

The legal agreement

Debenture Deed United Downs Geothermal plc

This Deed is made on 21 July 2017

Between

United Downs Geothermal plc, a company incorporated in England with registered number 10868073 and having its registered office at Falmouth Business Park, Bickland Water Road, Falmouth, United Kingdom, TR11 4SZ (the “**Issuer**”); and

Abundance Investment Ltd, a company incorporated in England and Wales with registered number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ (the “**Agent**” or the “**Arranger**”)

Background

(A) The Issuer has resolved, pursuant to a resolution of its board of directors dated 20 July 2017, to create and issue the Debentures on the terms of this Deed.

(B) The Issuer has determined to constitute the Debentures in the manner set out in this Deed.

Now this deed witnesses as follows:

1 Definitions and Interpretation

1.1 In this Deed, unless the subject or context requires otherwise, the following expressions shall have the meanings set out opposite them below:

Abundance means Abundance Investment Ltd a private limited company incorporated in England and Wales with company number 07049166 and having its registered address at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ and which is authorised and regulated by the Financial Conduct Authority (“**FCA**”) with FCA registration number 525432.

Abundance Service means the website, services and the “Bulletin Board” operated by Abundance at www.abundanceinvestment.com.

Abundance Terms and Conditions means the terms and conditions governing the operation of the Abundance Service, from time to time, the latest copy of which can be found at www.abundanceinvestment.com/legal/terms-and-conditions but at all times only to the extent that such terms and conditions do not impose any obligations or restrictions on the Issuer.

Accounting Principles means the generally accepted accounting principles in the United Kingdom, including IFRS.

Affected Person means any person which Abundance or the Issuer, in its discretion (acting reasonably and in good faith and after consulting with the other), determines is ineligible to acquire or hold Debentures due to the additional costs or restrictions or a Tax or Regulatory Requirement.

Affiliate means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Agent means Abundance Investment Ltd, a company incorporated in England and Wales with registered number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ, in its capacity as agent (which expression shall include any successor agent appointed).

Authorisation means any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental, semi-governmental or judicial entity or authority (including any self-regulatory organisation established under statute or by a governmental or semi-governmental body).

Beneficiaries means each of the Agent, the Holders and each Delegate and the term “Beneficiary” means any one of them.

Business Day means a day other than a Saturday, Sunday or English public holiday when banks in London are open for business.

Client Money Services Provider means Walker Crips Stockbrokers Limited, a company incorporated in England and Wales with registered number 04774117 and its registered address at Finsbury Tower, 103-105 Bunhill Row, London, EC1Y 8LZ.

Client Money Services Provider means Walker Crips Stockbrokers Limited, a company incorporated in England and Wales with registered number 04774117 and its registered address at Finsbury Tower, 103-105 Bunhill Row, London, EC1Y 8LZ.

Connection Agreement means any connection agreement in relation to the grid offer to supply the grid connection for the Project.

Debt Liabilities means all monies and obligations due, owing or incurred to the Beneficiaries or any of them by the Issuer (whether present or future, actual or contingent and whether incurred as principal or surety) pursuant to any Finance Document.

Debenture means each debenture constituted by this Deed.

Deed means this deed and the Schedules to this deed.

Default Interest has the meaning given in clause 12 (*Default Interest*) of this Deed.

Delegate means any delegate, agent, attorney or co-agent appointed by the Agent.

The legal agreement

Direct Agreement means each of the direct agreements entered into by the Issuer, the Security Trustee and each of the respective counterparties in respect of each of the following Project Documents:

- (a) the EPC Contract;
- (b) each Lease;
- (c) each Connection Agreement;
- (d) the Management Services Agreement;
- (e) the O&M Agreement;
- (f) the Power Purchase Agreement(s); and
- (g) any other agreement entered into by the Issuer, the Security Trustee and a counterparty to a Project Document designated as a Direct Agreement by the Security Trustee and the Issuer.

Disruption Event means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Debentures (or otherwise in order for the transactions contemplated by any Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties to the relevant Finance Documents; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that, or any other party to the relevant Finance Documents:
 - (i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

Early Redemption Date has the meaning given in clause 13.1.1 (*Early Redemption*) of this Deed.

Early Redemption Fee means, in respect of an early redemption of the Debentures made in accordance with clause 14.1 (*Early Redemption*), an early redemption fee equal to the amount of Interest which would have accrued on the Debentures and been payable in respect of the period on and from 1 October 2017