received by the Claim Reviewer, unless the Claim Reviewer determines that special circumstances require an extension of time for processing the appeal.

(1) If the Claim Reviewer determines that an extension of time for processing is required, the Claim Reviewer will notify the claimant in writing before the end of the initial 60-day period of the circumstances requiring an extension of time and the date by which the Claim Reviewer expects to render a decision.

(2) If an extension of time pursuant to paragraph (1), above, is due to the claimant's failure to submit information necessary to decide the appeal, the period for deciding the appeal will be tolled from the date on which the notification of extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

(c) In connection with any appeal, the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her or its claim for benefits. A document, record, or other information will be considered relevant to a claim for benefits if such document, record, or other information:

(1) Was relied upon in making the benefit determination;

(2) Was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or

(3) Demonstrates compliance with processes and safeguards designed to ensure and to verify that the benefit determination was made in accordance with the terms of the Plan and that such terms of the Plan have been applied consistently with respect to similarly situated claimants.

(d) The Claim Reviewer review on appeal will take into account all comments, documents, records and other information submitted by the claimant, without regard to whether such information was considered in the initial benefit determination.

(e) If any appeal is denied in whole or in part, the Claim Reviewer will provide to the claimant a written decision, issued by the end of the period prescribed by subsection (b), above, that includes the following information:

(1) The specific reason or reasons for the decision;

(2) References to the specific Plan provisions upon which the decision is based;

(3) An explanation of the claimant's right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits (as determined pursuant to subsection (c), above); and

(4) A statement of the claimant's right to bring a civil action under section 502(a) of ERISA.

9.4. Other Rules and Rights Regarding Claims and Appeals.

(a) A claimant may authorize a representative to pursue any claim or appeal on his or her or its behalf. The Claim Reviewer may establish reasonable procedures for verifying that any representative has in fact been authorized to act on his or her behalf.

(b) Notwithstanding the deadlines prescribed by this Section 9.4, the Claim Reviewer and any claimant may agree to a longer period for deciding a claim or appeal or for filing an appeal, provided that the Claim Reviewer will not extend any deadline for filing an appeal unless imposition of the deadline prescribed by Section 9.3(a) would be unreasonable under the applicable circumstances.

9.5. Interpretation. The provisions of this Section 9 are intended to comply with section 503 of ERISA and will be administered and interpreted in a manner consistent with such intent.

Exhibit A

Date: **[Date]**

To: **[Executive]**

From: **[Name]**
[Title]

Subject: Taronis Fuels, Inc. Executive Severance Plan Participation Agreement

I am pleased to advise that you have been designated as an "Eligible Employee" for the purposes of the Taronis Fuels, Inc. Executive Severance Plan, as amended from time to time (the "Plan"). A copy of the current plan document is enclosed).

This means that, upon your execution of this agreement, you will be eligible to receive the severance benefits described in the Plan in the event you experience a "Qualifying Termination" as defined under the Plan. If you have any questions please contact me or [name], [title].

By signing the attached signature page and in consideration of the opportunity to participate in the Plan, you agree to be bound by the terms of the Plan, including the covenants set forth in Section 5 of the Plan. Your participation in the Plan does not confer any rights to continue in the employ of Taronis Fuels or any of the affiliates.

Please sign the attached signature page and return the original to me as soon as possible.

Best regards,

[name]
[title]

Taronis Fuels, Inc. Executive Severance Plan
Agreement Signature Page

[date]

I, **[name]**, have read the Taronis Fuels, Inc. Executive Severance Plan and agree to its terms, and I agree to be bound by the terms of the covenants in Section 5 of the Plan. This agreement supersedes any and all prior agreements and communications, whether written or oral, between the Company and me regarding the subject matter of the Plan.

Signature	Date

Return to [name] [title] by [date].

EXHIBIT B

Release

In consideration of the Benefits (as defined below) provided and to be provided to me by Taronis Fuels, Inc., or any successor thereof (the "Company") pursuant to the Taronis Fuels, Inc. Executive Severance Plan (the "Plan") and in connection with the termination of my employment, I agree to the following general release (the "Release").

1. On behalf of myself, my heirs, executors, administrators, successors, and assigns, I hereby fully and forever generally release and discharge the Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans, and, in such capacities, their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns from any and all claims, causes of action, and liabilities up through the date of my execution of the Release. The claims subject to this release include, but are not limited to, those relating to my employment with the Company and/or any predecessor to or affiliate of the Company and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract, or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations, and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974; the Workers Adjustment and Retraining Notification Act; the provisions of the Arizona Labor Code (if applicable); the Equal Pay Act of 1963; in each case, as amended, and any similar law of any other state or governmental entity. The parties agree to apply Arizona law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." This Release does not extend to, and has no effect upon, any benefits that have accrued or equity that has vested or is eligible for vesting post-employment, under any employee benefit or equity plan, program, policy or grant sponsored or maintained by the Company, or to my right to indemnification by the Company, and continued coverage by the Company's director's and officer's insurance.

2. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release shall prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek unemployment benefits; (c) my right to applicable state-law right to indemnity; (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, or other applicable state agency; and (e) my right to report any violation to the Securities and Exchange Commission or any other federal or state agency. I further understand that nothing in this Release precludes me from entitlement to any monetary recovery awarded by the Securities and Exchange Commission in connection with any action asserted by the Securities and Exchange Commission. Moreover, I will continue to be indemnified for my actions taken while employed by the Company to the same extent as other former directors and officers of the Company under the Company's Amended and Restated Certificate of Incorporation and Bylaws and the Director and Officer Indemnification Agreement between me and the Company, if any, and I will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as other former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware. To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be resolved through binding arbitration as set forth in the alternative dispute resolution agreement previously entered into by me and the Company.

3. I understand and agree that the Company will not provide me with the Benefits unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused vacation pay, less applicable withholdings and deductions, earned through my termination date.

4. As part of my existing and continuing obligations to the Company, I have returned to the Company all Company documents (and all copies thereof) and other Company property that I have had in my possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof, except as otherwise I am entitled to retain under any agreement with the Company). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with the Company, or with a predecessor or successor of the Company pursuant to the terms of such agreement(s).

5. I represent and warrant that I am the sole owner of all claims relating to my employment with the Company and/or with any predecessor of the Company, and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

6. I agree to keep the Benefits and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my spouse or other immediate family member, and/or my financial consultant, or as required by legal process or applicable law or requested by taxing authorities unless and until they become publicly available.

7. I understand and agree that the Release shall not be construed at any time as an admission of liability or wrongdoing by either the Company or myself.

---

8. I agree that for two years following my termination of employment, I will not, directly or indirectly, make any disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that for two years following my termination of employment, neither the Company's Board of Directors (the "Board"), nor any member thereof, nor any C-level officer of the Company will, directly or indirectly, make any disparaging statements or comments, either as fact or as opinion, about me or my performance at the Company, and the Board will use commercially reasonable efforts to ensure that the Company's other executive officers, and any authorized spokesperson for the Company who handles public statements by the Company or who interacts with the press or potential or actual investors, also abide by the non-disparagement covenant set forth in this sentence. Nothing in this paragraph shall prohibit me or the Company from providing truthful information in response to a subpoena or other legal process rebutting false or misleading statements or making normal competitive type statements in the course of my performance of duties to a subsequent employer.

9. The Company and I will refer prospective employers or others seeking verification of my employment to the Company's Human Resources department, which will verify my dates of employment and job title only. Additionally, and at my request and direction, my salary can be verified.

10. I acknowledge that, except as expressly provided in this Release, I will not receive any additional compensation or benefits after the date of my termination of employment with the Company. Thus, for any Company-sponsored employee benefits not referenced in this Release (including, but not limited to, the Company's 401(k), life insurance, and long-term disability insurance plans), I will be treated as a terminated employee as of the date of my termination of employment.

11. I agree that, by no later than ten (10) days after the date of my termination of employment, I will submit my final documented expense reimbursement statement reflecting all business expenses I incurred through the date of my termination of employment, if any, for which I seek reimbursement. The Company will reimburse me for these expenses (if any) pursuant to its regular business practice. If the Company determines that personal expenses have been charged with the Company credit card, and those expenses are outstanding, I agree that the Company may deduct any such personal expenses from the Benefits.

12. I agree to reasonably cooperate with the Company in any internal investigation, any administrative, regulatory, or judicial proceeding or any dispute with a third party related to my employment period. I understand and agree that my cooperation may include, but not be limited to, making myself reasonably available to the Company upon reasonable notice for interviews and factual investigations; appearing at the Company's reasonable request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Company pertinent information; and turning over to the Company all relevant documents which are or may come into my possession all at times and on schedules that are reasonably consistent with my other permitted activities and commitments. The Company shall to the extent reasonably feasible limit my travel and not interfere with my other obligations in seeking such cooperation. The Company shall reimburse my reasonable expenses incurred in connection with such cooperation.

13. I agree that I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period, and no one coerced me into executing the Release. I understand that the offer of the Benefits and the Release shall expire thirty-first (31st) calendar day after my employment termination date if I have not accepted it by that time (unless the Company notifies me that the offer will expire on a later date pursuant to Section 6.2 of the Plan). I further understand that the Company's obligations under the Release shall not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to the Company (the "Effective Date") and that in the seven (7) day period following the date I deliver a signed copy of the Release to the Company, I understand that I may revoke my acceptance of the Release. I understand that the Benefits will become available to me only after the Effective Date in accordance with the terms of the Plan.

---

14. In executing the Release, I acknowledge that I have not relied upon any statement made by the Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for Benefits and supersedes any or all prior representation and agreement regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of this Release such as my employment agreement, proprietary information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between the Company and me. Once effective and enforceable, this agreement can be changed only by another written agreement signed by me and an authorized representative of the Company.

15. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction, or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms, or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator, or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above shall otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

16. The "Benefits" provided and to be provided to me by the Company consist of the benefits and payments in accordance with the Taronis Fuels, Inc. Executive Severance Plan.

17. I hereby agree to remain bound to the alternative dispute resolution agreement previously entered into by me and the Company, and that my obligations thereunder shall continue notwithstanding my termination and entry into this Release.

EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

EFFECTIVE UPON EXECUTION BY EMPLOYEE AND THE COMPANY.

Date delivered to employee _____, _____.

Executed this day _____ of _____, _____.

_____

Your Signature

_____

Your Name (Please Print)

Agreed and Accepted:
Taronis Fuels, Inc.

_____

By:

Date:

[Signature Page to General Release Agreement]

TARONIS FUELS, INC.
INSIDER TRADING POLICY
and Guidelines with Respect to
Certain Transactions in Company Securities

This Insider Trading Policy (the "Policy") provides guidelines to employees, officers and directors of Taronis Fuels, Inc. (the "Company") with respect to transactions in the Company's securities. The Company has adopted this policy and the procedures set forth herein to help prevent insider trading and to assist the Company's employees, officers and directors in complying with their obligations under the federal securities laws. Employees, officers and directors are individually responsible to understand and comply with this Policy.

Applicability of Policy

This Policy applies to all transactions in the Company's securities, including common stock, restricted stock, restricted stock units, options and warrants to purchase common stock and any other debt or equity securities the Company may issue from time to time, such as bonds, preferred stock and convertible debentures, as well as to derivative securities relating to the Company's securities, whether or not issued by the Company, such as exchange-traded options. It applies to all employees, officers and directors of the Company and members of their immediate families who reside with them or anyone else who lives in their household and family members who live elsewhere but whose transactions in Company securities are directed by such employees, officers and directors or subject to their influence and control (collectively referred to as "Family Members"). This Policy also imposes specific black-out period and pre-clearance procedures on officers, directors and certain other designated employees who receive or have access to Material Non-Public Information (defined below) regarding the Company and/or are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The current "Insider Trading Compliance Officer" referred to herein is the Chief Legal Officer of the Company.

"Material Non-Public Information"; Defined.

"*Material Non-Public Information*" is material information that has not been previously disclosed to the general public through a press release or securities filings and is otherwise not available to the general public.

That said, it is not possible to define all categories of material information. However, information should be regarded as material if there is a substantial likelihood that it would be considered important to a reasonable investor in making a voting decision or an investment decision to buy, hold or sell securities. Any information that could be expected to affect the market price of the Company's securities, whether such information is positive or negative, should be considered material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, when it is unclear whether particular information is material, then such information should be treated as material and trading should be avoided. Officers, directors and certain other employees are subject to the Blackout Period provisions described below.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material.

Examples of such information may include:

- Financial results;
- Projections of future earnings or losses;
- News of a pending or proposed merger, acquisition or tender offer;
- News of a pending or proposed acquisition or disposition of significant assets;
- Actions of regulatory agencies;
- News of a pending or proposed acquisition or disposition of a subsidiary;
- Impending bankruptcy or financial liquidity problems;
- Gain or loss of a significant customer or supplier;
- Significant pricing changes;
- Stock splits and stock repurchase programs;
- New equity or debt offerings;
- Significant litigation exposure due to actual or threatened litigation; and
- Changes in senior management.

STATEMENT OF POLICY

General Policy

It is the policy of the Company to oppose the unauthorized disclosure of any non-public information acquired in the workplace, the use of Material Non-Public Information in securities trading and any other violation of applicable securities laws.

Specific Policies

1. Trading on Material Non-Public Information. No employee, officer or director of the Company and its subsidiaries and no Family Member of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell (other than pursuant to a trading plan that complies with SEC Rule 10b5-1 pre-cleared by the Company's Insider Trading Compliance Officer), during any period commencing with the date that he or she or it possesses Material Non-Public Information concerning the Company and ending at the close of business on the second Trading Day (as defined below) following the date of public disclosure of that information, or at such time as such non-public information is no longer material. As used in this Policy, the term "Trading Day" shall mean a day on which national stock exchanges are open for trading. If, for example, the Company were to make an announcement on a Monday, Designated Insiders (as defined below) shall not trade in the Company's securities until Thursday.

2. Tipping. No employee, officer or director of the Company shall disclose or pass on ("tip") Material Non-Public Information to any other person, including a Family Member or friend, nor shall such person make recommendations or express opinions on the basis of Material Non-Public Information as to trading in the Company's securities.

3. Confidentiality of Non-Public Information. Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION

4. Liability for Insider Trading. Any employee, officer or director who engages in a transaction in the Company's securities at a time when they have knowledge of Material Non-Public Information may be subject to penalties and sanctions, including:

- Up to 20 years in jail;
- A criminal fine of up to $5,000,000;
- A civil penalty of up to $1,000,000 or, if greater, 3x times the profit gained or loss avoided; and
- SEC civil enforcement injunctions.

5. Liability for Tipping. Any employee, officer or director who tips ("tippers") a third party (commonly referred to as a "tippee") may also be liable for improper transactions by tippees to whom they have tipped Material Non-Public Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. Tippers and tippees would be subject to the same penalties and sanctions as described above, and the SEC has imposed large penalties even when the tipper or tippee did not profit from the trading. The SEC, the stock exchanges, NYSE and NASDAQ use sophisticated electronic surveillance techniques to uncover insider trading.

6. Control Persons. The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, may in certain circumstances, be subject to the following penalties:

- a civil penalty of up to 3 times the profit gained or loss avoided as a result of the employee's violation; and
- a criminal penalty of up to $25,000,000.

7. Possible Company-Imposed Disciplinary Actions. Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company's equity incentive plans or termination of employment.

MANDATORY GUIDELINES

8. Trading Blackout Period. To ensure compliance with this Policy and applicable federal securities laws, and to avoid even the appearance of trading on the basis of inside information, the Company requires that officers, directors and all employees in the accounting and finance departments of the Company designated by the Company's Insider Trading Compliance Officer as subject to the Blackout Period (as defined below) prohibitions because of their access to the Company's internal financial statements or other Material Non-Public Information regarding the Company's performance during annual and quarterly fiscal periods (collectively, "Designated Insiders") and Family Members of the foregoing, refrain from conducting transactions involving the purchase or sale of the Company's securities during the Blackout Periods established below.

Each of the following periods will constitute a "Blackout Period":

- The period commencing on the tenth calendar day of the third fiscal month of each of the first three fiscal quarters (i.e. March 10, June 10 and September 10, as applicable) and commencing on the first calendar day of the third fiscal month of the fourth fiscal quarter (i.e. December 1) and, in each case, ending at the close of business on the second Trading Day following the date of public disclosure of the financial results for such fiscal quarter (which is generally 30 to 75 days after the end of such quarter).

    - If such public disclosure occurs on a Trading Day before the markets close, then that day shall be considered the first Trading Day. If such public disclosure occurs after the markets close on a Trading Day, then the date of public disclosure shall not be considered the first Trading Day following the date of public disclosure.

- In addition to the Blackout Periods described above, the Company may announce "special" Blackout Periods from time to time. Typically, this will occur when there are non-public developments that would be considered material for insider trading law purposes, such as, among other things, developments relating to regulatory proceedings or a major corporate transaction. Depending on the circumstances, a "special" Blackout Period may apply to all Designated Insiders or only a specific group of Designated Insiders. The Insider Trading Compliance Officer will provide written notice to Designated Insiders subject to a "special" Blackout Period. Any person made aware of the existence of a "special" Blackout Period should not disclose the existence of the Blackout Period to any other person. The failure of the Company to designate a person as being subject to a "special" Blackout Period will not relieve that person of the obligation not to trade while aware of Material Non-Public Information. As used in this Policy, the term "Blackout Period" shall mean all periodic Blackout Periods and all "special" Blackout Periods announced by the Company.

The purpose behind the Blackout Period is to help establish a diligent effort to avoid any improper transactions. Trading in the Company's securities outside a Blackout Period should not be considered a "safe harbor", and all employees, officers and directors and other persons subject to this Policy should use good judgment at all times. Even outside a Blackout Period, any person possessing Material Non-Public Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days after the date of announcement. Although the Company may from time to time impose special Blackout Periods, because of developments known to the Company and not yet disclosed to the public, each person is individually responsible at all times for compliance with the prohibitions against insider trading.

9. Pre-Clearance of Trades. The Company has determined that all executive officers and directors and their Family Members must refrain from trading in the Company's securities, without first complying with the Company's "pre-clearance" process. Each executive officer or director must contact the Company's Insider Trading Compliance Officer not less than two (2) business days prior to commencing any trade in the Company's securities. This pre-clearance requirement applies to any transaction or transfer involving the Company's securities, including a stock plan transaction such as an option exercise, or a gift, transfer to a trust or any other transfer, but does not apply to shares sold under a 10b5-1 trading plan.

a. The Insider Trading Compliance Officer must pre-clear each proposed trade or transfer. The Insider Trading Compliance Officer is not under any obligation to approve a trade submitted for pre-clearance, and may determine not to permit a trade.

b. To facilitate the process, the Company has prepared a pre-clearance form, attached hereto as Exhibit A, to be completed and provided to the Insider Trading Compliance Officer. The Insider Trading Compliance Officer will assist with the approval process.

c. No trade or transfer may be effected until the requesting employee, officer or director has received the approved Pre-Clearance Request Form, even if two (2) business days have passed since the Pre-Clearance Request Form was submitted.

d. The Company may also find it necessary, from time to time, to require compliance with the pre-clearance process from employees designated as Designated Insiders.

e. Any executive officer and director who wishes to implement a trading plan under SEC Rule 10b5-1 must first pre-clear the plan with the Insider Trading Compliance Officer. As required by Rule 10b5-1, an executive officer or director may enter into a trading plan only when he or she or it is not in possession of Material Non-Public Information. In addition, a trading plan may not be entered into during a Blackout Period. Transactions effected pursuant to a pre-cleared trading plan will not require further pre-clearance at the time of the transaction.

10. Individual Responsibility. Each employee, officer and director has an individual responsibility to comply with this Policy against insider trading, regardless of whether a transaction is executed outside a Blackout Period or is pre-cleared by the Company. The restrictions and procedures are intended to help avoid inadvertent instances of improper insider trading, but appropriate judgment should always be exercised by each employee, officer and director in connection with any trade in the Company's securities. An employee, officer or director may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she or it planned to make the transaction before learning of the Material Non-Public Information and even though the Insider believes he or she or it may suffer an economic loss or forego anticipated profit by waiting.

CERTAIN EXCEPTIONS

11. Stock Options Exercises. For purposes of this Policy, the Company considers that the exercise of stock options under the Company's stock option plans (but not the sale of the underlying stock) to be exempt from this Policy. This Policy does apply, however, to any sale of stock as part of a broker-assisted "cashless" exercise of an option, or any market sale for the purpose of generating the cash needed to pay the exercise price of an option.

12. 401(k) Plan. This Policy does not apply to purchases of Company stock in the Company's 401(k) plan resulting from periodic contributions of money to the plan pursuant to payroll deduction elections. This Policy does apply, however, to certain elections that may be made under the 401(k) plan, including (a) an election to increase or decrease the percentage of periodic contributions that will be allocated to the Company stock fund, if any, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against a 401(k) plan account if the loan will result in a liquidation of some or all of a participant's Company stock fund balance and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

13. Employee Stock Purchase Plan. This Policy does not apply to purchases of Company stock in the Company's employee stock purchase plan, if any, resulting from periodic contributions of money to the plan pursuant to the elections made at the time of enrollment in the plan. This Policy also does not apply to purchases of Company stock resulting from lump sum contributions to the plan, provided that the participant elected to participate by lump-sum payment at the beginning of the applicable enrollment period. This Policy does apply to a participant's election to participate in or increase his or her or its participation in the plan, and to a participant's sales of Company stock purchased pursuant to the plan.

14. Dividend Reinvestment Plan. This Policy does not apply to purchases of Company stock under the Company's dividend reinvestment plan, if any, resulting from reinvestment of dividends paid on Company securities. This Policy does apply, however, to voluntary purchases of Company stock that result from additional contributions a participant chooses to make to the plan, and to a participant's election to participate in the plan or increase his level of participation in the plan. This Policy also applies to his, her or it sale of any Company stock purchased pursuant to the plan.

APPLICABILITY OF POLICY TO INSIDE INFORMATION REGARDING OTHER COMPANIES

This Policy and the guidelines described herein also apply to Material Non-Public Information relating to other companies, including the Company's customers, vendors or suppliers ("business partners"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Company's business partners. All employees should treat Material Non-Public Information about the Company's business partners with the same care required with respect to information related directly to the Company.

Section 16 Liability - Directors and Officers

Certain officers and all directors of the Company must also comply with the reporting obligations and limitations on short-swing profit transactions set forth in Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"). The practical effect of these provisions is that any officer or director who purchases and sells the Company's securities within a six-month period must disgorge all profits to the Company whether or not he or she or it had knowledge of any Material Non-Public Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of stock or stock options under the Company's stock plans, nor the exercise of options nor the receipt of stock under the Company's employee stock purchase plan, dividend reinvestment plan or the Company's 401(k) retirement plan is deemed a purchase that can be matched against a sale for Section 16(b) short-swing profit disgorgement purposes; however, the sale of any such shares so obtained is a sale for these purposes. Moreover, no such officer or director may ever make a short sale of the Company's common stock which is unlawful under Section 16(c) of the Exchange Act. The Company will provide separate memoranda and other appropriate materials to the affected officers and directors regarding compliance with Section 16 and its related rules.

The rules on recovery of short-swing profits are absolute and do not depend on whether a person has Material Non-Public Information.

Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the employee, officer or director is trading based on inside information. Transactions in options also may focus the trader's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities related to the Company, on an exchange or in any other organized market, are prohibited. Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging or Monetization Transactions."

Hedging or Monetization Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee, officer or director to lock in much of the value of his stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions would allow an employee, officer or director to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, their interests and the interests of the Company and its shareholders may be misaligned and may signal a message to the trading market that may not be in the best interests of the Company and its shareholders at the time it is conveyed. Accordingly, hedging transactions and all other forms of monetization transactions related to the Company are prohibited.

Margin Accounts and Pledges

Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledgor is aware of Material Non-Public Information or otherwise is not permitted to trade in Company securities pursuant to Blackout Period restrictions. Thus, employees, officers and directors are prohibited from pledging Company securities as collateral for a loan. Additionally, shares of Company stock may not be held in a margin account.

Post-Termination Transactions

This Policy continues to apply to transactions in Company securities even after an employee, officer or director has resigned or terminated employment for a period of not less than six (6) months. Notwithstanding the foregoing, if the person who resigns or separates from the Company is in possession of Material Non-Public Information at that time, he or she or it may not trade in Company securities until that information has become public or is no longer material.

Communications with the Public

The Company is subject to the SEC's Regulation FD and must avoid selective disclosure of Material Non-Public Information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. Pursuant to Company policy, only the executive officers who have been authorized to engage in communications with the public may disclose information to the public regarding the Company and its business activities and financial affairs. The public includes, without limitation, research analysts, portfolio managers, financial and business reporters, news media and investors. In addition, because of the risks associated with the exchange of information through such communications media, employees are strictly prohibited from posting or responding to messages containing information regarding the Company on Internet "bulletin boards," Internet "chat rooms" or in similar online forums. Employees who inadvertently disclose any Material Non-Public Information must immediately advise the Insider Trading Compliance Officer so the Company can assess its obligations under Regulation FD and other applicable securities laws.

Inquiries

Please direct questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officer at the following address:

Taronis Fuels, Inc.
Attn: Chief Legal Officer
Address:
Telephone:
E-mail:

Certifications

All employees, officers and directors of the Company must certify their understanding of, and intent to comply with, this Policy. Please return the enclosed certification immediately to:

Taronis Fuels, Inc.
Attn: Chief Legal Officer
Address:
Telephone:
E-mail:

CERTIFICATIONS

I certify that:

I have received, read and understand the Company's Insider Trading Policy, I understand that the Insider Trading Compliance Officer is available to answer any questions I have regarding the Insider Trading Policy.

I will comply with the Insider Trading Policy for as long as I am subject to the Policy.

Signature:

Print Name:

Date:

TARONIS FUELS, INC.
PRE-CLEARANCE REQUEST FORM

To: Taronis Fuels, Inc. (the "Company")
Attn: Insider Trading Compliance Officer
From: _____
Re: Proposed transaction in the Company's Securities

This is to advise you that the undersigned intends to execute a transaction in the Company's securities on _____ _____, 20_____ and thereafter until the trading window shall close and does hereby request that the Company pre-clear the transaction as required by the Company's Insider Trading Policy (the "Policy").

The general nature of the transaction is as follows (i.e. open market purchase of 10,000 shares of common stock through NYSE, privately negotiated sale of warrants for the purchase of 5,000 shares of common stock, etc.):

_____

_____

_____

The undersigned is not in possession of Material Non-Public Information (as defined in the Insider Trading Policy) about the Company and will not enter into the transaction if the undersigned comes into possession of Material Non-Public Information about the Company between the date hereof and the proposed trade execution date.

The undersigned has read and understands the Policy and certifies that to the best of the undersigned's knowledge that the above proposed transaction will not violate the Policy.

The undersigned agrees to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. The undersigned understands that the Company may reasonably require additional information about the transaction, and agrees to provide such information upon request.

Dated:_____ Very truly yours,

[Signature]

[Print Name]

Approved:

Insider Trading Compliance Officer

_____

Taronis Fuels, Inc.

2019 Employee Stock Purchase Plan

1. General; Purpose.

(a) Purpose. The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations and Affiliates. The Plan provides a means by which Eligible Employees of the Company and certain Designated Companies may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan.

(b) Qualified and Non-Qualified Offerings Permitted. The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Stock Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes grants of Purchase Rights under the Non-423 Component that do not meet the requirements of an Employee Stock Purchase Plan. Except as otherwise provided in the Plan or determined by the Board, the Non-423 Component will operate and be administered in the same manner as the 423 Component. In addition, the Company may make separate Offerings which vary in terms (provided that such terms are not inconsistent with the provisions of the Plan or the requirements of an Employee Stock Purchase Plan to the extent the Offering is made under the 423 Component), and the Company will designate which Designated Company is participating in each separate Offering.

2. Administration.

(a) The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time which Related Corporations will be eligible to participate in the Plan as Designated 423 Corporations or which Related Corporations or Affiliates will be eligible to participate in the Plan as Designated Non-423 Corporations, which Affiliates or Related Corporations may be excluded from participation in the Plan, and which Designated Companies will participate in each separate Offering (to the extent that the Company makes separate Offerings).

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company, its Related Corporations, and Affiliates and to carry out the intent that the 423 Component be treated as an Employee Stock Purchase Plan.

(viii) To adopt such rules, procedures and sub-plans relating to the operation and administration of the Plan as are necessary or appropriate under applicable local laws, regulations and procedures to permit or facilitate participation in the Plan by Employees who are foreign nationals or employed or located outside the United States. Without limiting the generality of, but consistent with, the foregoing, the Board specifically is authorized to adopt rules, procedures, and sub-plans, which, if applicable to a Designated Non-423 Corporation, do not have to comply with the requirements of Section 423 of the Code, regarding, without limitation, eligibility to participate in the Plan, the definition of eligible "earnings," handling and making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Further, to the extent not prohibited by Applicable Law, the Board or Committee may, from time to time, delegate some or all of its authority under the Plan to other persons or groups of persons as it deems necessary, appropriate, or advisable under conditions or limitations that it may set at or after the time of the delegation. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. Shares of Common Stock Subject to the Plan.

(a) Number of Shares Available; Automatic Increases. Subject to the provisions of Section 11(a) relating to Capitalization Adjustments and the following sentence regarding the Evergreen Increase, the initial number of shares of Common Stock that may be issued under the Plan shall equal 25,000,000 shares of Common Stock (the "***Share Reserve***"). In addition, the Share Reserve will automatically increase on January 1st of each year for a period of up to ten (10) years, commencing on January 1, 2020 and ending on (and including) January 1, 2029 (each, an "***Evergreen Date***"), in an amount equal to the lesser of (i) 1.0% of the total number of shares of Common Stock outstanding on December 31st immediately preceding the applicable Evergreen Date, and (ii) 25,000,000 shares (the "***Evergreen Increase***"). Notwithstanding the foregoing, the Board may act prior to the Evergreen Date of a given year to provide that there will be no Evergreen Increase for such year or that the Evergreen Increase for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence. For the avoidance of doubt, up to the maximum number of shares of Common Stock reserved under this Section 3(a) may be used to satisfy purchases of Common Stock under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Common Stock under the Non-423 Component.

(b) Share Recycling. If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) Source of Shares. The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. Grant of Purchase Rights; Offerings.

(a) Offerings. The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and, with respect to the 423 Component, will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the Offering Document or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) Restart Provision Permitted. The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. Eligibility.

(a) General. Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation or an Affiliate. Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company, a Related Corporation or an Affiliate, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. The Board may provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company, the Related Corporation, or the Affiliate, as applicable, is more than 20 hours per week and more than five months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code with respect to the 423 Component and Applicable Law. The Board further retains the discretion to determine which Eligible Employees may participate in an Offering pursuant to and consistent with U.S. Treasury Regulation Section 1.423-2(e) and (f).

(b) Grant of Purchase Rights in Ongoing Offering. The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the "***Offering Date***" of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) 5% Stockholders Excluded. No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) US $25,000 Limit. As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations or Affiliates, do not permit such Eligible Employee's rights to purchase stock of the Company or any Related Corporation or Affiliates to accrue at a rate which, when aggregated, exceeds US$25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time, subject to compliance with Applicable Law.

(e) Highly Compensated Employees. Officers of the Company and any Designated Company, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

(f) Non-423 Component Offerings. Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Board has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason.

---

6. Purchase Rights; Purchase Price.

(a) Grant and Maximum Contribution Rate. On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Common Stock (rounded down to the nearest whole share) purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding 15% of such Employee's earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) Purchase Dates. The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c) Other Purchase Limitations. In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Common Stock (rounded down to the nearest whole share) available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) Purchase Price. The purchase price of shares of Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

(i) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the Offering Date; or

(ii) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the applicable Purchase Date.

7. Participation; Withdrawal; Termination.

(a) Enrollment and Contributions. An Eligible Employee may elect to authorize payroll deductions as the means of making Contributions by completing and delivering to the Company or Company Designee, within the time specified in the Offering, an enrollment form provided by the Company or Company Designee. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Laws require that Contributions be deposited with a Company Designee or otherwise segregated. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter during the Offering reduce (including to zero) or increase his or her Contributions. If required under Applicable Law or if specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through a payment by cash, check, or wire transfer prior to a Purchase Date, in a manner directed by the Company or a Company Designee.

(b) Withdrawals. During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company or a Company Designee a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Termination of Employment or Eligible Employee Status. Unless otherwise required by Applicable Law, Purchase Rights granted to a Participant pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason or (ii) is otherwise no longer eligible to participate, and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate.

(d) Leave of Absence. For purposes of this Section 7, an Employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Designated Company in the case of sick leave, military leave, or any other leave of absence approved by the Company; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute. The Company will have sole discretion to determine whether a Participant has terminated employment and the effective date on which the Participant terminated employment, regardless of any notice period or garden leave required under local law.

(e) Employment Transfers. Unless otherwise determined by the Board, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Designated Company or between Designated Companies will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component. In the event that a Participant's Purchase Right is terminated under the Plan, the Company will distribute as soon as practicable to such individual all of his or her accumulated but unused Contributions.

(f) No Transfers of Purchase Rights. During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation.

(g) No Interest. Unless otherwise specified in the Offering or required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. Exercise of Purchase Rights.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock (rounded down to the nearest whole share), up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock on a Purchase Date in an Offering, then such remaining amount will be distributed to such Participant as soon as practicable after the applicable Purchase Date, without interest, unless the payment of interest is required by Applicable Law.

(c) No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. federal and state, foreign and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the shares of Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 6 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Common Stock are not registered and the Plan is not in material compliance with Applicable Law, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed as soon as practicable to the Participants without interest, unless the payment of interest is required by Applicable Law.

9. Covenants of the Company.

The Company will seek to obtain from each U.S. federal or state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Common Stock thereunder unless the Company determines, in its sole discretion, that doing so is not practical or would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. Death of Participant.

If a Participant dies, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions, without interest, unless the payment of interest is required by Applicable Law, to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. Adjustments upon Changes in Common Stock; Corporate Transactions.

(a) Capitalization Adjustment. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) or kind and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) or kind and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) or kind and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iv) the class(es) or kind and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) Corporate Transaction. In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock (rounded down to the nearest whole share) within ten business days (or such other period specified by the Board) prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

(c) Spin-Off. In the event of a spin-off or similar transaction involving the Company, the Board may take actions deemed necessary or appropriate in connection with an ongoing Offering and subject to compliance with Applicable Law (including the assumption of Purchase Rights under an ongoing Offering by the spun-off company, or shortening an Offering and scheduling a new Purchase Date prior to the closing of such transaction). In the absence of any such action by the Board, a Participant in an ongoing Offering whose employer ceases to qualify as a Related Corporation as of the closing of a spin-off or similar transaction will be treated in the same manner as if the Participant had terminated employment (as provided in Section 7(c)).

12. Amendment, Termination or Suspension of the Plan.

(a) Plan Amendment. The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by Applicable Laws, including any amendment that either (i) materially increases the number of shares of Common Stock available for issuance under the Plan, (ii) materially expands the class of individuals eligible to become Participants and receive Purchase Rights, (iii) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be purchased under the Plan, (iv) materially extends the term of the Plan, or (v) expands the types of awards available for issuance under the Plan, but in each of (i) through (v) above only to the extent stockholder approval is required by Applicable Law.

(b) Suspension or Termination. The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(c) No Impairment of Rights. Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to facilitate compliance with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the Effective Date, or (iii) as necessary to obtain or maintain any special tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the 423 Component complies with the requirements of Section 423 of the Code, or other Applicable Law.

(d) Corrections and Administrative Procedures. Notwithstanding anything in the Plan to the contrary, the Board or the Plan Administrator will be entitled to: (i) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (ii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iii) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code; and (iv) establish other limitations or procedures as the Board or the Plan Administrator determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board or the Plan Administrator pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. Tax Matters.

(a) Code Section 409A. Purchase Rights granted under the 423 Component are intended to be exempt from the application of Section 409A of the Code under U.S. Treasury Regulation Section 1.409A-1(b)(5)(ii). Purchase Rights granted under the Non-423 Component to U.S. taxpayers are intended to be exempt from the application of Section 409A of the Code under the short-term deferral exception or compliant with Section 409A of the Code and any ambiguities will be construed and interpreted in accordance with such intent.

(b) No Guarantee of Tax Treatment. Although the Company may endeavor to qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside the United States, or avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan.

14. Tax Withholding.

The Participant will make adequate provision to satisfy the Tax-Related Items withholding obligations, if any, of the Company and/or the applicable Designated Company which arise with respect to Participant's participation in the Plan or upon the disposition of the shares of the Common Stock. The Company and/or the Designated Company may, but will not be obligated to, withhold from the Participant's compensation or any other payments due the Participant the amount necessary to meet such withholding obligations, withholding a sufficient whole number of shares of Common Stock issued following exercise having an aggregate value sufficient to pay the Tax-Related Items or withhold from the proceeds of the sale of shares of Common Stock, either through a voluntary sale or a mandatory sale arranged by the Company or any other method of withholding that the Company and/or the Designated Company deems appropriate. The Company and/or the Designated Company will have the right to take such other action as may be necessary in the opinion of the Company or a Designated Company to satisfy withholding and/or reporting obligations for such Tax-Related Items. The Company shall not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

15. Effective Date of Plan.

The Plan will become effective on August 15, 2019. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

16. Miscellaneous Provisions.

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at-will nature of a Participant's employment or amend a Participant's employment contract, if applicable, or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company, a Related Corporation, or an Affiliate, or on the part of the Company, a Related Corporation or an Affiliate to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

(e) If any particular provision of the Plan is found to be invalid or otherwise unenforceable, such provision will not affect the other provisions of the Plan, but the Plan will be construed in all respects as if such invalid provision were omitted.

(f) If any provision of the Plan does not comply with Applicable Law, such provision shall be construed in such a manner as to comply with Applicable Law.

17. Definitions.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***423 Component***" means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(b) "***Affiliate***" means any entity, other than a Related Corporation, in which the Company has an equity or other ownership interest or that is directly or indirectly controlled by, controls, or is under common control with the Company, in all cases, as determined by the Board, whether now or hereafter existing.

(c) "***Applicable Law***" means the requirements relating to the administration of equity-based awards under state corporate laws, United States federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Purchase Rights are, or will be, granted under the Plan.

(d) "***Board***" means the board of directors of the Company.

(e) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(f) "***Code***" means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(g) "***Committee***" means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) "***Common Stock***" means the common stock of the Company.

(i) "***Company***" means Taronis Fuels, Inc., a Delaware corporation, and any successor corporation thereto.

(j) "***Contributions***" means the payroll deductions and/or other payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already contributed the maximum permitted amount of payroll deductions and/or other payments during the Offering.

(k) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(l) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(i) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(ii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iii) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(iv) "***Designated 423 Corporation***" means any Related Corporation selected by the Board as participating in the 423 Component.

(m) "***Designated Company***" **means any Designated Non-423 Corporation or Designated** 423 Corporation, provided, however, that at any given time, a Related Corporation participating in the 423 Component shall not be a Related Corporation participating in the Non-423 Component.

(n) "***Designated Non-423 Corporation***" means any Related Corporation or Affiliate selected by the Board as participating in the Non-423 Component.

(o) "***Director***" means a member of the Board.

(p) "***Effective Date***" means the effective date of the Plan, as set forth in Section 15.

(q) "***Eligible Employee***" means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan. For purposes of clarity, the term "***Eligible Employee***" shall not include the following, regardless of any subsequent reclassification as an employee by the Company or a Designated Company, any governmental agency, or any court: (i) any independent contractor; (ii) any consultant; (iii) any individual performing services for the Company or a Designated Company who has entered into an independent contractor or consultant agreement with the Company or a Designated Company; (iv) any individual performing services for the Company or a Designated Company under an independent contractor or consultant agreement, a purchase order, a supplier agreement or any other agreement that the Company or a Designated Company enters into for services; (v) any individual classified by the Company or a Designated Company as contract labor (such as contractors, contract employees, job shoppers), regardless of length of service; and (vi) any leased employee. The Board shall have exclusive discretion to determine whether an individual is an Eligible Employee for purposes of the Plan.

(r) "***Employee***" means any person, including an Officer or Director, who is "employed" for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation (including an Affiliate). However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "***Employee***" for purposes of the Plan.

(s) "***Employee Stock Purchase Plan***" means a plan that grants Purchase Rights intended to be options issued under an "employee stock purchase plan," as that term is defined in Section 423(b) of the Code.

(t) "***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(u) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined as follows:

(v) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in such source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(i) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with Applicable Law and, to the extent applicable as determined in the sole discretion of the Board, in a manner that complies with Sections 409A of the Code.

(w) "***Non-423 Component***" means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(x) "***Offering***" means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the "***Offering Document***" approved by the Board for that Offering.

(y) "***Offering Date***" means a date selected by the Board for an Offering to commence.

(z) "***Officer***" means a person who is an officer of the Company or a Related Corporation or Affiliate within the meaning of Section 16 of the Exchange Act.

(aa) "***Participant***" means an Eligible Employee who holds an outstanding Purchase Right.

(bb) "***Plan***" means this Taronis Fuels, Inc. 2019 Employee Stock Purchase Plan, as amended from time to time.

(cc) "***Plan Administrator***" means one or more Officers or Employees designated by the Committee to administer the day-to-day operations of the Plan and the Company's other equity incentive programs.

(dd) "***Purchase Date***" means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

(ee) "***Purchase Period***" means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(ff) "***Purchase Right***" means an option to purchase shares of Common Stock granted pursuant to the Plan.

(gg) "***Related Corporation***" means any "parent corporation" or "subsidiary corporation" of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(hh) "***Securities Act***" means the U.S. Securities Act of 1933, as amended.

(ii) "***Tax-Related Items***" means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising in relation to a Participant's participation in the Plan and legally applicable to a Participant.

(jj) "***Trading Day***" means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed, including but not limited to the NYSE, NYSE American, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.

Code of Business Conduct

Contents

TARONIS STANDARDS OF BUSINESS CONDUCT

Core Value

Taronis is committed to high standards of ethical and responsible conduct in compliance with applicable laws in all the countries in which it does business. At its most basic level, this requires dealing fairly and honestly with employees, customers, suppliers, shareholders, competitors, the public and the communities in which we work. Taronis' reputation is built on the individual actions of each of its employees and representatives, and you have an essential role in meeting this commitment. In addition to being the right thing to do, strong ethical and legal compliance makes good business sense. Questionable business practices and shortcuts do not work in the long run. Only responsible, ethical behavior leads to sustainable business success.

Our Standards

Our standards are not intended to be all inclusive. Nor do they purport to address every question or issue that you might encounter in the workplace. These standards do, however, highlight certain issues that you are likely to confront in your day-to-day work. They are designed to help you comply with Taronis policies and increase your awareness of key compliance and ethical issues. If you have any questions about proper conduct in any situation that might be covered by these standards, consult with your supervisor, your local compliance office, your Human Resources representative, or the Legal Department.

Applicability and Effect

These standards apply worldwide to all employees of Taronis Fuels, Inc. and its majority-owned subsidiaries and affiliates. These standards apply to all Taronis directors, officers, employees, representatives, and others acting on behalf of the company. You are responsible for complying with these standards even if the laws where you work are less stringent than the requirements of these standards. Taronis takes these standards very seriously and non-compliance, depending upon the circumstances, will result in serious disciplinary action up to and including termination of employment.

Expectations

Employees will:

- Comply with both the spirit and letter of these standards and the laws of the country in which your workplace is located.
- Complete all compliance training when required.

Managers/Supervisors will:

- Foster an atmosphere that demonstrates the importance of these standards and act as a role model in regard to integrity compliance.
- Ensure that all employees under your direct and indirect supervision familiarize themselves with these standards and receive appropriate training.
- Establish internal controls designed to prevent and detect non-compliance with these standards.
- Ensure that agents, representatives and others hired to act on behalf of the company are aware of these standards and agree to act accordingly.

Annual Certification

Most employees will be asked each year to certify that they have read, understand and complied with these standards and, if applicable, other supplemental standards related to their work responsibilities.

Q: How do I know if I am doing something unethical?

A: If you are uneasy about what you are doing or if you have any reason to believe that your actions may be illegal, or if you are worried about whether your actions will be discovered, or if you would not want your actions to be publicly known, you might be in danger of unethical behavior. Do not ignore your instincts. Stop, consider what you are doing, and get advice from your supervisor or the Legal Department.

Q: What should I do if my supervisor asks me to do something that I think violates Taronis' standards or is illegal?

A: Don't do it! No matter who asks you to do something, if you know or suspect that it is wrong, you should refuse to do it. If you are uncomfortable talking to your supervisor directly about the situation, you should contact the Legal Department.

DISCUSSING AND REPORTING COMPLIANCE CONCERNS

Ensuring compliance with these standards is not just the job of the chief legal officer or senior management. It is every employee's job. Meeting Taronis' high integrity standards require your active engagement and alertness to identify possible non-compliance.

How To Report A Compliance Issue

If you suspect that a non-compliance has occurred at your workplace, report your concern to your supervisor or Human Resources representative. If you are uncomfortable talking to someone at your location, you may call or email the chief legal officer.

It is a violation of Taronis policy for any person to retaliate against any individual who has made a report in good faith. Any employee who takes any retaliatory action against any person who has in good faith raised any questions or concerns about compliance with any Taronis policy will be subject to discipline that may include termination of employment. In the event that any allegation of retaliation is filed by a Taronis employee with a government authority, Taronis will cooperate with such government investigation.

Expectations

Employees will:

- Be alert to possible non-compliance, as well as unacceptable behaviors such as pressure to compromise standards.
- Report any concerns you have about compliance in your workplace to your manager or through any of the channels previously described within 48 hours of discovery.
- Cooperate with any investigation into possible non-compliance.

Managers/Supervisors will:

- Maintain an open working environment in which employees feel free to report any suspected noncompliance, free from retaliation.
- Promptly report to the Legal Department or the chief legal officer any complaints or allegations regarding suspected non-compliance or retaliation within 48 hours of discovery.

Q: If I report something suspicious, will I get in trouble if my suspicion turns out to be wrong?

A: If you suspect something is wrong, you cannot be disciplined or subjected to retaliation as long as you honestly have a concern. As a Taronis employee, you have the responsibility to report improprieties or suspected non-compliance.

Q: Can supervisors really get dismissed for retaliating against an employee who in good faith reports suspected ethical or non-compliance?

A: Yes. Taronis takes these standards very seriously. Retaliation against an employee who reports a suspected compliance violation in good faith can result in disciplinary action up to and including termination of employment.

COMPLIANCE WITH ANTITRUST LAWS

Taronis is committed to compliance with the "antitrust" or "competition" laws in each country in which it does business.

A major requirement of competition law is that you are strictly prohibited from having discussions with competitors regarding such matters as pricing, terms and conditions of sale, bid rigging, customer boycotts, and allocations of customers, territories or markets.

You must also exercise care to avoid discussing competitively sensitive information in situations where you have close contact with competitors such as joint venture, acquisition and divestiture discussions, attendance at trade associations and trade shows, engagement in product sourcing and encounters at customer locations. Any joint venture, acquisition or divestiture discussions must begin with the signing of a confidentiality agreement which is provided or approved by the Legal Department. In addition, you must obtain the approval of your supervisor and the Legal Department before attending trade association meetings.

Your following this guidance will enable Taronis to continue to conduct its business within the boundaries of fair competition and thereby avoid government investigations and potential civil and criminal liability (including substantial monetary fines) that can arise from violation of competition laws. In some cases, individual employees may be subject to criminal liability and jail time for proven violations of the competition laws.

Expectations

Employees will:

- Promptly report directly by telephone to the Legal Department, the chief legal officer or the any encounters in which a competitor seeks to engage you in an inappropriate conversation, or makes a suggestion that you suspect may be a violation of law.
- Plan in advance, with the assistance of your supervisor and the Legal Department, any prospective meeting with a competitor.
- Seek approval from your supervisor and the Legal Department before joining or participating in a trade association, professional society, or standards-setting or product certification organization.
- Review in advance with the Legal Department any materials prepared for use at industry meetings, seminars or trade shows.
- Only use forms of agreement approved by the Legal Department with respect to sales transactions, joint ventures, acquisitions and divestitures.
- Refrain from any activity which could be construed as anti-competitive conduct.
- Not improperly seek or receive a competitor's or customer's proprietary information or induce improper disclosure of such information.

DOING BUSINESS WITH GOVERNMENTS

Taronis is committed to compliance with all laws applicable to doing business with governments in every country in which Taronis does business.

A key requirement for doing business with governments is that no employee may (a) submit a bid for a government contract or sign a government contract or (b) use company funds to entertain, pay travel, lodging or dining expense for, or make a gift to, a government official without the approval of the designated government contracts coordinator for your business or region and the Legal Department.

Non-compliance with the requirements of these standards can create legal exposure for both the company and for you, including possible criminal prosecution and substantial monetary fines.

Expectations

Employees will:

- Coordinate all government bids and contracts (including amendments) and contract execution and administration of any government contracts with the designated government contracting contact and the Legal Department.
- Not sign any government contract that has not been approved by your government contracting contact and the Legal Department.
- Obtain the approval of your supervisor and the Legal Department before giving anything of value to, entertaining or paying travel or lodging costs for a government official.

Cross References to Other Headings in these Standards:

- Foreign Corrupt Practices Act Compliance
- Political Contributions and Lobbying
- Financial Integrity and Reporting

Definition of "government official": For purposes of these standards, a government official means an officer, employee or an official representative of a government or any department, agency, or instrumentality of a government, or a public international organization. Government officials can also include (1) officers and employees of state-owned companies; (2) uncompensated honorary officials whose duties are merely ceremonial if such officials have actual influence in the award of business; and (3) members of royal families who may lack "official" authority but maintain managerial interests in governmental industries or governmental controlled companies.

FOREIGN CORRUPT PRACTICES ACT COMPLIANCE ("FCPA")

Taronis is committed to compliance with all laws applicable to making payments or giving of anything of value to government officials in every country in which Taronis does business.

Anti-bribery

A major requirement of FCPA compliance is that no employee may directly or indirectly through a third party knowingly make any payment or provide anything of value to a foreign government official or other person with the intent to influence the official in order to obtain or retain business for Taronis or any majority owned subsidiary or affiliate thereof.

Permissible Payments

Under the FCPA, a payment is permitted if it is not unlawful under the written laws and regulations of the foreign country. For example, a local law may authorize political contributions.

Facilitating Payments

As an exception to the general rule against offering anything of value to foreign government officials, the FCPA allows the payments to foreign government officials of small sums to facilitate or secure the performance of certain routine, non-discretionary government functions. This exception is very narrow and includes limited types of actions such as clearing customs, issuing licenses or processing paperwork. Routine governmental actions do not include any situation in which the foreign government official has discretion to decide whether or not to award new business or continue existing business. Any payment to influence these actions violates the FCPA and is against Taronis policy. Finally, while "facilitating payments" may be legal under U.S. law, they may be illegal under the laws of some countries in which the foreign government officials reside or work. Employees must consult with the Legal Department before making any "facilitating payments" to ensure that such payments are legal under applicable law.

Reasonable Expenses for Product Promotion and Performance of a Contract

Bona fide expenses for travel, meals, and lodging by or on behalf of a foreign government official related to the promotion of Taronis products or the execution or performance of a contract are permissible under the FCPA. However, the expenses must be reasonable and directly related to the promotion of products or execution or performance of a contract with a foreign government or agency. Taronis may not pay for any expenses for family members of the foreign government officials, or cover both travel expenses and per diem expenses of the official.

Legal Department Clearance

Due to the complexities surrounding the above exceptions, consult the Legal Department for advice before making or authorizing any payment or providing any gift, good or service of value to a foreign government official, even if you think it is for a routine governmental action, for a reasonable expense, or is permitted by the law of that country. This clearance process applies also where any such payment would be made indirectly through an agent, sales representative, or otherwise.

Record Keeping and Internal Accounting Controls

Employees must not establish an illegal on-book or off-book fund for the purpose of using such funds to make payments or provide anything of value to a foreign government official.

Non-compliance with the requirements of the FCPA can create legal exposure for both the company and for you, including possible criminal prosecution and substantial monetary fines.

Expectations

Employees will:

- Obtain the approval of your supervisor and the Legal Department before making any payment or giving anything of value to a foreign government official.
- Before engaging an agent, broker or representative, conduct appropriate due diligence, complete a formal contract containing warranties regarding compliance with prior written approval from the Legal Department, and otherwise assure yourself that such intermediary will not make improper payments to a foreign government official on Taronis' behalf.
- Not hire a foreign government official or a family member of a foreign government official to perform services for Taronis without prior approval from the Legal Department.

Cross Reference to Other Heading in these Standards:

- Doing Business with Governments

EMPLOYMENT AND THE WORKPLACE; AVOIDANCE OF DISCRIMINATION AND HARASSMENT

Taronis is committed to recruiting, hiring, compensating and promoting people based solely on their abilities, performance and qualifications for their jobs and to maintaining a professional work environment in which employees are treated with respect and dignity. As part of our commitment to equal employment opportunity, Taronis prohibits discrimination or harassment based on race, color, religion, gender, national origin, age, disability, veteran status, pregnancy, or sexual orientation. This prohibition is applicable to all Taronis employees worldwide whether or not such behavior is prohibited by the laws wherever you work. Taronis is also committed to complying fully with applicable labor and employment laws wherever it operates.

Expectations

Employees will:

- Treat their colleagues in the workplace with dignity and respect.
- Not engage in discrimination or harassment as described above.
- Immediately report any conduct you believe to be discrimination or harassment to your supervisor or your Human Resources representative. However, if you are not comfortable reporting to either of the foregoing, you may report your concern to the chief legal officer.

Managers/Supervisors will:

- Foster an inclusive environment in which different backgrounds, perspectives and points of view are respected and valued.
- Not retaliate against any individual who has complained of discrimination or harassment or participated in a company or external investigation into such complaints.
- Not engage in a romantic or sexual relationship with any employee for whom you have direct or indirect supervisory responsibility or use your position directly or indirectly in any attempt to extract sexual favors.

Examples of Harassment:

Behavior that creates an intimidating, hostile or offensive work environment based on any of the factors listed in the main text. Some examples of harassment, regardless of the method of communication, include:

- Disparaging or derogatory comments, gestures, jokes, pictures, or drawings relating to race, color, religion, gender, nationality, age, disability, pregnancy, or sexual orientation, or ridiculing an employee because of any of these factors;
- Sexual comments, gestures or jokes;
- Displaying sexual pictures or photos; or
- Unwelcome physical contact; or
- Unwelcome sexual advances or requests for sexual favors.

CONFLICTS OF INTEREST

You (and your family members) must avoid any personal, financial or family interest that could result in a conflict of interest with your obligations as a Taronis employee. Even the appearance of a conflict of interest could damage Taronis' reputation or adversely affect its business interests. Therefore, you must be sensitive to how your activities and relationships within and outside the scope of your Taronis employment will be viewed by others. You cannot use your position at Taronis to obtain any direct or indirect payment or business advantage that would not otherwise be available to you or any member of your family.

In addition, company policy requires that executive officers and board members must seek board review and approval of any relationship, transaction or investment that could create a possible conflict of interest.

Expectations

Employees will immediately consult with their supervisor if they have a question whether a conflict of interest exists or may arise in their business or personal activities.

Cross Reference to Other Heading in these Standards:

- Gifts, Entertainment, Bribes and Kickbacks

A "conflict of interest" may occur when an individual's personal interest is, or has the appearance of being adverse to or competitive with the interests of Taronis or when it interferes with the proper performance of the individual's duties or loyalty to Taronis. These may include, among others:

- a financial, controlling or influencing interest in a supplier or customer;
- outside employment conducted during normal working hours or using Taronis resources or confidential or proprietary information for personal gain;
- receipt by you or your family of personal benefits as a result of your position in Taronis (particularly from a person or firm doing business or seeking to do business with Taronis or otherwise seeking to influence your actions on behalf of Taronis);
- competing with Taronis for business opportunities;
- taking for yourself opportunities that are discovered using Taronis resources or information gained in the course of your employment,
- assuming any role outside Taronis during normal working hours that would interfere with your proper job performance or otherwise conflict with Taronis' interests

Q: I would like to start an outside business in addition to my Taronis job. Is this a conflict of interest?

A: An outside business activity does not necessarily put you in a conflict of interest situation — but it may. It may also conflict with the terms of your employment. You must obtain the approval of your supervisor and the Legal Department before you start your outside business so that an assessment can be made.

Q: One of my club members is starting a business and has products that are available at a terrific price. Can Taronis purchase from my friend's company?

A: It is possible for Taronis to purchase from your friend's company provided that proper procedures are followed, but you must first obtain the approval of your supervisor and the Legal Department. You must also take care to try not to improperly influence the bidding process or attempt to personally benefit from the transaction.

GIFTS, ENTERTAINMENT, BRIBES AND KICKBACKS

Gifts and Entertainment

You should be very careful about accepting gifts, meals and entertainment from companies who do business or seek to do business with Taronis. Although the laws and customs around the world differ, a general rule is that no Taronis employee should accept a gift, entertainment or other favor if, due to its value, it will create an obligation or appear to influence your independent business judgment. If you have any questions whether it is appropriate to accept any gift, you should consult your supervisor and the Legal Department.

Similar considerations govern the giving of gifts, entertainment and other things of value to customers. Any such gifts, entertainment and the like must have a legitimate business purpose and be reasonable in amount. See the Q's and A's for guidelines on determining the appropriateness of a gift. Special care must be taken in regard to giving anything of value to, or entertaining, government officials and employees.

Bribes and Kickbacks

Bribes and kickbacks are strictly prohibited and can create legal exposure for the company and for you personally. The giving or acceptance of a bribe or kickback will result in possible criminal prosecution. The company will cooperate with any government investigation or criminal prosecution regarding illegal bribes or kickbacks, whether or not the employee believed the acts were in the best interest of the Company.

Expectations

Employees will:

- Never request personal gifts, favors, entertainment or other services from an existing or prospective vendor, supplier or customer.
- Reject and report to your supervisor any gift, entertainment or favor offered to you or any family member that is not consistent with customary business practices or otherwise appears to be given in order to obtain undue influence.
- Never offer or accept any bribe or kickback, either directly or indirectly.

Cross References to Other Headings in these Standards:

- Conflicts of Interest
- Doing Business with Governments
- Foreign Corrupt Practices Act Compliance

Inappropriate Gifts or Entertainment: The appropriateness of a gift, entertainment or favor, whether given or received, depends upon many factors including its value, its purpose and the setting in which it is given or received. If the gift, meal or entertainment is lavish or unusual in relation to customary business practices, it is probably not acceptable. If you are in the middle of transaction negotiations, bid evaluations or dealing with a government employee, it is probably not acceptable for you to receive a gift.

Prohibited gifts, entertainment or favors, either given or received, include but are not limited to:

- Entertainment of a lewd, offensive or illegal nature;
- Gifts of cash, or cash equivalents (such as securities);
- Gifts to government officials and employees.

Bribes and Kickbacks: A bribe is anything of value given to someone with the intent of obtaining favorable treatment from the recipient. Kickbacks consist of payment in cash or kind, including goods, services, or forgiving any sort of obligation provided to a customer or supplier for the purpose of improperly obtaining or rewarding favorable treatment in connection with a sale or purchase. You should consult with the Legal Department if you have a question as to whether any payment or providing something of value could be considered a bribe or kickback.

Q: A supplier offered me a 15% personal discount. Is this appropriate?

A: You cannot accept a personal discount unless the supplier offers the discount to all Taronis employees.

Q: One of my long-standing business suppliers offered me box tickets to a major concert. His contract is up for renewal. Should I accept the tickets?

A: Probably not. Acceptance of the tickets might be perceived as influencing your decision on the contract renewal. Whatever the circumstances, you should report any offer of a gift or favor that is not consistent with customary business practices to your supervisor and the Legal Department for review and approval.

Q: I know that the vice-president of my business unit organizes special customer events every year for our most important customers and went to the Super Bowl as a guest of a supplier. Is he violating our policy?

A: Probably not. Customer entertainment by Taronis and by suppliers is a common business practice. Assuming the vice-president discussed his or her plans with both his supervisor and the Legal Department and received approval, he or she did nothing wrong.

MATERIAL NON-PUBLIC INFORMATION AND SECURITIES TRADING

It is illegal for any Taronis employee to trade in (purchase or sell) Taronis stock while in possession of "material non-public information" concerning Taronis. It is also illegal for you to tip (pass on) such information to others who then trade in Taronis stock, even if you do not receive any economic benefit. Trading by your family members is also a risk area as it creates the appearance or presumption that the trade was made based on company information you possess.

The same restrictions apply to trading in another company's stock (such as a customer or supplier) if you possess material non-public information about that company. Transactions in Taronis stock by Taronis' officers are restricted to specific "trading windows" occurring shortly after public release of quarterly earnings results so as to minimize even the appearance of trading while in possession of material non-public information. Even during trading windows, officers must clear their trades in advance with the Legal Department. Taronis officers are also required to file reports on Form 4 with the U.S. Securities and Exchange Commission within two (2) business days following the date of the purchase or sale of Taronis stock. The Legal Department will assist in the preparation and filing of Form 4 reports.

The "stock" of Taronis or any other company includes its common stock and any other equity security, and its debt securities, such as bonds or notes. It also includes derivative securities, such as options, puts and calls, relating to the equity or debt securities.

Expectations

Employees will:

- Review and become familiar with Taronis' Insider Trading Policy.
- Consult immediately with the Legal Department if you or anyone acting on your behalf intends to trade stock in Taronis or any associated company and you think you might have material non-public information.
- Not allow members of your family to trade in Taronis stock while you are prohibited from doing so.
- Not post regarding Taronis or any associated company in internet chat rooms, message boards, blogs and all other social networking sites (such as Facebook, LinkedIn and Tumblr)
- Consider restricting your trading activity to the officer "trading windows" if you regularly have access to non-public earnings information for the company or a significant business segment.
- If you are a Taronis executive officer, file a report on Form 4 within two (2) business days after you purchase or sell Taronis stock.
- If you have any questions about the applicability of the securities laws of the U.S. or the country in which you reside, you will consult with the Legal Department.
- Delay any stock transaction until public disclosure is made regarding any prospective or pending corporate or other event, transaction or development of which you are aware.
- Plan trades so as to avoid the appearance of trading while in possession of material non-public information.

Manager/Supervisors will:

- Limit dissemination of material non-public information to only those employees who have a need to know.

"Material Non-Public Information" is information a reasonable investor would consider important in deciding whether to buy, hold or sell securities. Materiality judgments can be difficult, so the Legal Department should be consulted if there is any doubt. Some examples of information that may be material depending on the circumstances are:

- earnings forecast;
- significant merger, acquisition, divestiture or joint venture;
- change in dividend policy;
- stock split;
- the receipt of a major contract;
- purchase or sale of a significant asset;
- change of control or a significant change in management;
- significant litigation or government investigation;
- significant write-off or loss;
- significant change in prior reported earnings;
- major shortage of materials or supplies;
- establishment of a stock repurchase program; or
- tender offer for another company's securities

Q: I realize that I can't buy Taronis stock based on material non-public information, but can I advise a family member or friend to do so?

A: No. You would be violating insider trading laws just as if you were buying the stock yourself. You and the person you advised would be violating the law and could be subject to prosecution.

Q: If I hear that Taronis is about to acquire another company or that a customer is about to merge with another competitor, may I buy stock in the other company or in Taronis before the deal is announced publicly?

A: No. Having obtained material, non-public information, you are an "insider" under securities laws and therefore cannot buy or sell stock in either Taronis or the other company until the deal has been announced to the public.

MAINTAINING A SAFE, SECURE AND ENVIRONMENTALLY RESPONSIBLE WORKPLACE

Taronis is committed to maintaining a safe, secure and environmentally responsible workplace in full compliance with all applicable laws and regulations worldwide. Meeting this standard requires the individual commitment of each employee and constant safety vigilance. Taronis has developed comprehensive safety, security and environmental policies and procedures governing most work processes. Most are developed from long experience and are designed to ensure your safety, protect Taronis property and ensure that Taronis' environmental practices are world class. You are expected to know and comply with all safety, security and environmental policies and procedures that apply to your work and workplace.

Expectations

Employees will:

- Be alert to, and report to your supervisor, unsafe practices and work conditions, hazardous material spills, permit compliance issues as well as accidents and injuries.
- Alert your manager or corporate security of any security concerns.
- Comply with all safety procedures, all site entry and exit procedures and cooperate fully with security personnel.
- Properly handle and dispose of hazardous waste in accordance with Taronis' environmental guidelines and all applicable laws.

- Come to work alert and rested, and not under the influence of any illegal substances, intoxicant or sedative.
- Not possess or use any illegal substances, intoxicant or sedative in the workplace.
- Not engage in any violence or threatening behavior in the workplace.
- Make an effort to recycle, conserve water and avoid wasteful practices.

Managers/Supervisors will:

- Promptly report to the Legal Department and safety and compliance staff all incidents of potential non-compliance with environmental permits and laws and regulations.
- Promptly address safety and environmental concerns raised by employees.
- Implement applicable safety and environmental alerts and lessons learned issued by the lead safety and compliance officer.

Q: I've been asked by my supervisor to do some work at our plant, but I think it will be unsafe to do it. Should I do it anyway?

A: No. You should not perform unsafe work and you are expected to refuse to do work that is unsafe. Advise your supervisor of your concern. You will not be disciplined for refusing to do unsafe work. If you believe that your supervisor has retaliated against you for refusing in good faith to do unsafe work, you should report it immediately to the chief legal officer or the Human Resources department.

Q: I'm aware of a minor air permit violation at a Taronis plant where I work. Do I really need to tell anyone about it?

A: Yes. Taronis has in place a reporting process requiring that all potential and actual environmental noncompliance, regardless of severity, be reported in writing within 24 hours to the Legal Department and lead safety compliance officer.

Q: I know that my plant's waste water discharge permit limitations are being met over 95% of the time. Does it really matter if we can't meet them 100% of the time?

A: Yes. While 95% may seem like excellent performance, the 5% of the time we don't meet the limitations could result in government enforcement action, including the assessment of penalties and fines, or even a criminal lawsuit. Taronis' environmental policy requires that we comply with all applicable laws and regulations wherever we operate.

INFORMATION SECURITY AND PRIVACY

Information Security

Confidential or proprietary company information comprises corporate assets critical to Taronis' competitiveness and business success. You are responsible for safeguarding any information assets to which you have access, in all their various forms, from disclosure to anyone who lacks either the authorization or the need to know. The more sensitive or critical the information, the more care you must use in protecting it. This obligation extends even after your employment with Taronis ends.

It is important that employees comply with Taronis security guidelines when electronically transmitting confidential or proprietary information to a third party. Mail sent from your Taronis e-mail account is an official Taronis communication just like a letter or a fax on Taronis letterhead. All of the company's computer systems and data, including e-mail and internet use, are subject to unannounced monitoring and inspection as necessary to assure their proper business use and to protect Taronis' legal interests and reputation.

You should also exercise great care if and when you participate, either inside or outside of work, in internet chat rooms, message boards, blogs and all other social networking sites (such as Facebook, LinkedIn and Tumblr), discussions since this presents a significant risk of disclosure of confidential or proprietary company information. Also consider the potential legal exposure for Taronis and for you that could arise from an inappropriate comment by you to an outside party that the Securities and Exchange Commission might deem to be material non-public information.

These security obligations also apply to confidential and proprietary information entrusted to Taronis by others such as customers and suppliers.

Privacy

Taronis is committed to complying with all privacy laws applicable in the countries in which we do business. All employees with access to personal employee or customer information must ensure that the information is collected, processed, stored and transferred with adequate precautions to ensure confidentiality and is accessible only to individuals with legitimate business reasons. When appropriate, employees and customers will be asked their consent to the collection and handling of their personal information.

Expectations

Employees will:

- Properly classify and mark all company correspondence and documents depending upon the level of confidential or proprietary information contained therein.
- Limit internal dissemination of the company's confidential information on a need-to-know basis.
- Follow Taronis security guidelines when electronically transmitting confidential or proprietary information to a third party.
- Comply with all Taronis computer security guidelines including the use of effective passwords and not allowing others to use your access rights.
- Not dispose of materials containing confidential or proprietary company information in public places.
- Not discuss confidential or proprietary company information in public or other places where there is a risk that you might be overheard; nor allow others to see such materials.
- Not respond to inquiries about Taronis' business, facilities, employees or customers from someone you do not know.
- Not speak to members of the media unless provided with prior written authorization by the Legal Department.
- Comply with all non-disclosure agreements of which you are aware concerning confidential information provided by others, such as customers and suppliers.
- Not disclose to any customer or others any confidential or proprietary information about another customer without the specific, written permission of the other customer and the approval of your supervisor.
- Not collect, use or disclose personal employee or customer information except as needed in the performance of your job duties.
- Properly secure all personal employee and customer information in your custody.
- Report any suspected security breaches, lost or misplaced confidential information, or any other issues regarding any of the above to the Legal Department within 24 hours of discovery.

Cross Reference to Other Headings in these Standards:

- Material Non-Public Information and Securities Trading

Confidential or Proprietary Information can include information Taronis develops in research, production, marketing, sales, legal, financial and other activities and may consist of a formula, method, device, pricing information, strategy and plans, among other things. Certain product, applications and technology information or data may also be proprietary and intended for disclosure to customers only under a license or confidentiality agreement.

If you are uncertain whether any information is confidential or proprietary, you should consult with the Legal Department.

If information has been made public by the company, it is not confidential or proprietary. The following are some of the primary sources of publicly disclosed information:

- Taronis press releases;
- Taronis filings with the SEC;
- Information on Taronis' public website (but not Taronis' non-public intranet, if any);
- Quarterly earnings and investor presentations posted on Taronis public website;
- Taronis sales and marketing literature; and
- Material Safety Data Sheets on Taronis' products

Q: I'm never sure how much I'm allowed to tell people about my work. How can I tell whether things that I know are considered to be proprietary and confidential information?

A: As a general rule, all information related to Taronis business should be considered proprietary and confidential unless it has been released in public documents. Sometimes, it is not easy to make that determination, especially in situations where Taronis has discussions with competitors or customers regarding joint ventures, or other special projects. When in doubt, ask your supervisor or the Legal Department.

"Personal Employee Information" includes, for example, home addresses, e-mail addresses and phone numbers, birth dates, social security numbers, wages, stock option and bonus amounts, savings plan balances, benefit elections, garnishments, performance ratings, training records and medical records or other health information.

PROTECTION AND PROPER USE OF TARONIS' ASSETS

Every employee has responsibility for safeguarding Taronis assets, including physical assets, funds and intellectual property, from theft, waste and improper use. Taronis' assets are intended to be used only for the benefit of Taronis' business and not for personal advantage. For example, you may not conduct personal business on company premises or use company resources, such as computers, tools, equipment, vehicles, or other property, for personal business. These same obligations apply to assets that have been entrusted to us by other companies such as customers and suppliers.

Expectations

Employees will:

- Limit any personal use of Taronis' computer resources to a reasonable, incidental level that does not interfere with your job performance and does not violate any Taronis policy.
- Use Taronis supplied software only in accordance with the license agreement and copyright laws.
- Properly secure any Taronis property, including Taronis intellectual property, under your custody or control.
- Familiarize yourself with your limit of authority under the corporate approval authorizations, and not engage in transactions beyond those limits.
- Follow corporate intellectual property guidelines in using any Taronis trademark or brand.

- Not make business travel plans that result in unnecessary additional expense to Taronis.
- Report any suspected fraud, theft or misuse of Taronis property to your manager within 48 hours of discovery.
- Alert your manager if you observe the violation of any of the above or the presence of a possibly unauthorized person at any workplace.

Q: This weekend I am doing some construction work on my house. May I bring home the tools I use at work?

A: No. Taronis tools and equipment are to be used for business purposes only.

Q: My computer is a Taronis asset. Can I use it to send and receive personal e-mails?

A: Limited personal use of a Taronis computer is acceptable provided 1) it does not affect your performance, 2) does not violate the law or any other Taronis policy such as those regarding information security, privacy or harassment, and 3) you do not send or receive e-mails that include sexually graphic or otherwise inappropriate or unprofessional material.

Q: I am planning a business trip and want to travel via London to see my parents. The Taronis travel agent has told me that the ticket with this routing is more expensive. Can I book it anyway?

A: No. Your travel plans must never incur unnecessary additional cost to Taronis. Also, you should not extend your business trip to take vacation or arrange for a rerouting of your trip for personal reasons unless you have prior written approval from your supervisor.

FINANCIAL INTEGRITY AND REPORTING

The maintenance of accurate and complete books and records is essential in order to comply with many of the laws and regulations to which Taronis is subject. In addition, sound business decisions rely on the accuracy of our books and records. Accuracy and completeness of Taronis' books and records require, among other things, that:

- No asset or fund is maintained or used which is not recorded on Taronis' books.
- No false or fictitious entry or misrepresentation is made in a business document.

Taronis is committed to fair, accurate, timely, and understandable disclosure and financial reporting in full compliance with all applicable laws. Even if you are not directly responsible for the preparation of disclosures or financial reports, you are responsible for ensuring that relevant events and facts in your area of responsibility are timely communicated when requested by the appropriate Taronis personnel. These principles apply to all Taronis books, records and documents, not only accounting or financial reports and records. You must ensure that any book, record or document you prepare, review or approve is reliable, accurate, complete and without false entry or misrepresentation and is not otherwise misleading.

Taronis' independent auditor is particularly important to maintaining financial integrity and accurate reporting. Taronis is committed to enforcing safeguards to preserve the independent auditor's independence.

Expectations

Employees will:

- Exercise care with respect to any books and records or supporting document that you prepare, review or approve to ensure that it is accurate, complete and reliable.
- Seek guidance when you are uncertain how to properly account for or record a transaction, event or fact.
- Raise questions if you see 1) financial results that seem inconsistent with underlying business performance; 2) a transaction that does not appear to have a valid underlying business purpose; or 3) a payment that appears to have been made for a purpose other than as described in the documents supporting the payment.
- Provide full and accurate disclosure of relevant facts in connection with the preparation of reports by Taronis' auditors or authorized Taronis personnel.
- Report any attempts to improperly influence, impede or deceive the internal or external auditors to the Legal Department within 24 hours.

Managers/Supervisors will:

- Promptly report to the director of internal accounting, the chief legal officer or the chief compliance officer any complaints, allegations or suspicions regarding improper accounting, internal accounting controls, auditing matters, fraud involving senior management or any retaliation for reporting the matter.
- Promptly report to the director of internal reporting, director of external reporting, Chief Financial Officer, the chief legal officer any personnel matter, including the actual or potential hiring of a current or former employee of the independent auditor that might adversely affect the independent auditor's independence.

Books and Records include electronic or hard copy accounts, vouchers, invoices, bills, purchase orders, receipts, expense reports, payrolls, service records, requests for payment, driver logs, delivery records, time sheets, inventory records, inspection reports, measurement or performance records.

Q: I'm concerned that my manager may be committing fraud against Taronis, but I'm not really sure. What should I do?

A: Report your concern to the director of internal reporting, director of external reporting, Chief Financial Officer, or the chief legal officer. All information received and related discussions will be kept confidential and the facts will be professionally investigated. For more information, see earlier section on Discussing and Reporting Compliance and Ethical Concerns.

Q: My boss asked me to play with some numbers so that our results for the quarter will look better, and then fix it next quarter. He implied that my job would be at risk if I don't do it. I don't feel comfortable about it, but I'm scared. What should I do?

A: Do the right thing. Implied threats to your employment or attempts to intimidate employees into unethical behavior won't be tolerated for any reason. You should promptly report the conversation to the director of internal reporting, director of external reporting, Chief Financial Officer, or the chief legal officer.

Q: When I ordered equipment recently, my boss told me to log the charge against another expense category. He explained that our equipment budget couldn't handle the expense, and that it has no effect on the total budget. What should I do?

A. You should not knowingly make an incorrect entry in the books and records of the company. Explain this to your boss. If he persists, promptly report your supervisor's request to director of internal reporting, director of external reporting, Chief Financial Officer, or the chief legal officer.

COMPLIANCE WITH EXPORT/IMPORT LAWS

Taronis is committed to compliance with U.S. and global importing and exporting laws. These laws govern or can require the obtaining of permits or licenses, valuation, end-user/end-use screening, record keeping, filing and marking of products, services and technologies that Taronis exports or imports to or from any country and may prohibit or restrict the exportation, importation, or re-exportation of commodities based on factors such as origin, classification, dual use potential or customer identity.

In some cases, the laws of an exporting country, including those of the U.S., can prohibit exports and re-exports to specifically designated or "embargoed" countries. U.S. law prohibits participation by Taronis and its non-U.S. subsidiaries in any boycott imposed by one country against another that is not sanctioned by the U.S. government. Compliance with illegal boycott requests or failure to promptly report them to the U.S. government can subject Taronis to severe penalties.

There are numerous export and import controls applicable under the laws of the U.S. and other countries in which Taronis operates and related penalties that can affect Taronis' operations and impose penalties for noncompliance in unexpected ways; so it is essential that you consult the export/import compliance manager and the Legal Department regarding any prospective transactions involving the export or import of Taronis products or technologies to or from each country.

Expectations

Employees will:

- Consult with the export/import compliance manager and the Legal Department before entering into any transaction or agreement (including outsourcing) involving the export, import or re-export of any product, component, service or technology.
- Consult with the export/import compliance manager and the Legal Department before hand-carrying the company's products or technologies or information across international borders.

Cross Reference to Other Heading in these Standards:

- Doing Business with Governments

Q: Taronis just won a supply bid but the draft contract contains a provision requiring that we agree not to use components or persons from a certain country in performing the contract. Would signing the contract violate the U.S. anti-boycott law even if we don't intend to use anything from that country?

A: Quite possibly. The Legal Department should review the contract (and any related correspondence). In this case, the boycott language must be removed if the boycott is not sanctioned by U.S. governmental authorities. A verbal agreement to comply with the removed language is also not permissible.

Q: A foreign affiliate has purchased a product which is a dual-use (commercial and military) item manufactured by Taronis in the U.S. The affiliate wants to resell the item to an end-user located in a country subject to a U.S. embargo. The laws of the affiliate's country permit exports to the embargoed country. May the affiliate resell the item to the end-user in the embargoed country?

A: Not without a license. U.S. export laws regulate the re-export of U.S. origin goods from one country to another. Even though the affiliate's country permits exports to the embargoed country, U.S. law still applies. Any proposed export or re-export of U.S. origin goods or technology where the ultimate destination is a country subject to a U.S. embargo should be first cleared with the Legal Department.

RECORDS MANAGEMENT

A strong records management program is an essential ingredient of an effective compliance program. Records (including hard copy documents and e-mails) must be retained or destroyed according to applicable record retention schedules, except for documents subject to "hold orders."

The Legal Department will issue "hold orders" regarding records subject to pending or threatened investigations and proceedings. Until the hold order is withdrawn, such records must not be destroyed or altered, regardless of the otherwise applicable records retention schedule.

Expectations

Employees will:

- Familiarize yourself and comply with the records management policy (as and when it is introduced to your business location) and the records retention schedules applicable to the records under your control.
- Discard company records only in accordance with the records retention schedules applicable to your business.
- Refrain from destroying or altering any records 1) at the time when you become aware of an actual or threatened lawsuit or investigation or 2) your receipt of a legal hold order, whichever occurs first, notwithstanding the otherwise applicable records retention schedules.
- Promptly report to the Legal Department the nature of any potential litigation or investigation of which you become aware.

Q: I just received a promotion and inherited a number of files from my predecessor. Am I obligated to retain and manage all of those records?

A: Your obligation to retain and manage such records should be determined by reviewing them against the record retention schedules and hold orders applicable to your business unit.

Q: I just received a hold order from the Legal Department. Do I need to retain e-mails as well as hard copy of documents?

A: Yes. E-mails are also considered to be documents and you must retain them in accordance with applicable record retention schedules.

POLITICAL CONTRIBUTIONS AND LOBBYING

Political contributions and lobbying are governed by various federal and local laws in the countries in which Taronis does business. For example, in the U.S., corporations are prohibited from making contributions to federal and certain state candidates, except via federal political action committees ("PACs"). At the federal and state level in the U.S., lobbyists are required to register and file periodic activity reports. Due to the complexity of these laws and associated penalties for violations, employees are strictly prohibited from making political contributions, lobbying, or providing gifts on behalf of Taronis without advance approval from their supervisor and the Legal Department.

Non-compliance with these standards can create legal exposure for the company, including possible civil and criminal liability and substantial monetary fines.

Expectations

Employees will:

- Not make any political contributions or engage in any lobbying on behalf of Taronis or otherwise attempt to influence any government official or an elected member of a legislative body without the prior written approval of your supervisor and the Legal Department.
- Not use Taronis funds, property, personnel or services in support of any political party or committee, or candidate for or holder of any elected or appointed office of government.
- Not represent yourself to any government personnel or agency as authorized to speak on behalf of the company in support of a political candidate or party.

- Not engage in personal political activity on Taronis time or use Taronis resources for such purpose.
- Not, on behalf of Taronis, provide, request, or direct gifts of any value, including travel, to members, officers or staff of the Congress of the United States of America, or to any holder of any elected or appointed office of government.

Managers/supervisors will not coerce or pressure any employee to contribute to any political candidate party.

Q: Is it permissible for me to make a political contribution from my personal account and then submit a request to be reimbursed by Taronis?

A: No. Your contribution would be deemed to be a contribution by Taronis, which is prohibited by U.S. federal law and the laws of many states.

Q: Am I restricted in any way regarding the political candidates to whom I or any family member can personally contribute?

A: No, except all personal political contributions to state candidates or political parties should be reported to the Legal Department to enable the company to comply with "pay-to-play" laws.

Q: Are there any penalties or fines applicable to a failure to register and file periodic reports with respect to lobbying activity?

A: Yes; in some cases, the U.S. penalties and fines can be quite substantial.

BUSINESS INTEGRITY CERTIFICATION

I agree that, should I become aware of any situations involving non-compliance with the Taronis Business Conduct Standards, I will report these issues within 48 hours of discovery.

PRINT NAME

PRINT BUSINESS UNIT

SIGNATURE

You are warned that making a false statement on this or any other Taronis document is grounds for discipline up to and including termination. If you are unable for any reason to complete the certification, please contact your supervisor, your Human Resources representative, or the Legal Department.

List of Subsidiaries

MagneGas Welding Supply – West, LLC

MagneGas Welding Supply – South, LLC

MagneGas Welding Supply – Southeast, LLC

MagneGas Real Estate Holdings, LLC

MagneGas Production, LLC

MagneGas Limited

MagneGas Ireland Ltd.

Exhibit 99.1

Scott Mahoney
Chief Executive Officer

_____, 2019

Dear Taronis Technologies Shareholder:

We are pleased to inform you that the board of directors of Taronis Technologies, Inc. ("Taronis Technologies") has approved a plan to pursue a separation of its gas and welding supply retail business from Taronis Technologies through a spin-off of its wholly owned subsidiary, Taronis Fuels, Inc. ("Taronis Fuels"). Taronis Technologies will distribute the shares of Taronis Fuels as a dividend to shareholders of Taronis Technologies on or about December 5, 2019. We expect the Taronis Fuels common stock to be quoted on the OTCQX of the OTC Market Group under the symbol "TRNF" at the time of the spin-off and, assuming such quotation, we expect to up list the Taronis Fuels common stock from the OTCQX to The NYSE American ("NYSE American exchange") under the symbol "TRNF" within six months following the spin-off date.

As a current shareholder of Taronis Technologies, you will receive five (5) shares of common stock of Taronis Fuels for every one (1) share of common stock of Taronis Technologies that you own and hold as of the record date so long as you continue to hold your shares on the distribution date, as further described in the enclosed Information Statement. Shareholder approval of the distribution is not required, nor are you required to take any action to receive your shares of common stock of Taronis Fuels.

Following completion of the spin-off, common stock of Taronis Technologies, which will continue as a leading clean technology company in the renewable resources and environmental solutions industries, will continue to trade on the Nasdaq Capital Market, subject to Taronis Technologies continued compliance with the Nasdaq Listing Rules, under the symbol "TRNX."

We invite you to learn more about Taronis Fuels by reviewing the enclosed Information Statement, which describes the spin-off and Taronis Fuels in detail and contains important information about Taronis Fuels, including historical audited and unaudited condensed combined carve-out financial statements.

Thank you for your continued support of Taronis Technologies and your future support of Taronis Fuels.

Sincerely,

Scott Mahoney
Chief Executive Officer

Enclosure

Taronis Technologies, Inc.
300 W. Clarendon Avenue, #230
Phoenix, Arizona 85013
United States

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Subject to Completion, dated September 30, 2019

INFORMATION STATEMENT

TARONIS FUELS, INC.
Common Stock
($0.000001 par value)

Taronis Technologies, Inc., ("Taronis Technologies") is sending this Information Statement ("Information Statement") to its shareholders in connection with the distribution by Taronis Technologies of 100% of the outstanding common stock of Taronis Fuels, Inc. ("Taronis Fuels") to holders of Taronis Technologies' common stock. As of the date of this Information Statement, Taronis Technologies owns all of Taronis Fuel's outstanding common stock.

On June 24, 2019, Taronis Technologies' Board of Directors approved a plan to pursue a separation of its gas and welding supply retail business from Taronis Technologies through a spin-off, which will result in the distribution of 100% of Taronis Technologies' interest in Taronis Fuels to holders of Taronis Technologies' common stock. Holders of Taronis Technologies' common stock will be entitled to receive five (5) shares of Taronis Fuels common stock for every one (1) share of Taronis Technologies common stock held as of 5:00 p.m., New York City time, on the record date, November 29, 2019. The distribution date for the spin-off will be on or about December 5, 2019. Immediately after the distribution is completed, Taronis Fuels will be an independent, publicly traded company. The distribution is being conducted on a pro rata basis to the Taronis Technologies shareholders in a manner that is intended to be tax-free for United States federal income tax purposes.

You will not be required to pay any cash or other consideration for the Taronis Fuels common stock that will be distributed to you or to surrender or exchange your Taronis Technologies common stock to receive Taronis Fuels common stock in the spin-off. The distribution will not affect the number of Taronis common stock that you hold. No approval by Taronis Technologies shareholders of the spin-off is required or being sought. You are not being asked for a proxy and you are requested not to send a proxy.

As discussed under "The Spin-off–Trading Between the Record Date and Distribution Date," if you sell your Taronis Technologies common stock in the "regular way" market after the record date, but before or on the distribution date, you will be selling your right to receive Taronis Fuels common stock in connection with the spin-off. You are encouraged to consult with your financial advisor regarding the specific implications of selling your Taronis Technologies common stock before or on the distribution date.

Taronis Fuels common stock is not publicly traded and there is currently no public market for its common stock. Taronis Fuels will file a Form 211 with the Financial Industry Regulatory Authority ("FINRA") and apply to have its common stock authorized for quotation on the OTCQX market of the OTC Markets Group, Inc. but there are no assurances that its common stock will be quoted on the OTCQX or any other quotation service, exchange or trading facility. An active public market for its common stock may not develop or be sustained after the distribution. If an active public market does not develop or is not sustained, it may be difficult for its stockholders to sell their shares of common stock at a price that is attractive to them, or at all. Taronis Fuels intends to request the symbol "TRNF" to be issued in connection with the initiation of quotation on the OTCQX. Assuming Taronis Fuels' application for quotation is approved, Taronis Fuels expects that a limited market, commonly known as a "when-issued" trading market, for its common stock will begin prior to the distribution date on the record date, November 29, 2019, and Taronis Fuels expects that "regular way" trading of its common stock will begin the first day of trading after the distribution date, on or about December 5, 2019. Following the distribution date, Taronis Fuels intends to apply to up list its common stock to The NYSE American ("NYSE American exchange") exchange under the symbol "TRNF" and expects such up listing to occur within six months of the distribution date, but there is no assurance that its common stock will be listed on the NYSE American.

In reviewing this Information Statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 14 of this Information Statement.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Taronis Technologies first mailed or made this Information Statement available electronically to its shareholders on or about November 29, 2019.

The date of this Information Statement is _____, 2019.

TABLE OF CONTENTS

In this Information Statement, unless the context requires otherwise or we specifically indicate otherwise, the terms "Taronis Fuels," "we," "our" and "us" when used in a historical context refer to Taronis Fuels, Inc., and its subsidiaries MagneGas Welding Supply – Southeast, LLC, MagneGas Welding Supply – South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Real Estate Holdings, LLC, MagneGas Production, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), individually a "subsidiary" and collectively the "subsidiaries", and when used in the present or future tense refer to Taronis Fuels and its subsidiaries after giving effect to the spin-off. "Taronis Technologies" means Taronis Technologies, Inc., a Delaware corporation, and its subsidiaries, other than Taronis Fuels, Inc. and its subsidiaries, unless the context otherwise requires.

The transaction in which Taronis Technologies will distribute the shares of Taronis Fuels common stock to Taronis Technologies stockholders is referred to in this Information Statement as the "distribution." The transactions in which Taronis Fuels will be separated from Taronis Technologies and Taronis Fuels will become an independent publicly-traded company, including the distribution, are referred to in this Information Statement collectively as the "spin-off."

Except as otherwise indicated or unless the context otherwise requires, the information included in this Information Statement about Taronis Fuels assumes the completion of the spin-off.

This Information Statement is being furnished solely to provide information to Taronis Technologies' stockholders who will receive shares of common stock of Taronis Fuels in the spin-off. It is not provided as an inducement or encouragement to buy or sell any securities of Taronis Technologies or Taronis Fuels. This Information Statement describes our business, our relationship with Taronis Technologies, and how the spin-off affects Taronis Technologies and its stockholders, and provides other information to assist you in evaluating the Taronis Fuels common stock that you will receive in the spin-off. You should not assume that the information contained in this Information Statement is accurate as of any date other than the date set forth on the front cover. Changes will occur after the date of this Information Statement, and neither we nor Taronis Technologies will update the information except in the normal course of our or Taronis Technologies' respective public disclosure practices or to the extent required pursuant to federal securities laws.

Trademarks, Trade Names and Service Marks

We own or have rights to use the trademarks, trade names and service marks that we use in connection with the operation of our business. Some of the more important marks that we own or have the rights to use in the United States or in other jurisdictions that appear in this Information Statement include: "MagneGas" and "Venturi". Our rights to some of these trademarks may be limited to select markets. Each trademark, trade name or service mark of any other company appearing in this Information Statement is, to our knowledge, owned by that other company.

SUMMARY

The following is a summary of some of the information contained in this Information Statement. It does not contain all the details concerning Taronis Fuels or the spin-off transaction, including information that may be important to you. We urge you to read this entire document carefully, including "Risk Factors," "Selected Historical Consolidated Financial Data" and the "Audited and Unaudited Condensed Combined Carve-Out Financial Statements" and the notes to those financial statements included elsewhere in this Information Statement.

References in this Information Statement to the terms "Taronis Fuels," "we," "our" and "us" when used in a historical context refer to Taronis Fuels, Inc., and its subsidiaries MagneGas Welding Supply – Southeast, LLC, MagneGas Welding Supply – South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Real Estate Holdings, LLC, MagneGas Production, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), individually a "subsidiary" and collectively the "subsidiaries", and when used in the present or future tense refer to Taronis Fuels and its subsidiaries after giving effect to the spin-off. References in this Information Statement to our historical assets, liabilities, products, operations or activities of our business generally refer to the historical assets, liabilities, products, operations or activities of our business as it was historically owned, incurred or conducted by Taronis Fuels and its subsidiaries prior to the spin-off.

References in this Information Statement to "Taronis Technologies" means Taronis Technologies, Inc., a Delaware corporation, and its subsidiaries, other than Taronis Fuels and its subsidiaries, unless the context otherwise requires. The transaction in which Taronis Technologies will distribute the shares of Taronis Fuels common stock to Taronis Technologies stockholders is referred to in this Information Statement as the "distribution." The transactions in which Taronis Fuels will be separated from Taronis Technologies and Taronis Technologies will become an independent publicly-traded company, including the distribution, are referred to in this Information Statement collectively as the "spin-off." Unless otherwise indicated or the context otherwise requires, the information included in this Information Statement assumes the completion of the spin-off and all of the transactions referred to in this Information Statement as occurring in connection with the spin-off.

Our Company

We are a holding company of various gas and welding supply companies, including MagneGas Welding Supply – Southeast, LLC, MagneGas Welding Supply – South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), that sells and distributes gas production Venturi® units, a full line of industrial gases and welding equipment and services to the retail and wholesale metalworking and manufacturing industries.

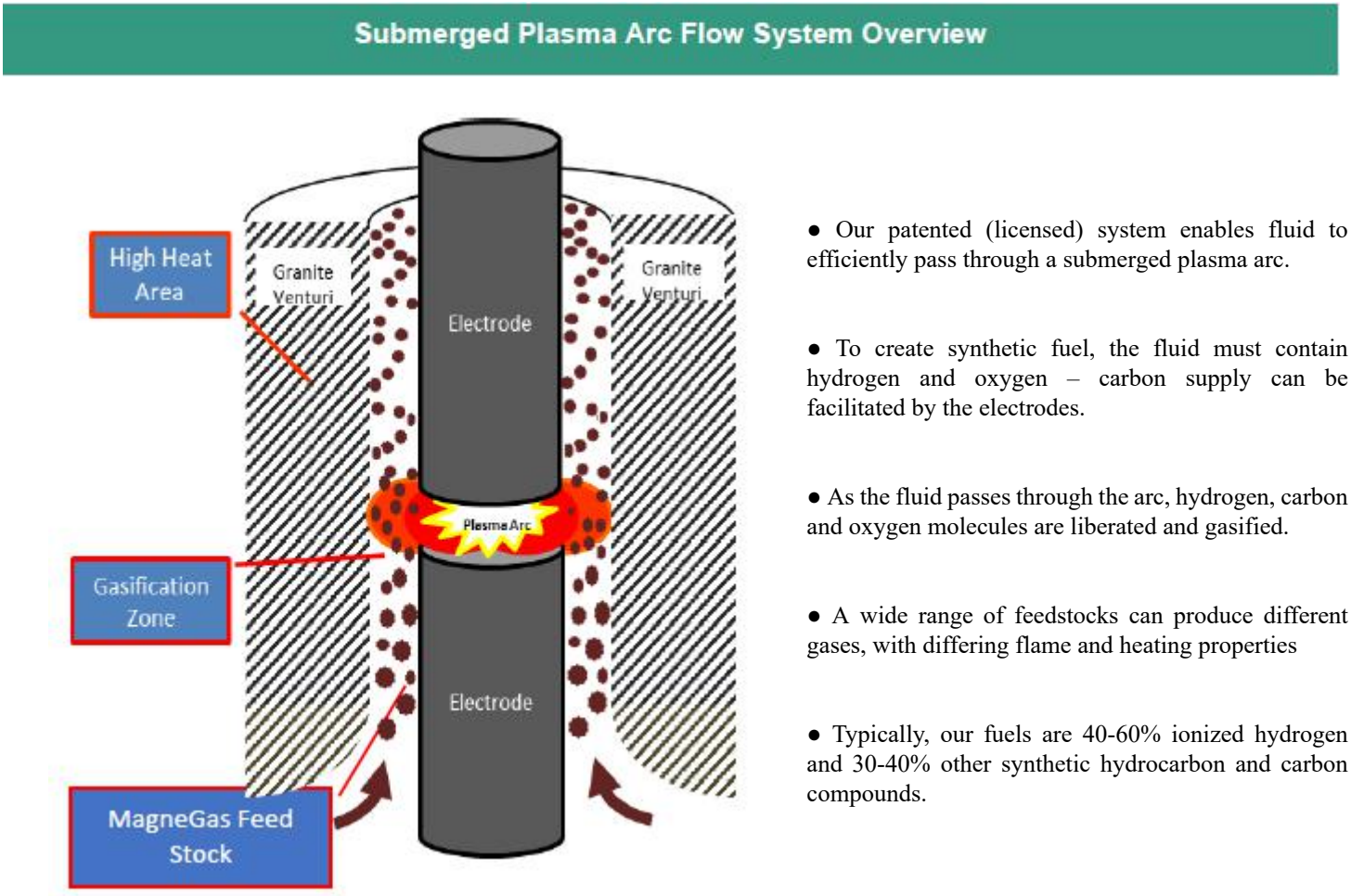
In addition to a suite of industrial gases and welding supply equipment offerings, we also create, sell and distribute a synthetic gas called "MagneGas", which is produced by our wholly owned subsidiary, MagneGas Production, LLC. MagneGas is comprised primarily of hydrogen and created through a patented protected process, which we license from Taronis Technologies under an exclusive worldwide license. The fuel can be used as an alternative to acetylene and other fossil-fuel derived fuels for metal cutting and other commercial uses. After production, the fuel is stored in hydrogen cylinders which are then sold to market on a rotating basis. Independent analyses performed by the City College of New York and Edison Welding Institute have verified that MagneGas cuts metal at a significantly higher temperature and faster than acetylene, which is the most commonly used fuel in metal cutting. The use of MagneGas is substantially similar to acetylene making it easy for end-users to adopt our product with limited training.

Over the last several years we have acquired and maintain a retail distribution network, which allows us to sell and transport MagneGas to customers in various metalworking industries. Since 2017, we have doubled the range we are able to distribute MagneGas and are now able to more efficiently address markets within a 500-mile radius of our production hubs in Florida and Texas. We currently have a Venturi® Plasma Arc gas production unit in Texas that is in the process of being readied for MagneGas production. Within the next year or so, we plan to add one or more production hubs in California to serve the western United States. Finally, we have and intend to continue to acquire complementary gas and welding supply distribution businesses in order to expand the distribution and use of MagneGas, other industrial gases and related equipment. We have sold to over 30,000 customers in the public and private sectors.

As of September 30, 2019, we sell industrial gas and welding equipment and services through our 22 retail locations located throughout California, Texas, Louisiana and Florida. Prior to the proposed spin-off, we have been a wholly-owned subsidiary of Taronis Technologies.

Proprietary Product – MagneGas Fuel

In addition to the other industrial gases and welding supplies we sell, we have one proprietary product that we market and sell which is derived from our core licensed technology. “MagneGas” is our clean, renewable alternative cutting fuel which is sold at our various locations to retail end users as an alternative product to acetylene. MagneGas is created by passing the MagneGas feed stock through the patented submerged Venturi® Plasma Arc System.



- Our patented (licensed) system enables fluid to efficiently pass through a submerged plasma arc.
- To create synthetic fuel, the fluid must contain hydrogen and oxygen – carbon supply can be facilitated by the electrodes.
- As the fluid passes through the arc, hydrogen, carbon and oxygen molecules are liberated and gasified.
- A wide range of feedstocks can produce different gases, with differing flame and heating properties
- Typically, our fuels are 40-60% ionized hydrogen and 30-40% other synthetic hydrocarbon and carbon compounds.

Strategy

We strive to be a top independent industrial gas and welding supply company. We aim to accomplish this goal through commercialization of our existing proprietary product MagneGas, increasing marketing/sales and awareness of our MagneGas and through increasing our customer base. To help commercialize the use of MagneGas, over the last several years we have acquired and integrated a number of independent welding supply and gas distribution businesses, which now offer MagneGas as an alternative to acetylene in 22 retail locations across the United States. We have also expanded internationally and have aligned ourselves with reputable industry leaders in product application, testing and safety. Finally, we will continue to evaluate potential strategic acquisition targets to enhance our organic based growth model and to market and sell our Venturi® Plasma Arc units abroad.

Distribution

We distribute and sell our MagneGas fuel, other gases and welding supplies at our retail locations in California, Texas, Louisiana and Florida and through our subsidiaries and in some cases through a select network of independent welding supply distributors. We primarily sell our Venturi® Plasma Arc units directly for commercial application of MagneGas production outside the United States.

Competitive Business Conditions

The competitive landscape in which our welding supply and gas distribution businesses operates is comprised of several major international conglomerates, such as Airgas, Linde, Air Products and Praxair, to name a few, and a number of smaller independent distributors which compete for market share in certain geographical areas. We believe that the superior qualities of MagneGas and our dedicated staff are a market differentiator which allows us to compete with both large conglomerates and smaller distributors.

Governmental Approval

Most of our welding supply products and the applications for which they are used are not subject to governmental approval, although we are subject to state and local licensing requirements.

Governmental Regulations

We are regulated by the United States Department of Transportation and state transportation agencies in the method of storage and transportation of the gases we make and sell. We believe that our current operations are fully compliant with applicable local, state and federal regulations.

Key Factors Affecting Performance

Sales of Gases and Welding Supplies

We generate substantially all of our revenue through the sale of industrial gases and welding equipment for the retail and wholesale metalworking and manufacturing industries. In some cases, we generate revenue from the sale of services.

Utilization of Our Products

We believe there is significant opportunity to increase awareness and the use of MagneGas as an alternative to acetylene and propane. Our product is green, renewable and burns clean. We believe that as more of our present and future customers realize the potential of MagneGas, as well as the greater market, our sales will continue to grow and diversify.

Investment in Infrastructure and Growth

Our ability to increase our sales of industrial gases and welding equipment and the ancillary services we offer and to further penetrate our target markets is dependent in large part on our ability to invest in our infrastructure and in our sales and marketing efforts. We continue to invest in value-add infrastructure, such as gas fill plants and gas cylinders. In order to drive future growth, we plan to hire additional sales personnel and invest in marketing our products to our target customers both in the United States and internationally. We believe this will lead to corresponding increases in our operating expenses, and thus may negatively impact our operating results in the short term, although we believe that these investments will grow and improve our business and financial condition over the long term.

Increased System Efficiency for Greater Fuel Output

We continue to conduct ongoing research to discover methods to increase efficiency and reduce the cost of the production of our fuels. Since 2012, we have reduced our production costs by 88% and are working diligently to reduce costs by another 50% in the next 12 months, which we believe will enable us to out-price acetylene producers. During the last two fiscal years, we typically had 3 to 6 full-time employees working on research and development projects. We will receive the benefit of continued research and development results and initiatives pursuant to our intellectual property license with Taronis Technologies. For more information, see the section entitled "Material Agreements Between Taronis Technologies and Us".

Employees

As of September 30, 2019, we employed approximately 145 full-time employees. We have occasionally used temporary employees and independent contractors to perform production and other duties. We consider our relationship with our employees to be excellent.

Properties

In the spring of 2019, we transitioned our executive team to new corporate headquarters located at 16165 N. 83rd Avenue, Suite 200, Peoria, Arizona 85382. We also have a research and development facility located at 11885 44th Street North, Clearwater, Florida.

Nearly all of our retail locations are subject to lease arrangements, some of which provide us the option to purchase the subject real estate in the future. We are planning to or are otherwise in the process of purchasing parcels of real estate encompassing one or more of our retail locations.

Risk Factors

Our business is subject to numerous risks and uncertainties, including those described in "Risk Factors" immediately following this Information Statement summary and elsewhere in this Information Statement. These risks represent challenges to the successful implementation of our strategy and to the growth and future profitability of our business. These risks include, but are not limited to, the following:

- our history of operating losses;
- the state of the metal working and manufacturing industries;
- competition in the gas and welding supply retail and wholesale markets;
- the fluctuation in prices of the products we supply and distribute;
- product shortages and relationships with key suppliers;
- product liability and warranty claims, and other claims related to our business; and
- our ability to attract key employees; and
- general economic and financial conditions.

In addition, the report of our independent registered public accounting firm for the years ended December 31, 2018 and 2017 contains a statement with respect to substantial doubt as to our ability to continue as a going concern as a result of recurring losses from operations and negative cash flows.

The Spin-Off

We are a wholly-owned subsidiary of Taronis Technologies. On July 15, 2019, Taronis Technologies announced that it intended to spin-off Taronis Fuels and its gas and welding supply business from the remainder of its businesses through a tax-free distribution of 100% of the issued and outstanding shares of common stock of Taronis Fuels to the stockholders of Taronis Technologies on a pro rata basis. The entity being spun-off is composed of Taronis Fuels and its subsidiaries. On June 24, 2019, Taronis' Board of Directors approved the distribution of the issued and outstanding shares of Taronis Fuels common stock in the spin-off on a 1 for 1 basis. On August 21, 2019, the Board of Directors of Taronis Technologies, Inc., in anticipation of the 1:5 reverse split that was effected on August 22, 2019, revised and increased the Taronis Fuels, Inc. dividend ratio to 5:1, such that Taronis Technologies shareholders will receive five (5) shares of Taronis Fuels common stock for every one (1) share of Taronis Technologies common stock held as of the close of business on November 29, 2019, the record date for the spin-off. The purpose of the increase was to provide Taronis Technologies' shareholders with the same number of shares they would have received if not for the reverse split. All common share numbers in this Form 10 as it relates to Taronis Technologies, Inc. have been retroactively restated for the 1:5 reverse split that was effected on August 22, 2019 as if it was in effect for all periods presented.

Our Post Spin-Off Relationship with Taronis Technologies

In connection with the spin-off, we and Taronis Technologies will enter into a number of agreements that will govern our future relationship. As a result of these agreements, among other things, following the spin-off (i) we and Taronis Technologies will indemnify the other's past and present directors, officers and employees, and each of their successors and assigns, against certain liabilities incurred in connection with the spin-off and our and Taronis Technologies' respective businesses, (ii) we will be liable for all pre-distribution U.S. federal income taxes, foreign income taxes and non-income taxes attributable to our business as well as for all other taxes attributable to us after the distribution, (iii) we and Taronis Technologies will provide and/or make available various administrative services and assets to each other, and (iv) we and Taronis Technologies will lease or sublease certain office space to each other. For more information, see the section entitled "Relationship with Taronis Technologies After the Spin-off–Material Agreements between Taronis Technologies and Us."

Reasons for the Spin-Off

As a result of a comprehensive evaluation process performed by Taronis Technologies' Board of Directors, Taronis Technologies' Board of Directors believes that separating Taronis Technologies into two independent, publicly traded companies is in the best interests of Taronis Technologies and its shareholders, and has concluded that the spin-off will provide each company with certain opportunities and benefits. Such opportunities and benefits include:

- *Investor Perspectives*. Improving the market's understanding of the unique industry-leading business and financial characteristics of both Taronis Technologies and Taronis Fuels and facilitating independent valuation assessments for each company. This is expected to provide investors with a more targeted investment opportunity.

- *Strategic Focus*. Enhancing the flexibility of the management team of each company to implement its distinct corporate strategy and make business and operational decisions that are in the best interests of its independent business and shareholders and to allocate capital and corporate resources in a manner that focuses on achieving its own strategic priorities independent of varying business cycles.

- *Management & Employee Incentives*. Incentivizing management performance through equity-based compensation that is aligned with the performance of its own operations and designed to attract and retain key employees.

- *Access to Capital*. Removing the competition for capital between the businesses. Instead, both companies will have direct access to the debt and equity capital markets to fund their respective growth strategies and to establish an appropriate capital structure for their business needs.

- *Flexibility*. Providing each independent company increased strategic and financial flexibility to pursue acquisitions, unencumbered by considerations of the potential impact on the business of the other company.

The Taronis Technologies Board of Directors also considered the probability of successful execution of the spin-off and the risks associated therewith, including the: potential loss of synergies from operating as a consolidated entity; potential loss of joint purchasing power; potential disruptions to the businesses as a result of the spin-off, including information technology or other disruptions; risk of being unable to achieve the benefits expected to be attained by the spin-off; risk that the spin-off might not be completed; potential impact on both companies' ability to continue to demonstrate civic and charitable leadership in their respective communities; and one-time costs of executing the spin-off. The Taronis Technologies Board of Directors concluded that, notwithstanding these potentially negative factors, the spin-off would be in the best interests of its shareholders. For more information, see the section entitled "The Spin-Off – Reasons for the Spin-off" included elsewhere in this information statement.

Reason for Furnishing this Information Statement

This Information Statement is being furnished solely to provide information to stockholders of Taronis Technologies who will receive shares of Taronis Fuels common stock in the spin-off. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Taronis Technologies' or Taronis Fuels' shares of common stock or other securities. The information contained in this Information Statement is believed by Taronis Fuels to be accurate as of the date on the cover. Changes may occur after that date, and neither we nor Taronis Technologies will update the information except in the normal course of our and Taronis Technologies' respective disclosure practices or to the extent required pursuant to federal securities laws.

Corporate History

We were initially organized as a Delaware limited liability company on February 1, 2017, under the name MagneGas Welding Supply, LLC, to be a holding company for Taronis Technologies welding supply companies, including our subsidiaries. On April 9, 2019, the Company was converted from a limited liability company to a corporation in accordance with the Delaware General Corporation Law. In conjunction with the conversion, we changed the name of the Company to Taronis Fuels, Inc.

Company Information

After the spin-off, our principal office will be located at 16165 N. 83rd Avenue, Suite 200, Peoria, Arizona 85382 and our phone number will be 866-370-3835. Our corporate website address is *www.taronisfuels.com*. Information contained on, or accessible through, our website is not a part of, and is not incorporated by reference into, this Information Statement.

Emerging Growth Company Status

We are an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have elected to take advantage of all of these exemptions.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards, and delay compliance with new or revised accounting standards until those standards are applicable to private companies. We have elected to take advantage of the benefits of this extended transition period.

We will be an emerging growth company until the last day of the first fiscal year following the fifth anniversary of our first common equity offering, although we will lose that status earlier if our annual revenues exceed $1.0 billion, if we issue more than $1.0 billion in non-convertible debt in any three-year period or if we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act.

Summary of the Spin-off

The following is a brief summary of the terms of the spin-off. Please see the section entitled "The Spin-Off" for a more detailed description of the matters described below.

Distributing Company	Taronis Technologies, which is the parent company of Taronis Fuels. After the distribution, Taronis Technologies will not retain any of the issued and outstanding shares of Taronis Fuels' common stock.
Distributed Company	Taronis Fuels, which is currently a wholly owned subsidiary of Taronis Technologies. After the distribution, Taronis Fuels will be an independent, publicly traded company.
Shares to be Distributed	Approximately 90,280,000 shares of common stock of Taronis Fuels, subject to adjustment on the record date. Our common stock to be distributed on a pro rata basis will constitute 100% of our issued and outstanding common stock immediately after the spin-off.
Distribution Ratio	Each holder of existing Taronis Technologies common stock will receive five (5) shares of Taronis Fuels common stock for every one (1) share of Taronis Technologies common stock held on the record date and retained by the shareholder up to the distribution date.

Distribution Procedures	On or about the distribution date, the distribution agent identified below will distribute our common stock by crediting those shares to book-entry accounts established by the transfer agent for persons who were existing shareholders of Taronis Technologies as of 5:00 p.m., New York City time, on the record date. Shareholders may also participate in the spin-off if they purchase Taronis Technologies common stock in the "regular way" market after the record date and retain the Taronis Technologies common stock through the distribution date. Taronis Technologies shareholders will not be required to make any payment or surrender or exchange their Taronis Technologies common stock or take any other action to receive our common stock.
Distribution Agent, Transfer Agent and Registrar for our Common Stock	Corporate Stock Transfer, Inc., which currently serves as the transfer agent and registrar for Taronis Technologies' common stock.
Record Date	November 29, 2019, which will be the effective date of the registration statement on Form 10 of which this Information Statement forms a part. Holders of record of Taronis Technologies common stock on the record date will become entitled to receive Taronis Fuels common stock as outlined above. In addition, their rights as holders of common stock of Taronis Technologies will continue.
Distribution Date	5:00 p.m., New York city time, on or about December 5, 2019.
Assets and Liabilities Transferred to the Distributed Company	Before the distribution date, we and Taronis Technologies will enter into separation and distribution agreements that will contain key provisions relating to the separation of our business from Taronis Technologies and the distribution of our common stock. The separation and distribution agreements will identify the assets to be transferred (if any), liabilities to be assumed and contracts to be assigned to us by Taronis Technologies in the spin-off and describe when and how these transfers, assumptions and assignments will occur. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us–Separation and Distribution Agreement."
Relationship with Taronis Technologies after the Spin-Off	Before the distribution date, we and Taronis Technologies will enter into several agreements to govern our relationship following the distribution, including a tax sharing agreement, a transition services agreement and other agreements governing other ongoing commercial relationships. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us."
Indemnities	The separation and distribution agreements to be entered into in connection with the spin-off will provide for cross-indemnification between Taronis Technologies and us. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us–Separation and Distribution Agreement." In addition, we will indemnify Taronis Technologies under the tax sharing agreement that we will enter into in connection with the spin-off for the taxes resulting from any acquisition or issuance of our shares that triggers the application of Section 355(e) of the U.S. Internal Revenue Code of 1986, as amended, the "Code". We will also indemnify Taronis Technologies for certain taxes incurred before and after the distribution date. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us-Tax Sharing Agreement."

Conditions to the Spin-Off	We expect that the spin-off will be completed on the distribution date, provided that the conditions set forth under the caption "The Spin-off Conditions and Termination" have been satisfied in Taronis' Technologies sole and absolute discretion.
Reasons for the Spin-Off	Taronis Technologies' Board of Directors and management believe that our separation from Taronis Technologies will provide the following benefits: (i) improving the market's understanding and valuation of both principal businesses; (ii) enhancing the ability of the management team of each company to pursue more focused strategies that are in the best interests of its business and shareholders, respectively; (iii) providing the ability to better align incentive compensation with the financial performance of each business, as well as the ability to attract and retain key employees; (iv) creating the opportunity to employ appropriate capital structures within each business adhering to their respective financial profiles and optimal fiscal policies; and (v) increasing the flexibility to independently evaluate and finance organic and inorganic growth opportunities without limitations of operating as a consolidated entity. See "The Spin-off–Reasons for the Spin-off."
Stock Exchange Listing	Currently there is no public market for our common stock. We will file a Form 211 with the Financial Industry Regulatory Authority ("FINRA") and apply to have our common stock authorized for quotation on the OTCQX market of the OTC Markets Group, Inc. but there are no assurances that our common stock will be quoted on the OTCQX or any other quotation service, exchange or trading facility. Assuming our application for quotation is approved, we anticipate that trading will commence on a "when-issued" basis approximately two trading days before the record date. When-issued trading refers to a transaction made conditionally because the security has been authorized but not yet issued. Generally, common stock may trade on the OTCQX on a when-issued basis after they have been authorized but not yet formally issued, which is often initiated by the OTCQX prior to the record date relating to the issuance of such common stock. When-issued transactions are settled after our common stock have been issued to Taronis Technologies' shareholders. On the first trading day following the distribution date, when-issued trading in respect of our common stock will end and regular way trading will begin. "Regular way" trading refers to trading after a security has been issued. We cannot predict the trading price for our common stock following the spin-off. Following the distribution date, we intend to apply to up list our common stock to NYSE American exchange under the symbol "TRNF" and expect such up listing to occur within six months of the distribution date, but there is no assurance that our common stock will be listed on the NYSE American. In addition, following the spin-off, Taronis Technologies common stock will remain outstanding and will continue to trade on the Nasdaq Capital Market under the symbol "TRNX", subject to Taronis Technologies continued compliance with the Nasdaq Listing Rules.
Dividend Policy	We expect to pay dividends on our common stock at the discretion of our board of directors and dependent upon then-existing conditions, including our operating results and financial condition, capital requirements, contractual restrictions, business prospects and other factors that our board of directors may deem relevant. See "Dividend Policy."
Risk Factors	You should review the risks relating to the spin-off, our industry and our business and ownership of our common stock described in "Risk Factors."

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Q: What is the Spin-Off?

A: The spin-off is the method by which Taronis Fuels will separate from Taronis Technologies. To complete the spin-off, Taronis Technologies will distribute, as a dividend, to its shareholders on a pro rata basis 100% of the common stock of Taronis Fuels that it owns. Following the spin-off, we will be an independent, publicly traded company. You do not have to pay any consideration or give up any portion of your Taronis Technologies common stock to receive our common stock in the spin-off.

Q: What is the expected date for the completion of the spin-off?

A: The completion and timing of the spin-off is dependent on a number of conditions, but if such conditions are timely met, we expect the spin-off to be completed on or about December 5, 2019. See "The Spin-off Conditions and Termination."

Q: What are the reasons for and benefits of separating from Taronis Technologies?

A: Taronis Technologies' Board of Directors and management believe that our separation from Taronis Technologies will provide the following benefits: (i) improving the market's understanding and valuation of the principal businesses, respectively; (ii) enhancing the ability of the management team of each company to pursue more focused strategies that are in the best interests of its business and shareholders; (iii) providing the ability to better align incentive compensation with the financial performance of each business, as well as the ability to attract and retain key employees; (iv) creating the opportunity to employ appropriate capital structures within each business adhering to their respective financial profiles and optimal fiscal policies; and (v) increasing the flexibility to independently evaluate and finance organic and inorganic growth opportunities without limitations of operating as a consolidated entity. For a more detailed discussion of the reasons for the spin-off, see "The Spin-Off-Reason for Spin-Off."

Q: What is the Company?

A: Taronis Fuels, Inc. is a Delaware corporation that was initially formed as a Delaware limited liability company called MagneGas Welding Supply, LLC on February 1, 2017. On April 9, 2019, the Company was converted to a Delaware corporation and the name of the Company was changed to Taronis Fuels, Inc.

Q: Who will manage Taronis Fuels after the separation?

A: We will be led by Scott Mahoney, who will be our Chief Executive Officer and President, and will oversee the rest of our experienced management team, including Tyler Wilson, our Chief Financial Officer, General Counsel and Secretary; and Eric Newell, our Treasurer and Vice President of Corporate Operations as well as certain other key employees. We will also benefit from the knowledge, experience and skills of our board of directors. For more information regarding our management team and our board of directors following the separation, see "Management."

Q: What is being distributed in the Spin-Off?

A: Taronis Technologies will distribute five (5) shares of Taronis Fuels common stock for every one (1) share of Taronis Technologies common stock outstanding as of the record date for the spin-off. The number of shares of Taronis Technologies you own and your proportionate interest in Taronis Technologies will not change as a result of the spin-off. Immediately following the spin-off, your proportionate interest in Taronis Fuels will be identical to your proportionate interest in Taronis Technologies (as adjusted for any fractional shares).

Q: What is the record date for the Spin-Off, and when will the Spin-Off occur?

A: The record date is November 29, 2019, and ownership is determined as of 5:00 p.m., New York City time, on that date. Taronis Fuels common stock will be distributed on or about December 5, 2019, which we refer to as the distribution date.

Q: Can Taronis Technologies decide to cancel the Spin-Off even if all the conditions have been met?

A: Yes. The spin-off is subject to the satisfaction or waiver by Taronis Technologies of certain conditions, including, among others, approval of the Taronis Technologies Board of Directors, effectiveness of our registration statement on Form 10 of which this Information Statement is a part and receipt of an opinion from our tax counsel, regarding the tax-free nature of the spin-off. See "The Spin-off Conditions and Termination." Even if all such conditions are met, Taronis Technologies has the right to cancel the spin-off if, at any time prior to the distribution, the Board of Directors of Taronis Technologies determines, in its sole discretion, that the spin-off is not in the best interests of Taronis Technologies or its shareholders, that a sale or other alternative is in the best interests of Taronis Technologies or its shareholders, or that market conditions or other circumstances are such that it is not advisable to separate the welding supply and gas distribution business from Taronis Technologies at that time. In the event the Taronis Technologies Board of Directors waives a material condition or amends, modifies or abandons the spin-off, Taronis Technologies will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a press release, Current Report on Form 8-K or other similar means.

Q: As a holder of Taronis Technologies common stock as of the record date, what do I have to do to participate in the Spin-Off?

A: Nothing. You are not required to take any action to participate in the spin-off, although you are urged to read this entire document carefully. You will receive five (5) shares of Taronis Fuels common stock for every one (1) share of Taronis Technologies common stock you hold as of the record date and retain through the distribution date. You may also participate in the spin-off if you purchase Taronis Technologies common stock in the "regular way" market after the record date and retain your Taronis Technologies common stock through the distribution date. See "The Spin-off–Trading Between the Record Date and Distribution Date."

Q: **If I sell my Taronis Technologies common stock before or on the distribution date, will I still be entitled to receive Taronis Fuels common stock in the Spin-Off?**

A: Potentially not. If you sell your Taronis Technologies common stock in the "regular way" market after the record date and before or on the distribution date, you may also be selling your right to receive Taronis Fuels common stock. See "The Spin-off–Trading Between the Record Date and Distribution Date." You are encouraged to consult with your financial advisor regarding the specific implications of selling your Taronis Technologies common stock before or on the distribution date.

Q: **How will fractional shares be treated in the Spin-Off?**

A: The distribution agent will not distribute any fractional shares of our common stock in connection with the spin-off. When calculating the shares to distribute, all fractional shares will be deleted from the shareholders total issuance, creating a "round down" effect.

Q: **Will the Spin-Off affect the trading price of my Taronis Technologies common stock?**

A: Most likely. The trading price of Taronis Technologies common stock immediately following the spin-off is expected to be lower than immediately prior to the spin-off because the trading price of Taronis Technologies' common stock will no longer reflect the value of the combined businesses. However, we cannot provide you with any guarantees as to the prices at which the Taronis Technologies common stock or Taronis Fuels common stock will trade following the spin-off.

Q: **Will my Taronis Technologies common stock continue to trade on a stock market?**

A: Yes, Taronis Technologies common stock will continue to be listed on the Nasdaq Capital Market under the symbol "TRNX", subject to Taronis Technologies' continued compliance with the Nasdaq Listing Rules.

Q: **What are the U.S. federal income tax consequences of the distribution of our common stock to U.S. shareholders?**

A: Taronis Technologies expects to obtain an opinion of counsel that the distribution of Taronis Fuels common stock to Taronis Technologies shareholders in the spin-off will qualify as a tax-free distribution for United States federal income tax purposes. Taronis Technologies will provide its U.S. shareholders with information to enable them to compute their tax basis in both Taronis Technologies and Taronis Fuels common stock, but such shareholders will not be parties to or be permitted to rely on the tax opinion. This information will be posted on Taronis Technologies' website, www.taronistech.com, promptly following the distribution date. Certain U.S. federal income tax consequences of the spin-off are described in more detail under "The Spin-off–Material U.S. Federal Income Tax Consequences of the Spin-off." You should consult your own tax advisor as to the application of the tax basis allocation rules and the particular consequences of the spin-off to you, including the applicability and effect of any U.S. federal, state, local and foreign tax laws, which may result in the spin-off distribution being taxable to you in whole or in part.

Q: **When will I receive my Taronis Fuels common stock? Will I receive a stock certificate for Taronis Fuels common stock distributed as a result of the spin-off?**

A: Registered holders of Taronis Technologies common stock who are entitled to participate in the spin-off will receive a book-entry account statement reflecting their ownership of Taronis Fuels common stock. For additional information, registered shareholders in the United States, Canada or Puerto Rico should contact Taronis Technologies' transfer agent, Corporate Stock Transfer, Inc., at 3200 Cherry Creek South Drive, Suite 430, Denver, Colorado 80209 or through its website at www.corporatestock.com or by calling (303) 282-4800. If you would like to receive physical certificates evidencing your Taronis Fuels common stock, please contact Taronis Fuels' transfer agent. See "The Spin-off–When and How You Will Receive Taronis Fuels Shares."

Q: What if I hold my common stock through a broker, bank or other nominee?

A: Taronis Technologies shareholders who hold their common stock through a broker, bank or other nominee will have their brokerage account credited with Taronis Fuels common stock. For additional information, those shareholders should contact their broker or bank directly.

Q: What if I have stock certificates reflecting my Taronis Technologies common stock? Should I send them to the transfer agent or to Taronis Technologies?

A: No, you should not send your stock certificates to the transfer agent or to Taronis Technologies. You should retain your Taronis Technologies stock certificates.

Q: Why is the separation of the two companies structured as a Spin-Off as opposed to a sale?

A: A U.S. tax-free distribution of shares in Taronis Fuels is an efficient way to separate the gas and welding supply retail business in a manner that is expected to create long-term value for Taronis Technologies, Taronis Fuels and their respective shareholders.

Q: What are the conditions to the Spin-Off?

A: The spin-off is subject to a number of conditions, including, among others, the effectiveness the registration statement of which this Information Statement forms a part. See "The Spin-off Conditions and Termination."

Q: Will Taronis Fuels incur any debt prior to or at the time of the Spin-Off?

A: We currently expect that on the distribution date we will have approximately an aggregate of $6,345,253 of borrowings and other long-term debt. Based on historical performance and current expectations, we believe that the cash generated from our operations and available cash and cash equivalents will be sufficient to service this debt. See "Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources."

Q: Are there risks to owning common stock of Taronis Fuels?

A: Yes. Taronis Fuels' business is subject both to general and specific business risks relating to its operations. In addition, the spin-off presents risks relating to Taronis Fuels being an independent, publicly traded company. See "Risk Factors."

Q: Does Taronis Fuels intend to pay cash dividends?

A: Potentially. We expect to pay dividends on our common stock at the discretion of our board of directors and dependent upon then-existing conditions, including our operating results and financial condition, capital requirements, contractual restrictions, business prospects and other factors that our board of directors may deem relevant. See "Dividend Policy."

Q: Will Taronis Fuels common stock trade on a stock market?

A: There is currently no public market for our common stock. We will file a Form 211 with the Financial Industry Regulatory Authority ("FINRA") and apply to have our common stock quoted on the OTCQX market of the OTC Markets Group, Inc. but there are no assurances that our common stock will be quoted on the OTCQX or any other quotation service, exchange or trading facility. An active public market for our common stock may not develop or be sustained after the distribution. If an active public market does not develop or is not sustained, it may be difficult for our stockholders to sell their shares of common stock at a price that is attractive to them, or at all. We intend to request the symbol "TRNF" to be issued in connection with the initiation of quotation on the OTCQX. Following the distribution date, we intend to apply to up list our common stock to NYSE American exchange under the symbol "TRNF" and expect such up listing to occur within six months of the distribution date, but there is no assurance that our common stock will be listed on the NYSE American.

Q: What will happen to Taronis Technologies stock options, restricted stock, performance shares, restricted stock units and deferred share awards?

A: Each outstanding Taronis Technologies stock option, restricted share, performance share, restricted stock unit and deferred share award will generally be treated in a manner similar to that experienced by Taronis Technologies shareholders with respect to their Taronis Technologies common stock. More specifically, each of these awards will generally be deemed bifurcated into two separate awards: (1) a modified award covering Taronis Technologies common stock; and (2) a new award of the same type covering Taronis Fuels common stock. Strategic performance shares (performance-based restricted stock units) will not be bifurcated. Instead, performance under the applicable metrics will be determined by the Compensation Committee of the board of directors of Taronis Technologies, or the Taronis Technologies Compensation Committee, and will be settled in cash at the time the award would have otherwise been settled. See "The Spin-off–Stock-Based Plans."

Q: What will the relationship between Taronis Technologies and Taronis Fuels be following the Spin-Off?

A: In connection with the spin-off, we and Taronis Technologies will enter into a number of agreements that will govern our future relationship. As a result of these agreements, among other things, following the spin-off (i) we and Taronis Technologies will indemnify the other's past and present directors, officers and employees, and each of their successors and assigns, against certain liabilities incurred in connection with the spin-off and our and Taronis Technologies' respective businesses, (ii) we will be liable for all pre-distribution U.S. federal income taxes, foreign income taxes and non-income taxes attributable to our business as well as for all other taxes attributable to us after the distribution, (iii) we and Taronis Technologies will provide and/or make available various administrative services and assets to each other and (iv) we and Taronis Technologies will lease or sublease certain office space to each other. In addition, we have entered into an exclusive license agreement, whereby we and Taronis Technologies will exclusively license the intellectual property related to the creation of "MagneGas" and the production and sale of Venturi® Plasma Arc units. See "Relationship with Taronis Technologies After the Spin-off–Material Agreements between Taronis Technologies and Us."

Q: Will I have appraisal rights in connection with the Spin-Off?

A: No. Holders of Taronis Technologies common stock are not entitled to appraisal rights in connection with the spin-off.

Q: Who is the transfer agent for your common stock?

A: Corporate Stock Transfer, Inc.

Q: Who is the distribution agent for the Spin-Off?

A: Corporate Stock Transfer, Inc.

Q: Who can I contact for more information?

A: If you have questions relating to the mechanics of the distribution of Taronis Fuels common stock, you should contact the distribution agent:

Corporate Stock Transfer, Inc.
3200 Cherry Creek South Drive, Suite 430
Denver, Colorado 80209
Telephone: (303) 282-4800
Toll Free: (877) 309-2764

Before the spin-off, if you have questions relating to the spin-off, you should contact Taronis at:

Taronis Technologies, Inc.

16165 N. 83rd Avenue, Suite 200
Peoria, Arizona 85382
Attention: Michael Khorassani – Investor Relations
Telephone: 866-370-3835

After the spin-off, if you have questions relating to Taronis Fuels, you should contact us at:

Taronis Fuels Inc.

16165 N. 83rd Avenue, Suite 200
Peoria, Arizona 85382
Attention: Michael Khorassani – Investor Relations
Telephone: 866-370-3835

RISK FACTORS

The following are certain risk factors that could affect our business, financial condition and results of operations. The risks that are highlighted below are not the only ones that we face. You should carefully consider each of the following risks and all of the other information contained in this Information Statement. Some of these risks relate principally to our spin-off from Taronis Technologies, while others relate principally to our business and the industry in which we operate or to the securities markets generally and ownership of our common stock. If any of the following risks actually occur, our business, financial condition or results of operations could be negatively affected.

Risks Relating to the Spin-Off

We may not realize the potential benefits from the spin-off.

We may not realize the potential benefits that we expect from our spin-off from Taronis Technologies. We have described those anticipated benefits elsewhere in this Information Statement. See "The Spin-off–Reasons for the Spin-off." In addition, we expect to incur one-time transaction costs of approximately $250,000 or less (Taronis Technologies is expected to bear substantially all of the estimated one-time transaction costs to effectuate the spin-off). We will incur additional ongoing costs related to the transition to becoming an independent public company and replacing the services previously provided by Taronis Technologies, which may exceed our estimates, and we will likely incur some negative effects from our separation from Taronis Technologies.

Our historical audited and unaudited condensed combined carve-out financial information is not necessarily indicative of our future financial condition, results of operations or cash flows nor do they reflect what our financial condition, results of operations or cash flows would have been as an independent public company during the periods presented.

The historical audited and unaudited condensed combined carve-out financial information we have included in this Information Statement does not reflect what our financial condition, results of operations or cash flows would have been as an independent public company during the periods presented and is not necessarily indicative of our future financial condition, future results of operations or future cash flows. This is primarily a result of the following factors:

- our historical audited and unaudited condensed combined carve-out financial results reflect allocations of expenses for services historically provided by Taronis Technologies, Inc. and those allocations may be significantly lower than the comparable expenses we would have incurred as an independent company;

- our working capital requirements and capital expenditures historically have been satisfied as part of Taronis Technologies' corporate-wide capital allocation and cash management programs; as a result, our debt structure and cost of debt and other capital may be significantly different from that reflected in our historical audited and unaudited condensed combined carve-out financial statements;

- the historical audited and unaudited condensed combined carve-out financial information may not fully reflect the increased costs associated with being an independent public company, including significant changes that will occur in our cost structure, management, financing arrangements and business operations as a result of our spin-off from Taronis Technologies; and

- the historical audited and unaudited condensed combined carve-out financial information may not fully reflect the effects of certain liabilities that will be incurred or assumed by us and may not fully reflect the effects of certain assets that will be transferred to, and liabilities that will be assumed by, Taronis Technologies, Inc.

We have no history operating as an independent public company. We will incur additional expenses to create the corporate infrastructure necessary to operate as an independent public company and we will experience increased ongoing costs in connection with being an independent public company.

We have historically used Taronis Technologies' corporate infrastructure to support our business functions. The expenses related to establishing and maintaining this infrastructure were spread among all of the Taronis Technologies businesses. Except as described under the caption "Relationship with Taronis Technologies Following the Spin-off," we will no longer have access to Taronis Technologies' infrastructure after the distribution date, and we will need to establish our own. We expect to incur costs beginning in 2019 to establish the necessary infrastructure.

Taronis Technologies performs many important corporate functions for us, including some treasury, tax administration, accounting, financial reporting, human resource services, marketing and communications, information technology, incentive compensation, legal and other services. We currently pay Taronis Technologies for many of these services on a cost-allocation basis. Following the spin-off, Taronis Technologies will continue to provide some of these services to us on a transitional basis pursuant to a transition services agreement we will enter into with Taronis Technologies. For more information regarding the transition services agreement, see "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us – Transition Services Agreement." However, we cannot assure you that all these functions will be successfully executed by Taronis Technologies during the transition period or that we will not have to expend significant efforts or costs materially in excess of those estimated in the transition services agreement. Any interruption in these services could have a material adverse effect on our financial condition, results of operation and cash flows. In addition, at the end of this transition period, we will need to perform these functions ourselves or hire third parties to perform these functions on our behalf. It is currently estimated that the additional ongoing costs to be incurred after the spin-off related to the transition to becoming an independent public company and replacing the services previously provided by Taronis Technologies will range from approximately $250,000 to $500,000. The costs associated with performing or outsourcing these functions may exceed the amounts reflected in our historical combined carve-out financial statements or that we have agreed to pay Taronis Technologies during the transition period. A significant increase in the costs of performing or outsourcing these functions could materially and adversely affect our business, financial condition, results of operations and cash flows.

We will be subject to continuing contingent liabilities of Taronis Technologies following the Spin-Off.

After the spin-off, there will be several significant areas where the liabilities of Taronis Technologies may become our obligations. The separation and distribution agreements generally provide that we are responsible for substantially all liabilities that may exist that relate to our gas and welding supply retail business activities, whether incurred prior to or after the spin-off, as well as those liabilities of Taronis Technologies specifically assumed by us. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us." In addition, under the Code and the related rules and regulations, each corporation that was a member of the Taronis Technologies consolidated tax reporting group during any taxable period or portion of any taxable period ending on or before the completion of the spin-off is jointly and severally liable for the federal income tax liability of the entire Taronis Technologies consolidated tax reporting group for that taxable period. In connection with the spin-off, we will enter into a tax sharing agreement with Taronis Technologies that will allocate the responsibility for prior period taxes of the Taronis Technologies consolidated tax reporting group between us and Taronis Technologies. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us–Tax Sharing Agreement." However, if Taronis Technologies is unable to pay any prior period taxes for which it is responsible, we could be required to pay the entire amount of such taxes. Other provisions of federal law establish similar liability for other matters, including laws governing tax-qualified pension plans as well as other contingent liabilities.

If the spin-off does not qualify as a tax-free transaction, Taronis Technologies could be subject to material amounts of taxes and, in certain circumstances, we could be required to indemnify Taronis Technologies for material taxes pursuant to indemnification obligations under the tax sharing agreement.

The spin-off is conditioned on Taronis Technologies' receipt of an opinion from our special tax counsel to Taronis Technologies (or other nationally recognized tax counsel), in form and substance satisfactory to Taronis Technologies, that the distribution of Taronis Fuels common stock in the spin-off will qualify as tax-free to us, Taronis Technologies and Taronis Technologies shareholders for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) and related provisions of the Code. Such opinion is expected to be delivered to us by special tax counsel prior to the spin-off. The opinion will rely on, among other things, various assumptions and representations as to factual matters made by Taronis Technologies and us which, if inaccurate or incomplete in any material respect, could jeopardize the conclusions reached by such counsel in its opinion. Neither we nor Taronis Technologies are aware of any facts or circumstances that would cause the assumptions or representations that will be relied on in the opinion of counsel to be inaccurate or incomplete in any material respect. The opinion will not be binding on the Internal Revenue Service, or IRS, or the courts, and there can be no assurance that the qualification of the spin-off as a transaction under Sections 355 and 368(a) of the Code will not be challenged by the IRS or by others in court, or that any such challenge would not prevail.

If, notwithstanding receipt of the opinion of counsel, the spin-off were determined not to qualify under Section 355 of the Code, each U.S. holder of Taronis Technologies common stock who receives our common stock in the spin-off would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of our common stock received. That distribution would be taxable to each such shareholder as a dividend to the extent of such shareholder's share of Taronis Technologies' current and accumulated earnings and profits. For each such shareholder, any amount that exceeded its share of Taronis Technologies' earnings and profits would be treated first as a non-taxable return of capital to the extent of such shareholder's tax basis in his or her or its Taronis Technologies common stock with any remaining amount being taxed as a capital gain. Taronis Technologies would be subject to tax as if it had sold common stock in a taxable sale for their fair market value and would recognize taxable gain in an amount equal to the excess of the fair market value of such shares over its tax basis in such shares.

With respect to taxes and other liabilities that could be imposed on Taronis Technologies in connection with the spin-off (and certain related transactions) under the terms of the tax sharing agreement we will enter into with Taronis Technologies prior to the spin-off, we will be liable to Taronis Technologies for any such taxes or liabilities attributable to actions taken by or with respect to us, any of our affiliates, or any person that, after the spin-off, is an affiliate thereof. See "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us – Tax Sharing Agreement." We may be similarly liable if we breach specified representations or covenants set forth in the tax sharing agreement. If we are required to indemnify Taronis Technologies for taxes incurred as a result of the spin-off (or certain related transactions) being taxable to Taronis Technologies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Potential liabilities associated with certain assumed obligations under the tax sharing agreement cannot be precisely quantified at this time.

Under the tax sharing agreement with Taronis Technologies, we will be responsible generally for all taxes paid after the spin-off attributable to us or any of our subsidiaries, whether accruing before, on or after the spin-off. We have also agreed to be responsible for, and to indemnify Taronis Technologies with respect to, all taxes arising as a result of the spin-off (or certain internal restructuring transactions) failing to qualify as transactions under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes (which could result, for example, from a merger or other transaction involving an acquisition of our shares) to the extent such tax liability arises as a result of any breach of any representation, warranty, covenant or other obligation by us or certain affiliates made in connection with the issuance of the tax opinion relating to the spin-off or in the tax sharing agreement. As described above, such tax liability would be calculated as though Taronis Technologies (or its affiliate) had sold its common stock of our company in a taxable sale for their fair market value, and Taronis Technologies (or its affiliate) would recognize taxable gain in an amount equal to the excess of the fair market value of such shares over its tax basis in such shares. That tax liability could have a material adverse effect on our company. For a more detailed discussion, see "Relationship with Taronis Technologies Following the Spin-off – Material Agreements Between Taronis Technologies and Us – Tax Sharing Agreement."

We may not be able to engage in desirable strategic or equity raising transactions following the Spin-Off. In addition, under some circumstances, we could be liable for any adverse tax consequences resulting from engaging in significant strategic or capital raising transactions.

Even if the spin-off otherwise qualifies as a tax-free distribution under Section 355 of the Code, the spin-off may result in significant U.S. federal income tax liabilities to Taronis Technologies under applicable provisions of the Code if 50% or more of Taronis Technologies' shares or our shares (in each case, by vote or value) are treated as having been acquired, directly or indirectly, by one or more persons (other than the acquisition of our common stock by Taronis Technologies shareholders in the spin-off) as part of a plan (or series of related transactions) that includes the spin-off. Under those provisions, any acquisitions of Taronis Technologies shares or our shares (or similar acquisitions), or any understanding, arrangement or substantial negotiations regarding an acquisition of Taronis Technologies shares or our shares (or similar acquisitions), within two years before or after the spin-off are subject to special scrutiny. The process for determining whether an acquisition triggering those provisions has occurred is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If a direct or indirect acquisition of Taronis Technologies shares or our shares resulted in a change in control as contemplated by those provisions, Taronis Technologies (but not its shareholders) would recognize taxable gain. Under the tax sharing agreement, there are restrictions on our ability to take actions that could cause the separation to fail to qualify as a tax-free distribution, and we will be required to indemnify Taronis Technologies against any such tax liabilities attributable to actions taken by or with respect to us or any of our affiliates, or any person that, after the spin-off, is an affiliate thereof. We may be similarly liable if we breach certain other representations or covenants set forth in the tax sharing agreement. See "Relationship with Taronis Technologies Following the Spin-off – Material Agreements Between Taronis Technologies and Us – Tax Sharing Agreement." As a result of the foregoing, we may be unable to engage in certain strategic or capital raising transactions that our shareholders might consider favorable, including use of Taronis Fuels common stock to make acquisitions and equity capital market transactions, or to structure potential transactions in the manner most favorable to us, without adverse tax consequences, if at all.

Potential indemnification liabilities to Taronis Technologies pursuant to the separation and distribution agreements could materially and adversely affect our business, financial condition, results of operations and cash flows.

We will enter into a separation agreement and a distribution agreement with Taronis Technologies that will provide for, among other things, the principal corporate transactions required to effect the spin-off, certain conditions to the spin-off and provisions governing the relationship between our company and Taronis Technologies with respect to and resulting from the spin-off. For a description of the separation and distribution agreements, see "Relationship with Taronis Technologies Following the Spin-off – Material Agreements Between Taronis Technologies and Us – Separation and Distribution Agreements." Among other things, the separation and distribution agreement provides for indemnification obligations designed to make us financially responsible for substantially all liabilities that may exist relating to our gas and welding supply retail business activities, whether incurred prior to or after the spin-off, as well as those obligations of Taronis Technologies assumed by us pursuant to the separation and distribution agreement. If we are required to indemnify Taronis Technologies under the circumstances set forth in the separation and distribution agreement, we may be subject to substantial liabilities.

In connection with our separation from Taronis Technologies, Taronis Technologies will indemnify us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or that Taronis Technologies' ability to satisfy its indemnification obligations will not be impaired in the future.

Pursuant to the separation and distribution agreements, Taronis Technologies will agree to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Taronis Technologies has agreed to retain, and there can be no assurance that the indemnity from Taronis Technologies will be sufficient to protect us against the full amount of such liabilities, or that Taronis Technologies will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Taronis Technologies any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. If Taronis Technologies is unable to satisfy its indemnification obligations, the underlying liabilities could have a material adverse effect on our business, financial condition, results of operations and cash flows. After the spin-off, Taronis Technologies' insurers may deny coverage to us for liabilities associated with occurrences prior to the spin-off. Even if we ultimately succeed in recovering from such insurance providers, we may be required to temporarily bear such loss of coverage.

Management has not completed a proper evaluation, risk assessment and monitoring of the Company's internal controls over financial reporting for the years ended December 31, 2017 and 2018, and the six months ended June 30, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result, management has concluded controls were not effective and identified material weaknesses in internal controls over financial reporting. Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the spin-off. If we are unable to achieve and maintain effective internal controls, our business, financial condition, results of operations and cash flows could be materially adversely affected.

Our financial results are currently included within the consolidated results of Taronis Technologies, and we believe that our reporting and control systems are appropriate for a subsidiary of a public company. However, prior to the spin-off, we were not directly subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. As a result of the spin-off, we will be directly subject to reporting and other obligations under the Exchange Act, including the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. To comply with these requirements, we anticipate that we will need to upgrade our systems, including information technology, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Several members of our board of directors and management may have actual or potential conflicts of interest because of their ownership of Taronis Technologies common stock or their current or prior relationships with Taronis Technologies.

Several members of our board of directors and management own Taronis Technologies common stock and/or options to purchase Taronis Technologies common stock because of their current or prior relationships with Taronis Technologies, which could create, or appear to create, potential conflicts of interest when our directors and executive officers are faced with decisions that could have different implications for us and Taronis Technologies. It is possible that some of our directors might be current or former directors of Taronis Technologies following the spin-off. This may create, or appear to create, potential conflicts of interest if these directors are faced with decisions that could have different implications for Taronis Technologies then the decisions have for us. See "Management."

We may incur restructuring and impairment charges that could materially affect our profitability.

Changes in business or economic conditions, or our business strategy, may result in actions that require us to incur restructuring or impairment charges in the future, which could have a material adverse effect on our earnings.

Risks Relating to Our Business and Industry

We have a relatively limited history of operations and a history of operating losses and our auditors have indicated that there is a substantial doubt about our ability to continue as a going concern.

The Company has limited history, which makes it difficult to accurately forecast our earnings and cash flows. Our lack of significant history makes it likely that there are risks inherent to our business that are yet to be recognized by us or others, or not fully appreciated, and that could result in us earning less than we anticipate or even suffering further losses. For the fiscal years ended December 31, 2018 and 2017, carved-out financial statements show Taronis Fuels, Inc. and subsidiaries generated revenues of $9,713,183, and $3,719,452, respectively, and reported net losses of $4,497,424 and $3,120,713, respectively, and negative cash flow from operating activities of $5,286,174 and $1,664,336, respectively. For the six months ended June 30, 2019, carved-out financial statements show the Company generated revenues of $10,773,393, reported a net loss of $2,545,868, and had negative cash flow from operating activities of $1,643,419. As of June 30, 2019, the aggregate parent's net investment was $28,223,386. We anticipate that we will continue to report losses and negative cash flow. As a result of these net losses and cash flow deficits and other factors, our independent auditors issued an audit opinion with respect to our carved-out financial statements for the fiscal years ended December 31, 2018 and 2017 that indicated that there is a substantial doubt about our ability to continue as a going concern.

The carved-out financial statements do not include any adjustments that might result from the outcome of this uncertainty. These adjustments would likely include substantial impairment of the carrying amount of our assets and potential contingent liabilities that may arise if we are unable to fulfill various operational commitments. In addition, the value of our securities would be greatly impaired. Our ability to continue as a going concern is dependent upon generating sufficient cash flow from operations and obtaining additional capital and financing. If our ability to generate cash flow from operations is delayed or reduced and we are unable to raise additional funding from other sources, we may be unable to continue in business even if this offering is successful. For further discussion about our ability to continue as a going concern and our plan for future liquidity, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources – Going Concern."

We may need to raise additional capital that may not be available, which could harm our business.

Our growth will require that we generate additional capital either through retained earnings or the issuance of additional debt or equity securities. Additional capital may not be available on terms acceptable to us, if at all. Any equity financings could result in dilution to our stockholders or reduction in the earnings available to our common stockholders. If adequate capital is not available or the terms of such capital are not attractive, we may have to curtail our growth and our business, and our business, prospects, financial condition and results of operations could be adversely affected.

Ours is a low-margin business, and our profitability is directly affected by cost deflation or inflation, commodity volatility and other factors.

Gas sales and welding supply distribution is characterized by relatively high inventory turnover with relatively low profit margins. Volatile commodity costs have a direct impact on our industry. We make a significant portion of our sales at prices that are based on the cost of products we sell, plus a percentage margin. As a result, our profit levels may be negatively affected during periods of product cost deflation, even though our gross profit percentage may remain relatively constant. Prolonged periods of product cost inflation also may reduce our profit margins and earnings, if product cost increases cannot be passed on to customers because they resist paying higher prices. In addition, periods of rapid inflation may have a negative effect on our business. There may be a lag between the time of the price increase and the time at which we are able to pass it along, as well as the impact it may have on discretionary spending by consumers.

Competition in our industry is intense, and we may not be able to compete successfully.

Gas sales and welding supply distribution is highly competitive. Many of our competitors have greater financial and other resources than we do. Furthermore, there are a large number of local and regional distributors. These companies often align themselves with other smaller distributors through purchasing cooperatives and marketing groups. The goal is to enhance their geographic reach, private label offerings, overall purchasing power, cost efficiencies, and ability to meet customer distribution requirements. These suppliers also rely on local presence as a source of competitive advantage, and they may have lower costs and other competitive advantages due to geographic proximity. We generally do not have exclusive service agreements with our customers, and they may switch to other suppliers that offer lower prices, differentiated products or customer service that is perceived to be superior. The cost of switching suppliers is very low as are the barriers to entry into the gas and welding supply distribution industry. We believe most purchasing decisions in the gas and welding supply distribution industry are based on the quality and price of the product, plus a distributor's ability to completely and accurately fill orders and provide timely deliveries.

Increased competition has caused the gas and welding supply distribution industry to change, as distributors seek to lower costs, further increasing pressure on the industry's profit margins. Heightened competition among our suppliers, significant pricing initiatives or discount programs established by competitors, new entrants, and trends toward vertical integration could create additional competitive pressures that reduce margins and adversely affect our business, financial condition and results of operations.

We rely on third-party suppliers, and our business may be affected by interruption of supplies or increases in product costs.

We get substantially all of our gas and welding supplies and related products from third-party suppliers. We typically do not have long-term contracts with suppliers. Although our purchasing volume can provide leverage when dealing with suppliers, they may not provide the gas and welding products and supplies we need in the quantities and at the prices requested. We do not control the actual production of the products we sell. This means we are also subject to delays caused by interruption in production and increases in product costs based on conditions outside our control. These conditions include work slowdowns, work interruptions, strikes or other job actions by employees of suppliers; severe weather; product recalls; transportation interruptions; unavailability of fuel or increases in fuel costs; competitive demands; and natural disasters or other catastrophic events. Our inability to obtain adequate supplies of gas and welding equipment and related products because of any of these or other factors could mean that we could not fulfill our obligations to our customers and, as a result, our customers may turn to other distributors.

Our relationships with key long-term customers may be materially diminished or terminated.

We have long-standing relationships with a number of our customers, many of whom could unilaterally terminate their relationship with us or materially reduce the amount of business they conduct with us at any time. Market competition, customer requirements, customer financial condition and customer consolidation through mergers or acquisitions also could adversely affect our ability to continue or expand these relationships. There is no guarantee that we will be able to retain or renew existing agreements, maintain relationships with any of our customers on acceptable terms or at all or collect amounts owed to us from insolvent customers. Our customer agreements are generally terminable upon advance written notice (typically ranging from 30 days to six months) by either us or the customer, which provides our customers with the opportunity to renegotiate their contracts with us or to award more business to our competitors. The loss of one or more of our major customers could adversely affect our business, financial condition and results of operations.

We must consummate and effectively integrate the businesses we acquire.

Historically, a portion of our growth has come through acquisitions. If we are unable to find, consummate, and integrate acquired businesses successfully or realize anticipated economic, operational and other benefits and synergies in a timely manner, our profitability may decrease. Integrating acquired businesses may be more difficult in a region or market in which we have limited expertise. A significant expansion of our business and operations, in terms of geography or magnitude, could strain our administrative and/or operational resources. Significant acquisitions may also require incurring additional debt. This could increase our interest expense and make it difficult for us to get favorable financing for other acquisitions or capital investments in the future.

We may be subject to or affected by liability claims related to products we distribute.

As any seller of products, we may be exposed to liability claims in the event that the products we sell cause injury or illness. We believe we have sufficient primary or excess umbrella liability insurance to cover product liability claims. However, our current insurance may not continue to be available at a reasonable cost or, if available, may not be adequate to cover all of our liabilities. We generally seek contractual indemnification and insurance coverage from parties supplying products to us. But this indemnification or insurance coverage is limited, as a practical matter, to the creditworthiness of the indemnifying party and the insured limits of any insurance provided by suppliers. If we do not have adequate insurance or contractual indemnification available, the liability related to defective products could adversely affect our results of operations.

Any negative media exposure or other event that harms our reputation could hurt our business.

Maintaining a good reputation is critical to our business, particularly in selling our MagneGas fuel. Any event that damages our reputation, justified or not, could quickly affect our revenues and profits. This includes adverse publicity about the quality, safety or integrity of our products. In addition, concerns unrelated to our products, can result in negative publicity about the gas and welding supply distribution industry and dramatically reduce our sales.

If our competitors implement a lower cost structure, they may be able to offer reduced prices to customers. We may be unable to adjust our cost structure to compete profitably.

Over the last several decades, the gas and welding supply retail industry has undergone a significant change. Companies such as Airgas and Praxair have developed a lower cost structure, so they can provide their customers with an everyday low-cost product offering. To the extent more of our competitors adopt an everyday low-price strategy, we would potentially be pressured to offer lower prices to our customers. That would require us to achieve cost savings to offset these reductions. We may be unable to change our cost structure and pricing practices rapidly enough to successfully compete in that environment.

Most of our customers are not obligated to continue purchasing products from us.

Most of our customers buy from us pursuant to individual purchase orders, and we often do not enter into long-term agreements with these customers. Because such customers are not obligated to continue purchasing products from us, we cannot assure you that the volume and/or number of our customers' purchase orders will remain constant or increase or that we will be able to maintain our existing customer base. Significant decreases in the volume and/or number of our customers' purchase orders or our inability to retain or grow our current customer base may have a material adverse effect on our business, financial condition, or results of operations.

Our business may be subject to significant environmental, health and safety costs.

Our operations face a broad range of federal, state and local laws and regulations relating to the protection of the environment or health and safety. These laws govern numerous issues, including discharges to air, soil and water; the handling and disposal of hazardous substances; the investigation and remediation of contamination resulting from the release of petroleum products and other hazardous substances; employee health and safety; and fleet safety. In the course of our operations, we operate and maintain vehicle fleets, we use and dispose of hazardous substances, and we store fuel in on-site aboveground and underground storage tanks. We cannot be sure that compliance with, or liability under, existing or future environmental, health and safety laws, will not adversely affect our future operating results.

If we fail to comply with requirements imposed by applicable law or other governmental regulations, we could become subject to lawsuits, investigations and other liabilities and restrictions on our operations that could significantly and adversely affect our business.

We are subject to governmental regulation at the federal, state and local levels in many areas of our business, including gas storage, trade, anticorruption, transportation, employment and other areas of safety and compliance. If we fail to comply with applicable laws and regulations or encounter disagreements with respect to our contracts subject to governmental regulations, including those referred to above, we may be subject to investigations, criminal sanctions or civil remedies, including fines, injunctions, prohibitions, seizures or debarments from contracting with the government. The cost of compliance or the consequences of non-compliance, including debarments, could have a material adverse effect on our business and results of operations. In addition, governmental units may make changes in the regulatory frameworks within which we operate that may require us to incur substantial increases in costs in order to comply with such laws and regulations.

We rely heavily on technology, and any disruption in existing technology or delay in implementing new technology could adversely affect our business.

Our ability to control costs and maximize profits, as well as to serve customers most effectively, depends on the reliability of our information technology systems and related data entry processes in our transaction intensive business. We rely on software and other information technology to manage significant aspects of our business. These include to make purchases, process orders, manage our retail locations, load trucks in the most efficient manner, and optimize the use of storage space. Any disruption to this information technology could negatively affect our customer service, decrease the volume of our business, and result in increased costs. We have invested and continue to invest in technology security initiatives, business continuity, and disaster recovery plans. However, these measures cannot fully insulate us from technology disruption that could impair operations and profits. Information technology evolves rapidly. To compete effectively, we are required to integrate new technologies in a timely and cost-effective manner. If competitors implement new technologies before we do, allowing them to provide lower priced or enhanced services of superior quality compared to those we provide, our operations and profits could be affected.

A cybersecurity incident and other technology disruptions could negatively affect our business and our relationships with customers.

We rely upon information technology networks and systems to process, transmit and store electronic information, to process payments, and to manage or support virtually all of our business processes and activities. We also use mobile devices, social networking and other online activities to connect with our employees, suppliers, business partners and our customers. These uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft, online platform hijacking that could redirect online credit card payments to another credit card processing website, and inadvertent or unauthorized release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' and suppliers' personal information, private information about employees, and financial and strategic information about us and our business partners. Further, we are also expanding and improving our information technologies, resulting in a larger technological presence and corresponding increase in exposure to cybersecurity risk. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage.

Extreme weather conditions and natural disasters may interrupt our business, or our customers' businesses, which could have a material adverse effect on our business, financial condition, or results of operations.

Some of our facilities and our customers' facilities are located in areas that may be subject to extreme, and occasionally prolonged, weather conditions, including, but not limited to, hurricanes, tornadoes, blizzards, extreme heat and extreme cold. Such extreme weather conditions may interrupt our operations and reduce the number of consumers who visit our customers' facilities in such areas. Furthermore, such extreme weather conditions may interrupt or impede access to our customers' facilities, all of which could have a material adverse effect on our business, financial condition, or results of operations.

Adverse judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business.

In the normal course of our business, we are involved in various legal proceedings. The outcome of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us or a settlement involving a payment of a material sum of money were to occur, it could materially and adversely affect our profits or ability to operate our business. Additionally, we could become the subject of future claims by third parties, including our employees, suppliers, customers, and other counterparties, our investors, or regulators. Any significant adverse judgments or settlements would reduce our profits and could limit our ability to operate our business. Further, we may incur costs related to claims for which we have appropriate third-party indemnity, but such third parties may fail to fulfill their contractual obligations.

We rely on trademarks, trade secrets, and other forms of intellectual property protections, however, these protections may not be adequate.

We rely on a combination of trademark, trade secret and other intellectual property laws in the United States. We will or have applied in the United States and in certain countries for registration of a limited number of trademarks, some of which have been registered or issued. We cannot guarantee that our applications will be approved by the applicable governmental authorities, or that third parties will not seek to oppose or otherwise challenge our registrations or applications. We also rely on unregistered proprietary rights, including common law trademark protection. However, third parties may use trademarks identical or confusingly similar to ours, or independently develop trade secrets or know-how similar or equivalent to ours. If our proprietary information is divulged to third parties, including our competitors, or our intellectual property rights are otherwise misappropriated or infringed, our competitive position could be harmed. Lastly, we rely on an exclusive world-wide license for the production and distribution of MagneGas. If our license agreement with Taronis Technologies is terminated or invalidated we could incur significant losses and our business operations could be materially harmed.

Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or potentially prevent us from selling our products.

We cannot be certain that our products do not and will not infringe intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of intellectual property rights of third parties by us or our customers in connection with their use of our products. Any such claims, whether or not meritorious, could result in costly litigation and divert the efforts of our management and personnel. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements (if available on acceptable terms or at all) or to pay damages and to cease making or selling certain products. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products.

Our future success is dependent, in part, on the performance and continued service of Scott Mahoney, Tyler Wilson, Eric Newell and other key personnel. Without their continued service, we may be forced to interrupt our operations.

We are presently dependent to a great extent upon the experience, abilities and continued services of Scott Mahoney, our Chief Executive Officer and President; Tyler Wilson, our Chief Financial Officer, General Counsel and Secretary; and Eric Newell, our Treasurer and Vice President of Business Operations. The loss of the services of any of our key officers or employees would delay our business operations substantially.

Members of our board of directors and our executive officers will have other business interests and obligations to other entities.

Neither our directors nor our executive officers will be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company, provided that such activities do not compete with the business of the Company or otherwise breach their agreements with the Company. We are dependent on our directors and executive officers to successfully operate our Company. Their other business interests and activities could divert time and attention from operating our business.

Risks Relating to Ownership of Our Common Stock

An active trading market for our common stock may not develop and you may not be able to resell your shares at or above the initial market price following the unregistered Spin-Off. There is no guarantee that our shares of common stock will be quoted on the OTCQX and/or up listed to the NYSE American, and if we do obtain an up listing to NYSE American, there can be no assurance that we will be able to comply with NYSE American's continued listing standards.

Prior to the spin-off, there has been no public market for shares of our common stock. In the absence of an active trading market for our common stock, investors may not be able to sell their common stock at or above the initial offering price or at the time that they would like to sell.

In connection with the filing of the registration statement of which this information statement forms a part, we will apply to have our common stock quoted on the OTCQX under the symbol "TRNF" but there are no assurances that our common stock will be quoted on the OTCQX or any other quotation service, exchange or trading facility. Assuming our common stock is quoted on the OTCQX, following the distribution date, we intend to apply to up list our common stock to NYSE American exchange under the symbol "TRNF" and expect such up listing to occur within six months of the distribution date, but there is no assurance that our common stock will be listed on the NYSE American. If such quotation and/or listing is approved, there can be no assurance any broker will be interested in trading our stock. Therefore, it may be difficult to sell your shares of common stock if you desire or need to sell them. We cannot provide any assurance that an active and liquid trading market in our securities will develop or, if developed, that such market will continue.

If our common stock is approved for listing on the NYSE American, there is no guarantee that we will be able to maintain such listing for any period of time by perpetually satisfying NYSE American's continued listing requirements. Our failure to continue to meet these requirements may result in our securities being delisted from NYSE American.

Because there has not been any public market for our common stock, the market price and trading volume of our common stock may be volatile and you may not be able to resell your shares at or above the initial market price of our common stock following the Spin-Off.

We cannot assure you that an active trading market will develop or be sustained for our common stock after the spin-off, nor can we predict the price at which our common stock will trade after the spin-off. The market price of our common stock could fluctuate significantly due to a number of factors, many of which are beyond our control, including:

- fluctuations in our quarterly or annual earnings results or those of other companies in our industry;

- failures of our operating results to meet the estimates of securities analysts or the expectations of our shareholders, or changes by securities analysts in their estimates of our future earnings;
- announcements by us or our customers, suppliers or competitors;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic, industry and stock market conditions;
- future sales of our common stock by our shareholders;
- future issuances of our common stock by us;
- our ability to pay dividends in the future; and
- the other factors described in these "Risk Factors" and other parts of this information statement.

A large number of our common stock are or will be eligible for future sale, which may cause the market price for our common stock to decline.

Upon completion of the spin-off, we will have outstanding an aggregate of approximately 90,280,000 shares of common stock, subject to adjustment on the record date. Virtually all of those shares will be freely tradable without restriction or registration under the Securities Act of 1933, as amended, which we refer to as the Securities Act. We are unable to predict whether large amounts of our common stock will be sold in the open market following the spin-off. We are also unable to predict whether a sufficient number of buyers would be in the market at that time. Certain Taronis Technologies shareholders may be required to sell the common stock of Taronis Fuels that they receive in the spin-off. In addition, it is possible that other Taronis Technologies shareholders will sell the common stock of Taronis Fuels they receive in the spin-off for various reasons. For example, such shareholders may not believe that our business profile or level of market capitalization as an independent company fits their investment objectives. We can provide no assurance that there will be sufficient new buying interest to offset the potential sale of common stock of Taronis Fuels. In addition, any funds currently holding Taronis Technologies common stock may be required to sell the Taronis Fuels common stock they receive in the spin-off. Accordingly, our common stock could experience a high level of volatility immediately following the spin-off and, as a result, the price of our common stock could be adversely affected.

If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.

The Commission has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price per share of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not obtain or retain a listing on the NYSE American, and if the price of our common stock is less than $5.00 per share, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before effecting a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that, before effecting any such transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, Financial Industry Regulatory Authority ("FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. The FINRA requirements may make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may have the effect of reducing the level of trading activity in our common stock. As a result, fewer broker-dealers may be willing to make a market in our common stock, reducing a stockholder's ability to resell shares of our common stock.

Becoming a public company is expensive and could adversely affect our ability to attract and retain qualified officers and directors.

Following the completion of the spin-off, we will become a public company and be subject to the reporting requirements of the Securities Exchange Act of 1934. These requirements generate significant accounting, legal, and financial compliance costs, and make some activities more difficult, time consuming or costly than they would otherwise be, and may place significant strain on our personnel and resources. These rules and regulations applicable to public companies, and the risks involved in serving as an officer or director of a public company, may also make it more difficult and expensive for us to obtain director and officer liability insurance, and to recruit and retain qualified officers and directors.

If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may decline.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Further, we will be required to report any changes in internal controls on a quarterly basis. In addition, we would be required to furnish a report by management on the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We will design, implement, and test the internal controls over financial reporting required to comply with these obligations. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of its internal control over financial reporting when required, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of the common stock could be negatively affected. We also could become subject to investigations by the stock exchange on which the securities are listed, the Commission, or other regulatory authorities, which could require additional financial and management resources.

As an "emerging growth company" under the JOBS Act, we are permitted to rely on exemptions from certain disclosure requirements.

We qualify as an "emerging growth company" under the JOBS Act. As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the consolidated financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay" and "say-on-frequency"; and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

In addition, Section 102 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our consolidated financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed $1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our ordinary shares that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period.

Until such time, however, we cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and warrants and the price of our securities may be more volatile.

As an emerging growth company, our auditor is not required to attest to the effectiveness of our internal controls.

Our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting while we are an emerging growth company. This means that the effectiveness of our financial operations may differ from our peer companies in that they may be required to obtain independent registered public accounting firm attestations as to the effectiveness of their internal controls over financial reporting and we are not. While our management will be required to attest to internal control over financial reporting and we will be required to detail changes to our internal controls on a quarterly basis, we cannot provide assurance that the independent registered public accounting firm's review process in assessing the effectiveness of our internal controls over financial reporting, if obtained, would not find one or more material weaknesses or significant deficiencies. Further, once we cease to be an emerging growth company, we will be subject to independent registered public accounting firm attestation regarding the effectiveness of our internal controls over financial reporting. Even if management finds such controls to be effective, our independent registered public accounting firm may decline to attest to the effectiveness of such internal controls and issue a qualified report.

We believe we will be considered a "smaller reporting company" and will be exempt from certain disclosure requirements, which could make our common stock less attractive to potential investors.

Rule 12b-2 of the Exchange Act defines a "smaller reporting company" as an issuer that is not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent that is not a smaller reporting company and that:

- had a public float of less than $75 million as of the last business day of its most recently completed second fiscal quarter, computed by multiplying the aggregate worldwide number of shares of its voting and non-voting common equity held by non-affiliates by the price at which the common equity was last sold, or the average of the bid and asked prices of common equity, in the principal market for the common equity; or

- in the case of an initial registration statement under the Securities Act, or the Exchange Act of 1934, as amended, which we refer to as the Exchange Act, for shares of its common equity, had a public float of less than $75 million as of a date within 30 days of the date of the filing of the registration statement, computed by multiplying the aggregate worldwide number of such shares held by non-affiliates before the registration plus, in the case of a Securities Act registration statement, the number of such shares included in the registration statement by the estimated public offering price of the shares; or

- in the case of an issuer whose public float as calculated under paragraph (1) or (2) of this definition was zero, had annual revenues of less than $50 million during the most recently completed fiscal year for which audited financial statements are available.

As a smaller reporting company, we will not be required and may not include a Compensation Discussion and Analysis section in our proxy statements; we will provide only two years of financial statements; and we need not provide the table of selected financial data. We also will have other "scaled" disclosure requirements that are less comprehensive than issuers that are not smaller reporting companies which could make our common stock less attractive to potential investors, which could make it more difficult for our stockholders to sell their shares.

Provisions of our certificate of incorporation and bylaws may delay or prevent a take-over which may not be in the best interests of our shareholders.

Provisions of our certificate of incorporation and bylaws may be deemed to have anti-takeover effects, which include, among others, when and by whom special meetings of our shareholders may be called, and may delay, defer or prevent a takeover attempt. In addition, our certificate of incorporation authorizes the issuance of shares of preferred stock with such rights and preferences as may be determined from time to time by our board of directors in their sole discretion. Our board may, without shareholder approval, issue shares of preferred stock with dividends, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of our common stock.

Fiduciaries investing the assets of a trust or pension or profit-sharing plan must carefully assess an investment in our Company to ensure compliance with ERISA.

In considering an investment in the Company of a portion of the assets of a trust or a pension or profit-sharing plan qualified under Section 401(a) of the Code and exempt from tax under Section 501(a), a fiduciary should consider (i) whether the investment satisfies the diversification requirements of Section 404 of ERISA; (ii) whether the investment is prudent, since the Shares are not freely transferable and there may not be a market created in which the Shares may be sold or otherwise disposed; and (iii) whether interests in the Company or the underlying assets owned by the Company constitute "Plan Assets" under ERISA. *See* "ERISA Considerations."

We have never paid dividends on our common stock and have no plans to do so in the future.

Holders of shares of our common stock are entitled to receive such dividends as may be declared by our board of directors. To date, we have paid no cash dividends on our shares of common stock and we do not expect to pay cash dividends on our common stock in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in our common stock may have will be in the form of appreciation, if any, in the market value of their shares of common stock. See "Dividend Policy."

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Information Statement includes "forward-looking statements" within the meaning of the federal securities laws that involve risks and uncertainties. Forward-looking statements include statements we make concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Some forward-looking statements appear under the headings "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." When used in this information statement, the words "estimates," "expects," "anticipates," "projects," "forecasts," "plans," "intends," "believes," "foresees," "seeks," "likely," "may," "might," "will," "should," "goal," "target" or "intends" and variations of these words or similar expressions (or the negative versions of any such words) are intended to identify forward-looking statements. All forward-looking statements are based upon information available to us on the date of this Information Statement.

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, among other things, the matters discussed in this information statement in the sections captioned "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Some of the factors that we believe could affect our results include:

- the spin-off, as well as the anticipated effects of restructuring or reorganization of business components;

- limitations on our ability to continue operations and implement our business plan;
- our history of operating losses;
- the timing of and our ability to obtain financing on acceptable terms;
- the effects of changing economic conditions;
- the loss of members of the management team or other key personnel;
- competition from larger, more established companies with greater economic resources than we have;
- costs and other effects of legal and administrative proceedings, settlements, investigations and claims, which may not be covered by insurance;
- costs and damages relating to pending and future litigation;
- the impact of additional legal and regulatory interpretations and rulemaking and our success in taking action to mitigate such impacts;
- control by our principal equity holders; and
- the other factors set forth herein, including those set forth under "Risk Factors."

There are likely other factors that could cause our actual results to differ materially from the results referred to in the forward-looking statements. All forward-looking statements attributable to us in this Information Statement apply only as of the date of this Information Statement and are expressly qualified in their entirety by the cautionary statements included in this Information Statement. We undertake no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events, except as required by law. You are advised to consult any further disclosures we make on related subjects in the reports we file with the SEC pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

THE SPIN-OFF

General

The Board of Directors of Taronis Technologies regularly reviews the various operations conducted by Taronis Technologies to ensure that resources are deployed and activities are pursued in a manner believed to be in the best interests of its shareholders. On June 24, 2019, following a review by Taronis Technologies' Board of Directors, Taronis Technologies announced that it had authorized its management to take various actions in contemplation of the distribution of our common stock to Taronis Technologies' shareholders in a spin-off. This authorization is subject to final approval by the Taronis Technologies Board of Directors, which approval is subject to, among other things, the conditions described below under "Spin-off Conditions and Termination."

We will be separated from Taronis Technologies and will become an independent, publicly traded company through a spin-off, on or about the day immediately following December 5, 2019, the anticipated distribution date. As a result of the spin-off, each holder of Taronis Technologies common stock as of 5:00 p.m., New York City time, on the effective date of this registration statement, the record date, will be entitled to:

- Receive five (5) shares of Taronis Fuels common stock for every one (1) share of common stock of Taronis Technologies owned by such holder; and
- retain such holder's common stock in Taronis Technologies.

TARONIS TECHNOLOGIES SHAREHOLDERS WILL NOT BE REQUIRED TO PAY FOR OUR COMMON STOCK RECEIVED IN THE SPIN-OFF OR HAVE TO SURRENDER OR EXCHANGE COMMON STOCK OF TARONIS TECHNOLOGIES IN ORDER TO RECEIVE OUR COMMON STOCK OR TO TAKE ANY OTHER ACTION IN CONNECTION WITH THE SPIN-OFF. NO VOTE OF TARONIS TECHNOLOGIES SHAREHOLDERS IS REQUIRED OR SOUGHT IN CONNECTION WITH THE SPIN-OFF, AND TARONIS TECHNOLOGIES SHAREHOLDERS HAVE NO APPRAISAL RIGHTS IN CONNECTION WITH THE SPIN-OFF.

Reasons for the Spin-Off

As a result of a comprehensive evaluation process performed by Taronis Technologies' Board of Directors, the Board of Directors believes that separating Taronis Technologies into two independent, publicly traded companies is in the best interests of Taronis Technologies and its shareholders, and has concluded that the spin-off will provide each company with certain opportunities and benefits. Such opportunities and benefits include:

- *Investor Perspectives*. Improving the market's understanding of the unique industry-leading business and financial characteristics of both Taronis Technologies and Taronis Fuels and facilitating independent valuation assessments for each company. This is expected to provide investors with a more targeted investment opportunity.

- *Strategic Focus*. Enhancing the flexibility of the management team of each company to implement its distinct corporate strategy and make business and operational decisions that are in the best interests of its independent business and shareholders and to allocate capital and corporate resources in a manner that focuses on achieving its own strategic priorities independent of varying business cycles.

- *Management & Employee Incentives*. Incentivizing management performance through equity-based compensation that is aligned with the performance of its own operations and designed to attract and retain key employees.

- *Access to Capital*. Removing the competition for capital between the businesses. Instead, both companies will have direct access to the debt and equity capital markets to fund their respective growth strategies and to establish an appropriate capital structure for their business needs.

- *Flexibility*. Providing each independent company increased strategic and financial flexibility to pursue acquisitions, unencumbered by considerations of the potential impact on the business of the other company.

The Taronis Technologies Board of Directors also considered the probability of successful execution of the spin-off and the risks associated therewith, including the: potential loss of synergies from operating as a consolidated entity; potential loss of joint purchasing power; potential disruptions to the businesses as a result of the spin-off, including information technology or other disruptions; risk of being unable to achieve the benefits expected to be attained by the spin-off; risk that the spin-off might not be completed; potential impact on both companies' ability to continue to demonstrate civic and charitable leadership in their respective communities; and one-time costs of executing the spin-off. The Board of Directors concluded that, notwithstanding these potentially negative factors, the spin-off would be in the best interests of its shareholders. For more information, see "Risk Factors–Risks Relating to the Spin-Off."

Results of the Spin-Off

After the spin-off, Taronis Fuels will be an independent, publicly traded company. Taronis Technologies will distribute to the holders of Taronis Technologies common stock five (5) shares of Taronis Fuels common stock for one (1) share of Taronis Technologies common stock held on November 29, 2019, the record date. Based on approximately 90,280,000 shares of Taronis Technologies common stock outstanding as of the record date and assuming a distribution of approximately 100% of Taronis Fuel's common stock and applying the distribution ratio, Taronis Fuels expects that a total of approximately 90,280,000 shares of Taronis Fuels common stock will be distributed to Taronis Technologies' shareholders, subject to adjustment on the record date. The actual number of Taronis Fuels common stock to be distributed will be determined based on the number of shares of common stock of Taronis Technologies outstanding as of the record date.

Taronis Fuels and Taronis Technologies will be parties to a number of agreements that will govern the spin-off and their future relationship. For a more detailed description of these agreements, please see "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us."

Manner of Effecting the Spin-Off

The general terms and conditions relating to the spin-off will be set forth in a separation and a distribution agreement between Taronis Technologies and us. For a description of the terms of that agreement, see "Relationship with Taronis Technologies Following the Spin-off–Material Agreements Between Taronis Technologies and Us –Separation and Distribution Agreements." Under the separation and distribution agreements, the spin-off will occur on the anticipated distribution date of December 5, 2019. As a result of the spin-off, each Taronis Technologies shareholder will be entitled to receive five (5) shares of our common stock for every one (1) share of common stock of Taronis Technologies owned on the record date. As discussed under "Trading Between the Record Date and Distribution Date," if a holder of record of Taronis Technologies common stock sells those shares in the "regular way" market after the record date and before or on the distribution date, that shareholder will be selling the right to receive our common stock in the distribution.

The distribution will be made in book-entry form. For registered Taronis Technologies shareholders, our transfer agent will credit their Taronis Fuels common stock to book-entry accounts established to hold their Taronis Fuels common stock. Book-entry refers to a method of recording stock ownership in our records in which no physical certificates are issued. For shareholders who own Taronis Technologies common stock through a bank or brokerage firm, their Taronis Fuels common stock will be credited to their accounts by the bank or broker. See "When and How You Will Receive Taronis Fuels Shares" below. Each share of Taronis Fuels common stock that is distributed will be validly issued, fully paid and nonassessable. Holders of Taronis Fuel common stock will not be entitled to preemptive rights. See "Description of Capital Stock." Following the spin-off, shareholders whose shares are held in book-entry form may request the transfer of their Taronis Fuels common stock to a brokerage or other account at any time, without charge.

When and How You Will Receive Taronis Fuels Shares

On the distribution date, Taronis Technologies will release its Taronis Fuels common stock for distribution by Corporate Stock Transfer, Inc., the distribution agent. The distribution agent will cause the Taronis Fuels common stock to which you are entitled to be registered in your name or in the "street name" of your bank or brokerage firm.

"Street Name" Holders. Many Taronis Technologies shareholders have Taronis Technologies common stock held in an account with a bank or brokerage firm. If this applies to you, that bank or brokerage firm is the registered holder that holds the shares on your behalf. For shareholders who hold their Taronis Technologies common stock in an account with a bank or brokerage firm, our common stock being distributed will be registered in the "street name" of your bank or broker, who in turn will electronically credit your account with the shares that you are entitled to receive in the distribution. We anticipate that banks and brokers will generally credit their customers' accounts with our common stock on or shortly after the distribution date. We encourage you to contact your bank or broker if you have any questions regarding the mechanics of having your shares credited to your account.

Registered Holders. If you are the registered holder of Taronis Technologies common stock and hold your Taronis Technologies common stock either in physical form or in book-entry form, the Taronis Fuels common stock distributed to you will be registered in your name and you will become the holder of record of that number of our common stock. Our distribution agent will send you a statement reflecting your ownership of our common stock.

Direct Registration System. As part of the spin-off, we will be adopting a direct registration system for book-entry share registration and transfer of our common stock. Our common stock to be distributed in the spin-off will be distributed as uncertificated shares registered in book-entry form through the direct registration system. No certificates representing your shares will be mailed to you in connection with the spin-off. Under the direct registration system, instead of receiving stock certificates, you will receive a statement reflecting your ownership interest in our shares. If at any time you want to receive a physical certificate evidencing your shares, you may do so by contacting our transfer agent and registrar. Contact information for our transfer agent and registrar is provided under "Description of Capital Stock – Transfer Agent and Registrar." The distribution agent will begin mailing book-entry account statements reflecting your ownership of shares promptly after the distribution date. You can obtain more information regarding the direct registration system by contacting our transfer agent and registrar.

Treatment of Fractional Shares

The distribution agent will not distribute any fractional shares of our common stock in connection with the spin-off. When calculating the shares to distribute, all fractional shares will be deleted from the shareholders total issuance, creating a "round down" effect.

Transferability of Shares You Receive

Our common stock distributed to Taronis Technologies shareholders will be freely transferable, except for shares received by persons who hold restricted shares of Taronis Technologies common stock on the distribution date (in which case such a shareholder would receive restricted shares of Taronis Fuels) or may be deemed to be our "affiliates" under the Securities Act. Persons who may be deemed to be our affiliates after the spin-off generally include individuals or entities that control, are controlled by, or are under common control with us, and include our directors and certain of our officers. Our affiliates will be permitted to sell their Taronis Fuels common stock only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144.

Under Rule 144, an affiliate may not sell within any three-month period Taronis Fuels common stock in excess of the greater of:

- 1% of the then outstanding number of shares of common stock of Taronis Fuels; and
- the average reported weekly trading volume of Taronis Fuels common stock on the exchange on which Taronis Fuels shares trade during the four (4) calendar weeks preceding the filing of a notice with the SEC on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain provisions regarding the manner of sale, notice requirements and availability of current public information about us.

Stock-Based Plans

Treatment of Equity-Based Compensation

With respect to outstanding Taronis Technologies equity incentive awards held by Taronis Fuels employees, including Taronis Fuels' "named executive officers" (as described below), that are outstanding on the distribution date and for which the underlying security is Taronis Technologies common stock, we expect that:

- Each outstanding Taronis Technologies stock options (incentive stock options and non-statutory stock options), stock appreciation rights ("SARS"), restricted stock, performance shares, and restricted stock units will be treated in a manner similar to that experienced by Taronis Technologies shareholders with respect to their Taronis Technologies common stock. More specifically, each of these awards will be deemed bifurcated into two separate awards: (1) an award covering Taronis Technologies common stock; and (2) a new award of the same type and proportional amount covering Taronis Fuels common stock. Each of these two awards will be subject to the same terms and conditions after the spin-off as the terms and conditions applicable to the original Taronis Technologies award prior to the spin-off, except:
    - with respect to each stock option award covering Taronis Technologies common stock and new stock option award covering Taronis Fuels common stock, the per-share exercise price for such award will be adjusted or established, as applicable, so that the two awards, together, will retain, in the aggregate, the same intrinsic value that the original Taronis Technologies stock option award had immediately prior to the spin-off (subject to rounding);

- with respect to each new award covering Taronis Fuels common stock, the number of underlying shares subject to such new award will be determined based on application of the distribution ratio to the number of Taronis Technologies common stock subject to the original Taronis Technologies award prior to bifurcation;

- with respect to any continuous employment requirement associated with any equity incentive awards, such requirement will be satisfied after the spin-off (a) by a Taronis Fuels employee based on his or her continuous employment with Taronis Fuels (for equity incentive awards of either Taronis Fuels or Taronis Technologies) and (b) by a Taronis Technologies employee based on his or her continuous employment with Taronis Technologies (for equity incentive awards of either Taronis Technologies or Taronis Fuels); and

- to the extent any original Taronis Technologies equity incentive award is subject to accelerated vesting or exercisability in the event of a "change of control," the corresponding post-spin-off Taronis Technologies and Taronis Fuels equity incentive awards will generally accelerate in the same manner in the event of (a) a change of control of the issuer of the shares underlying such awards, or (b) a change of control of the employer of the grantee.

To the extent that an affected employee is employed in a non-U.S. jurisdiction, and the adjustments or grants contemplated above could result in adverse tax consequences or other adverse regulatory consequences, Taronis Technologies may determine that a different equitable adjustment or grant will apply in order to avoid any such adverse consequences.

We expect that the Compensation Committee of our board of directors will maintain a program to deliver long-term incentive awards to our executives and other employees that is appropriate for our business needs. However, the types of awards provided, the allocation of grant date values among the mix of awards and the performance measures to be used may differ from Taronis Technologies' past practice.

Taronis Fuels, Inc. 2019 Equity Incentive Award Plan

We have adopted the Taronis Fuels, Inc. 2019 Equity Incentive Award Plan (the "Equity Plan"). The Equity Plan will generally be administered by the Compensation Committee of our board of directors or any other administrator they appoint and will enable the Company to provide equity and incentive compensation to our officers, other key employees and our non-employee directors. Pursuant to the Equity Plan, we may grant stock options (including "non-statutory stock options" and "incentive stock options" as defined in Section 422 of the Code), stock appreciation rights ("SARS"), restricted stock, performance shares, and restricted stock units, subject to certain share and dollar limitations as described in the Equity Plan. The Equity Plan will permit us to grant both awards that are intended to qualify as "qualified performance-based compensation" under Section 162(m) of the Code and awards that are not intended to so qualify.

The Equity Plan will permit the evidence of award with respect to any grant under the Equity Plan to provide for accelerated vesting or exercise, including in the event of the grantee's retirement, death or disability, or in the event of a "change in control," as defined in the Equity Plan. Further, it will require the plan's administrator to make adjustments to outstanding awards in the event of certain corporate transactions or changes in the capital structure of Taronis Fuels.

In connection with the distribution of Taronis Fuels common stock to Taronis Technologies shareholders, our Compensation Committee intends to authorize replacement awards of Taronis Fuels stock options, restricted shares, restricted stock units, deferred shares, and performance shares under the Equity Plan to current holders of corresponding awards covering Taronis Technologies equity, as described above.

Common stock issued or transferred pursuant to awards granted under the Equity Plan in substitution for or in conversion of, or in connection with the assumption of, awards held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries will not count against the share limits under the Equity Plan. Additionally, shares available under certain plans that we or our subsidiaries may assume in connection with corporate transactions from another entity may be available for certain awards under the Equity Plan, under circumstances further described in the Equity Plan, but will not count against the share limits under the Equity Plan.

The Compensation Committee generally will be able to amend the Equity Plan, subject to shareholder approval in certain circumstances as described in the Equity Plan.

Material U.S. Federal Income Tax Consequences of the Spin-Off

The following is a summary of material U.S. federal income tax consequences of the contribution by Taronis Technologies of assets of the gas and welding supply retail business to Taronis Fuels and the distribution by Taronis Technologies of all of Taronis Fuels' outstanding common stock to its shareholders. This summary is based on the Code, U.S. Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code and the U.S. Treasury regulations, all as in effect on the date of this information statement, and is subject to changes in these or other governing authorities, any of which may have a retroactive effect. This summary assumes that the contribution and the distribution will be consummated in accordance with the separation and distribution agreements and as described in this Information Statement. This summary does not purport to be a complete description of all U.S. federal income tax consequences of the contribution and the distribution nor does it address the effects of any state, local or foreign tax laws or U.S. federal tax laws other than those relating to income taxes on the contribution and the distribution. The tax treatment of a Taronis Technologies shareholder may vary depending upon that shareholder's particular situation, and certain shareholders (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold common stock in Taronis Technologies, pass-through entities, traders in securities who elect to apply a mark-to-market method of accounting, shareholders who hold their Taronis common stock as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who received Taronis Technologies common stock upon the exercise of employee stock options or otherwise as compensation, and shareholders who are subject to alternative minimum tax) may be subject to special rules not discussed below. In addition, this summary addresses the U.S. federal income tax consequences to a Taronis Technologies shareholder who, for U.S. federal income tax purposes, is a U.S. person and not to a Taronis Technologies shareholder who is a non-resident alien individual, a foreign corporation, a foreign partnership, or a foreign trust or estate. Finally, this summary does not address the U.S. federal income tax consequences to those Taronis Technologies shareholders who do not hold their Taronis Technologies common stock as capital assets within the meaning of Section 1221 of the Code.

The spin-off is conditioned on Taronis Technologies' receipt of an opinion from our special tax counsel to Taronis Technologies (or other nationally recognized tax counsel), in form and substance satisfactory to Taronis Technologies, that the distribution of Taronis Fuels common stock in the spin-off will qualify as tax-free to us, Taronis Technologies and Taronis Technologies shareholders for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) and related provisions of the Code. Such opinion is expected to be delivered to us by special tax counsel on or prior to the effectiveness of our registration statement on Form 10, of which this Information Statement is a part. The opinion will rely on, among other things, various assumptions and representations as to factual matters made by Taronis Technologies and us which, if inaccurate or incomplete in any material respect, could jeopardize the conclusions reached by such counsel in its opinion. Neither we nor Taronis Technologies is aware of any fact or circumstance that would cause the assumptions or representations that will be relied on in the opinion of counsel to be inaccurate or incomplete in any material respect. The opinion will not be binding on the IRS, or the courts, and there can be no assurance that the qualification of the spin-off as a transaction under Sections 355 and 368(a) of the Code will not be challenged by the IRS or by others in court, or that any such challenge would not prevail.

If, notwithstanding receipt of the opinion of counsel, the spin-off were determined not to qualify under Section 355 of the Code, each U.S. holder of Taronis Technologies common stock who receives our common stock in the spin-off would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of our common stock received. That distribution would be taxable to each such shareholder as a dividend to the extent of such shareholder's share of Taronis Technologies' current and accumulated earnings and profits. For each such shareholder, any amount that exceeded its share of Taronis Technologies' earnings and profits would be treated first as a non-taxable return of capital to the extent of such shareholder's tax basis in his or her or its Taronis Technologies common stock with any remaining amount being taxed as a capital gain. Taronis Technologies would be subject to tax as if it had sold common stock in a taxable sale for their fair market value and would recognize taxable gain in an amount equal to the excess of the fair market value of such shares over its tax basis in such shares.

EACH SHAREHOLDER IS URGED TO CONSULT THE SHAREHOLDER'S TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE DISTRIBUTION TO THAT SHAREHOLDER, INCLUDING THE EFFECT OF ANY U.S. FEDERAL, STATE OR LOCAL OR FOREIGN TAX LAWS AND OF CHANGES IN APPLICABLE TAX LAWS.

We intend to treat the separation and distribution as a tax-free spin-off for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code and accordingly, the following will describe the material U.S. federal income tax consequences to Taronis Technologies, Taronis Fuels and Taronis Technologies shareholders of the contribution and the distribution:

- subject to the discussion below regarding Section 355(e) of the Code, neither Taronis Fuels nor Taronis Technologies will recognize any gain or loss upon the contribution and the distribution of Taronis Fuels common stock and no amount will be includable in the income of Taronis Technologies or Taronis Fuels as a result of the contribution and the distribution, other than taxable income or gain possibly arising out of internal restructurings undertaken in connection with the contribution and distribution and with respect to any items required to be taken into account under U.S. Treasury regulations relating to consolidated federal income tax returns;

- a Taronis Technologies shareholder will not recognize any gain or loss and no amount will be includable in income as a result of the receipt of Taronis Fuels common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of Taronis Fuels common stock (as described below);

- a Taronis Technologies shareholder's aggregate tax basis in such shareholder's Taronis Technologies common stock following the distribution and in Taronis Fuels common stock received in the distribution will equal such shareholder's tax basis in its Taronis Technologies common stock immediately before the distribution, allocated between the Taronis Technologies common stock and Taronis Fuels common stock in proportion to their fair market values immediately after the distribution; and

- a Taronis Technologies shareholder's holding period for Taronis Fuels common stock received in the distribution will include the holding period for that shareholder's Taronis Technologies common stock.

U.S. Treasury regulations provide that if a Taronis Technologies shareholder holds different blocks of Taronis Technologies common stock (generally Taronis Technologies common stock purchased or acquired on different dates or at different prices), the aggregate basis for each block of Taronis Technologies common stock purchased or acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the Taronis Fuels common stock received in the distribution in respect of such block of Taronis Technologies common stock and such block of Taronis Technologies common stock, in proportion to their respective fair market values on the distribution date. The holding period of the Taronis Fuels common stock received in the distribution in respect of such block of Taronis Technologies common stock will include the holding period of such block of Taronis Technologies common stock. If a Taronis Technologies shareholder is not able to identify which particular Taronis Fuels common stock are received in the distribution with respect to a particular block of Taronis Technologies common stock, for purposes of applying the rules described above, the shareholder may designate which Taronis Fuels common stock are received in the distribution in respect of a particular block of Taronis Technologies common stock, provided that such designation is consistent with the terms of the distribution. Taronis Technologies shareholders are urged to consult their own tax advisors regarding the application of these rules to their particular circumstances.

U.S. Treasury Regulations require each U.S. holder that immediately before the distribution owned 5% or more (by vote or value) of the total outstanding shares of Taronis Technologies to attach to its U.S. federal income tax return for the year in which shares of our common stock are received a statement setting forth certain information related to the distribution.

Even if the distribution otherwise qualifies as tax-free for U.S. federal income tax purposes under Section 355 of the Code, it could be taxable to Taronis Technologies (but not Taronis Technologies' shareholders) under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest by vote or value, in Taronis Technologies or Taronis Fuels. For this purpose, any acquisitions of Taronis Technologies common stock or Taronis Fuels common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Taronis Technologies or Taronis Fuels may be able to rebut that presumption, including pursuant to "safe harbor" provisions of applicable Treasury regulations.

In connection with the distribution, Taronis Fuels and Taronis Technologies will enter into a tax sharing agreement pursuant to which Taronis Fuels will agree to be responsible for certain tax liabilities and obligations following the distribution. For a description of the tax sharing agreement, see "Relationship with Taronis Technologies After the Spin-Off – Material Agreements Between Taronis Technologies and Us – Tax Sharing Agreement."

The foregoing is a summary of material U.S. federal income tax consequences of the contribution and the distribution under current law and particular circumstances. The foregoing does not purport to address all U.S. federal income tax consequences or tax consequences that may arise under the tax laws of other jurisdictions or that may apply to particular categories of shareholders. Each Taronis Technologies shareholder should consult its own tax advisor as to the particular tax consequences of the distribution to such shareholder, including the application of U.S. federal, state or local and foreign tax laws, and the effect of possible changes in tax laws that may affect the tax consequences described above.

Market for Our Common Stock

There is currently no public market for our common stock. We will file a Form 211 with the Financial Industry Regulatory Authority ("FINRA") and apply to have our common stock authorized for quotation on the OTCQX market of the OTC Markets Group, Inc. but there are no assurances that our common stock will be quoted on the OTCQX or any other quotation service, exchange or trading facility. Assuming our application for quotation is approved, we anticipate that trading will commence on a "when-issued" basis approximately two trading days before the record date. When-issued trading refers to a transaction made conditionally because the security has been authorized but not yet issued. Generally, common stock may trade on the OTCQX on a when-issued basis after they have been authorized but not yet formally issued, which is often initiated by the OTCQX prior to the record date relating to the issuance of such common stock. When-issued transactions are settled after our common stock have been issued to Taronis Technologies' shareholders. On the first trading day following the distribution date, when-issued trading in respect of our common stock will end and regular way trading will begin. "Regular way" trading refers to trading after a security has been issued. We cannot predict the trading price for our common stock following the spin-off. Following the distribution date, we intend to apply to up list our common stock to NYSE American exchange under the symbol "TRNF" and expect such up listing to occur within six months of the distribution date, but there is no assurance that our common stock will be listed on the NYSE American. See "Risk Factors–Risks Relating to Ownership of Our Common stock." In addition, we cannot predict any change that may occur in the trading price of Taronis Technologies' common stock, which will continue to trade on the Nasdaq Capital Market under the symbol "TRNX," as a result of the spin-off, subject to Taronis Technologies' continued compliance with the Nasdaq Listing Rules.

Trading Between the Record Date and Distribution Date

Beginning on the record date and continuing until the time of the distribution, Taronis Technologies expects that there will be two markets in shares of Taronis Technologies common stock: a "regular-way" market and an "ex-distribution" market on the Nasdaq Capital Market. Shares of Taronis Technologies common stock that trade on the "regular-way" market will trade with an entitlement to Taronis Fuels common stock distributed pursuant to the distribution. Shares of Taronis Technologies common stock that trade on the "ex-distribution" market will trade without an entitlement to Taronis Fuels common stock distributed pursuant to the distribution. Therefore, if a shareholder sells shares of Taronis Technologies common stock in the "regular-way" market on or prior to the time of the distribution, such shareholder will be selling the right to receive Taronis Fuels common stock in the distribution. If a shareholder owns shares of Taronis Technologies common stock at the close of business on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such shareholder will receive the shares of Taronis Fuels common stock that such shareholder is entitled to receive pursuant to such shareholder's ownership as of the record date of the shares of Taronis Technologies common stock.

Furthermore, beginning on the record date and continuing until the time of the distribution, Taronis Fuels expects that there will be a "when-issued" market in its common stock on the OTCQX. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market on the OTCQX will be a market for Taronis Fuels common stock that will be distributed to holders of Taronis Technologies common stock on the distribution date. Shareholders who owned Taronis Technologies common stock at the close of business on the record date are entitled to Taronis Fuels common stock distributed pursuant to the distribution. Such a shareholder may trade this entitlement to shares of Taronis Fuels common stock, without the shares of Taronis Technologies common stock such shareholder owns, on the "when-issued" market on the OTCQX. Upon completion of the distribution, "when-issued" trading with respect to Taronis Fuels common stock will end, and "regular-way" trading will begin on the OTCQX.

Spin-Off Conditions and Termination

We expect that the spin-off will be completed on or about the business day immediately following the distribution date, provided that, among other things:

- the Taronis Technologies Board of Directors will, in its sole and absolute discretion, have authorized and approved the separation and the distribution and will not have withdrawn that authorization and approval;
- the Taronis Technologies Board of Directors will have declared the distribution of 100% of our outstanding common stock to Taronis Technologies shareholders;
- Taronis Technologies and we will have executed and delivered the separation and the distribution agreement, transition services agreements, tax sharing agreement and all other ancillary agreements related to the spin-off;
- the effectiveness of our registration statement on Form 10, under the Exchange Act, with no stop order in effect with respect to the Form 10, and the related information statement shall have been sent to Taronis Technologies shareholders as of the close of business on November 29, 2019, the record date;
- no order, injunction or decree that would prevent the consummation of the distribution will be threatened, pending or issued (and still in effect) by any governmental entity of competent jurisdiction, no other legal restraint or prohibition preventing the consummation of the distribution will be in effect, and no other event outside the control of Taronis Technologies will have occurred or failed to occur that prevents the consummation of the distribution;
- our common stock shall have been approved for listing on the OTC Markets, subject to official notice of issuance;
- Taronis Technologies shall have received an opinion from its tax counsel regarding the tax-free status of the spin-off and certain internal restructuring transactions as of the distribution date; and
- no other events or developments will have occurred that, in the judgment of the board of directors of Taronis Technologies would result in the spin-off having a material adverse effect on Taronis Technologies or its shareholders.

Taronis Technologies may waive one or more of these conditions in its sole and absolute discretion, and the determination by Taronis Technologies regarding the satisfaction of these conditions will be conclusive. The fulfillment of these conditions will not create any obligation on Taronis Technologies' part to effect the distribution, and Taronis Technologies has reserved the right to amend, modify or

abandon any and all terms of the distribution and the related transactions at any time prior to the distribution date. Taronis Technologies does not intend to notify its shareholders of any modifications to the terms or the conditions to the separation that, in the judgment of its board of directors, are not material. To the extent that the Taronis Technologies board of directors determines that any such modifications materially change the terms and conditions of the distribution, Taronis will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a press release, Current Report on Form 8-K or other similar means.

Reason for Sending this Information Statement

This Information Statement is being sent solely to provide information to Taronis Technologies shareholders who will receive Taronis Fuels common stock in the spin-off. It is not to be construed as an inducement or encouragement to buy or sell any of our securities. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither we nor Taronis Technologies undertake any obligation to update the information, except to the extent so required by applicable securities laws.

CAPITALIZATION

The following table sets forth Taronis Fuels' cash and cash equivalents and capitalization as of June 30, 2019 (i) on a historical basis and (ii) on an as adjusted basis to give effect to the pro forma adjustments included in Taronis Fuels' unaudited pro forma financial information included elsewhere in this information statement. The information below is not necessarily indicative of what Taronis Fuels' cash and cash equivalents and capitalization would have been had the spin-off been completed as of June 30, 2019. In addition, this information is not indicative of Taronis Fuels' future cash and cash equivalents and capitalization.

This table should be read in conjunction with the sections entitled "Selected Historical Consolidated Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Audited and Unaudited Condensed Combined Carve-Out Financial Statements and corresponding notes included elsewhere in this information statement.

	As of June 30, 2019 (unaudited)	
	Actual	As Adjusted
Cash and cash equivalents:	$ 1,635,862	$ 1,635,862
Debt, including current and long-term:		
Current debt	$ 1,575,255	$ 1,575,255
Long-term debt	1,531,491	$ 1,531,491
Total debt	$ 3,106,746	$ 3,106,746
Shareholder's Equity:		
Parent's net investment	$ 28,223,386	$ -
Common Stock	-	90
Additional Paid in Capital	-	28,223,296
Total equity	$ 28,223,386	$ 28,223,386
Total capitalization	$ 31,330,132	$ 31,330,132

(1) We expect to distribute approximately 90,280,000 Taronis Fuels common stock, $0.000001 par value per share, to holders of Taronis Technologies common stock subject to adjustment based on the number of Taronis Technologies common stock outstanding on the record date, November 29, 2019.

DIVIDEND POLICY

We have not paid any cash dividends on our common stock and do not currently anticipate paying cash dividends in the foreseeable future. Payment of future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. We intend to retain future earnings, if any, for reinvestment in the development and expansion of our business.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data for the periods indicated. The selected historical consolidated financial data for the years ended December 31, 2018 and 2017 and the balance sheet data as of December 31, 2018 and 2017 are derived from the audited financial statements included elsewhere in this Information Statement. The selected historical financial data for the six months ended June 30, 2019 and 2018 and the balance sheet data as of June 30, 2019 and 2018 are derived from our unaudited financial statements included elsewhere in this Information Statement. In Taronis Fuel's management's opinion, the Unaudited Condensed Combined Carve-Out Financial Statements as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 have been prepared on the same basis as the Audited Combined Carve-Out Financial Statements and include all adjustments, consisting only of normal recurring adjustments and allocations, necessary for a fair presentation of the information for the periods presented.

The selected historical consolidated financial data include certain expenses of Taronis Technologies that were allocated to us for certain corporate functions including information technology, finance, legal, insurance, compliance and human resources activities. These costs may not be representative of the future costs we will incur as an independent, publicly traded company. In addition, Taronis Fuels' historical financial information does not reflect changes that we expect to experience in the future as a result of our spin-off from Taronis Technologies, including changes in Taronis Fuels' cost structure, personnel needs, tax structure, capital structure, financing and business operations. Taronis Fuels' Audited and Unaudited Condensed Combined Carve-Out Financial Statements also do not reflect the allocation of certain assets and liabilities between Taronis Technologies and Taronis Fuels. Consequently, the financial information included here may not necessarily reflect Taronis Fuels' financial position, results of operations and cash flows in the future or what Taronis Fuels' financial position, results of operations and cash flows would have been had Taronis Fuels been an independent, publicly traded company during the periods presented.

Historical results are included for illustrative and informational purposes only and are not necessarily indicative of results we expect in future periods, and results of interim periods are not necessarily indicative of results for the entire year. You should read the following selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and corresponding notes and our financial statements and related notes appearing elsewhere in this information statement.

	Year Ended December 31, 2018	Year Ended December 31, 2017	Six Months Ended June 30, 2019 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Statement of Operations Data				
Total revenues	$ 9,713,183	$ 3,719,452	$ 10,773,393	$ 4,079,464
Total cost of revenues	5,626,483	2,216,773	5,887,250	2,730,459
Total gross profit	4,086,700	1,502,679	4,886,143	1,349,005
Total operating expenses	8,693,136	4,606,930	7,511,221	3,396,838
Loss from operations	(4,606,436)	(3,104,251)	(2,625,078)	(2,047,833)
Total other income (expense)	109,012	(16,462)	79,210	(76,473)
Net loss	$ (4,497,424)	$ (3,120,713)	$ (2,545,868)	$ (2,124,306)
Balance Sheet Data (at period end)				
Cash and cash equivalents	$ 1,598,737	$ 586,824	$ 1,635,862	$ 1,147,522
Working capital (1)	$ 3,386,909	$ 443,369	$ 1,384,828	$ 2,653,067
Total assets	$ 23,680,053	$ 10,833,897	$ 39,181,279	$ 16,645,609
Total liabilities	$ 3,171,399	$ 1,661,069	$ 10,957,893	$ 1,798,283
Parent's net investment	$ 20,508,654	$ 9,172,828	$ 28,223,386	$ 14,013,965

(1) Working capital represents total current assets less total current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the Audited Combined Carve-Out Financial Statements for the years ended December 31, 2018 and 2017, and the Unaudited Condensed Combined Carve-Out Financial Statements for the six months ended June 30, 2019 and 2018 and the corresponding notes included elsewhere in this Information Statement. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors, Cautionary Statement Regarding Forward-Looking Statements and Business sections in this Information Statement. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Spin-Off

On July 15, 2019, Taronis Technologies announced that its Board of Directors approved a plan to pursue a separation of its gas and welding supply retail business from Taronis Technologies, creating a new independent, publicly traded company. The spin-off is expected to be tax-free to both Taronis Technologies and our shareholders. We expect the spin-off will be completed on the distribution date, provided that the conditions set forth under the caption "The Spin-off Conditions and Termination" have been satisfied in Taronis Technologies' sole and absolute discretion.

We are currently a wholly owned subsidiary of Taronis Technologies. We were organized as a Delaware limited liability company on February 1, 2017, under the name MagneGas Welding Supply, LLC, to be a holding company for our various subsidiary level welding supply companies. On April 9, 2019, we converted MagneGas Welding Supply, LLC, a Delaware limited liability company, into Taronis Fuels, Inc., a Delaware corporation.

We will be separated from Taronis Technologies and will become an independent, publicly traded company through a spin-off, on or about the day immediately following December 5, 2019, the anticipated distribution date. As a result of the spin-off, each holder of one (1) share of Taronis Technologies common stock as of 5:00 p.m., New York City time, on the effective date of this registration statement, the record date, will be entitled to five (5) shares of Taronis Fuels common stock.

Taronis Technologies shareholders will not be required to pay for our common stock received in the spin-off or to surrender or exchange common stock of Taronis Technologies in order to receive our common stock or to take any other action in connection with the spin-off.

Business Overview

We are a holding company of various gas and welding supply companies, including MagneGas Welding Supply – Southeast, LLC, MagneGas Welding Supply – South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), that sells and distributes gas production Venturi® Plasma Arc units, a full line of industrial gases and welding equipment and services to the retail and wholesale metalworking and manufacturing industries.

In addition to a suite of industrial gases and welding supply equipment offerings, we also create, sell and distribute a synthetic gas called "MagneGas", which is produced by our wholly owned subsidiary, MagneGas Production, LLC. MagneGas is comprised primarily of hydrogen and created through a patented protected process, which we license from Taronis Technologies under an exclusive worldwide license. The fuel can be used as an alternative to acetylene and other fossil-fuel derived fuels for metal cutting and other commercial uses. After production, the fuel is stored in hydrogen cylinders which are then sold to market on a rotating basis. Independent analyses performed by the City College of New York and Edison Welding Institute have verified that MagneGas cuts metal at a significantly higher temperature and faster than acetylene, which is the most commonly used fuel in metal cutting. The use of MagneGas is substantially similar to acetylene making it easy for end-users to adopt our product with limited training.

Over the last several years we have acquired and maintained a retail distribution network, which allows us to sell and transport MagneGas to customers in various metalworking industries. Since 2017, we have doubled the range we are able to distribute MagneGas and are now able to more efficiently address markets within a 500-mile radius of our production hubs in Florida and Texas. We currently have a Venturi® Plasma Arc gas production unit in Texas that is in the process of being readied for MagneGas production. Within the next year or so, we plan to add one or more production hubs in California to serve the western United States. Finally, we have and intend to continue to acquire complementary gas and welding supply distribution businesses in order to expand the distribution and use of MagneGas, other industrial gases and related equipment. We have sold to over 30,000 customers in the public and private sectors.

As of September 30, 2019, we sell industrial gas and welding equipment and services through our 22 retail locations located throughout California, Texas, Louisiana and Florida. Prior to the proposed spin-off, we have been a wholly-owned subsidiary of Taronis Technologies.

For the fiscal years ended December 31, 2018 and 2017, we generated revenues of $9,713,183, and $3,719,452, respectively, and reported net losses of $4,497,424 and $3,120,713, respectively, and negative cash flow from operating activities of $5,286,174 and $1,664,336, respectively. For the six months ended June 30, 2019, we generated revenues of $10,773,393, reported a net loss of $2,545,868, and had negative cash flow from operating activities of $1,643,419 and parent's net investment balance of approximately $28,223,386. We anticipate that we will continue to report losses and negative cash flow. These factors raise substantial doubt regarding our ability to continue as a going concern as a result of our historical recurring losses and negative cash flows from operations as well as our dependence on private equity and financings. See "Risk Factors— We have a relatively limited history of operations and have a history of operating losses and our auditors have indicated that there is a substantial doubt about our ability to continue as a going concern."

These historical losses and accumulated deficits were primarily the result of a staffing model and a management team that was built for growth, not for the historical revenue levels generated in 2017 and 2018. The Company built its staffing model with a desired goal to grow revenues at above industry trends, and to proactively promote its proprietary product, MagneGas within the markets it serves. As a result, the Company made the decision to add key sales people to many of the recently acquired industrial gas distributors to stimulate anticipated sales growth, not to maximize current profitability. This growth model is beginning to generate data to support the efficacy of the staffing model. The Company's San Diego operations generated 39.3% revenues growth in the first six months of 2019, as compared to the same period in 2018. The Company's Flint and Palestine, TX locations, formerly operated as Green Arc Supply, grew 109.5% in the first six months of 2019, ad compared to the same period in 2018.

Management believes that in the coming quarters, the continued growth in revenues across all of the US retail locations should lead the Company towards improved profitability and positive cash flows from operations. The Company has demonstrated the ability to control costs while increasing revenues. For the twelve months ending December 31, 2017, operating margins were negative 83.5%. For the twelve months ending December 31, 2018, operating margins improved to negative 44.5%. This trend in improved margins continued for the first six months ending June 30, 2019, with operating margins of negative 23.98%. In fact, in three of the last four months of this period in 2019, the Company generated operating margins were materially improved as compared to the six month period.

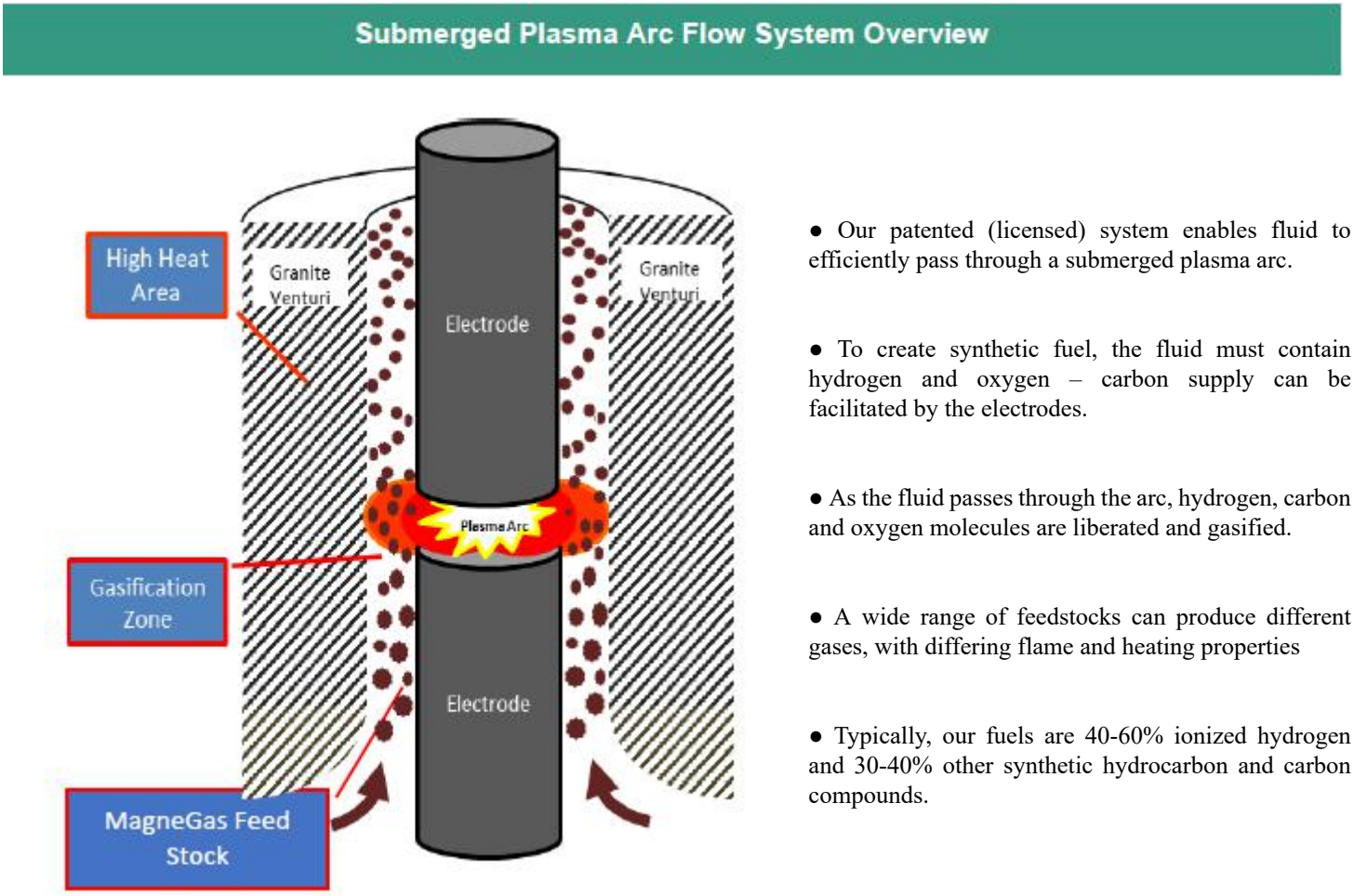
With these trends and the outlook for continued revenue growth, the Company believes that organic revenue growth has the potential to further improve profitability during the remainder of 2019 and thereafter. In addition, the Company has completed the installation of an industrial gas fill plant in Clearwater, FL. This is expected to have a material impact on profitability beginning in August of 2019. The Company is also upgrading its industrial gas fill plant in Tyler, TX, and this is slated to be completed in December of 2019. Lastly, the Company is relocating and upgrading its industrial gas fill plant in Compton, CA. This is expected to be completed in March of 2020.

Management believes that the expected revenue growth, combined with the upgrades to the Company's industrial gas delivery systems will reduce net loses to near zero as early as the end of the first quarter of 2020.

We anticipate that we will continue to report losses and negative cash flow for the remainder of 2019, albeit in incrementally smaller dollar amounts on a monthly basis. Our auditors have raised substantial doubt regarding our ability to continue as a going concern as a result of our historical recurring losses and negative cash flows from operations as well as our dependence on private equity and financings. See "Risk Factors— We have a relatively limited history of operations and have a history of operating losses and our auditors have indicated that there is a substantial doubt about our ability to continue as a going concern."

Proprietary Product – MagneGas Fuel

In addition to the other industrial gases and welding supplies we sell, we have one proprietary product that we market and sell which is derived from our core licensed technology. “MagneGas” is our clean, renewable alternative cutting fuel which is sold at our various locations to retail end users as an alternative product to acetylene. MagneGas is created by passing the MagneGas feed stock through the patented submerged Venturi® Plasma Arc System, also referred to as our Venturi® Plasma Arc units.



- Our patented (licensed) system enables fluid to efficiently pass through a submerged plasma arc.

- To create synthetic fuel, the fluid must contain hydrogen and oxygen – carbon supply can be facilitated by the electrodes.

- As the fluid passes through the arc, hydrogen, carbon and oxygen molecules are liberated and gasified.

- A wide range of feedstocks can produce different gases, with differing flame and heating properties

- Typically, our fuels are 40-60% ionized hydrogen and 30-40% other synthetic hydrocarbon and carbon compounds.

Strategy

We strive to be a top independent industrial gas and welding supply company. We aim to accomplish this goal through commercialization of our existing proprietary product MagneGas, increasing marketing/sales and awareness of our MagneGas and through increasing our customer base. To help commercialize the use of MagneGas, over the last several years we have acquired and integrated a number of independent welding supply and gas distribution businesses, which now offer MagneGas as an alternative to acetylene in 22 retail locations across the United States. We have also expanded internationally and have aligned ourselves with reputable industry leaders in product application, testing and safety. Finally, we will continue to evaluate potential strategic acquisition targets to enhance our organic based growth model and to market and sell our Venturi® Plasma Arc units abroad.

Distribution

We distribute and sell our MagneGas fuel, other gases and welding supplies at our retail locations in California, Texas, Louisiana and Florida and through our subsidiaries and in some cases through a select network of independent welding supply distributors. We primarily sell our Venturi® Plasma Arc units directly for commercial application of MagneGas production outside the United States.

Results of Operations

Comparison for the three months ended June 30, 2019 and 2018

Revenues

For the three months ended June 30, 2019 and 2018, revenues were $5,860,061 and $2,907,712, respectively, an increase of approximately 101.5%. The increase in revenue was due primarily to acquisitions made in the fourth quarter of 2018 and the first quarter of 2019. However, these acquisitions mask the impact of organic growth in existing retail locations during the first six months of 2019. The Company's San Diego operations generated 36.1% revenues growth in the three months ended June 30, 2019, as compared to the same period in 2018. The Company's Flint and Palestine, TX locations, formerly operated as Green Arc Supply, grew 24.1% in the three months ended June 30, 2018, as compared to the same period in 2018.

Cost of Revenues

For the three months ended June 30, 2019 and 2018, cost of revenues were $3,206,435 and $1,972,586, respectively, an increase of approximately 62.5%. The increase was primarily attributed to the growth in revenues and overall customer related activities related to the four acquisitions made during the three months ended June 30, 2019. Gross margins were 45.3% for the three months ended June 30, 2019 as compared to 32.2% for the same period in 2018. The increase in the gross profit margin was primarily due to a 101.5% increase in revenues from 2018 to 2019 with a 62.5% increase in cost of revenues, primarily attributed to the acquisitions discussed in *Revenues*. Although cost of revenues increased, they were reduced in relation to revenues from 2018 to 2019 by approximately 13.1%.

Operating Expenses

For the three months ended June 30, 2019 and 2018, operating costs were $3,955,015 compared to $2,010,180, respectively, an increase of approximately 96.7%. The increase in our operating costs in 2019 was primarily attributed to a 99.8% increase in selling, general and administration driven by an increase in salaries, wages and benefits due to additional staff through acquisitions and an increase in rent expense due to the acquisitions discussed in *Revenues*. The Company grew its employee base from approximately 70 employees as of June 30, 2018 to over 143 employees as of June 30, 2019. The Company also increased its retail locations from 9 to 22 during the same period, causing the related increase in rent.

Net Loss

Loss from operations for the three months ended June 30, 2019 was $1,223,545 compared to a loss of $1,078,523 for the three months ended June 30, 2018, an approximate 13.4% increase. The approximate $200,000 increase was primarily attributed to an increase in operating expenses of approximately $1.8 million, offset by an increase of approximately $1.7 million in gross profit.

Comparison for the six months ended June 30, 2019 and 2018

Revenues

For the six months ended June 30, 2019 and 2018, revenues were $10,773,393 and $4,079,464, respectively. The increase was largely due to three acquisitions made in the fourth quarter of 2018 and three acquisitions made in the first quarter of 2019. Organic growth also played a role in overall revenue growth in select markets. In particular, the Company's San Diego locations and Green Arc locations in Texas demonstrated organic growth of 24% and 18% respectively under the Company's management after they were acquired by the Company.

Cost of Revenues

For the six months ended June 30, 2019 and 2018, cost of revenues were $5,887,250 and $2,730,459, respectively. The primary cause for the increase was the growth in revenues and overall customer related activities related to six acquisitions made during the last twelve

months ended June 30, 2019. Gross margins were 45.4% for the six month period ended June 30, 2019 as compared to 33.1% for the same period in 2018. Cost of goods sold were also impacted in the first six months of 2018 due to the accounting impact of acquisitions made during the period. This amount of $331,061, and if excluded, gross margins would have been 44.0%.

Operating Expenses

For the six months ended June 30, 2019 and 2018, operating expenses were $7,511,221 and $3,396,838, respectively, an approximate increase of 121.1%. The increase was attributed to a 126.0% increase in selling, general and administration, which was primarily driven by an increase in salaries, wages and benefits due to additional staff through acquisitions, and an increase in rent expense due to additional locations added through acquisitions made during the fourth quarter of 2018 and the first quarter of 2019. The Company grew its employee base from approximately 70 employees as of June 30, 2018 to over 143 employees as of June 30, 2019. The Company also increased its retail locations from 9 to 22 during the same period, causing the related increase in rent.

Net Loss

For the six months ended June 30, 2019 and 2018, net loss was $2,545,868 and $2,124,306, respectively, an approximate increase of approximately 19.8%. The increase is primarily attributed to the increase in selling general and administration costs of approximately $4 million, and an increase in depreciation of approximately $210,000 due to the addition of PP&E through acquisitions discussed in *Revenues,* offset by an approximate increase in cost of revenues of $3.5 million.

Comparison for the years ended December 31, 2018 and 2017

Revenues

For the years ended December 31, 2018 and 2017, we generated total revenues of $9,713,183 and $3,719,452, respectively. The 161.1% increase in revenue was due primarily to the acquisition of six industrial gas and welding supply companies in Texas, Louisiana and California in 2018. The Company dedicated virtually all spare financial and operational resources during 2018 to completing, integrating, and implementing growth plans at its acquired businesses in California, Texas and Louisiana.

Cost of Revenues

For the years ended December 31, 2018 and 2017, costs of revenues were $5,626,483 and $2,216,773, respectively. For the years ended December 31, 2018 and 2017, we generated a gross profit of $4,086,700 and $1,502,679, respectively with gross margins for the years ended December 31, 2018 and 2017 of 42.1% and 40.4%, respectively. The increase in the gross profit margins was primarily due to a 161.1% increase in revenues from 2017 to 2018 with a 153.8% increase in cost of revenues primarily attributed to the acquisitions discussed in *Revenues.* The Company recorded $534,870 in additional cost of goods sold during the year due to acquisition accounting. If this amount were excluded, gross margins would have been 48.0%.

Operating Expenses

Operating costs for the years ended December 31, 2018 and 2017 were $8,693,136 and $4,606,930, respectively. The increase in our operating costs in 2018 was primarily attributable to the completion of our six acquisitions in 2018. Other non-cash operating expenses were due to depreciation and amortization charges of $694,561 for the year ended December 31, 2018, compared to $608,954 for the year ended December 31, 2017.

Net Loss

Our results have recognized losses in the amount of $4,497,424 compared to $3,120,713 for the years ended December 31, 2018 and 2017, respectively. The increase in our loss was primarily driven by an increase in salaries, wages and benefits due to additional staff through acquisitions, and an increase in rent expense due to additional locations through acquisitions.

Liquidity and Capital Resources

As of June 30, 2019, we had cash of $1,635,862 and restricted cash of $816,466. Net cash used in operating activities was $1,643,419 and $2,498,015 for the six months ended June 30, 2019 and 2018, respectively. Net cash provided by investing activities was $8,969,755 and $3,751,366 for the six months ended June 30, 2019 and 2018, respectively, and consisted primarily of cash paid for acquisitions and the purchase of property and equipment through those acquisitions. Net cash provided by financing activities for the six months ended June 30, 2019 and 2019 were $10,660,299 and $6,810,079, respectively, and consisted primarily of advances from the Parent, Taronis Technologies, Inc.

At June 30, 2019, current assets totaled $7,572,723 and current liabilities totaled $6,187,895, as compared to current assets totaling $5,753,432 and current liabilities totaling $2,366,523 at December 31, 2018. As a result, we had working capital of $1,384,828 at June 30, 2019 compared to working capital of $3,386,909 at December 31, 2018.

Upon completion of the spinoff, our capital structure and sources of liquidity will change significantly from our historical capital structure. Our businesses will no longer participate in cash management and funding arrangements with Taronis Technologies, Inc. Our internally generated cash flow will be used to invest in new product development, fund capital expenditures and fund working capital requirements, and is expected to be adequate to service any future debt, pay expected future dividends, fund any share repurchases and fund future acquisitions, if any. Our ability to fund these capital needs will depend on our ongoing ability to generate cash from operations and to access our borrowing facilities and capital markets. We believe that our future cash from operations, together with our access to cash and cash equivalents, and cash expected to be available through borrowing facilities and capital markets, will provide adequate resources to fund our operating and financing needs for at least the next twelve months.

The following tables contain several key measures to gauge our financial condition and liquidity as of June 30, 2019, December 31, 2018 and December 31, 2017:

Current Assets	**June 30,**	**December 31,**	
	2019	**2018**	**2017**
Cash and cash equivalents	$ 1,635,862	$ 1,598,737	$ 586,824
Accounts receivable	2,783,345	1,394,681	389,652
Inventories	2,964,341	2,587,254	510,111
Other current assets	189,175	172,760	34,012
Total Current Assets	$ 7,572,723	$ 5,753,432	$ 1,520,599

Accounts receivable, net, including due from related parties as of June 30, 2019 increased $1,388,664 from December 31, 2018, as a result of additional acquisitions in 2019. Inventories increased $377,087 as of June 30, 2019 compared to December 31, 2018 due to additional acquisitions in 2019.

Accounts receivable, net, including due from related parties as of December 31, 2018 increased $1,005,029 from the year ended December 31, 2017 due to 2018 acquisitions. Inventories increased by $2,077,143 due to acquisitions due to 2018 acquisitions.

Property, Plant and Equipment	**June 30,**	**December 31,**	
	2019	**2018**	**2017**
Property, plant and equipment, net	$ 15,766,081	$ 9,652,306	$ 6,852,390

Property, plant and equipment, net increased $6,113,775 for the period ended June 30, 2019 compared to December 31, 2018. Property, plant and equipment, net increased $2,799,916 for the year ended December 31, 2018 from the year ended December 31, 2017. The increase in property, plant and equipment, net, in both periods was primarily due to acquisitions.

Long-term Assets	**June 30,**	**December 31,**	
	2019	**2018**	**2017**
Other assets	15,842,475	8,274,315	2,460,908
Total Assets	$ 39,181,279	$23,680,053	$10,833,897

Other assets increased $7,598,160 from December 31, 2018 to June 30, 2019, which was due to a $4.4 million increase in goodwill due to acquisitions and a $3.8 million increase to right-of-use assets due to the Company adopting ASC 842 as of January 1, 2019. Other assets increased $5,813,407 for the year ended December 31, 2018 from the year ended December 31, 2017, which was primarily due to a $5 million increase in goodwill due to acquisitions.

Liabilities and Equity	**June 30,**	**December 31,**	
	2019	**2018**	**2017**
Current liabilities	$ 6,187,895	$ 2,366,523	$ 1,077,230
Long term debt	1,531,491	601,582	520,000
Deferred income taxes			
Other non-current liabilities	3,238,507	203,294	63,839
Parent's net investment	28,223,386	20,508,654	9,172,828
Total liabilities and parent's net investment	**$ 39,181,279**	**$ 23,680,053**	**$ 10,833,897**

Current liabilities increased to $6,187,895 as of June 30, 2019, up $3,821,372 from December 31, 2018. The increase was driven by an increase in accounts payable due to the additional acquisitions, partially offset by the recognition of ASC 842.

Deferred income taxes increased as of December 31, 2018 to $2,236,620 as compared to $816,948 as of December 31, 2017 primarily due to an increase in net operating loss carryover.

Cash Flows from Operations

The following table reflects the major categories of cash flows for the six months ended June 30, 2019 and 2018 and the years ended December 31, 2018 and 2017. For additional details, please see the Combined Carve-Out Statements of Cash Flows in the Audited and Unaudited Condensed Combined Carve-Out Statements of Cash Flows contained elsewhere in this information statement.

Cash Flows	**Six Months Ended June 30,**		**Year Ended December 31,**	
	2019	**2018**	**2018**	**2017**
Net cash used in operating activities	$ (1,643,419)	$ (2,498,015)	$ (5,286,174)	$ (1,520,547)
Net cash used in investing activities	(8,969,755)	(3,751,366)	(8,334,441)	(487,880)
Net cash provided by financing activities	10,660,299	6,810,079	15,438,994	978,841
Increase (decrease) in cash and cash equivalents	**$ 47,125**	**$ 560,698**	**$ 1,818,379**	**$ (1,029,586)**

For the six months ended June 30, 2019 and 2018, we used cash in operations of $1,643,419 and $2,498,015, respectively. Our cash use for the six months ended June 30, 2019 was primarily attributable to cash used to reduce vendor balances, accrued expenses and short-term liabilities. Our cash use for the six months ended June 30, 2018 was primarily attributable to pay down accounts payable. During the six months ended June 30, 2019, cash used by investing activities consisted of $8,969,755 primarily due to acquisitions and purchase of property plant and equipment through the acquisitions. During the six months ended June 30, 2018, cash used by investing activities consisted of $3,751,366, primarily due to acquisitions. Cash provided by financing activities for the six months ended June 30, 2019 was $10,660,299 and consisted primarily of advances from the parent. Cash provided by financing activities for the six months ended June 30, 2018 of $6,810,079 primarily consisted of advances from the parent. The net increase in cash during the six months ended June 30, 2019 was $47,125 as compared to a net increase in cash of $560,698 for the six months ended June, 2018.

For the years ended December 31, 2018 and 2017, we used cash in operations of $5,286,174 and $1,520,547, respectively. Our cash use for 2018 was primarily attributable to cash used to reduce vendor balances, accrued expenses and other short-term liabilities. Our cash use for 2017 was primarily attributable to general corporate needs, personnel restructuring, the overhaul of our capital structure, and organic growth initiatives. During the year ended December 31, 2018, cash used by investing activities consisted of $8,334,441 primarily due to the acquisition of six welding supply establishments. During the year ended December 31, 2017, cash used by investing activities consisted of $487,880 primarily for the purchase of property and equipment and a deposit placed in escrow for an acquisition completed January 19, 2018. Cash provided by financing activities for the year ended December 31, 2018 was $15,438,994 as compared to cash provided by financing activities for the year ended December 31, 2017 of $978,841, primarily consisting of advances from the parent. The net increase in cash during the year ended December 31, 2018 was $1,818,379 as compared to a net decrease in cash of $1,029,586 for the year ended December 31, 2017.

Going Concern

As of June 30, 2019, the Company had cash and restricted cash of $2,452,328. For the six months ended June, 2019 and for the year ended December 31, 2018, the Company reported a net loss of $2,545,868 and $4,497,424, respectively, and negative cash flows from operating activities of $1,643,419 and $5,286,174, respectively. Partly offsetting our negative cash flows, as of June 30, 2019 the Company had a positive working capital position of $1,384,828, and parent's net investment balance of $28,223,386. As a result of the Company's negative cash flow generation, there is substantial doubt about the Company's ability to continue as a going concern within one year from the issuance date of the financial statements.

The ability of the Company to continue as a going concern is dependent upon its ability to further implement its business plan and generate sufficient revenue and its ability to raise additional funds by way of public or private offerings or through the use of indebtedness.

Historically, the Company has financed its operations through equity and debt financing transactions and expects to continue incurring operating losses for the foreseeable future. The Company's plans and expectations for the next 12 months include raising additional capital to help fund commercial operations, make select acquisitions, and new product development. The Company utilizes cash in its operations of approximately $300,000 per month.

The primary use of cash from operations was to support the growth in our industrial gas and welding sales force and the supporting logistics and fulfillment team in Florida, Texas, Louisiana and California.

If these sources do not provide the capital necessary to fund our operations during the next twelve months from the date of this Information Statement, we may need to curtail certain aspects of our operations or expansion activities, consider the sale of our assets or consider other means of financing. We can give no assurance that we will be successful in implementing our business plan and obtaining financing on terms advantageous to us or that any such additional financing would be available to us.

Recent Accounting Standards

Included in the Company's financial statements in this Form 10.

Critical Accounting Policies

The significant accounting policies that are most critical and aid in fully understanding and evaluating the reported financial results include the following:

We prepare our financial statements in conformity with U.S. GAAP. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that these estimates are reasonable and have been discussed with our Board of Directors (the "Board"); however, actual results could differ from those estimates.

We issue restricted stock to consultants for various services. Cost for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete.

Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, we estimate fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets.

The Company adopted ASC 606 effective January 1, 2018 using the modified retrospective method which would require a cumulative effect adjustment for initially applying the new revenue standard as an adjustment to the opening balance of retained earnings and the comparative information would not require to be restated and continue to be reported under the accounting standards in effect for those periods.

Based on the Company's analysis, the Company did not identify a cumulative effect adjustment for initially applying the new revenue standards.

The Company principally generates revenue through three processes: (1) the sale of MagneGas fuel for metal cutting and through the sales of other industrial and specialty gases and related products through our wholly owned subsidiaries, (2) the sale of our Venturi® Plasma Arc Units and (3) by providing consulting services. The Company's revenue recognition policy for the year ending December 31, 2018 is as follows:

- Revenue for metal-working fuel, industrial gases and welding supplies is recognized when performance obligations of the sale are satisfied. The majority of the Company's terms of sale have a single performance obligation to transfer products. Accordingly, the Company recognizes revenue when control has been transferred to the customer, generally at the time of shipment of products. Under the previous revenue recognition accounting standard, the Company recognized revenue upon transfer of title and risk of loss, generally upon the delivery of goods.

- The Company applies the five-step process outlined in ASC 606 when recognizing revenue with regards to consulting services:

    - The Company enters into a written consulting agreement with a customer to provide professional services and has an enforceable right to payment for its performance completed to date;

    - All of the promised services are identified to determine whether those services represent performance obligations;

    - In consideration for the services to be rendered, the Company expects to receive incremental payments during the term of the agreement;

    - Payments are estimated for each performance obligation and allocated in accordance with payment terms; and

    - Typically, consulting services contracts will follow a similar pattern of recognition as legacy GAAP. The nature of the consulting services is such that the customer will receive benefits of the Company's performance only when the customer receives the professional services. Consequently, the entity recognizes revenue over time by measuring the progress toward complete satisfaction of the performance obligation.

The fair value of an embedded conversion option that is convertible into a variable amount of shares and warrants that include price protection reset provision features are deemed to be "down-round protection" and, therefore, do not meet the scope exception for treatment as a derivative under Accounting Standards Codification ("ASC") ASC 815 "Derivatives and Hedging", since "down-round protection" is not an input into the calculation of the fair value of the conversion option and warrants and cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815. The accounting treatment of derivative financial instruments requires that we record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date.

We reassess the classification of our derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into a convertible credit facility for which such instruments contained a variable conversion feature with no floor, we have adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees.

The Black-Scholes option valuation model was used to estimate the fair value of the warrants and conversion options. The model includes subjective input assumptions that can materially affect the fair value estimates. We determined the fair value of the Binomial Lattice Model and the Black-Scholes Valuation Model to be materially the same. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the warrants. Conversion options are recorded as debt discount and are amortized as interest expense over the life of the underlying debt instrument.

Goodwill and Indefinite-lived Assets

We have recorded goodwill and other indefinite-lived assets in connection with our acquisitions. Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of the acquired company, is not amortized. Indefinite-lived intangible assets are stated at fair value as of the date acquired in a business combination. The recoverability of goodwill is evaluated at least annually and when events or changes in circumstances indicate that the carrying amount may not be recoverable.

We analyze goodwill first to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a detailed goodwill impairment test as required. The more-likely-than-not threshold is defined as having a likelihood of more than 50%.

Events and circumstances for an entity to consider in conducting the qualitative assessment are:

- Macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets.
- Industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), a change in the market for an entity's products or services, or a regulatory or political development.
- Cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows.
- Overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods.
- Other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, contemplation of bankruptcy, or litigation.
- Events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing of all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.
- If applicable, a sustained decrease in share price (considered in both absolute terms and relative to peers).

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We expect a portion of our borrowings may be at variable rates of interest and expose us to interest rate risks. We will be exposed to the risk of rising interest rates to the extent that we fund our operations with short-term or variable-rate borrowings. We expect that as of the date of the spin-off, we will have approximately 6,345,253 of aggregate debt outstanding, some of which will consist of debt with variable interest rates. Based on the amount of debt with variable rate interest that we expect to be outstanding at the time of the completion of the spin-off, a 2.0% rise in interest rates would result in an increase in interest expense of approximately $2,232 annually, with a corresponding decrease in income from operations before income taxes of the same amount.

Foreign Currency Exchange Rate Risk

Fluctuations in the value of the U.S. dollar compared to foreign currencies may impact our earnings. Geographically our sales are primarily made to customers in the United States. Currency fluctuations could impact us to the extent they impact the currency or the price of raw materials in foreign countries in which our competitors operate or have significant sales.

BUSINESS

Our Company

We are a holding company of various gas and welding supply companies, including MagneGas Welding Supply – Southeast, LLC, MagneGas Welding Supply – South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), that sells and distributes gas production Venturi® Plasma Arc units, a full line of industrial gases and welding equipment and services to the retail and wholesale metalworking and manufacturing industries.

In addition to a suite of industrial gases and welding supply equipment offerings, we also create, sell and distribute a synthetic gas called "MagneGas", which is produced by our wholly owned subsidiary, MagneGas Production, LLC. MagneGas is comprised primarily of hydrogen and created through a patented protected process, which we license from Taronis Technologies under an exclusive worldwide license. The fuel can be used as an alternative to acetylene and other fossil-fuel derived fuels for metal cutting and other commercial uses. After production, the fuel is stored in hydrogen cylinders which are then sold to market on a rotating basis. Independent analyses performed by the City College of New York and Edison Welding Institute have verified that MagneGas cuts metal at a significantly higher temperature and faster than acetylene, which is the most commonly used fuel in metal cutting. The use of MagneGas is substantially similar to acetylene) making it easy for end-users to adopt our product with limited training.

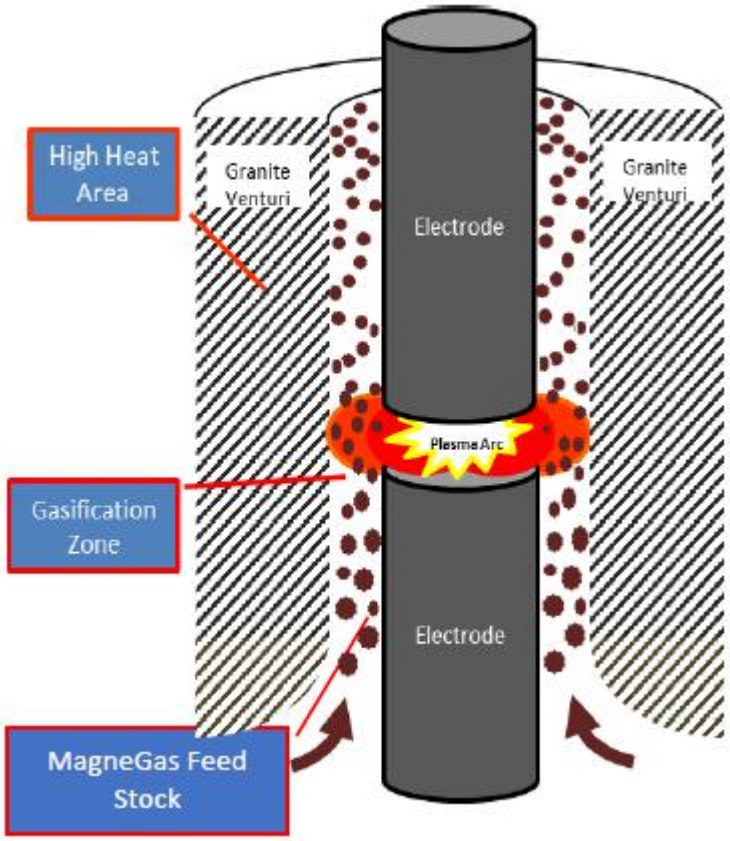
Over the last several years we have acquired and maintain a retail distribution network, which allows us to sell and transport MagneGas to customers in various metalworking industries. Since 2017, we have doubled the range we are able to distribute MagneGas and are now able to more efficiently address markets within a 500-mile radius of our production hubs in Florida and Texas. We currently have a Venturi® Plasma Arc gas production unit in Texas that is in the process of being readied for MagneGas production. Within the next year or so, we plan to add one or more production hubs in California to serve the western United States. Finally, we have and intend to continue to acquire complementary gas and welding supply distribution businesses in order to expand the distribution and use of MagneGas, other industrial gases and related equipment. We have sold to over 30,000 customers in the public and private sectors.

As of September 30, 2019, we sell industrial gas and welding equipment and services through our 22 retail locations located throughout California, Texas, Louisiana and Florida. Prior to the proposed spin-off, we have been a wholly-owned subsidiary of Taronis Technologies.

Proprietary Product – MagneGas Fuel

In addition to the other industrial gases and welding supplies we sell, we have one proprietary product that we market and sell which is derived from our core licensed technology. "MagneGas" is our clean, renewable alternative cutting fuel which is sold at our various locations to retail end users as an alternative product to acetylene. MagneGas is created by passing the MagneGas feed stock through the patented submerged Venturi® Plasma Arc System, also referred to as our Venturi® Plasma Arc units.

Submerged Plasma Arc Flow System Overview



● Our patented (licensed) system enables fluid to efficiently pass through a submerged plasma arc.

● To create synthetic fuel, the fluid must contain hydrogen and oxygen – carbon supply can be facilitated by the electrodes.

● As the fluid passes through the arc, hydrogen, carbon and oxygen molecules are liberated and gasified.

● A wide range of feedstocks can produce different gases, with differing flame and heating properties

● Typically, our fuels are 40-60% ionized hydrogen and 30-40% other synthetic hydrocarbon and carbon compounds.

Strategy

We strive to be a top independent industrial gas and welding supply company. We aim to accomplish this goal through commercialization of our existing proprietary product MagneGas, increasing marketing/sales and awareness of our MagneGas and through increasing our customer base. To help commercialize the use of MagneGas, over the last several years we have acquired and integrated a number of independent welding supply and gas distribution businesses, which now offer MagneGas as an alternative to acetylene in 22 retail locations across the United States. We have also expanded internationally and have aligned ourselves with reputable industry leaders in product application, testing and safety. Finally, we will continue to evaluate potential strategic acquisition targets to enhance our organic based growth model and to market and sell our Venturi® Plasma Arc units abroad.

Distribution

We distribute and sell our MagneGas fuel, other gases and welding supplies at our retail locations in California, Texas, Louisiana and Florida and through our subsidiaries and in some cases through a select network of independent welding supply distributors.

Competitive Business Conditions

The competitive landscape in which our welding supply and gas distribution businesses operates is comprised of several major international conglomerates, such as Airgas, Linde, Air Products and Praxair, to name a few, and a number of smaller independent distributors which compete for market share in certain geographical areas. We believe that the superior qualities of MagneGas and our dedicated staff are a market differentiator which allows us to compete with both large conglomerates and smaller distributors.

Governmental Approval

Most of our welding supply products and the applications for which they are used are not subject to governmental approval, although we are subject to state and local licensing requirements.

Governmental Regulations

We are regulated by the United States Department of Transportation and state transportation agencies in the method of storage and transportation of the gases we make and sell. We believe that our current operations are fully compliant with applicable local, state and federal regulations.

Key Factors Affecting Performance

Sales of Gases and Welding Supplies

We generate substantially all of our revenue through the sale of industrial gases and welding equipment for the retail and wholesale metalworking and manufacturing industries. In some cases, we generate revenue from the sale of services.

Utilization of Our Products

We believe there is significant opportunity to increase awareness and the use of MagneGas as an alternative to acetylene and propane. Our product is green, renewable and burns clean. We believe that as more of our present and future customers realize the potential of MagneGas, as well as the greater market, our sales will continue to grow and diversify.

Investment in Infrastructure and Growth

Our ability to increase our sales of industrial gases and welding equipment and the ancillary services we offer and to further penetrate our target markets is dependent in large part on our ability to invest in our infrastructure and in our sales and marketing efforts. We continue to invest in value-add infrastructure, such as gas fill plants and gas cylinders. In order to drive future growth, we plan to hire additional sales personnel and invest in marketing our products to our target customers both in the United States and internationally. We believe this will lead to corresponding increases in our operating expenses, and thus may negatively impact our operating results in the short term, although we believe that these investments will grow and improve our business and financial condition over the long term.

Increased System Efficiency for Greater Fuel Output

We continue to conduct ongoing research to discover methods to increase efficiency and reduce the cost of the production of our fuels. Since 2012, we have reduced our production costs by 88% and are working diligently to reduce costs by another 50% in the next 12 months, which we believe will enable us to out-price acetylene producers. During the last two fiscal years, we typically had 3 to 6 full-time employees working on research and development projects. We will receive the benefit of continued research and development results and initiatives pursuant to our intellectual property license with Taronis Technologies. For more information, see the section entitled "Material Agreements Between Taronis Technologies and Us".

Employees

As of September 30, 2019, we employed approximately 145 full-time employees. We have occasionally used temporary employees and independent contractors to perform production and other duties. We consider our relationship with our employees to be excellent.

Properties

In the spring of 2019, we transitioned our executive team to new corporate headquarters located at 16165 N. 83rd Avenue, Suite 200, Peoria, Arizona 85382. We also have a research and development facility located at 11885 44th Street North, Clearwater, Florida.

Nearly all of our retail locations are subject to lease arrangements, some of which provide us the option to purchase the subject real estate in the future. We are planning to or are otherwise in the process of purchasing parcels of real estate encompassing one or more of our retail locations.

Corporate History

We were initially organized as a Delaware limited liability company on February 1, 2017, under the name MagneGas Welding Supply, LLC, to be a holding company for Taronis Technologies welding supply companies, including our subsidiaries. On April 9, 2019, the company was converted from a limited liability company to a corporation in accordance with the Delaware General Corporation Law. In conjunction with the conversion, we changed the name of the company to Taronis Fuels, Inc.

Legal Proceedings

From time to time, we are involved in various claims and legal actions arising in the ordinary course of business. There are no legal proceedings currently pending against us directly which we believe would have a material effect on our business, financial position or results of operations and, to the best of our knowledge, there are no such legal proceedings contemplated or threatened. That said, we are aware of two threats of indirect litigation which have been threatened against two of the Company's wholly owned subsidiaries. On September 4, 2018, our wholly owned subsidiary MagneGas Welding Supply – East, LLC received notice that a law firm representing the estate of an individual who sustained life-ending injuries while working for an end user of our products had made a claim to our insurance carrier. On June 6, 2019, we received a second notice from another individual who witnessed the aforementioned incident who claims to have been injured. The matter is under investigation by the U.S. Department of Transportation and the Occupational Health and Safety Administration. The Company is still investigating the cause of the accident and there have been no conclusive findings as of this time. It is unknown whether the final cause of the accident will be determined and whether those findings will negatively impact Company

operations or sales. The Company continues to be fully operational and transparent with all regulatory agencies and has not accrued for any potential liability at this time.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions Approval Policy

Our board of directors has adopted a Code of Ethics, which requires that any potential conflicts of interest, such as significant transactions with related parties, be reported to our legal department. The Codes of Ethics requires that employees, officers and directors avoid placing themselves in positions in which their personal interests could interfere in any way with the Company's interests. The Code of Ethics specifically prohibits the following situations:

- competing against the Company;
- holding a significant financial interest in a Company doing business with or competing with the Company;
- accepting gifts, gratuities or entertainment from any customer, competitor or supplier of goods or services to the company, except to the extent they are customary and reasonable in amount and not in consideration for an improper action by the recipient;
- using for personal gain any business opportunities that are identified through a person's position with the Company;
- using the Company's property, information or position for personal gain;
- using the Company's property other than in connection with our business;
- maintaining other employment or a business that adversely affects a person's job performance at the company; and
- doing business on the Company's behalf with a relative or another company employing a relative.

The Code of Ethics provides that in the event of any potential conflict of interest, our board of directors will review and, considering such factors as it deems appropriate under the circumstances, make a determination as to whether to grant a waiver to the policies for any such situation. Any waiver would be promptly disclosed to shareholders.

Related Party Transactions

None.

RELATIONSHIP WITH TARONIS TECHNOLOGIES FOLLOWING THE SPIN-OFF

Historical Relationship with Taronis Technologies

We are currently a wholly owned subsidiary of Taronis Technologies. We were organized in Delaware on February 1, 2017 under the name MagneGas Welding Supply, LLC. On April 9, 2019, we converted MagneGas Welding Supply, LLC, a Delaware limited liability company to Taronis Fuels, Inc., a Delaware corporation. Prior to the spin-off, Taronis Technologies held and operated all of its assets and generally all the liabilities relating to Taronis Technologies' gas and welding supply business in Taronis Fuels. As a result of the historical relationship between us and Taronis Technologies, in the ordinary course of our business, we have received various services provided by Taronis Technologies and some of its other subsidiaries, including accounting, treasury, tax, legal, risk management, communications, human resources, procurement, information technology and other services. Our Audited Combined Carve-Out Financial Statements include allocations by Taronis Technologies of a portion of its overhead costs related to those services. These cost allocations have been determined on a basis that we and Taronis Technologies consider to be reasonable reflections of the use of those services.

Taronis Technologies' Distribution of Our Shares

Taronis Technologies will be our sole shareholder until completion of the spin-off. In the spin-off, Taronis Technologies is distributing 100% of its equity interest in us to its shareholders in a transaction that is intended to be tax-free to Taronis Technologies, Inc. and its U.S. shareholders. The spin-off will be subject to a number of conditions, some of which are more fully described above under "The Spin-off Conditions and Termination."

Material Agreements Between Taronis Technologies and Us

In the discussion that immediately follows, we have summarized the terms of material agreements that we intend to enter into with Taronis Technologies in connection with the spin-off and to govern our ongoing relationship with Taronis Technologies following the spin-off. The summaries of these agreements are not complete and are qualified by reference to the terms of the agreements, the forms of which are included as exhibits to the registration statement of which this Information Statement forms a part. We encourage you to read the full text of those agreements. The terms of those agreements have not yet been finalized; changes, some of which may be material, may be made prior to the spin-off.

Separation Agreement and Distribution Agreement

The separation and distribution agreements will contain the key provisions relating to the spin-off, including provisions relating to the principal intercompany transactions required to effect the spin-off, the conditions to the spin-off and provisions governing the relationships between Taronis Technologies and us after the spin-off.

Transfer of Assets and Assumption of Liabilities. The separation and distribution agreements will provide for those transfers of assets and assumptions of liabilities that are necessary in advance of our separation from Taronis Technologies so that each of Taronis Fuels and Taronis Technologies retains the assets necessary to operate its respective business and retains or assumes the liabilities allocated to it in accordance with the reorganization.

Representations and Warranties. In general, neither Taronis Technologies nor we will make any representations or warranties regarding any assets or liabilities transferred or assumed, any consents or approvals that may be required in connection with these transfers or assumptions, the value or freedom from any lien or other security interest of any assets transferred, the absence of any defenses relating to any claim of either party or the legal sufficiency of any conveyance documents. Except as expressly set forth in the separation and distribution agreement, all assets will be transferred on an "as is," "where is" basis.

The Distribution. The separation and distribution agreements will govern Taronis Technologies' and our respective rights and obligations regarding the proposed distribution. Prior to the distribution, Taronis Technologies will deliver all of our issued and outstanding common stock to the distribution agent. On the distribution date, Taronis Technologies will instruct the distribution agent to electronically deliver our common stock to Taronis Technologies' shareholders based on the distribution ratio. Taronis Technologies will have the sole and absolute discretion to determine the terms of, and whether to proceed with, the distribution.

Conditions. The separation and distribution agreements will also provide that several conditions must be satisfied or waived by Taronis Technologies in its sole and absolute discretion before the distribution can occur. For further information about these conditions, see "The Spin-off Conditions and Termination." The Taronis Technologies board of directors may, in its sole and absolute discretion, determine the record date, the distribution date and the terms of the spin-off and may at any time prior to the completion of the spin-off decide to abandon or modify the spin-off.

Termination. The Taronis board of directors, in its sole and absolute discretion, may terminate the separation and distribution agreements at any time prior to the distribution.

Release of Claims. Taronis Technologies and we will each agree to release the other and its affiliates, successors and assigns, and all persons that prior to the distribution have been the other's shareholders, directors, officers, members, agents and employees, and their respective heirs, executors, administrators, successors and assigns, from any claims against any of them that arise out of or relate to events, circumstances or actions occurring or failing to occur or any conditions existing at or prior to the time of the distribution. These releases will be subject to exceptions set forth in the respective separation and distribution agreements.

Indemnification. Taronis Technologies and we will each agree to indemnify the other and each of the other's past and present directors, officers and employees, and each of their successors and assigns, against certain liabilities incurred in connection with the spin-off and our and Taronis Technologies' respective businesses. The amount of either Taronis Technologies' or our indemnification obligations will be reduced by any insurance proceeds the party being indemnified receives. The separation and distribution agreements will also specify procedures regarding claims subject to indemnification.

Tax Sharing Agreement

Taronis Fuels and Taronis Technologies will enter into a tax sharing agreement prior to the distribution, which will generally govern Taronis Technologies' and Taronis Fuels' respective rights, responsibilities and obligations after the distribution with respect to taxes for any tax period ending on or before the distribution date, as well as tax periods beginning before and ending after the distribution date. Generally, Taronis Fuels will be liable for all pre-distribution U.S. federal income taxes, foreign income taxes and non-income taxes attributable to Taronis Fuels' business, and all other taxes attributable to Taronis Fuels, paid after the distribution. In addition, the tax sharing agreement will address the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the distribution. The tax sharing agreement will also provide that Taronis Fuels is liable for taxes incurred by Taronis Technologies that arise as a result of Taronis Fuels taking or failing to take, as the case may be, certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Code.

Transition Services Agreement

We and Taronis Technologies will enter into a transition services agreement under which we and Taronis Technologies will provide and/or make available various administrative services and assets to each other, expected to be a period of 12 months or less beginning on the distribution date. Services to be provided by Taronis Technologies to us include certain services related to engineering, finance, facilities, information technology and employee benefits. Services to be provided by us to Taronis Technologies include certain services related to engineering, operations, finance, facilities and information technology.

In consideration for such services, we and Taronis Technologies will each pay fees to the other for the services provided, and those fees will generally be in amounts intended to allow the party providing services to recover all of its direct and indirect costs incurred in providing those services.

The personnel performing services under the transition services agreement will be employees and/or independent contractors of the party providing the service and will not be under the direction or control of the party to whom the service is being provided.

The transition services agreement will also contain customary mutual indemnification provisions.

We will be permitted to extend or renew any of the services to be performed under the transition services agreement by sending advance written notice to Taronis Technologies.

Intellectual Property License Agreement

We have entered into an intellectual property license agreement with Taronis Technologies, under which Taronis Technologies will license certain applications of its patents (specifically related to the creation and distribution of MagneGas and the production and sale of Venturi® units), certain trademarks, trade secrets and copyrights to us in connection with the operations of our business. The license, subject to certain limitations and exceptions is perpetual, irrevocable and worldwide, with limited and qualified rights to sublicense and assign. It includes an industry standard 7% royalty on any good sold by the Company which utilize the intellectual property licensed under the agreement, which we will pay monthly.

Other Commercial Agreements or Arrangements Between Taronis Technologies and Us

In the discussion that immediately follows, we have summarized the terms of other commercial agreements or arrangements that we intend to enter into with Taronis Technologies in connection with the spin-off that we do not deem material in amount or significance. The terms of those agreements and arrangements have not yet been finalized, and changes may be made prior to the spin-off.

Other Agreements or Arrangements

We and Taronis Technologies expect to enter into other commercial agreements or arrangements in connection with splitting the operations of Taronis Fuels and Taronis Technologies.

MANAGEMENT

Directors and Executive Officers

The following table sets forth the names, ages, positions and dates of appointment of our current directors and executive officers.

Name	Age	Position	Date Appointed
Scott Mahoney	44	Chief Executive Officer, President and Director	April 9, 2019
Tyler B. Wilson, Esq.	35	Chief Financial Officer, General Counsel and Secretary	August 15, 2019
Eric Newell	45	Treasurer, Vice President of Corporate Operations	September 1, 2019
Kevin Pollack	48	Director	August 15, 2019
William Staunton III	71	Director	August 15, 2019
Robert Dingess	72	Director	August 15, 2019
Peter Molloy	48	Director	August 15, 2019

Significant Employees

Jack Armstrong – Vice President of Business Development
Richard Conz – Vice President of Engineering, Research & Development
Clinton Rafe Dean – Vice President, Chief of Operations
Shelley Kitts – Director of External Controls

Family Relationships

None.

Business Experience

Set forth below is a brief description of the background and business experience of our executive officers and directors for the past five years.

Scott Mahoney is our Chief Executive Officer, President and a member of our Board of Directors. He presently holds the same role with Taronis Technologies. He previously served as of Chief Financial Officer and Secretary of Taronis Technologies since December 2016. Mr. Mahoney has 17 years of financial and distressed situation management experience. Prior to joining Taronis, Mr. Mahoney was the Chief Financial Officer of Phoenix Group Metals, LLC, a leading auto core supply and automobile recycling company based in Phoenix, AZ. In addition, Mr. Mahoney has served in several entrepreneurial roles in the oil industry, raising over $200MM in equity and debt capital for previous projects in the Permian Basin, Eagle Ford, Williston Basin, Rockies and Mid-continent. Mr. Mahoney has managed 13 oil and gas acquisitions, and managed or participated in more than 350 oil and gas wells. Prior to co-founding Vast, Mr. Mahoney was the Chief Financial Officer of American Standard Energy Corp, building that company from a start-up to a $400 million market capitalization in two years.

Prior to American Standard, Mr. Mahoney founded Catalyst Corporate Solutions, a financial consulting firm focused on turnaround management in the heavy industrial, business services and oil and gas industries. Under that firm, Mr. Mahoney served as a strategic advisor to XOG Operating, LLC a contract operator in 17 states and Geronimo Holding Corporation, a portfolio of oil and gas assets in the Permian Basin, Williston Basin, Eagle Ford, South Texas, among other holdings. Mr. Mahoney also advised a number of southwest-based companies on restructuring, debt and equity financings, acquisitions and the sale of multiple businesses. He has extensive experience in the technology, heavy manufacturing, recycling and transportation and construction industries through both his banking and consulting client base. Prior to forming Catalyst, Mr. Mahoney spent 13 years in corporate and investment banking with JP Morgan, Wells Fargo and Key Bank. Mr. Mahoney is a Chartered Financial Analyst and has an MBA from the Thunderbird School of Global Management and two Bachelor's degrees from the University of New Hampshire.

Mr. Mahoney's qualifications to serve on our Board include his financial and management experience.

Tyler B. Wilson, Esq. is our Chief Financial Officer, General Counsel and corporate Secretary. He presently holds the same roles with Taronis Technologies, Inc. Prior to joining the Company, Mr. Wilson first served as Taronis Technologies, Inc.'s General Counsel beginning 2017 and served as its Executive Vice President, Secretary and General Counsel from 2018-2019, until being promoted to his current roles. Mr. Wilson has extensive experience in corporate finance and management. He played a primary role in advancing Taronis Technologies, Inc.'s turnaround and rebranding beginning in early 2017, including development of its acquisition model, leading capital market financings, managing staff and service providers and advancing international expansion. Prior to joining the Company, Mr. Wilson served as the managing attorney of Wilson Law Group, PLLC, a corporate and securities boutique he founded in 2011. Over the course of his career, Mr. Wilson has founded and co-founded a number of successful start-ups and has extensive experience in business operations, capital markets transactions and operational leadership. Mr. Wilson holds a Bachelor of Arts from the University of Notre Dame and a Juris Doctor from the University of Notre Dame Law School.

Eric Newell is our Treasurer and our Vice President of Corporate Operations. Mr. Newell has more than twenty years of successful business management and hands-on operational experience in several diverse industries. In addition to his role with the Company, Mr. Newell has served as the General Manager of Taronis Technologies, Inc. since the fall of 2018 and previously served Taronis Technologies in a number of other capacities since 2015, including as System Operator Office Manager and Project Manager. Mr. Newell has more than twenty years of successful business management and hands-on operational experience in several diverse industries. He is currently pursuing a Bachelor's in Business Management at the University of Phoenix.

Robert L. Dingess is an independent director. He has served as Chairman of our Board of Directors of Taronis Technologies since April 30, 2013. Mr. Dingess has over 35 years of financial and management experience, including working with several large healthcare organizations, owning and operating his own businesses, and serving as a Senior Manager and Partner of Ernst & Young. Mr. Dingess currently is owner and Chief Executive Officer of Ideal Management Services, Inc., d/b/a Ideal Image Central Florida, a med-spa company with four locations in central Florida. From 1992 to 2002, Mr. Dingess served as the Chief Executive and owner of Dingess & Associates, Inc., a private healthcare consulting and management company, which served healthcare clients in multiple states. From 1986 to 1992, Mr. Dingess was a Senior Manager and Partner in Ernst & Young's Southeast Region Healthcare Operations Business Office Practice, where he advised over 200 healthcare clients in healthcare financial management. Mr. Dingess holds a Master of Business Administration from Virginia Commonwealth University and a Bachelor of Business Administration from Marshall University.

Mr. Dingess' experience in owning and operating his own businesses, serving as a Partner at E&Y and in advising companies give him the qualifications and skills to serve as a Director of our Company.

Kevin Pollack is an independent director. He has served as an independent director of Taronis Technologies since June 21, 2012. Mr. Pollack served as Chief Financial Officer of Opiant Pharmaceuticals, Inc. (NASDAQ: OPNT), a specialty pharmaceutical company, and as a member of its Board of Directors, from 2012 until 2017, and as an advisor from 2017 until 2018. From 2007 until 2013, Mr. Pollack was a managing director at Paragon Capital LP, a private investment firm focused primarily on U.S.-listed companies. Since 2003, Mr. Pollack has also served as president of Short Hills Capital LLC. Prior to that, Mr. Pollack worked as an investment banker at Banc of America Securities LLC, focusing on mergers and acquisitions and corporate finance. Mr. Pollack started his career at Sidley Austin LLP (formerly Brown & Wood LLP) as a securities attorney. Since 2012, Mr. Pollack has served as a member of the board of directors of PressureBioSciences, Inc. (OTCQB: PBIO). Mr. Pollack graduated magna cum laude from the Wharton School of the University of Pennsylvania and received a dual J.D./M.B.A. from Vanderbilt University, where he graduated with Beta Gamma Sigma honors.

Mr. Pollack's qualifications to serve on our Board include his financial, legal, investment and management experience, including his experience with other public companies.

William W. Staunton III is an independent director. He has served as an independent director of Taronis Technologies since April 30, 2013. He is the CEO and Chairman of Okika Technologies, an electronics design services company specializing in custom integrated circuit (IC), firmware, and software solutions**.** He has been the President of Accel–RF Corporation, a provider of RF Reliability Test Systems for compound semiconductor devices from 2011 until 2013. In 2011, Mr. Staunton founded Kokua Executives, LLC, which provides guidance and interim executive level-leadership to companies. From 2000 to 2011, Mr. Staunton served as the Chief Executive Officer and a Director of Ramtron International Corporation, which designs, develops and markets specialized semiconductor memory, microcontroller, and integrated semiconductor solutions. From March 1999 until December 2000, Mr. Staunton served as Chief Operating Officer of Maxwell Technologies, which designs and manufactures multi-chip modules and board products for commercial satellite applications. Previously, Mr. Staunton was executive vice president of Valor Electronics Inc. from April 1996 until February 1999. Mr. Staunton holds a Bachelor of Science degree in electrical engineering from Utah State University.

Mr. Staunton's extensive experience in the semi-conductor industry, with specific background in Military and Space Contracting, give him the qualifications and skills to serve as a director of our Company.

Peter Molloy is an independent director. Mr. Molloy has 25 years building, advising and investing in public and private companies. He is currently the CEO of Maxsa Group, a strategic advisory company, and the recent founder of a new biotechnology company, Tarus Therapeutics. Peter's most recent prior role was the founder and CEO of Edison Group where he spent 15 years building the company into one of the largest independent research and advisory companies globally. Prior to this, Peter had a successful career as a portfolio manager, most notably at Hermes Investment Management in London, managing a healthcare, technology and clean tech focused small and mid-cap portfolio, with a close involvement in Hermes' shareholder activism initiatives. Mr. Molloy holds a Bachelor of Economics from the University of Exeter, numerous financial licenses (including his Series 7) and has done extensive course work at the London Business School.

Mr. Molloy's qualifications to serve on our Board include his financial, public relations, investment and management experience, including his experience with other public companies.

Involvement in Certain Legal Proceedings

To our knowledge, during the past ten years, none of our directors, executive officers, promoters, control persons, or nominees has:

- Been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- Had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;

- Been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;

- Been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

- Been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

- Been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Except as set forth in our discussion below in "Certain Relationships and Related Transactions," none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the Commission.

Corporate Governance

Director Independence

We make our determination of director independence using the definition of "independence" set forth in NYSE Listing Rule 303A.02, which provides:

(a)(i) No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).

(ii) In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the listed company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

(A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and

(B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

The NYSE listing rules provide that a director cannot be considered independent if:

(b) In addition, a director is not independent if:

(i) The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company.

(ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

(iii) (A) The director is a current partner or employee of a firm that is the listed company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company's audit within that time.

(iv) The director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.

(v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company's consolidated gross revenues.

We have determined that the following directors of the Company are "independent" directors as defined by applicable SEC rules and NYSE listing standards: Robert Dingess, Kevin Pollack, William Staunton and Peter Molloy.

Board Meetings and Committees; Annual Meeting Attendance

The business and affairs of the company are managed under the direction of our Board of Directors ("Board"). We conduct two formal Board meetings per year. Each of our director is required to attend the meetings either in person or via telephone conference. The Board also conducts monthly telephone calls in which the majority of the independent Board members must be present.

Term of Office

Our directors are appointed for one-year terms to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our Board and hold office until removed by the Board.

Board Committees

Our Board has established four standing committees: audit, compensation, acquisition and corporate governance and nominating. Actions taken by our committees are reported to the full Board. The Board has determined that all members of each of the audit and compensation committees are independent under the current listing standards of Nasdaq. Our corporate governance and nominating committee is comprised of two independent directors.

Audit Committee	Compensation Committee	Acquisition Committee	Nominating and Corporate Governance Committee	External Communications Committee
Robert Dingess*	William Staunton III*	Kevin Pollack*	Kevin Pollack*	Peter Molloy*
Kevin Pollack	Robert Dingess	William Staunton III	Peter Molloy	Kevin Pollack

* Indicates committee chair

Audit Committee

Our Audit Committee, which currently consists of three directors, provides assistance to our Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, financial reporting, internal controls and compliance functions of the Company. Our Audit Committee employs an independent registered public accounting firm to audit the financial statements of the Company and perform other assigned duties. Further, our Audit Committee provides general oversight with respect to the accounting principles employed in financial reporting and the adequacy of our internal controls. In discharging its responsibilities, our Audit Committee may rely on the reports, findings and representations of our auditors, legal counsel and responsible officers. Our Board has determined that all members of the Audit Committee are financially literate within the meaning of SEC rules and under the current listing of the NYSE. Our Board has also determined that Mr. Dingess qualifies as an "audit committee financial expert."

Compensation Committee

Our Compensation Committee, which currently consists of two directors, establishes executive compensation policies consistent with our objectives and our stockholders' interests. Our Compensation Committee also reviews the performance of our executive officers and establishes, adjusts and awards compensation, including incentive-based compensation, as more fully discussed below. In addition, our Compensation Committee generally is responsible for:

- Establishing and periodically reviewing our compensation philosophy and the adequacy of compensation plans and programs for our directors, executive officers and other employees;
- Overseeing our compensation plans, including the establishment of performance goals under the company's incentive compensation arrangements and the review of performance against those goals in determining incentive award payouts;
- Overseeing our executive employment contracts, special retirement benefits, severance, change in control arrangements and/or similar plans;
- Acting as administrator of any company stock option plans; and
- Overseeing the outside consultant, if any, engaged by the Compensation Committee.

Our Compensation Committee periodically reviews the compensation paid to our non-employee Directors and the principles upon which their compensation is determined. The compensation committee also periodically reports to the Board on how our non-employee Director compensation practices compare with those of other similarly situated public corporations and, if the Compensation Committee deems it appropriate, recommends changes to our director compensation practices to our Board for approval.

Outside consulting firms retained by our Compensation Committee and management also will, if requested, provide assistance to the compensation committee in making its compensation-related decisions.

Acquisition Committee

Our Acquisition Committee reviews mergers and acquisitions deemed to be material to provide additional oversight and guidance to Management and the Board. The Acquisition Committee is comprised of not less than three (3) directors. Each Acquisition Committee member is subject to annual reconfirmation and may be removed by the Board at any time. In addition, our Acquisition Committee generally is responsible for:

- Reviewing acquisition strategies with the Company's management and investigating acquisition targets on behalf of the Company.
- Recommending acquisition strategies and candidates to the Company's Board, as appropriate.
- Reporting all of its material actions to the Board and keeping the Board apprised of the Company's proposed material investments and acquisitions.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee, which currently consists of two directors, monitors our corporate governance system, assesses Board membership needs, makes recommendations to the Board regarding potential director candidates for election at the annual meetings of stockholders or in the event of any director vacancy and performs any other functions or duties deemed appropriate by the Board.

Director candidates must have experience in positions with a high degree of responsibility and leadership experience in the companies or institutions with which they are or have been affiliated. Directors are selected based upon contributions that they can make to the Company. We do not maintain a separate policy regarding the diversity of our Board members. However, consistent with its charter, the Corporate Governance and Nominating Committee, and ultimately the Board, seeks directors (including nominees for director) with diverse personal and professional backgrounds, experience and perspectives that, when combined, provide a diverse portfolio of experience and knowledge that will well serve our governance and strategic needs.

External Communications Committee

Our External Communications Committee, which currently consists of two independent directors, is charged with assisting with senior level management with reviewing Company press releases and other external communications and providing content recommendations prior to public dissemination. Members of the External Communications Committee are selected by the Board of Directors based on prior experience or expertise dealing with public relations, investor relations or legal disclosures.

Shareholder Communications

In addition to the contact information in this report, each stockholder will be given specific information on how he/she can direct communications to the officers and directors of the corporation at our annual stockholders meeting. All communications from stockholders are relayed to the members of the Board.

Board Leadership Structure and Role in Risk Oversight

Our Board is primarily responsible for overseeing our risk management processes. The Board receives and reviews periodic reports from management, auditors, legal counsel and others, as considered appropriate regarding our assessment of risks. The Board focuses on the most significant risks facing the Company and our general risk management strategy, and also ensures that risks undertaken by the Company are consistent with the Board's tolerance for risk. While the Board oversees our risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing the Company and that our Board leadership structure supports this approach.

The Audit Committee assists our Board in its general oversight of, among other things, the Company's policies, guidelines and related practices regarding risk assessment and risk management, including the risk of fraud. As part of this endeavor, the Audit Committee reviews and assesses the Company's major financial, legal, regulatory, environmental and similar risk exposures and the steps that management has taken to monitor and control such exposures. The Audit Committee also reviews and assesses the quality and integrity of the Company's public reporting, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditors, the performance of the Company's internal audit department, the effectiveness of the Company's disclosure controls and procedures and the adequacy and effectiveness of the Company's risk management policies and related practices.

Executive Compensation Table

The following sets forth information with respect to the compensation awarded or paid to our named executive officers during the fiscal years ended December 31, 2018 and 2017 (collectively, the "named executive officers") for all services rendered in all capacities to us and our subsidiaries in fiscal 2018 and 2017.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Totals ($)
Scott Mahoney, Chief Executive Officer & President	2018	$215,000		$16,000(1)			$ 52,452(3)	$283,452
	2017	$215,000		$10,000(2)			$ 4,000(3)	$229,000
Tyler B. Wilson, Esq. Chief Financial Officer, General Counsel & Secretary	2017	$165,000						$165,000
	2018	$165,000						$165,000
Eric Newell, Treasurer, Vice President of Corporate Operations								

Narrative to Executive Compensation Table

(1) In April 2018, the Board authorized the issuance of common stock registered under the Corporation's Amended and Restated 2014 Equity Incentive Compensation Plan. Scott Mahoney received 1,000 shares of common stock.

(2) In 2017, the Board authorized the issuance of common stock to Scott Mahoney as part of his employment compensation.

(3) Represents the payout of accrued earned paid-time-off pursuant to the terms of the executive's employment agreement.

Director Compensation Table

The following sets forth information with respect to the compensation awarded or paid to our named directors during the fiscal years ended December 31, 2018 and 2017 (collectively, the "named directors") for all services rendered in all capacities to us and our subsidiaries in fiscal 2018 and 2017. The table excludes directors who are also executive officers, except to the extent the named executive officer's compensation is not fully reflected under "Executive Compensation Table" above.

Name and Principal Position	Year	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-qualified deferred Compensation Earnings ($)	All Other Compensation ($)	Total
Robert Dingess, Director	2018	$136,250						$136,250
William Staunton, Director	2018	$ 99,750						$ 99,750
Kevin Pollack, Director	2018	$115,625						$115,625

Peter Molloy, Director	2018	-	-

Indemnification of Directors and Executive Officers

Section 145 of the Delaware General Corporation Law provides for, under certain circumstances, the indemnification of our officers, directors, employees and agents against liabilities that they may incur in such capacities. A summary of the circumstances in which such indemnification provided for is contained herein, but that description is qualified in its entirety by reference to the relevant Section of the Delaware General Corporation Law.

In general, the statute provides that any director, officer, employee or agent of a corporation may be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred in a proceeding (including any civil, criminal, administrative or investigative proceeding) to which the individual was a party by reason of such status. Such indemnity may be provided if the indemnified person's actions resulting in the liabilities: (i) were taken in good faith; (ii) were reasonably believed to have been in or not opposed to our best interest; and (iii) with respect to any criminal action, such person had no reasonable cause to believe the actions were unlawful. Unless ordered by a court, indemnification generally may be awarded only after a determination of independent members of the Board of Directors or a committee thereof, by independent legal counsel or by vote of the stockholders that the applicable standard of conduct was met by the individual to be indemnified.

The statutory provisions further provide that to the extent a director, officer, employee or agent is wholly successful on the merits or otherwise in defense of any proceeding to which he was a party, he is entitled to receive indemnification against expenses, including attorneys' fees, actually and reasonably incurred in connection with the proceeding.

Indemnification in connection with a proceeding by or in our right in which the director, officer, employee or agent is successful is permitted only with respect to expenses, including attorneys' fees actually and reasonably incurred in connection with the defense. In such actions, the person to be indemnified must have acted in good faith, in a manner believed to have been in our best interest and must not have been adjudged liable to us unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expense which the Court of Chancery or such other court shall deem proper. Indemnification is otherwise prohibited in connection with a proceeding brought on behalf of us in which a director is adjudged liable to us, or in connection with any proceeding charging improper personal benefit to the director in which the director is adjudged liable for receipt of an improper personal benefit.

Delaware law authorizes us to reimburse or pay reasonable expenses incurred by a director, officer, employee or agent in connection with a proceeding in advance of a final disposition of the matter. Such advances of expenses are permitted if the person furnishes to us a written agreement to repay such advances if it is determined that he is not entitled to be indemnified by us.

The statutory section cited above further specifies that any provisions for indemnification of or advances for expenses does not exclude other rights under our Certificate of Incorporation, corporate bylaws, resolutions of our stockholders or disinterested directors, or otherwise. These indemnification provisions continue for a person who has ceased to be a director, officer, employee or agent of the corporation and inure to the benefit of the heirs, executors and administrators of such persons.

The statutory provision cited above also grants the power to us to purchase and maintain insurance policies that protect any director, officer, employee or agent against any liability asserted against or incurred by him in such capacity arising out of his status as such. Such policies may provide for indemnification whether or not the corporation would otherwise have the power to provide for it.

Article XI of our corporate bylaws provides that we shall indemnify our directors, officers, employees and agents to the fullest extent permitted by the Delaware General Corporation Law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we understand that in the opinion of the SEC such indemnification is against public policy as expressed in that Act and is therefore unenforceable.

We have purchased directors' and officers' liability insurance in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act of 1933. Additionally, we have entered into Indemnification Agreements with our senior executive officers and directors, which are intended to expanding upon the protections afforded by our bylaws and Delaware General Corporation Law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the anticipated beneficial ownership of our common stock, following the spin-off, by:

- each shareholder who is expected to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each person expected to serve on our board of directors; and
- all of our executive officers and directors expected to serve as a group.

We have based the percentage of class amounts set forth below on each indicated person's beneficial ownership of Taronis Technologies common stock as of September 30, 2019, unless we indicate some other basis for the share amounts, and based on the distribution of five (5) shares of our common stock for every one (1) share of common stock of Taronis Technologies outstanding on the record date of the spin-off. To the extent our directors and executive officers own Taronis Technologies common stock at the time of the spin-off, they will participate in the distribution of common stock in the spin-off on the same terms as other holders of Taronis Technologies common stock. Immediately after the distribution date, we will have an aggregate of approximately 90,280,000 shares of common stock outstanding, based on approximately 18,057,000 Taronis Technologies common stock outstanding as of September 30, 2019, subject to adjustment on the record date. The number of shares beneficially owned by each shareholder, director or officer is determined according to the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. The mailing address for each of the directors and executive officers is c/o: Taronis Fuels, Inc., 16165 N. 83rd Avenue, Suite 200, Peoria, Arizona 85382

For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock that such person has the right to acquire within 60 days of September 30, 2019. For purposes of computing the percentage of outstanding shares of our common stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days of September 30, 2019 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership.

Name of Beneficial Owner and Address	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Common Stock (1)	Amount and Nature of Beneficial Ownership of Preferred Stock	Percent of Preferred Stock (2)
Directors and Executive Officers		%	-	-
Scott Mahoney, Chief Executive Officer, President, Director	661,074(3)	*	-	-
William W. Staunton III, Director	260,755(4)	*	-	-
Robert L. Dingess, Chairman/Director	374,805(5)	*	-	-
Kevin Pollack, Director	260,814(6)	*	-	-
Peter Molloy, Director	-		-	-
Tyler B. Wilson, Esq., Chief Financial Officer, General Counsel, Secretary	345,006(7)	*	-	-
Eric Newell, Treasurer, Controller and Vice President of Corporate Operations	-		-	-
All directors and officers as a group (7 people)	1,902,454	2.10%	-	-

* The percentage of shares beneficially owned by such director or executive officer is not expected to exceed one percent of our common stock that we expect to be outstanding immediately following the completion of the spin-off.

(1) Beneficial ownership is determined under the rules and regulations of the SEC, and generally includes voting or dispositive power with respect to such shares. Based on 90,280,000 shares of Taronis Fuels' common stock outstanding as of September 30, 2019. Shares of common stock that a person has the right to acquire within 60 days are deemed to be outstanding and beneficially owned by that person for the purpose of computing the total number of shares beneficially owned by that person and the percentage ownership of that person, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or group. Accordingly, the amounts in the table include shares of common stock that such person has the right to acquire within 60 days of September 30, 2019 by the exercise of stock options.

(2) The Company does not have any shares of preferred stock issued or outstanding.

(3) Mr. Mahoney beneficially owns 3,750 shares of common stock underlying 3,750 common stock options and 1,000 shares of free trading common stock and 656,324 shares of restricted common stock.

(4) Mr. Staunton beneficially owns 205,089 shares of restricted common stock and 55,666 shares of free-trading common stock

(5) Mr. Dingess beneficially owns 316,627 shares of restricted common stock and 58,178 shares of free trading common stock.

(6) Mr. Pollack beneficially owns 205,099 shares of restricted common stock and 55,715 shares of free trading common stock.

(7) Mr. Wilson beneficially owns 1,250 shares of common stock underlying 1,250 common stock options with and 343,765 shares of restricted common stock.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth securities authorized for issuance under any equity compensation plans approved by our stockholders as well as any equity compensation plans not approved by our stockholders as of September 30, 2019.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plans approved by our stockholders	-	-	100,000,000
Plans not approved by stockholders	-	-	-

DESCRIPTION OF CAPITAL STOCK

Introduction

In the discussion that follows, we have summarized the material provisions of our certificate of incorporation and regulations relating to our capital stock. This discussion is subject to the relevant provisions of Delaware law and is qualified in its entirety by reference to our certificate of incorporation and regulations. You should read the provisions of our articles of incorporation and regulations as currently in effect for more details regarding the provisions described below and for other provisions that may be important to you. We have filed copies of those documents with the SEC, and they are incorporated by reference as exhibits to the registration statement of which this Information Statement forms a part. See “Where You Can Find More Information.”

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of capital stock, par value $0.000001, comprised of 950,000,000 authorized shares of common stock, par value $0.000001 and 50,000,000 authorized shares of preferred stock, par value $0.000001.

Immediately after the distribution date, we expect that approximately 90,280,000 shares of our common stock will be outstanding (subject to adjustment on the record date), based on the distribution of five (5) shares of our common stock for every one (1) share of common stock of Taronis Technologies outstanding and the anticipated number of Taronis Technologies common stock outstanding as of the record date. The actual number of our common stock to be distributed will be determined based on the number of Taronis Technologies common stock outstanding as of the record date. Immediately after the distribution date, none of our preferred shares will be issued and outstanding.

Description of Common Stock

General

Holders of our Common Stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Our Common Stock does not have cumulative voting rights. Holders of our Common Stock representing a majority of the voting power of our capital stock issued and outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of our stockholders. A vote by the holders of a majority of our outstanding shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to our certificate of incorporation. Although there are no provisions in our certificate of incorporation or by-laws that may delay, defer or prevent a change in control, our board of directors (the “Board”) is authorized, without stockholder approval, to issue shares of Preferred Stock that may contain rights or restrictions that could have this effect. Holders of Common Stock are entitled to share in all dividends that the Board, in its discretion, declares from legally available funds. In the event of liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. Holders of our

Common Stock have no pre-emptive rights and no conversion rights, and there are no redemption provisions applicable to our Common Stock.

All of our outstanding shares of Common Stock are, and the shares of Common Stock to be issued in this offering will be, fully paid and nonassessable.

Election of Directors

The holders of shares of common stock shall appoint the members of our board of directors. Each share of common stock is entitled to one vote.

Dividends

Since inception we have not paid any dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our common stock. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our board of directors will have the discretion to declare and pay dividends in the future. Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our board of directors may deem relevant.

Anti-Takeover Effects of Provisions of the Delaware General Corporation Law and our Certificate of Incorporation and Bylaws

Provisions of the Delaware General Corporation Law, or the DGCL, and our certificate of incorporation and bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in improved terms for our stockholders.

Delaware Anti-Takeover Statute. We are subject to Section 203 of the DGCL. Subject to certain exceptions, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for three years following the date the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner.

Section 203 of the DGCL generally defines a "business combination" to include, among other things, any merger or consolidation involving us and the interested stockholder and the sale of more than 10% of our assets.

In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our voting stock or any entity or person associated or affiliated with or controlling or controlled by such entity or person.

Amendments to Our Certificate of Incorporation. Under the DGCL, the affirmative vote of a majority of the outstanding shares entitled to vote thereon and a majority of the outstanding stock of each class entitled to vote thereon is required to amend a corporation's certificate of incorporation. Under the DGCL, the holders of the outstanding shares of a class of our capital stock shall be entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation, if the amendment would:

- increase or decrease the aggregate number of authorized shares of such class;
- increase or decrease the par value of the shares of such class; or
- alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely.

If any proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class of our capital stock so as to affect them adversely, but shall not so affect the entire class, then only the shares of the series so affected by the amendment shall be considered a separate class for the purposes of this provision.

Vacancies in the board of directors. Our bylaws provide that, subject to limitations, any vacancy occurring in our board of directors for any reason may be filled by a majority of the remaining members of our board of directors then in office, even if such majority is less than a quorum. Each director so elected shall hold office until the expiration of the term of the other directors. Each such directors shall hold office until his or her successor is elected and qualified, or until the earlier of his or her death, resignation or removal.

Special Meetings of Stockholders. Under our bylaws, special meetings of stockholders may be called at any time by our President whenever so directed in writing by a majority of the entire board of directors. Special meetings can also be called whenever one-third of the number of shares of our capital stock entitled to vote at such meeting shall, in writing, request one. Under the DGCL, written notice of any special meeting must be given not less than 10 nor more than 60 days before the date of the special meeting to each stockholder entitled to vote at such meeting.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Description of our Preferred Stock

Upon the closing of this spin-off, no shares of preferred stock will be outstanding, but we will be authorized, subject to limitations prescribed by Delaware law (and subject to the applicable listing requirements of the NYSE American), to issue up to 50,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions. Our Board of Directors also can increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our Board of Directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and may adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Limitations on Directors' Liability; Indemnification of Directors and Officers

Our Certificate of Incorporation and bylaws contain provisions indemnifying our directors and officers to the fullest extent permitted by law. In addition, as permitted by Delaware law, our Certificate of Incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of certain fiduciary duties as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or
- any transaction from which the director derived an improper personal benefit.

This provision does not affect a director's liability under the federal securities laws.

Article XI of our corporate bylaws provides that we shall indemnify our directors, officers, employees and agents to the fullest extent permitted by the Delaware General Corporation Law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling Taronis Fuels, Inc. pursuant to the foregoing provisions, we understand that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

We have purchased directors' and officers' liability insurance through in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act of 1933.

Listing

Currently, there is no public market for our common stock. We will file a Form 211 with the Financial Industry Regulatory Authority ("FINRA") and apply to have our common stock authorized for quotation on the OTCQX market of the OTC Markets Group, Inc. but there are no assurances that our common stock will be quoted on the OTCQX or any other quotation service, exchange or trading facility. Assuming our application for quotation is approved, we anticipate that trading will commence on a "when-issued" basis approximately two trading days before the record date. When-issued trading refers to a transaction made conditionally because the security has been authorized but not yet issued. Generally, common stock may trade on the OTCQX on a when-issued basis after they have been authorized but not yet formally issued, which is often initiated by the OTCQX prior to the record date relating to the issuance of such common stock. When-issued transactions are settled after our common stock have been issued to Taronis Technologies' shareholders. On the first trading day following the distribution date, when-issued trading in respect of our common stock will end and regular way trading will begin. "Regular way" trading refers to trading after a security has been issued. We cannot predict the trading price for our common stock following the spin-off. Following the distribution date, we intend to apply to up list our common stock to NYSE American exchange under the symbol "TRNF" and expect such up listing to occur within six months of the distribution date, but there is no assurance that our common stock will be listed on the NYSE American.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Corporate Stock Transfer, Inc. The transfer agent's address is 3200 Cherry Creek South Drive, Suite 430, Denver, CO 80209, and its telephone number is (303) 282-4800.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Delaware General Corporation Law and our certificate of incorporation and by-laws provide for indemnification of our directors and officers for liabilities and expenses that they may incur in such capacities. In general, directors and officers are indemnified with respect to actions taken in good faith in a manner reasonably believed to be in, or not opposed to, the best interests of the registrant and, with respect to any criminal action or proceeding, actions that the indemnitee had no reasonable cause to believe were unlawful.

Our certificate of incorporation provides that no director shall be personally liable to us or to our stockholders for monetary damages for breach of fiduciary duty as a director, except that the limitation shall not eliminate or limit liability to the extent that the elimination or limitation of such liability is not permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended.

Our by-laws further provide for the indemnification of our directors and officers to the fullest extent permitted by Section 145 of the Delaware General Corporation Law, including circumstances in which indemnification is otherwise discretionary. A principal effect of these provisions is to limit or eliminate the potential liability of our directors for monetary damages arising from breaches of their duty of care, subject to certain exceptions. These provisions may also shield directors from liability under federal and state securities laws.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of expenses incurred or paid by a director, officer or controlling person in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers. Additionally, we have entered into Indemnification Agreements with our senior executive officers and directors, which are intended to expanding upon the protections afforded by our bylaws and Delaware General Corporation Law.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form 10 under the Exchange Act relating to our common stock, including those being distributed in the spin-off. This Information Statement is a part of that registration statement but does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information relating to us and our common stock, reference is made to the registration statement, including its exhibits and schedules. Statements made in this Information Statement relating to any contract or other document are not necessarily complete and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. A copy of the registration statement is available to the public over the Internet at the SEC's website at http://www.sec.gov.

As a result of the spin-off, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended, we will file annual, quarterly and special reports, and other information with the SEC. Our SEC filings will available to the public over the Internet at the SEC's website at http://www.sec.gov.

The website addresses referenced herein are not intended to function as hyperlinks, and the information contained in our website and in the SEC's website is not incorporated by reference into this Information Statement or incorporated into any other filings we make with the SEC.

No person is authorized to give any information or to make any representations with respect to the matters described in this Information Statement other than those contained in this Information Statement or in the documents incorporated by reference in this Information Statement and, if given or made, such information or representation must not be relied upon as having been authorized by us or Taronis Technologies. Neither the delivery of this Information Statement nor consummation of the spin-off shall, under any circumstances, create any implication that there has been no change in our affairs or those of Taronis Technologies since the date of this Information Statement, or that the information in this Information Statement is correct as of any time after its date.

Financial Statements and Supplementary Data

INDEX TO COMBINED CARVE-OUT FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS OF TARONIS FUELS, INC. AND SUBSIDIARIES:

UNAUDITED FINANCIAL STATEMENTS OF TARONIS FUELS, INC. AND SUBSIDIARIES:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of Taronis Fuels Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying combined carve-out balance sheet**s** of Taronis Fuels Inc. and Subsidiaries (the "Company") as of December 31, 2018 and 2017, the related combined carve-out statements of operations, changes in parent's net investment and cash flows for each of the two years in the period ended December 31, 2018 and 2017, and the related notes (Collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018 and 2017, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying combined carve-out financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The combined carve-out financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit**s** included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP
Marcum LLP

We have served as the Company's auditor since 2016**.**

New York, New York
September 30, 2019

Taronis Fuels Inc. and Subsidiaries
Audited Combined Carve-Out Balance Sheets

	December 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash	$ 1,598,737	$ 586,824
Accounts receivable, net of allowance for doubtful accounts of $418,997 and $101,063, respectively	1,394,681	389,652
Inventory	2,587,254	1,373,060
Prepaid expenses and other current assets	172,760	34,012
Total Current Assets	5,753,432	2,283,548
Property and equipment, net of accumulated depreciation of $2,680,226 and $2,024,738, respectively	9,652,306	5,989,441
Deposits on acquisitions	550,000	325,000
Restricted deposit	806,466	-
Security deposits	227,125	27,127
Goodwill	6,690,724	2,108,781
Total Assets	$ 23,680,053	$ 10,833,897
Liabilities and Parent's Net Investment		
Current Liabilities		
Accounts payable	$ 1,768,690	$ 827,574
Accrued expenses	413,522	178,101
Deferred revenue and customer deposits	-	44,095
Capital leases, current	90,303	27,460
Note payable	94,008	-
Total Current Liabilities	2,366,523	1,077,230
Long Term Liabilities		
Note payable, net of current	601,582	520,000
Capital leases, net of current	203,294	63,839
Total Liabilities	3,171,399	1,661,069
Commitments and Contingencies		
Parent's net investment	20,508,654	9,172,828
Total Liabilities and Parent's Net Investment	$ 23,680,053	$ 10,833,897

Taronis Fuels, Inc. and Subsidiaries
Audited Combined Carve-Out Statements of Operations

	For the years ended December 31	
	2018	**2017**
Revenue:		
Revenue	$ 9,713,183	$ 3,719,452
Cost of Revenues	5,626,483	2,216,773
Gross Profit	4,086,700	1,502,679
Operating Expenses:		
Selling, general and administration	8,708,210	4,657,110
Gain on sale and disposal of property and equipment	(15,074)	(50,180)
Total Operating Expenses	8,693,136	4,606,930
Operating Loss	(4,606,436)	(3,104,251)
Other Income and (Expense):		
Interest	(179,112)	(14,684)
Other income (expense)	288,124	(1,778)
Total Other Income (Expense)	109,012	(16,462)
Net Loss	**$ (4,497,424)**	**$ (3,120,713)**

Taronis Fuels, Inc. and Subsidiaries
Audited Combined Carve-Out Statements of Changes in Parent's Net Investment

	For the years ended December 31,	
	2018	**2017**
Parent's net investment, beginning of year	$ 9,172,828	$ 11,227,564
Net Loss	(4,497,424)	(3,120,713)
Advances from Parent	15,833,250	1,065,977
Parent's net investment, end of year	$ 20,508,654	$ 9,172,828

Taronis Fuels, Inc. and Subsidiaries
Audited Combined Carve-Out Statements of Cash Flows

	For the years ended December 31,	
	2018	**2017**
Cash Flows from Operations		
Net Loss	$ (4,497,424)	$ (3,120,713)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	694,561	608,954
Provision for slow moving spare parts	-	50,000
Gain on disposal of fixed assets	(15,074)	(50,180)
Gain on acquisition	(253,964)	-
Deferred revenue and customer deposits	(44,095)	19,095
Provision for doubtful accounts	380,216	166,519
Changes in operating assets:		
Accounts receivable	(584,566)	(113,616)
Inventory	(456,277)	(35,965)
Prepaid expenses and other current assets	(118,443)	192,294
Accounts payable	(479,783)	600,323
Accrued expenses	88,675	18,953
Net cash used in operating activities	(5,286,174)	(1,664,336)
Cash Flows from Investing Activities		
Deposit on acquisition	(225,000)	(325,000)
Cash paid for acquisition of businesses, net of cash acquired	(7,058,546)	-
Purchase of property and equipment	(850,895)	(283,732)
Security deposit	(200,000)	(491)
Proceeds from sale of assets	-	121,343
Net cash used in investing activities	(8,334,441)	(487,880)
Cash Flows from Financing Activities		
Advances from parent	15,833,250	1,065,977
Capital lease payments	(107,317)	(25,852)
Net proceeds from capital leases	-	82,505
Notes payable repaid	(286,939)	-
Net cash provided by financing activities	15,438,994	1,122,630
Net increase (decrease) in cash	1,818,379	(1,029,586)
Cash and restricted cash, beginning of year	586,824	1,616,410
Cash and restricted cash, end of year	$ 2,405,203	$ 586,824
Supplemental disclosure of cash flow information Cash paid during the year for:		
Interest	$ 186,909	$ -
Supplemental disclosures of non-cash investing and financing activities:		
Assets acquired in NG Enterprises acquisition	$ 916,220	$ -
Liabilities assumed NG Enterprises acquisition	$ (148,720)	$ -
Assets acquired in Green Arc Supply acquisition	$ 2,667,589	$ -
Liabilities assumed in Green Arc Supply acquisition	$ (154,009)	$ -
Assets acquired in Trico Welding Supplies acquisition	$ 3,612,075	$ -
Liabilities assumed in Trico Welding Supplies acquisition	$ (1,612,075)	$ -

Assets acquired in Paris Oxygen acquisition	$	1,340,202	$	-
Liabilities assumed in Paris Oxygen acquisition	$	(90,202)	$	-
Assets acquired in Latex Welding Supplies acquisition	$	1,526,491	$	-
Liabilities assumed in Latex Welding Supplies acquisition	$	(26,491)	$	-
Assets acquired in United Welding Specialties acquisition	$	815,291	$	-
Liabilities assumed in United Welding Specialties acquisition	$	(65,291)	$	-

Taronis Fuels, Inc. and Subsidiaries
Notes to the Audited Combined Carve-Out Financial Statements

For the Years Ended December 31, 2018 and 2017

NOTE 1 –DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Taronis Fuels, Inc. (the "Company") is a leading clean technology company in the renewable resources and environmental conservation industry. The Company is a holding company of various gas and welding supply companies, including MagneGas Welding Supply - Southeast, LLC, MagneGas Welding Supply - South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), that sells and distributes gas production Venturi® Plasma Arc units, a full line of industrial gases and welding equipment and services to the retail and wholesale metalworking and manufacturing industries.

In addition to a suite of industrial gases and welding supply equipment offerings, we also create, sell and distribute a synthetic gas called "MagneGas," which is produced by our wholly owned subsidiary, MagneGas Production, LLC.

Basis of Presentation

The Company is being presented as a carve out of Taronis Technologies wholly-owned subsidiary Taronis Fuels and collectively presents the Company on a standalone basis.

Taronis Fuels used a centralized approach to cash management and financing its operations, including the operations of the Company. Accordingly, none of the cash and cash equivalents of Taronis Technologies, Inc. have been allocated to the Company in the combined carve-out financial statements. Transactions between Taronis Technologies, Inc and the Company are accounted for in the Parent's Net Investment.

The accompanying audited combined carve-out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in combination. In the opinion of the Company's management, the accompanying combined carve-out financial statements reflect all adjustments, consisting of normal, recurring adjustments, considered necessary for a fair presentation of the results for the years ended December 31, 2018 and 2017.

Parent's Net Investment

The Company's equity on the Balance Sheet represents Taronis Technologies' net investment in the Company's business and is presented as "Parent's Net Investment" in lieu of stockholder's equity.

Carve-Out Assumptions and Allocations

The combined financial statements include an allocation of certain Taronis Fuels, Inc. corporate expenses, including administrative expenses. These costs have been allocated on the basis of direct usage when identifiable, with the remainder allocated on a pro-rata basis of expenses, headcount or other systematic measures that reflect utilization of services provided to or benefits received by us. Management considers the expense allocation methodology and results to be reasonable for all periods presented. The Company's combined financial position, results of operations, comprehensive earnings and cash flows may not be indicative of our results had we been a separate standalone entity during the periods presented, nor are the results stated herein indicative of what our financial position, results of operations, comprehensive earnings, and cash flows may be in the future. Actual costs that would have been incurred if the Company had operated as a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas.

NOTE 2 - GOING CONCERN AND MANAGEMENTS' PLAN

As of December 31, 2018, the Company had cash of $1,598,737, plus working capital and Parent investments of $3,386,909 and $20,508,654, respectively. For the years ended December 31, 2018 and 2017, the Company incurred net losses of $4,497,424 and $3,120,713, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months from the issuance of these combined financial statements.

Historically, the Company financed its operations through equity and debt financing transactions but does not believe it will need to do so in the immediate future. The Company does not believe it will continue incurring operating losses for the foreseeable future and that it will be cash-flow positive before year-end. In the event the Company continues incurring operating losses, the Company may be required to raise additional capital within the next year to continue funding operations at the current cash expenditure levels.

The accompanying combined carve-out financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The combined carve-out financial statements do not include any adjustments that might result from the outcome of this uncertainty. These adjustments would likely include substantial impairment of the carrying amount of the Company's assets and potential contingent liabilities that may arise if the Company is unable to fulfill various operational commitments.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The Company prepares its financial statements in conformity with U.S. GAAP. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that these estimates are reasonable; however, actual results could differ from those estimates. The combined carve-out financial statements presented include significant estimates of intangible assets, goodwill, fair value of assets and liabilities related to acquisitions, recoverability of deferred tax assets, collections of its receivables and the useful life of property, plant and equipment, and allocation of carved-out corporate expenses, including administrative expenses.

Business Combinations

The Company accounts for business combinations under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date.

Concentrations of Credit Risk

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash. The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk. The Company believes that credit risk is limited because the Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, consequently, believes that its accounts receivable credit risk exposure beyond such allowances is limited.

The Company maintains cash deposits with financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC"), which, from time to time, may exceed federally insured limits. Cash is also maintained at foreign financial institutions. Cash in foreign financial institutions as of December 31, 2018 was $806,466. The Company has not experienced any losses and believes it is not exposed to significant credit risk from cash.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash, checking accounts, money market accounts and temporary investments with original maturities of three months or less when purchased. As of December 31, 2018, and 2017, the Company had no cash equivalents.

Restricted cash consists of cash deposited with a financial institution for $806,466.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the combined carve-out balance sheets that sum to the total of the same amounts show in the statement of cash flows.

	December 31,	
	2018	**2017**
Cash	1,598,737	586,824
Restricted deposits	806,466	-
Total cash, cash equivalents and restricted cash in the balance sheet	2,405,203	586,824

Accounts Receivable

Accounts receivable consist of amounts due for the delivery of MagneGas sales to customers with payment terms of generally 30 days. An allowance for doubtful accounts is established for any amounts that may not be recoverable, which is based on an analysis of the Company's customer credit worthiness, historical estimates, and current economic trends. Receivables are determined to be past due,

based on payment terms of original invoices. The Company does not typically charge interest on past due receivables. The allowance for doubtful accounts was $380,216 and $101,063 as of December 31, 2018 and 2017, respectively.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. Inventory is comprised of hard goods and gases; consumables used in the production of gas, regulators and tips and work in process. Estimates of lower of cost or net realizable value are based upon economic conditions, historical sales quantities and patterns, and in some cases, the specific risk of loss on specifically identified inventories. The Company evaluates inventories on a regular basis to identify inventory on hand that may be slow moving.

Property and equipment, net

Property and equipment are stated at cost net of accumulated depreciation using the straight–line method at rates sufficient to charge the cost of depreciable assets to operations over their estimated useful lives, which range from three to thirty-nine and a half years. Leasehold improvements are amortized over the lesser of (a) the useful life of the asset; or (b) the remaining lease term. Expenditures for maintenance and repairs, which do not extend the economic useful life of the related assets, are charged to operations as incurred, and expenditures which extend the economic life are capitalized. When assets are retired, or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized.

Impairment of Long-Lived Assets

The Company assesses the recoverability of its long-lived assets, including property and equipment, when there are indications that the assets might be impaired. When evaluating assets for potential impairment, the Company compares the carrying value of the asset to its estimated undiscounted future cash flows. If an asset's carrying value exceeds such estimated undiscounted cash flows, the Company records an impairment charge for the difference between the carrying amount of the asset and its fair value.

Based on its assessments, the Company did not record any impairment charges for the year ended December 31, 2018 and 2017.

Intangible assets, net

The Company's recorded intangible assets consist of intellectual property, non-compete agreements and customer relationships. Applicable long–lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment. Intellectual property is amortized on the straight-line method over their useful lives of 15 years, customer relationships are amortized on the straight-line method over their useful lives of 10 years and non-compete agreements are amortized on the straight-line method over the length of the agreements which can range from 1 year to 10 years.

Goodwill and Other Indefinite-lived Assets

The Company records goodwill and other indefinite-lived assets in connection with business combinations. Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of acquired companies, is not amortized. Indefinite-lived assets are stated at fair value as of the date acquired in a business combination.

The Company assesses the recoverability of goodwill and certain indefinite-lived intangible assets annually in the fourth quarter and between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Under Financial Accounting Standards Board ("FASB") guidance for goodwill and intangible assets, a reporting unit is defined as an operating segment or one level below the operating segment, called a component. However, two or more components of an operating segment will be aggregated and deemed a single reporting unit if the components have similar economic characteristics. The Company operates as one reporting unit.

Authoritative accounting guidance allows the Company to first assess qualitative factors to determine whether it is necessary to perform the more detailed two-step quantitative goodwill impairment test. The Company performs the quantitative test if its qualitative assessment determined it is more likely than not that a reporting unit's fair value is less than its carrying amount. The Company may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit or asset. The quantitative goodwill impairment test, if necessary, is a two-step process. The first step is to identify the existence of a potential impairment by comparing the fair value of a reporting unit (the estimated fair value of a reporting unit is calculated using a discounted cash flow model) with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, the reporting unit's goodwill is considered not to be impaired and performance of the second step of the quantitative goodwill impairment test is unnecessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step of the quantitative goodwill impairment test is performed to measure the amount of impairment loss to be recorded, if any. The second step of the quantitative goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined using the same approach as employed when determining the amount of goodwill that would be recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of its assets and liabilities as if the reporting unit had been acquired in a business combination and the fair value was the purchase price paid to acquire the reporting unit.

Revenue Recognition

Effective January 1, 2018, the Company adopted ASC Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"). The new revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Revenues under Topic 606 are required to be recognized either at a "point in time" or "over time", depending on the facts and circumstances of the arrangement, and will be evaluated using a five-step model. The adoption of Topic 606 did not have a material impact on the financial statements, either at initial implementation nor will it have a material impact on an ongoing basis.

The Company principally generates revenue through three operating streams: (1) the sale of MagneGas fuel for metal cutting and through the sales of other industrial and specialty gases and related products through the Company's wholly owned subsidiaries, (2) by providing consulting services and (3) through the sales of the Venturi® Plasma Arc Systems. The Company's revenue recognition policy for the year ended December 31, 2018 is as follows:

- Revenue for metal-working fuel, industrial gases and welding supplies is recognized when performance obligations of the sale are satisfied. The majority of the Company's terms of sale have a single performance obligation to transfer products. Accordingly, the Company recognizes revenue when control has been transferred to the customer, generally at the time of shipment of products. Under the previous revenue recognition accounting standard, the Company recognized revenue upon transfer of title and risk of loss, generally upon the delivery of goods.

- Consulting Services are earned through various arrangements. The Company applies the five-step process outlined in ASC 606 when recognizing revenue with regards to the consulting services:

    - The Company enters into a written consulting agreement with a customer to provide professional services and has an enforceable right to payment for its performance completed to date;

    - All of the promised services are identified to determine whether those services represent performance obligations;

    - In consideration for the services to be rendered, the Company expects to receive incremental payments during the term of the agreement;

    - Payments are estimated for each performance obligation and allocated in accordance with payment terms; and

    - The nature of the consulting services is such that the customer will receive benefits of the Company's performance only when the customer receives the professional services. Consequently, the entity recognizes revenue over time by measuring the progress toward complete satisfaction of the performance obligation.

- Venturi® Plasma Arc Units Revenue generated from sales of each unit is recognized upon delivery and completion of the performance obligation. Significant deposits are required before production commences. These deposits are classified as customer deposits.

Contract Balances

The timing of revenue recognition may differ from the timing of payment by customers. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. The Company had deferred revenue of approximately $0 as of December 31, 2018. The Company expects to satisfy its remaining performance obligations for these services and recognize the deferred revenue and related contract costs over the next twelve months.

The following table represents external net sales disaggregated by product category for the year ended December 31,:

	2018	2017
Gas sold	$ 5,979,409	$ 3,123,033
Equipment rentals	1,491,220	504,096
Equipment sales	1,992,120	-
Other	250,434	92,323
Total Revenues from Customers	9,713,183	3,719,452

Advertising Costs

The costs of advertising are expensed as incurred. Advertising expenses are included in the Company's operating expenses. Advertising expense was $76,286 and $4,218 for the years ended December 31, 2018 and 2017, respectively.

Deferred Rent Expense

The Company has operating leases, which contain predetermined increases and rent holidays in the rentals payable during the term of such leases. For these leases, the aggregate rental expense over the lease term is recognized on a straight-line basis over the lease term. The difference between the expense charged to operations in any year and the amount payable under the lease during that year is recorded as deferred rent expense on the Company's combined carve-out balance sheet, which will reverse to the statement of operations over the lease term.

Income Taxes

Historically, the Company's operations have been included in the Parent's U.S. federal and state income tax returns and all income taxes have been paid by the Parent. Income tax expense and other income tax related information contained in these combined financial statements are presented on a separate tax return approach. Under this approach, the provision for income taxes represents income tax paid or payable for the current year plus the change in deferred taxes during the year calculated as if the Company was a stand-alone taxpayer filing hypothetical income tax returns. Management believes that the assumptions and estimates used to determine these tax amounts are reasonable. However, the Company's combined carved-out financial statements may not necessarily reflect its income tax expense or tax payments in the future, or what tax amounts would have been if the Company had been a stand-alone company during the years presented.

Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at tax rates in effect when such temporary differences are expected to reverse. The Company generally expects to fully utilize its deferred tax assets; however, when necessary, the Company records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized.

In determining the need for a valuation allowance or the need for and magnitude of liabilities for uncertain tax positions, the Company makes certain estimates and assumptions. These estimates and assumptions are based on, among other things, knowledge of operations, markets, historical trends and likely future changes and, when appropriate, the opinions of advisors with knowledge and expertise in certain fields. Due to certain risks associated with the Company's estimates and assumptions, actual results could differ.

The Tax Cuts and Jobs Act (the Tax Act), which was enacted in December 2017 decreased the corporate income tax rate from 35.0% to 21.0% beginning on January 1, 2018. The Company's actual effective tax rate for fiscal 2018 may differ from management's estimate due to changes in interpretations and assumptions and the excess tax benefits impact of share-based payment awards. See Note 12, *Income Taxes* for further detail.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date, but prior to the date the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the combined carve-out financial statements, except as disclosed in Note 13.

Recent Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 - Revenue Recognition ("ASC 605") and most industry-specific guidance throughout ASC 605. The FASB has issued numerous updates that provide clarification on a number of specific issues as well as requiring additional disclosures. The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Company adopted ASC 606 effective January 1, 2018 using the modified retrospective method which would require a cumulative effect adjustment for initially applying the new revenue standard as an adjustment to the opening balance of retained earnings and the comparative information would not require to be restated and continue to be reported under the accounting standards in effect for those periods.

Based on the Company's analysis, the Company did not identify a cumulative effect adjustment for initially applying the new revenue standards.

In November 2016, the FASB issued ASU 2016-18, *"Statement of Cash Flows (Topic 230)"*, requiring that the statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This guidance is effective for fiscal years, and interim reporting periods therein, beginning after December 15, 2017 with early adoption permitted. The provisions of this guidance are to be applied using a retrospective approach which requires application of the guidance for all periods presented. The adoption of this accounting standard did not have a material impact on the combined carve-out financial statements or disclosures.

Standards Not Yet Adopted

In February 2016, the FASB issued authoritative guidance under ASU 2016-02, Leases (Topic 842). ASU 2016-02 provides new comprehensive lease accounting guidance that supersedes existing lease guidance. Upon adoption of ASU 2016-02, the Company will be required to recognize most leases on its balance sheet at the beginning of the earliest comparative period presented with a corresponding adjustment to stockholders' equity. ASU 2016-02 requires the Company to capitalize most current operating lease obligations as right-of-use assets with a corresponding liability based on the present value of future operating lease obligations. Criteria for distinguishing leases between finance and operating are substantially similar to criteria for distinguishing between capital leases and operating leases in existing lease guidance. Lease agreements that are 12 months or less are permitted to be excluded from the balance sheet. Topic 842 includes a number of optional practical expedients that the Company may elect to apply. Expanded disclosures with additional qualitative and quantitative information will also be required. The adoption will include updates as provided under ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842 and ASU 2018-10, Codification Improvements to Topic 842, Leases. The Company adopted ASC Topic 842 effective January 1, 2019.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. Subtopic 505-50, Equity — Equity-Based Payments to Non-Employees, addresses aspects of the accounting for nonemployee share based compensation. The amendments are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company is currently evaluating the potential impact of adopting this guidance on its combined carve-out financial statements.

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, Fair Value Measurement. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in ASU 2018-13 will be effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU No. 2018-13 and delay adoption of the additional disclosures until their effective date. The Company is currently evaluating the potential impact of adopting this guidance on its combined carve-out financial statements.

NOTE 4 – ACQUISITIONS

January 2018 Asset Purchase:

On January 19, 2018, the Company entered into an Amended and Restated Asset Purchase Agreement ("Amended Asset Purchase Agreement") with GGNG Enterprises Inc. (formerly known as NG Enterprises, Inc.) and Guillermo Gallardo (collectively, the "Seller") and closed the purchase of certain assets related to the Seller's welding supply and gas distribution business in San Diego, California. The total purchase price for the Purchased Assets was $767,500. $22,500 was paid as a business broker commission and is included in goodwill. Upon consummation of the closing, on January 19, 2018, the Company commenced business operations in San Diego, California through its wholly owned subsidiary NG Enterprises Acquisition, LLC and is doing business as "Complete Welding San Diego".

The allocation of the consideration transferred is as follows:

Cash	$	767,500
Total purchase price	**$**	**767,500**
Accounts receivable	$	44,349
Inventory		150,000
Cylinders		325,000
Trucks		10,000
Accounts payable assumed		(148,720)
Total purchase price allocation	**$**	**380,629**
Goodwill	**$**	**386,871**

February 2018 Asset Purchase:

On February 16, 2018, the Company entered into an Asset Purchase Agreement ("Asset Purchase Agreement") with Green Arc Supply, L.L.C. (the "Seller") and closed the purchase of certain assets related to the Seller's welding supply and gas distribution business located in Louisiana and Texas. The total purchase price for the purchased assets and assumed liabilities was $2,259,616, which was comprised of a $1,000,000 cash payment and the issuance of 961,539 shares of restricted common stock having a fair value of $1,259,616. The Asset Purchase Agreement also included certain conditional and bonus payments to the Seller, subject to certain performance criteria being met, as well as other terms and conditions which are typical in asset purchase agreements.

Further, in conjunction with the Asset Purchase Agreement, the Company entered into four (4) Assignment, Assumption and Amendment to Lease Agreements (each a "Lease Assumption Agreement") with the Seller and the landlords of certain real property leased by the Seller for the operation of the Seller's business locations in Louisiana and Texas. Upon consummation of the closing, the Company commenced operations in Texas and Louisiana through its wholly owned subsidiary MWS Green Arc Acquisition, LLC and is doing business as "Green Arc Supply".

The allocation of the consideration transferred is as follows:

Cash	$	1,000,000
Shares issued in connection with acquisition		1,259,616
Total purchase price	**$**	**2,259,616**

Cash	$	15,749
Accounts receivable		252,116
Inventory		652,336
Cylinders		695,892
Trucks		282,056
Fixed assets		769,440
Accounts payable assumed		(154,009)
Total purchase price allocation	**$**	**2,513,580**
Gain on acquisition	$	(253,964)

The Company recognized a gain on acquisition due to the total assets purchased being greater than the total purchase price. The Seller undervalued total assets due primarily to accounting errors. The gain on acquisition was recorded as other income on the income statement.

April 2018 Stock Purchase:

On April 3, 2018, Taronis Technologies, Inc. (the "Company") entered into a Securities Purchase Agreement ("SPA") with Robert Baker, Joseph Knieriem (collectively, the "Sellers") and Trico Welding Supplies, Inc., a California corporation ("Trico") for the purchase of all of the issued and outstanding capital stock of Trico by the Company. Under the terms of the SPA, the Company purchased one hundred percent (100%) of Trico's issued and outstanding capital stock for the gross purchase price of $2,000,000 ("Trico Stock"). $547,810 was paid as consulting fees and is included in operating expenses in the income statement. The SPA included certain other terms and conditions which are typical in securities purchase agreements. On March 21, 2018, the Company made an initial non-refundable deposit for the purchase of the Trico Stock. Upon execution of the SPA, the Company funded the remaining $1,000,000 balance due. Effective at closing, the Company commenced business operations in northern California through its new wholly owned subsidiary Trico Welding Supplies, Inc.

The allocation of the consideration transferred is as follows:

Cash	$	2,000,000
Total purchase price	**$**	**2,000,000**
Cash	$	71,742
Accounts receivable		487,951
Inventory		440,786
Customer relationships		468,000
Cylinders and trucks		297,792
Accounts payable assumed		(985,755)
Notes payable assumed		(282,013)
Capital leases		(227,308)
Deferred tax liability		(117,000)
Total purchase price allocation	**$**	**154,195**

Goodwill	**$ 1,845,805**

October 2018 Stock Purchase:

On October 17, 2018, Taronis Technologies, Inc. (the "Company") entered into a Securities Purchase Agreement ("SPA") with Ronald Ruyle, Charlotte Ruyle, Jered Ruyle and Janson Ruyle (collectively, the "Sellers") and Paris Oxygen Company, a Texas corporation ("Paris") for the purchase of all of the issued and outstanding capital stock of Paris by the Company. Under the terms of the SPA, the Company purchased one hundred percent (100%) of Paris' issued and outstanding capital stock for the gross purchase price of $1,250,000 ("Paris Stock"). $3,000 was paid as legal fees and is included in operating expenses in the income statement. The SPA included certain other terms and conditions which are typical in securities purchase agreements. Effective at closing, the Company commenced business operations in Texas through its new wholly owned subsidiary Paris Oxygen Company and is doing business as "Tyler Welders Supply".

The preliminary allocation of the consideration transferred is as follows:

Cash	$	1,250,000
Total purchase price	**$**	**1,250,000**
Cash	$	43,133
Accounts receivable		106,516
Inventory		149,029
Trucks		105,691
Customer relationships		173,475
Accounts payable assumed		(53,772)
Deferred tax liability		(36,430)
Total purchase price allocation	**$**	**487,643**
Goodwill	**$**	**762,357**

October 2018 Stock Purchase:

On October 22, 2018, Taronis Technologies, Inc. (the "Company") entered into a Securities Purchase Agreement ("SPA") with Melvin E. Ruyle (collectively, the "Seller") and Latex Welding Supply, Inc., a Louisiana corporation ("Latex") for the purchase of all of the issued and outstanding capital stock of Latex by the Company. Under the terms of the SPA, the Company purchased one hundred percent (100%) of Latex's issued and outstanding capital stock for the gross purchase price of $1,500,000 ("Latex Stock"). $3,000 was paid as legal fees and is included in operating expenses in the income statement. The SPA included certain other terms and conditions which are typical in securities purchase agreements. Effective at closing, the Company commenced business operations in Louisiana through its new wholly owned subsidiary Latex Welding Supply, Inc. and is doing business as "Tyler Welders Supply".

The preliminary allocation of the consideration transferred is as follows:

Cash	$	1,500,000
Total purchase price	**$**	**1,500,000**
Cash	$	57,778
Accounts receivable		92,499
Inventory		70,227
Trucks		62,774
Customer relationships		62,562
Accounts payable assumed		(13,353)
Deferred tax liability		(13,138)
Total purchase price allocation	**$**	**319,349**
Goodwill	**$**	**1,180,651**

October 2018 Stock Purchase:

On October 26, 2018, Taronis Technologies, Inc. (the "Company") entered into a Securities Purchase Agreement ("SPA") with Tyler Welders Supply, Inc., a Texas corporation (collectively, the "Seller") and United Welding Specialties of Longview, Inc., a Texas corporation ("United") for the purchase of all of the issued and outstanding capital stock of United by the Company. Under the terms of the SPA, the Company purchased one hundred percent (100%) of United's issued and outstanding capital stock for the gross purchase price of $750,000 ("United Stock"). $3,000 was paid as legal fees and is included in operating expenses in the income statement. The SPA included certain other terms and conditions which are typical in securities purchase agreements. Effective at closing, the Company commenced business operations in Texas through its new wholly owned subsidiary United Welding Specialties of Longview, Inc. and is doing business as "Tyler Welders Supply".

The preliminary allocation of the consideration transferred is as follows:

Cash	$	750,000
Total purchase price	**$**	**750,000**
Cash	$	20,552
Accounts receivable		135,180
Inventory		158,487
Cylinders		56,580
Other assets		17,923
Accounts payable assumed		(65,291)
Total purchase price allocation	**$**	**323,433**
Goodwill	**$**	**426,567**

All goodwill recorded as part of the purchase price allocations is currently anticipated to be tax deductible.

The following proforma financial information presents the consolidated results of operations of the Company with NG Enterprises Acquisition, LLC, MWS Green Arc Acquisition, LLC, Trico Welding Supplies, Inc., Paris Oxygen Company, Latex Welding Supply, Inc. and United Welding Specialties of Longview, Inc. for the years ended December 31, 2018 and 2017, as if the above discussed acquisitions had occurred on January 1, 2017 instead of January 19, 2018, February 16, 2018, April 3, 2018, October 17, 2018, October 22, 2018 and October 26, 2018, respectively. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

	For the years ended December 31,	
	2018	2017
Revenues	12,822,889	11,987,795
Gross Profit	6,145,074	5,295,638
Operating Loss	(14,010,635)	(9,001,576)
Net Loss	(14,387,334)	(8,289,180)

NOTE 5 - INVENTORY

Inventory, consisting of production material consumables, hard goods, spare components and CIP at December 31 is as follows:

	December 31,	
	2018	2017
Raw Materials	$ 26,568	$ 24,472
Finished Goods	1,926,576	256,800
CIP	634,110	1,091,788
Total Inventory	$ 2,587,254	$ 1,373,060

At December 31, 2017, the Company booked a reserve for obsolescence of $50,000, netted against finished goods.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

	Estimated useful life	December 31, 2018	December 31, 2017
Machinery and equipment	3 – 5 years	$ 807,859	$ 482,263
Furniture and office equipment	5 – 7 years	397,779	182,305
Transportation	3 – 5 years	847,753	201,618
Production units	5 – 30 years	8,023,689	4,910,736
Building	39.5 years	2,255,451	2,237,257
		$ 12,332,531	$ 8,014,179
Accumulated depreciation		(2,680,225)	(2,024,738)
		$ 9,652,306	$ 5,989,441

Depreciation expense was $694,561 and $608,954 for the years ended December 31, 2018 and 2017, respectively.

NOTE 7 – GOODWILL

Goodwill outstanding as of December 31, 2018 and 2017 consisted of the following:

	Goodwill
January 1, 2017	2,108,781
Acquisitions	-
Impairments	-
December 31, 2017	2,108,781
Acquisitions	4,581,943
Impairments	-
December 31, 2018	6,690,724

NOTE 8- CAPITALIZED LEASES

The Company has equipment under various capital leases expiring through August 2024. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets.

The assets, with costs of approximately $293,597 and $91,299 as of December 31, 2018 and 2017, and accumulated amortization of approximately $80,595 and $22,725 as of December 31, 2018 and 2017, respectively, are included in machinery and equipment and are amortized over the estimated lives of the assets. Amortization of assets under capital leases is included in depreciation expense.

At December 31, 2018, annual minimum future lease payments under the capital leases are as follows:

For the year ending December 31,	Amount
2019	101,565
2020	91,420
2021	70,820
2022	40,034
2023	11,507
2024	3,730
Total minimum lease payments	319,075
Less amount representing interest	25,478
Present value of minimum lease payments	293,597
Less current portion of minimum lease	90,303
Long-term present value of minimum lease payment	$ 203,294

The interest rate on the capital leases is approximately 6% and is imputed based on the lower of the Company's incremental borrowings rate at the inception of each lease or the lessor's implicit rate of return.

NOTE 9 – NOTES PAYABLE

Promissory Note – Mortgage

On September 30, 2014, the Company entered into a promissory note for a principal sum of $520,000 at an interest rate of 6.5% per annum as part of the mortgage on its corporate headquarters in Clearwater, FL. Payments of interest only are due and payable monthly commencing November 1, 2014 until October 1, 2024, at which time the entire principal balance shall be due and payable. As of December 31, 2018, and 2017, the principal balance payable was $520,000 and $520,000, respectively.

Trico Notes Payable Assumed

On April 3, 2018, in conjunction with the acquisition, the Company assumed $282,013 in promissory notes payable by Trico Welding Supplies, Inc. ("Trico"), when the Company completed the acquisition of Trico. Trico is obligated under seven promissory notes with interest rates ranging between 4.75-6.75%. As of December 31, 2018, the total principal balance payable by Trico was $175,590.

At December 31, 2018, annual minimum future payments under the notes payable are as follows:

For the year ending December 31,	Amount
2019	94,008
2020	49,352
2021	32,230
Total minimum lease payments	175,590

NOTE 10 - RELATED PARTY TRANSACTIONS

Asset Purchase Agreement – Related Parties

On April 4, 2018, the Company entered into a $500,000 asset purchase agreement with LBJ, a California general partnership owned by Joseph Knieriem and Robert Baker. At the time of the asset purchase agreement, Mr. Knieriem and Mr. Baker were full-time employees of the Company and are currently employed to this date with the Company. The transaction closed April 4, 2018.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

Certain conditions may exist as of the date the combined carve-out financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's combined carve-out financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

From time to time the Company may be a party to litigation matters or regulatory investigations involving claims against the Company or its wholly-owned subsidiaries. The Company is subject to an increased risk of litigation and regulatory investigation due to the Company's operation in a highly regulated industry.

It is possible that we may be subject to litigation or claims for indemnification in connection with the sale of our common stock in inadvertent unregistered transactions that occurred in 2018. The SEC may determine to investigate the unregistered transactions in our common stock, which could subject us to potential enforcement actions by the SEC under Section 5 of the Securities Act of 1933, as amended (the "Securities Act") and may result in injunctive relief or the imposition of fines. In addition, it is possible that we had other unregistered offers or sales of our common stock, other than the aforementioned inadvertent unregistered transactions that occurred in 2018, and we may be subject to litigation or claims for indemnification in connection with any such offers or sales. If any such claims were to succeed, we might not have sufficient funds to pay the resulting damages. There can be no assurance that the insurance coverage we maintain would cover any such expenses or be sufficient to cover any claims against us. In addition to the monetary value of any claim, any litigation, regulatory action or governmental proceeding to which we are a party could adversely affect us by harming our reputation, diverting the time and attention of management, and causing the Company to incur significant litigation expenses, which would all materially and adversely affect our business.

In addition, we may be a party to litigation matters involving our business, which operates within a highly regulated industry. On September 4, 2018, we received notice that a law firm representing the estate of an individual who sustained life-ending injuries while working for an end user of our products had made a claim to our insurance carrier. The matter is under investigation by the U.S. Department of Transportation and the Occupational Health and Safety Administration. The Company is still investigating the cause of the accident and there have been no conclusive findings as of this time. It is unknown whether the final cause of the accident will be determined and whether those findings will negatively impact Company operations or sales. The Company continues to be fully operational and transparent with all regulatory agencies.

On April 15, 2019, an alleged shareholder filed a purported class action in the United States District Court for the Middle District of Florida against the Company and certain of its officers and directors, captioned Hatten v. Taronis Technologies, Inc., et al., Case No. 8:19-cv-00889 (M.D. Fla.). The complaint purports to be brought on behalf of a class consisting of all persons (other than defendants) who purchased or otherwise acquired securities of the Company between January 28, 2019 and February 12, 2019 and alleges that the Company and the individual defendants violated federal securities laws, including Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, by making alleged false and/or misleading statements and failing to disclose certain information regarding the Company's business with the City of San Diego.

On June 21, 2019, the United States District Court for the Middle District of Florida granted the parties' joint motion to transfer the case to the United States District Court for the District of Arizona. On July 10, 2019, the Court appointed a Lead Plaintiff. The case is now captioned Zhu, et al. v. Taronis Technologies, Inc., et al., No. CV-19-04529-PHX-GMS (D. Ariz.). On August 2, 2019, the Court established a schedule for the filing of an operative amended complaint and a response thereto.

On August 30, 2019, Lead Plaintiff filed an amended complaint that alleges the same claims and class period as the initial complaint. Defendants' motion to dismiss the amended complaint is due on October 14, 2019.

On June 25, 2019, a shareholder derivative complaint was filed against certain of the Company's directors and officers in the United States District Court for the District of Arizona. The case is captioned Falcone v. Dingess, et al., No. CV-19-04547-PHX-DJH (D. Ariz.). The complaint alleges, among other things, that the defendants violated federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, by making alleged false and/or misleading statements and failing to disclose certain information regarding the Company's business with the City of San Diego. The complaint further alleges breaches of fiduciary duties, waste of corporate assets, and gross mismanagement. The factual allegations upon which these claims are based are similar to the factual allegations made in the Securities Class Action Litigation, described above. The complaint seeks, among other things, unspecified

damages for the Company from the individual defendants, the payment of costs and attorneys' fees, and that the Company be directed to reform certain governance and internal procedures.

On September 20, 2019, a shareholder derivative complaint was filed against certain of the Company's directors and officers in the United States District Court for the District of Arizona. The case is captioned Manley v. Mahoney, et al., No. 2:19-cv-05233-DLR (D. Ariz.). The complaint alleges breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The factual allegations upon which these claims are based are similar to the factual allegations made in the Securities Class Action Litigation, described above. The complaint seeks, among other things, unspecified damages for the Company from the individual defendants, the payment of costs and attorneys' fees, and that the Company be directed to reform certain governance and internal procedures.

As of June 30, 2019, the Company has not accrued for any litigation contingency.

Operating Leases

The Company leases facilities located in various states in the United States for its office and operations under non-cancelable operating leases that expire at various times through 2028. The total amount of rent expense under the leases is recognized on a straight-line basis over the term of the leases. Rent expense under the operating leases for the years ended December 31, 2018 and 2017 was $503,089 and $174,100, respectively.

- On September 1, 2006, the Company entered into a lease for an operating facility in Sacramento, CA, through a wholly owned subsidiary. The lease agreement has a term of 5 years with minimum monthly payments of $4,700 ($56,400 per annum). Upon the expiration of the initial term of the lease, the lease converted to a month to month tenancy and the Company continues to pay rent and occupy the premises set forth in the lease.

- On August 1, 2012, the Company entered into a lease for an operating facility in Shreveport, LA, through a wholly owned subsidiary. The lease agreement has a term of 5 years with minimum monthly payments of $4,750 ($57,000 per annum). Upon the expiration of the initial term of the lease, the lease converted to a month to month tenancy and the Company continues to pay rent and occupy the premises set forth in the lease.

- On August 13, 2015, the Company entered into a lease for an operating facility in Palestine, TX, through a wholly owned subsidiary. The lease agreement has a term of 5 years with minimum monthly payments of $1,800 ($21,600 per annum).

- On August 24, 2015, the Company entered into a lease for an operating facility in Flint, TX, through a wholly owned subsidiary. The lease agreement has a term of 5 years with minimum monthly payments of $5,550 ($66,600 per annum).

- On December 1, 2015, the Company entered into a lease for an operating facility in Shreveport, LA, through a wholly owned subsidiary. The lease agreement has a term of 66 months with minimum monthly payments of $2,846 ($34,152 per annum).

- On April 5, 2016, the Company entered into a lease for an operating facility in Lakeland, FL, through a wholly owned subsidiary. The lease agreement has a term of 3 years with minimum monthly payments of $2,200 ($26,400 per annum). The lease was subsequently renewed for an additional one-year term with a minimum month payment of approximately $2,750 ($33,000 per year).

- On August 1, 2016, the Company entered into a lease for an operating facility in Flint, TX, through a wholly owned subsidiary. The lease agreement has a term of 4 years with minimum monthly payments of $900 ($10,800 per annum).

- On August 4, 2016, the Company entered into a lease for an operating facility in Sarasota, FL, through a wholly owned subsidiary. The lease agreement has a term of 5 years with minimum monthly payments of $1,700 ($20,400 per annum).

- On November 16, 2017, the Company entered into a lease for a testing facility in Bowling Green, FL, through a wholly owned subsidiary. The lease agreement has a term of 1 year with minimum monthly payments of $3,000 ($36,000 per annum). Upon the expiration of the initial term of the lease, the lease converted to a month to month tenancy and the Company continues to pay rent and occupy the premises set forth in the lease.

- On April 4, 2018, the Company entered into a lease for an operating facility in Woodland, CA, through a wholly owned subsidiary. The lease agreement has a term of 1 year with minimum monthly payments of $14,000 ($168,000 per annum). Upon the expiration of the initial term of the lease, the lease converted to a month to month tenancy and the Company continues to pay rent and occupy the premises set forth in the lease.

- On May 1, 2018, the Company entered into a lease for an operating facility in Spring Hill, FL, through a wholly owned subsidiary. The lease agreement has a term of 1 year with minimum monthly payments of $1,250 ($15,000 per annum). Upon the expiration of the initial term of the lease, the lease converts to a month to month tenancy and the Company will continue to pay rent and occupy the premises set forth in the lease.

- On September 1, 2018, the Company entered into a lease for an operating facility in Clearwater, FL, through a wholly owned subsidiary. The lease agreement has a term of 10 years with minimum monthly payments of $6,728.40 escalating over the term of the lease ($80,740.80 per annum straight-line basis).

- On October 18, 2018, the Company entered into a lease for an operating facility in Paris, TX, through a wholly owned subsidiary. The lease agreement has a term of 2 years with minimum monthly payments of $3,000 ($36,000 per annum).

- On October 27, 2018, the Company entered into a lease for an operating facility in Longview, TX, through a wholly owned subsidiary. The lease agreement has a term of 2 years with minimum monthly payments of $2,000 ($24,000 per annum).

At December 31, 2018, annual minimum future lease payments under these operating leases are as follows:

For the year ending December 31,	Amount
2019	683,588
2020	663,259
2021	664,859
2022	664,859
2023	664,858
Total minimum lease payments	3,341,423

NOTE 12 - INCOME TAX

Effective January 1, 2018, the Tax Act reduced the corporate rate from 35.0% to 21.0%. The Company has adopted ASU 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraph Pursuant to SEC Staff Accounting Bulletin No. 118*, which allows the Company to record provisional amounts during the period of enactment. Any changes to the provisional amounts are recorded as adjustments to the provision for income taxes in the period the amounts are determined.

During the year ended December 31, 2017, the Company recognized a provisional reduction to income tax expense of $315 to reflect the revaluation of the Company's net deferred tax liabilities based on the U.S. federal tax rate of 21%.

The provision for income taxes on continuing operations for the years ended December 31, 2018 and 2017

	Years Ended December 31,	
	2018	**2017**
Current:		
Federal	$ -	$ -
State	4,396	-
	4,396	-
Deferred:		
Federal	-	(420,000)
State	-	(100,000)
	4,396	(520,000)
Change in valuation allowance	-	520,000
Total	$ 4,396	$ -

A reconciliation of the federal statutory rate to the effective tax rate for income from continuing operations for the years ended December 31, 2018, 2017 and 2016, respectively, is comprised as follows:

	Years Ended December 31,	
	2018	**2017**
U.S. federal statutory rate	21.00%	34.00%
State income taxes, net of federal benefit	5.07	3.69
Other permanent items	(0.10)	(0.17)
Effect of federal tax rate change	-	(10.36)
Effect of state tax rate change	-	(13.31)
Return to provision true-up	-	0.75
Change in valuation allowance	(31.57)	(14.60)
Other	5.52	-
Total income tax provision	(0.08)%	0.00%

The Company's deferred tax assets and liabilities as of December 31, 2018 and 2017 are summarized below. The deferred taxes in 2018 and 2017 reflect the federal tax rate of 21.0%.

	December 31,	
	2018	**2017**
Deferred tax assets:		
Net Operating Loss carryover	$ 1,862,423	$ 776,354

Business interest limitation	48,720	-
Charitable contribution carryforward	225	-
Bad debt allowance	325,252	27,874
Inventory reserve	-	12,720
Total deferred tax assets	2,236,620	816,948
Less reserve for allowance	(2,236,620)	(816,948)
Total deferred tax assets net of valuation allowance	$ -	$ -

As of December 31, 2018 and 2017 the Company did not have any unrecognized tax benefits, net of their state benefits, that would affect the Company's effective tax rate. The Company classifies interest and/or penalties on income tax liabilities or refunds as additional income tax expense or income.

The tax loss carry-forwards of the Company may be subject to limitation by Section 382 of the Internal Revenue Code with respect to the amount utilizable each year. This limitation reduces the Company's ability to utilize net operating loss carry-forwards. The Company has performed an analysis of its Section 382 ownership changes and has determined that the utilization of all of its federal net operating loss carry forward is limited by Section 382. All of net operating loss carry forwards as of December 31, 2018, are subject to the limitations under Section 382 of the Internal Revenue Code. Federal net operating loss carry forwards will expire, if unused, between 2031and 2029.

The Company files income tax returns in the U.S. federal and various state jurisdictions. As of December 31, 2018, and 2017, the Company has federal and state net operating loss carryforwards each of $1,862,423 and $776,354, respectively. Federal net operating loss carry forwards recorded prior to 2017 will expire, if unused, between 2031 and 2029. Federal net operating loss carry forwards recorded in 2018, in the amount of $1,086,069, has an indefinite life, subject to an 80% limitation.

As of December 31, 2018, the tax returns for the years from 2014 through 2017 remain open to examination by the Internal Revenue Service and various state authorities. ASC 740, "Income Taxes" requires that a valuation allowance is established when it is "more likely than not" that all, or a portion of, deferred tax assets will not be recognized. A review of all available positive and negative evidence needs to be considered, including the Section 382 limitation, the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. After consideration of all the information available, management believes that uncertainty exists with respect to the future realization of its deferred tax assets and has, therefore, established a full valuation allowance as of December 31, 2018, and 2017. For the year ended December 31, 2018, the change in valuation allowance was $(46.17).

The Company entered into a restructuring transaction under Sections 355 and 368(a)(1)(D). This reorganization transaction was treated as a tax-free spin-off for U.S. federal income tax purposes.

As of December 31, 2018, and 2017, the Company has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's financial statements. The Company's policy is to classify assessments, if any, for tax-related interest as income tax expenses. No interest or penalties were recorded during the years ended December 31, 2018, and 2017. The Company does not expect its unrecognized tax benefit position to change during the next twelve months.

NOTE 13 – SUBSEQUENT EVENTS

Acquisitions

On January 16, 2019, the Company entered into a Securities Purchase Agreement ("SPA") with Melvin Ruyle Family Living Trust and Tyler Welders Supply, Inc., a Texas corporation ("Tyler") for the purchase of all of the issued and outstanding capital stock of Tyler by the Company. Under the terms of the SPA, the Company purchased one hundred percent (100%) of Tyler's issued and outstanding capital stock for the gross purchase price of $2,500,000. The SPA includes certain other terms and conditions which are typical in securities purchase agreements. Effective at closing, the Company commenced business operations at its new locations in Texas.

On February 15, 2019, the Company entered into a Securities Purchase Agreement ("SPA") with Melvin Ruyle, Jered Ruyle and Janson Ruyle and Cylinder Solutions, Inc., a Texas corporation ("CS") for the purchase of all of the issued and outstanding capital stock of CS by the Company. Under the terms of the SPA, the Company purchased one hundred percent (100%) of CS's issued and outstanding capital stock for the gross purchase price of $1,500,000. The SPA includes certain other terms and conditions which are typical in securities purchase agreements. Effective at closing, the Company commenced business operations at its new location in Texas.

On February 22, 2019, the Company entered into an Asset Purchase Agreement ("APA") with Complete Cutting & Welding Supplies, Inc. and closed the purchase of certain assets related to the Seller's welding supply and gas distribution business located in California. The total purchase price for the purchased assets and assumed liabilities was $2,500,000. The APA included certain other terms and conditions which are typical in asset purchase agreements. On October 22, 2018, the Company made an initial non-refundable deposit of $250,000 for the purchase of the assets. Upon execution of the APA, the Company funded the remaining $2,250,000 balance due. Effective at closing, the Company commenced business operations in California through its wholly owned subsidiary MagneGas Welding Supply – Complete LA, LLC and is doing business as "Complete Welding".

On July 16, 2019, the Company entered into a Distribution and License Agreement ("License Agreement") with Taronis Technologies, Inc. ("Taronis Technologies"). Under the terms of the License Agreement, Taronis Technologies granted the Company an exclusive worldwide manufacturing and distribution rights to its proprietary metal cutting fuel "MagneGas" as well as any other gases created using the equipment and methods claimed by Taronis Technologies' patents. The License Agreement also grants the Company certain other rights related to the Company's trademarks, patents and other intellectual property, including the ability to commercially manufacture and sell Venturi® Plasma Arc gasification systems for the creation of gases. The Company will pay to Taronis Technologies, a seven percent (7%) royalty on any net cash proceeds received by the Company in relation to the use of the license in any form or fashion. To date the royalties due under the License Agreement were limited to a small portion of MagneGas sales, such that had the License Agreement been in effect for all periods present, any royalty payments owing would have had an immaterial impact on the Company's combined carve-out financial statements.

On August 30, 2019, Timothy Hauck notified Taronis Technologies, Inc. (the "Company") of his resignation as the Company's interim Chief Financial Officer and Treasurer. Mr. Hauck also resigned from his positions with the Company's subsidiary Taronis Fuels, Inc. Mr. Hauck's resignation is not the result of any disagreement with the policies, practices or procedures of the Company, but was due to not wanting to relocate his family to the Company's new corporate headquarters in Phoenix, Arizona.

On September 1, 2019, the Company appointed Tyler B. Wilson, Esq. as its new Chief Financial Officer to fill the vacancy left by Mr. Hauck's resignation. Mr. Wilson has served as the Company's General Counsel since mid-2017 and served as corporate Secretary and as its Executive Vice President since December 2018. He will continue to serve as the Company's Secretary and General Counsel in addition to his role as Chief Financial Officer. Mr. Wilson has extensive experience in corporate finance and management. He played a primary role in advancing the Company's turnaround and rebranding beginning in early 2017, including development of the Company's acquisition model, leading capital market financings, managing staff and service providers and advancing international expansion. Prior to joining the Company, Mr. Wilson served as the managing attorney of Wilson Law Group, PLLC, a corporate and securities boutique he founded in 2011. Over the course of his career, Mr. Wilson has founded and co-founded a number of successful start-ups and has extensive experience in business operations, capital markets transactions and operational leadership. Mr. Wilson holds a Bachelor of Arts from the University of Notre Dame and a Juris Doctor from the University of Notre Dame Law School.

On September 1, 2019, the Company appointed Eric Newell as its new Treasurer to fill the vacancy left by Mr. Hauck's resignation. Mr. Newell has served as the Company's General Manager since the fall of 2018 and previously served the Company in a number of other capacities including System Operator (March 2015-August 2015), Office Manager (August 2015-April 2016) and Project Manager (April 2016-September 2018). Mr. Newell has more than twenty years of successful business management and hands-on operational experience in several diverse industries. He is currently pursuing a Bachelor's in Business Management at the University of Phoenix.

Subsidiary Dissolution

On April 2, 2019, the Company filed a certificate of cancellation with the State of Delaware for the subsidiaries MagneGas Energy Solutions, LLC and MagneGas Europe, LLC. These entities were dormant with immaterial business operations. The Company opted to dissolve the entities to avoid incurring administrative filing fees.

Taronis Fuels Inc. and Subsidiaries
Unaudited Condensed Combined Carve-Out Balance Sheets

	June 30, 2019 (unaudited)	December 31, 2018 (audited)
Assets		
Current Assets		
Cash	$ 1,635,862	$ 1,598,737
Accounts receivable, net of allowance for doubtful accounts of $800,082 and $418,997, respectively	2,783,345	1,394,681
Inventory	2,964,341	2,587,254
Prepaid expenses and other current assets	189,175	172,760
Total Current Assets	7,572,723	5,753,432
Property and equipment, net of accumulated depreciation of $3,214,063 and $2,680,226, respectively	15,766,081	9,652,306
Deposits on acquisitions	-	550,000
Restricted deposit	816,466	806,466
Security deposits	152,358	227,125
Right-of-use assets, net of accumulated amortization of $391,589 and $0, respectively	3,750,420	-
Goodwill	11,123,231	6,690,724
Total Assets	$ 39,181,279	$ 23,680,053
Liabilities and Parent's Net Investment		
Current Liabilities		
Accounts payable	$ 3,333,347	$ 1,768,690
Accrued expenses	518,935	413,522
Financing lease liability, current	90,303	-
Operating leases liability, current	670,055	90,303
Notes payable	1,575,255	94,008
Total Current Liabilities	6,187,895	2,366,523
Long Term Liabilities		
Notes payable, net of current	1,531,491	601,582
Financing leases liability, net of current	158,142	-
Operating leases liability, net of current	3,080,365	203,294
Total Liabilities	10,957,893	3,171,399
Commitments and Contingencies		
Parent's net investment	28,223,386	20,508,654
Total Liabilities and Parent's Net Investment	$ 39,181,279	$ 23,680,053

Taronis Fuels, Inc. and Subsidiaries
Unaudited Condensed Combined Carve-Out Statements of Operations

	For the three months ended June 30,		For the six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenue:				
Revenue	$ 5,860,061	$ 2,907,712	$ 10,773,393	$ 4,079,464
Cost of Revenues	3,206,435	1,972,586	5,887,250	2,730,459
Gross Profit	2,653,626	935,126	4,886,143	1,349,005
Operating Expenses:				
Selling, general and administration	3,955,015	2,010,180	7,511,221	3,396,838
Total Operating Expenses	3,955,015	2,010,180	7,511,221	3,396,838
Operating Loss	(1,301,389)	(1,075,054)	(2,625,078)	(2,047,833)
Other Income and (Expense):				
Interest	28,169	(23,011)	38,069	(96,016)
Other income	49,675	19,542	41,141	19,543
Total Other Income (Expense)	77,844	(3,469)	79,210	(76,473)
Net Loss	**$ (1,223,545)**	**$ (1,078,523)**	**$ (2,545,868)**	**$ (2,124,306)**

Taronis Fuels, Inc. and Subsidiaries
Unaudited Condensed Combined Carve-Out Statements of Changes in Parent's Net Investment

	For the six months ended June 30,	
	2019	**2018**
Parent's net investment, beginning of year	$ 20,508,654	$ 9,172,828
Net Loss	(2,545,868)	$ (2,124,306)
Advances from Parent	10,260,600	6,965,443
Parent's net investment, end of year	$ 28,223,386	$ 14,013,965

Taronis Fuels, Inc. and Subsidiaries
Unaudited Condensed Combined Carve-Out Statements of Cash Flows
(Unaudited)

	For the six months ended June 30,	
	2019	**2018**
Cash Flows from Operations		
Net Loss	$ (2,545,868)	$ (2,124,306)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	530,765	321,103
Gain on disposal of fixed assets	-	(15,074)
Deferred revenue and customer deposits	-	(44,095)
Amortization of right-of-use assets	381,085	-
Provision for (recovery of) doubtful accounts	391,589	(14,432)
Changes in operating assets:		
Accounts receivable	(727,878)	294,143
Inventory	194,612	(95,221)
Prepaid and other current assets	(18,278)	(560,555)
Accounts payable	554,834	(174, 542)
Accrued expenses	105,411	(85,036)
Payments on lease liabilities	(509,691)	-
Net cash used in operating activities	(1,643,419)	(2,498,015)
Cash Flows from Investing Activities		
Deposit on acquisition	(550,000)	-
Cash acquired in acquisition of businesses, net of cash acquired	(5,930,675)	(3,698,500)
Purchase of property and equipment	(3,663,847)	16,878
Security deposit	1,174,767	(69,744)
Proceeds from sale of assets	-	
Net cash used in investing activities	(8,969,755)	(3,751,366)
Cash Flows from Financing Activities		
Advances from parent	10,260,600	6,965,443
Financing lease payments	(45,152)	(13,730)
Notes payable repaid	(193,387)	(384,625)
Notes proceeds notes payable	638,238	242,991
Net cash provided by financing activities	10,660,299	6,810,079
Net increase in cash	47,125	560,698
Cash and restricted cash, beginning of year	2,405,203	586,824
Cash and restricted cash, end of year	$ 2,452,328	$ 1,147,522
Supplemental disclosure of cash flow information Cash paid during the year for:		
Interest	$ 2,175	$ 96,015
Supplemental disclosures of non-cash investing and financing activities:		
Assets acquired in NG Enterprises acquisition	-	$ 916,220
Liabilities assumed NG Enterprises acquisition	-	$ (148,720)
Assets acquired in Green Arc Supply acquisition	-	$ 2,667,589
Liabilities assumed in Green Arc Supply acquisition	-	$ (154,009)
Assets acquired in Trico Welding Supplies acquisition	-	$ 3,612,075

Liabilities assumed in Trico Welding Supplies acquisition		-	$	(1,612,075)
Assets acquired in Paris Oxygen acquisition		-	$	1,340,202
Liabilities assumed in Paris Oxygen acquisition		-	$	(90,202)
Assets acquired in Latex Welding Supplies acquisition		-	$	1,526,491
Liabilities assumed in Latex Welding Supplies acquisition		-	$	(26,491)
Assets acquired in United Welding Specialties acquisition		-	$	815,291
Liabilities assumed in United Welding Specialties acquisition		-	$	(65,291)
Assets acquired in Tyler Welders Supply acquisition	$	1,619,905	$	-
Liabilities assumed in Tyler Welders Supply acquisition	$	(652,578)	$	-
Assets acquired in Cylinder Solutions, Inc. acquisition	$	375,915	$	-
Liabilities assumed in Cylinder Solutions, Inc. acquisition	$	(40,911)	$	-
Assets acquired in Complete Cutting & Welding Supplies, Inc. acquisition	$	1,083,360	$	-
Liabilities assumed in Complete Cutting & Welding Supplies, Inc. acquisition	$	(316,333)	$	-

Taronis Fuels, Inc. and Subsidiaries
Notes to the Unaudited Condensed Combined Carve-Out Financial Statements
For the Six Months Ended June 30, 2019 and 2018

NOTE 1 –DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Taronis Fuels, Inc. (the "Company") is a leading clean technology company in the renewable resources and environmental conservation industry. The Company is holding company of various gas and welding supply companies, including MagneGas Welding Supply - Southeast, LLC, MagneGas Welding Supply - South, LLC, MagneGas Welding Supply – West, LLC, MagneGas Limited (United Kingdom) and MagneGas Ireland Limited (Republic of Ireland), that sells and distributes gas production Venturi® Plasma Arc units, a full line of industrial gases and welding equipment and services to the retail and wholesale metalworking and manufacturing industries.

In addition to a suite of industrial gases and welding supply equipment offerings, we also create, sell and distribute a synthetic gas called "MagneGas," which is produced by our wholly owned subsidiary, MagneGas Production, LLC.

Basis of Presentation

The Company is being presented as a carve out of Taronis Technologies wholly-owned subsidiary Taronis Fuels and collectively presents the Company on a standalone basis.

Taronis Fuels used a centralized approach to cash management and financing its operations, including the operations of the Company. Accordingly, none of the cash and cash equivalents of Taronis Technologies, Inc. have been allocated to the Company in the unaudited condensed combined carve-out financial statements. Transactions between Taronis Technologies, Inc and the Company are accounted for in the Parent's Net Investment.

The accompanying unaudited condensed combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. In the opinion of the Company's management, the accompanying unaudited condensed combined carve-out financial statements reflect all adjustments, consisting of normal, recurring adjustments, considered necessary for a fair presentation of the results for the interim periods ended June 30, 2019 and 2018. As this is an interim period financial statement, certain adjustments are not necessary as with a financial period of a full year. Although management believes that the disclosures in these unaudited condensed combined carve-out financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements that have been prepared in accordance U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. These interim unaudited condensed combined financial statements should be read in conjunction with the Company's audited financial statements and notes for the years ended December 31, 2018 and 2017 included elsewhere herein.

Parent's Net Investment

The Company's equity on the Balance Sheet represents Taronis Technologies' net investment in the Company's business and is presented as "Parent's Net Investment" in lieu of stockholder's equity.

Carve-Out Assumptions and Allocations

The combined financial statements include an allocation of certain Taronis Fuels, Inc. corporate expenses, including administrative expenses. These costs have been allocated on the basis of direct usage when identifiable, with the remainder allocated on a pro-rata basis of expenses, headcount or other systematic measures that reflect utilization of services provided to or benefits received by us. Management considers the expense allocation methodology and results to be reasonable for all periods presented. The Company's combined financial position, results of operations, comprehensive earnings and cash flows may not be indicative of our results had we been a separate standalone entity during the periods presented, nor are the results stated herein indicative of what our financial position, results of operations, comprehensive earnings, and cash flows may be in the future. Actual costs that would have been incurred if the Company had operated as a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas.

NOTE 2 - GOING CONCERN AND MANAGEMENTS' PLAN

As of June 30, 2019, the Company had cash of $1,635,862 and reported a net loss of $2,545,868 and used cash in operations of $1,643,419 for the six months ended June 30, 2019. In addition, as of June 30, 2019, the Company had working capital of $1,384,828 and parent's net investment of $28,223,386. The Company utilizes cash in its operations of approximately $300,000 per month. These factors raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months from the issuance of these combined financial statements.

Historically, the Company financed its operations through equity and debt financing transactions but does not believe it will need to do so in the immediate future. The Company does not believe it will continue incurring operating losses for the foreseeable future and that it will be cash-flow positive before year-end. In the event the Company continues incurring operating losses, the Company may be required to raise additional capital within the next year to continue funding operations at the current cash expenditure levels.

The ability of the Company to continue as a going concern is dependent upon its ability to further implement its business plan and generate sufficient revenue and its ability to raise additional funds by way of public or private offering. The Company does not believe it will continue incurring operating losses for the foreseeable future and that it will be cash-flow positive before year-end. The unaudited condensed combined carve-out financial statements do not include any adjustments relating to the recovery and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed combined carve-out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. In the opinion of the Company's management, the accompanying unaudited condensed combined carve-out financial statements reflect all adjustments, consisting of normal, recurring adjustments, considered necessary for a fair presentation of the results for the interim periods ended June 30, 2019 and 2018. Although management believes that the disclosures in these unaudited condensed combined carve-out financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements that have been prepared in accordance U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC.

The accompanying unaudited condensed combined carve-out financial statements should be read in conjunction with the Company's audited combined carve-out financial statements for the year ended December 31, 2018, which contains the audited financial statements and notes thereto, for the years ended December 31, 2018 and 2017 included elsewhere herein. The interim results for the three and six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the year ended December 31, 2019 or for any future interim periods.

Use of Estimates

The Company prepares its financial statements in conformity with U.S. GAAP. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that these estimates are reasonable; however, actual results could differ from those estimates. The unaudited condensed combined carve-out financial statements presented include significant estimates for intangible assets, goodwill, fair value of assets and liabilities related to acquisitions, recoverability of deferred tax assets, collection of its receivables and the useful life of property, plant and equipment, and allocation of carved-out corporate expenses, including administrative expenses.

Business Combinations

The Company accounts for business combinations under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date.

Concentrations of Credit Risk

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash. The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk. The Company believes that credit risk is limited because the Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, consequently, believes that its accounts receivable credit risk exposure beyond such allowances is limited.

The Company maintains cash deposits with financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC"), which, from time to time, may exceed federally insured limits. Cash is also maintained at foreign financial institutions. Cash in foreign financial institutions as of June 30, 2019 was $816,466. The Company has not experienced any losses and believes it is not exposed to significant credit risk from cash.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash, checking accounts, money market accounts and temporary investments with original maturities of three months or less when purchased. As of June 30, 2019, and 2018 the Company had no cash equivalents.

Restricted cash consists of cash deposited with a financial institution for $816,466 held in an escrow account.

The following table provides a reconciliation of cash and restricted cash reported in the unaudited condensed combined carve-out balance sheets that sum to the total of the same amounts show in the statement of cash flows.

	June 30,	
	2019	**2018**
Cash	1,635,862	1,147,522
Restricted deposits	816,466	-
Total cash and restricted cash in the balance sheet	2,452,328	1,147,522

Revenue Recognition

The Company follows the guidance of ASC Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"). The revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Revenues under Topic 606 are required to be recognized either at a "point in time" or "over time", depending on the facts and circumstances of the arrangement, and will be evaluated using a five-step model.

The Company principally generates revenue through three operating streams: (1) the sale of MagneGas fuel for metal cutting and through the sales of other industrial and specialty gases and related products through the Company's wholly owned subsidiaries, (2) by providing consulting services and (3) through the sales of the Venturi® Plasma Arc Systems. The Company's revenue recognition policy is as follows:

- Revenue for metal-working fuel, industrial gases and welding supplies is recognized when performance obligations of the sale are satisfied. The majority of the Company's terms of sale have a single performance obligation to transfer products. Accordingly, the Company recognizes revenue when control has been transferred to the customer, generally at the time of shipment of products. Under the previous revenue recognition accounting standard, the Company recognized revenue upon transfer of title and risk of loss, generally upon the delivery of goods.

- Consulting Services are earned through various arrangements. The Company applies the five-step process outlined in ASC 606 when recognizing revenue with regards to the consulting services:
  - The Company enters into a written consulting agreement with a customer to provide professional services and has an enforceable right to payment for its performance completed to date;
  - All of the promised services are identified to determine whether those services represent performance obligations;
  - In consideration for the services to be rendered, the Company expects to receive incremental payments during the term of the agreement;
  - Payments are estimated for each performance obligation and allocated in accordance with payment terms; and
  - The nature of the consulting services is such that the customer will receive benefits of the Company's performance only when the customer receives the professional services. Consequently, the entity recognizes revenue over time by measuring the progress toward complete satisfaction of the performance obligation.

- Venturi® Plasma Arc Units Revenue generated from sales of each unit is recognized upon delivery and completion of the performance obligation. Significant deposits are required before production commences. These deposits are classified as customer deposits.

Contract Balances

The timing of revenue recognition may differ from the timing of payment by customers. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment.

The following table represents external net sales disaggregated by product category for the six months ended June 30,

	2019	2018
Gas sold	$ 7,692,546	$ 2,520,106
Equipment rentals	473,067	135,058
Equipment sales	2,371,461	1,398,533
Other	236,319	25,767
Total Revenues from Customers	10,773,393	4,079,464

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date, but prior to the date the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the unaudited condensed combined carve-out financial statements, except as disclosed in Note 8.

Recently Adopted Accounting Standards

In February 2016, the FASB issued authoritative guidance under ASU 2016-02, Leases (Topic 842). ASU 2016-02 provides new comprehensive lease accounting guidance that supersedes existing lease guidance. Upon adoption of ASU 2016-02, the Company will be required to recognize most leases on its balance sheet at the beginning of the earliest comparative period presented with a corresponding adjustment to stockholders' equity. ASU 2016-02 requires the Company to capitalize most current operating lease obligations as right-of-use assets with a corresponding liability based on the present value of future operating lease obligations. Criteria for distinguishing leases between finance and operating are substantially similar to criteria for distinguishing between capital leases and operating leases in existing lease guidance. Lease agreements that are 12 months or less are permitted to be excluded from the balance sheet. Topic 842 includes a number of optional practical expedients that the Company may elect to apply. Expanded disclosures with additional qualitative and quantitative information will also be required. The adoption will include updates as provided under ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842 and ASU 2018-10, Codification Improvements to Topic 842, Leases. The Company adopted ASC Topic 842 effective January 1, 2019 using the prospective approach. As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2019 (a) a lease liability of $3,824,919, which represents the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8.0%, and (b) a right-of-use asset of approximately $3,824,919. The most significant impact was the recognition of right-of-use assets and lease obligations for operating leases.

Standards Not Yet Adopted

In August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-13, Fair Value Measurement. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in ASU 2018-13 will be effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU No. 2018-13 and delay adoption of the additional disclosures until their effective date. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In April 2019, the FASB issued Accounting Standards Update ("ASU") No. 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. ASU 2019-04 provides further Updates related to financial instruments, following Updates 2016-01, 2016-13 and 2017-12. The amendments in ASU 2019-04 will be effective as of the beginning of the first annual reporting period beginning after April 25, 2019. Early adoption is permitted, including adoption on any date on or after April 25, 2019. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In May 2019, the FASB issued Accounting Standards Update ("ASU") No. 2019-05, Financial Instruments – Credit Losses (Topic 362): Targeted Transition Relief. ASU 2019-05 is an update to ASU 2016-13, Financial Instruments – Credit Losses (Topic 362): Measurement of Credit Losses on Financial Instruments. The amendments in ASU 2019-05 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in any interim period after the issuance of this Update as long as an entity has adopted the amendments in Update 2016-13. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In July 2019, the FASB issued Accounting Standards Update ("ASU") No. 2019-07, Codification Updates to SEC Sections. ASU 2019-07 provides amendments to SEC paragraphs pursuant to SEC Final Rule Releases No. 33-10532, *Disclosure Update and Simplification*, Nos. 33-10231 and 33-10442, *Investment Company Reporting Modernization* and other miscellaneous updates. FASB has not provided an effective date as of the date of this filing.

NOTE 4 – ACQUISITIONS

January Stock Purchase:

On January 16, 2019, the Company entered into a Securities Purchase Agreement ("SPA") with Melvin Ruyle Family Living Trust (the "Seller") and Tyler Welders Supply, Inc., a Texas corporation ("TWS") for the purchase of all of the issued and outstanding capital stock of TWS by the Company ("Transaction"). Under the terms of the SPA, the Company purchased one hundred percent (100%) of TWS's issued and outstanding capital stock for the gross purchase price of $2,500,000 ("TWS Stock"). Effective at closing, the Company will assume business operations at its new location in Texas.

The preliminary allocation of the consideration transferred is as follows:

Cash	$	2,500,000
Total purchase price	**$**	**2,500,000**
Accounts receivable	$	572,264
Cash		43,394
Inventory		571,699
Customer relationships		250,000
Cylinders and trucks		182,549
Accounts payable assumed		(652,578)
Total purchase price allocation	**$**	**967,327**
Goodwill	**$**	**1,532,673**

February Stock Purchase:

On February 15, 2019, the Company entered into a Securities Purchase Agreement ("SPA") with Melvin Ruyle, Jered Ruyle and Janson Ruyle (collectively, the "Seller") and Cylinder Solutions, Inc., a Texas corporation ("CS") for the purchase of all of the issued and outstanding capital stock of CS by the Company ("Transaction"). Under the terms of the SPA, the Company purchased one hundred percent (100%) of CS's issued and outstanding capital stock for the gross purchase price of $1,500,000 ("CS Stock"). Effective at closing, the Company assumed business operations at its new location in East Texas.

The preliminary allocation of the consideration transferred is as follows:

Cash	$	1,500,000
Total purchase price	**$**	**1,500,000**
Accounts receivable	$	13,902
Cash		25,931
Cylinders and trucks		336,081
Accounts payable assumed		(40,911)
Total purchase price allocation	**$**	**335,004**
Goodwill	**$**	**1,164,996**

February Asset Purchase:

On February 22, 2019, Taronis Technologies, Inc. (the "Company") entered into an Asset Purchase Agreement ("Agreement") with Complete Cutting and Welding Supplies, Inc., a California corporation (the "Seller") for the purchase of substantially all of the Seller's tangible and intangible business assets ("Transaction"). Under the terms of the Agreement, the Company purchased from the Seller substantially all of the Seller's right, title an interest to the Seller's business assets and certain other assumed liabilities. The total purchase price paid was $2,500,000 cash. The Agreement includes certain other terms and conditions which are typical in asset purchase agreements.

The allocation of the consideration transferred is as follows:

Cash	$	2,500,000
Total purchase price	**$**	**2,500,000**
Accounts receivable	$	455,705
Customer relationships		250,000
Cylinders and trucks		377,655
Accounts payable assumed		(316,333)
Total purchase price allocation	**$**	**767,027**
Goodwill	**$**	**1,732,973**

All goodwill recorded as part of the purchase price allocations is currently anticipated to be tax deductible.

The following unaudited proforma financial information presents the consolidated results of operations of the Company with NG Enterprises Acquisition, LLC, MWS Green Arc Acquisition, LLC, Trico Welding Supplies, Inc., Paris Oxygen Company, Latex Welding Supply, Inc., United Welding Specialties of Longview, Inc., Tyler Welders Supply, Cylinder Solutions, Complete Cutting and Welding Supplies and Water Pilot, LLC for the three and six months ended June 30, 2019 and 2018, as if the above discussed acquisitions had occurred on January 1, 2018 instead of January 19, 2018, February 16, 2018, April 3, 2018, October 17, 2018, October 22, 2018, October 26, 2018, January 16, 2019, February 15, 2019, February 22, 2019 and May 31, 2019, respectively. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Revenues	5,803,945	5,656,244	11,279,238	11,245,774
Gross Profit	2,649,752	2,531,265	5,208,232	4,635,668
Operating Loss	(4,871,623)	(3,485,788)	(13,944,138)	(7,023,886)
Net Loss	(4,811,602)	(3,413,974)	(13,863,590)	(7,213,808)

NOTE 5 – NOTES PAYABLE

On February 22, 2019, the Company entered into a Cylinder Purchase Agreement with Guillermo Gallardo to purchase 10,000 gas cylinders. The Company made an initial purchase of 1,000 cylinders on October 18, 2018 for $300,000. The Company purchased an additional 2,334 cylinders upon execution of this agreement for $700,200. The Company agreed to purchase the remaining 6,666 cylinders for $1,999,800 over a period of two years. There is no interest associated with this agreement. The balance due as of June 30, 2019 was $1,899,800.

On June 6, 2019, the Company entered into a non-recourse Agreement for the Purchase and Sale of Future Receipts with C6 Capital Funding, LLC. The Company sold $600,000 in future receipts at a purchase price of $828,000 with weekly payments of $24,645 until the sold amount is delivered. The balance due as of June 30, 2019 was $803,355. The Company made one payment of $24,645 during the six months ended June 30, 2019.

NOTE 6- COMMITMENTS AND CONTINGENCIES

Litigation

Certain conditions may exist as of the date the consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

It is possible that we may be subject to litigation or claims for indemnification in connection with the sale of our common stock in inadvertent unregistered transactions that occurred in 2018. The SEC may determine to investigate the unregistered transactions in our common stock, which could subject us to potential enforcement actions by the SEC under Section 5 of the Securities Act of 1933, as amended (the "Securities Act") and may result in injunctive relief or the imposition of fines. In addition, it is possible that we had other unregistered offers or sales of our common stock, other than the aforementioned inadvertent unregistered transactions that occurred in 2018, and we may be subject to litigation or claims for indemnification in connection with any such offers or sales. If any such claims were to succeed, we might not have sufficient funds to pay the resulting damages. There can be no assurance that the insurance coverage we maintain would cover any such expenses or be sufficient to cover any claims against us. In addition to the monetary value of any claim, any litigation, regulatory action or governmental proceeding to which we are a party could adversely affect us by harming our

reputation, diverting the time and attention of management, and causing the Company to incur significant litigation expenses, which would all materially and adversely affect our business.

In addition, we may be a party to litigation matters involving our business, which operates within a highly regulated industry. On September 4, 2018, we received notice that a law firm representing the estate of an individual who sustained life-ending injuries while working for an end user of our products had made a claim to our insurance carrier. The matter is under investigation by the U.S. Department of Transportation and the Occupational Health and Safety Administration. The Company is still investigating the cause of the accident and there have been no conclusive findings as of this time. It is unknown whether the final cause of the accident will be determined and whether those findings will negatively impact Company operations or sales. The Company continues to be fully operational and transparent with all regulatory agencies.

On April 15, 2019, an alleged shareholder filed a purported class action in the United States District Court for the Middle District of Florida against the Company and certain of its officers and directors, captioned Hatten v. Taronis Technologies, Inc., et al., Case No. 8:19-cv-00889 (M.D. Fla.). The complaint purports to be brought on behalf of a class consisting of all persons (other than defendants) who purchased or otherwise acquired securities of the Company between January 28, 2019 and February 12, 2019 and alleges that the Company and the individual defendants violated federal securities laws, including Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, by making alleged false and/or misleading statements and failing to disclose certain information regarding the Company's business with the City of San Diego.

On June 21, 2019, the United States District Court for the Middle District of Florida granted the parties' joint motion to transfer the case to the United States District Court for the District of Arizona. On July 10, 2019, the Court appointed a Lead Plaintiff. The case is now captioned Zhu, et al. v. Taronis Technologies, Inc., et al., No. CV-19-04529-PHX-GMS (D. Ariz.). On August 2, 2019, the Court established a schedule for the filing of an operative amended complaint and a response thereto.

On August 30, 2019, Lead Plaintiff filed an amended complaint that alleges the same claims and class period as the initial complaint. Defendants' motion to dismiss the amended complaint is due on October 14, 2019.

On June 25, 2019, a shareholder derivative complaint was filed against certain of the Company's directors and officers in the United States District Court for the District of Arizona. The case is captioned Falcone v. Dingess, et al., No. CV-19-04547-PHX-DJH (D. Ariz.). The complaint alleges, among other things, that the defendants violated federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, by making alleged false and/or misleading statements and failing to disclose certain information regarding the Company's business with the City of San Diego. The complaint further alleges breaches of fiduciary duties, waste of corporate assets, and gross mismanagement. The factual allegations upon which these claims are based are similar to the factual allegations made in the Securities Class Action Litigation, described above. The complaint seeks, among other things, unspecified damages for the Company from the individual defendants, the payment of costs and attorneys' fees, and that the Company be directed to reform certain governance and internal procedures.

On September 20, 2019, a shareholder derivative complaint was filed against certain of the Company's directors and officers in the United States District Court for the District of Arizona. The case is captioned Manley v. Mahoney, et al., No. 2:19-cv-05233-DLR (D. Ariz.). The complaint alleges breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The factual allegations upon which these claims are based are similar to the factual allegations made in the Securities Class Action Litigation, described above. The complaint seeks, among other things, unspecified damages for the Company from the individual defendants, the payment of costs and attorneys' fees, and that the Company be directed to reform certain governance and internal procedures.

As of June 30, 2019, the Company has not accrued for any litigation contingency.

NOTE 7 – LEASES

The Company adopted ASC Topic 842 effective January 1, 2019 using the prospective approach. In addition, the Company elected not to apply ASC Topic 842 to arrangements with lease terms of 12 months or less. On January 1, 2019, upon adoption of ASC Topic 842, the Company recorded right-of-use asset of $4,037,472, lease liability of $4,037,472. The Company determined the lease liability using the Company's estimated incremental borrowing rate of 8.0% to estimate the present value of the remaining monthly lease payments.

The Company has entered into various operating and finance lease agreements. The finance lease agreements include equipment and vehicles for the use in daily operations and range from five to six-year terms.

The Company currently has seventeen office leases and are outlined below:

- The first operating lease is for its welding supply store in Clearwater, FL, effective September 1, 2018, for ten years. The initial lease rate was $6,728 per month with 2% annual rent increases.
- The second lease is a short-term lease for its welding supply store in Spring Hill, FL. This lease was effective May 1, 2018 and will end on April 30, 2019. The current lease rate is $1,338 per month.
- The third operating lease is for its welding supply store in Lakeland, FL, from March 31, 2016 through March 31, 2020. The initial lease rate was $2,100 per month with escalating payments.
- The fourth operating lease is for its welding supply store in Sarasota, FL, from August 1, 2016 through July 31, 2021. The current lease rate is $1,700 per month.
- The fifth operating lease is for its welding supply store in Sulphur Springs, TX, from February 1, 2019 through January 31, 2020. The current lease rate is $2,000 per month.
- The sixth lease is a short-term lease for its welding supply store in Woodland, CA, from April 4, 2018 through April 3, 2019. The current lease rate is $14,000 per month.
- The seventh operating lease is for its gas fill plant in Flint, TX, from August 24, 2015 through August 23, 2020. The current lease rate is $900 per month.
- The eighth operating lease is for its storage facility in Flint, TX, from August 1, 2016 through August 23, 2020. The current lease rate is $5,500 per month.
- The ninth operating lease is for its welding supply store in Shreveport, LA, from December 1, 2015 through May 31, 2021. The initial lease rate was $2,846 per month with escalating payments.
- The tenth operating lease is for its welding supply store in Palestine, TX, from August 13, 2015 through August 12, 2020. The current lease rate is $1,800 per month.
- The eleventh operating lease is for its welding supply store in Paris, TX, from October 18, 2018 through October 17, 2020. The current lease rate is $3,000 per month.
- The twelfth operating lease is for its welding supply store in Longview, TX, from October 27, 2018 through October 26, 2020. The current lease rate is $2,000 per month.
- The thirteenth operating lease is for its cylinder repair shop in Tyler, TX, from February 16, 2019 through February 15, 2020. The current lease rate is $2,500 per month.
- The fourteenth operating lease is for its welding supply store in Tyler, TX, from January 17, 2019 through January 16, 2020. The current lease rate is $6,500 per month.
- The fifteenth operating lease is for its welding supply store in Compton, CA, from February 22, 2019 through October 31, 2026. The current lease rate is $29,400 per month.

- The sixteenth operating lease is for its welding supply store in Pomona, CA, from February 22, 2019 through October 31, 2026. The current lease rate is $11,200 per month.

- The seventeenth operating lease is for its welding supply store in Oxnard, CA, from February 22, 2019 through February 1, 2020. The initial lease rate was $3,394 per month with escalating payments.

- The eighteenth operating lease is for its welding supply store in Lynwood, CA, from April 1, 2019 through September 30, 2023. The initial lease rate was $2,000 per month with escalating payments. The Company has no other operating with terms greater than 12 months.

Supplemental balance sheet information related to leases was as follows:

Operating Leases:		
Operating lease right-of-use assets	$	3,750,420
Current portion included in current liabilities	$	670,055
Long-term portion included in non-current liabilities		3,080,365
Total operating lease liabilities	$	3,750,420
Finance Leases:		
Property and equipment, gross	$	414,685
Accumulated depreciation		(166,240)
Property and equipment, net	$	248,445
Other current liabilities	$	90,303
Other long-term liabilities		158,142
Total finance lease liabilities	$	248,445

Supplemental lease expense related to leases was as follows:

	For the Three Months Ended 6/30/2019	For the Six Months Ended 6/30/2019
Operating lease expense	$ 319,935	$ 473,566
Finance lease expense:		
Amortization of right-of-use assets	$ 19,068	$ 38,136
Interest on lease liabilities	2,930	6,083
Total finance lease expense	$ 21,998	$ 44,219
Total lease expense	$ 341,933	$ 517,785

Other information related to leases where the Company is the lessee is as follows:

	For the Six Months Ended 6/30/2019
Weighted average remaining lease term:	
Operating leases	6.5 years
Finance leases	
Weighted average discount rate:	
Operating leases	2.5%
Finance leases	4.7%

Supplemental cash flow information related to leases was as follows:

	For the Three Months Ended 6/30/2019	For the Six Months Ended 6/30/2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 261,248	$ 509,691
Operating cash flows from finance leases (interest payments)	2,930	6,083
Financing cash flows from finance leases	22,576	45,152
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 104,537	$ 3,024,084
Finance leases	-	-

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
Remainder of 2019	$ 509,798	$ 50,330
2020	801,911	91,420
2021	626,571	70,820
2022	595,541	40,034
2023	604,241	11,507
Thereafter	1,757,190	3,730
Total lease payments	4,895,252	267,840
Less: Present value adjustment	(1,144,832)	(19,395)
Total liability	$ 3,750,420	$ 248,445
Less: Current portion	(670,055)	(90,303)
Long term portion	$ 3,080,365	$ 158,142

NOTE 8 – SUBSEQUENT EVENTS

License Agreement

On July 16, 2019, the Company entered into a Distribution and License Agreement ("License Agreement") with Taronis Technologies, Inc. ("Taronis Technologies"). Under the terms of the License Agreement, Taronis Technologies granted the Company an exclusive worldwide manufacturing and distribution rights to its proprietary metal cutting fuel "MagneGas" as well as any other gases created using the equipment and methods claimed by Taronis Technologies' patents. The License Agreement also grants the Company certain other rights related to the Company's trademarks, patents and other intellectual property, including the ability to commercially manufacture and sell Venturi® Plasma Arc gasification systems for the creation of gases. The Company will pay to Taronis Technologies, a seven percent (7%) royalty on any net cash proceeds received by the Company in relation to the use of the license in any form or fashion. To date the royalties due under the License Agreement were limited to a small portion of MagneGas sales, such that had the License Agreement been in effect for all periods present, any royalty payments owing would have had an immaterial impact on the Company's financial statements.

On August 30, 2019, Timothy Hauck notified Taronis Technologies, Inc. (the "Company") of his resignation as the Company's interim Chief Financial Officer and Treasurer. Mr. Hauck also resigned from his positions with the Company's subsidiary Taronis Fuels, Inc. Mr. Hauck's resignation is not the result of any disagreement with the policies, practices or procedures of the Company, but was due to not wanting to relocate his family to the Company's new corporate headquarters in Phoenix, Arizona.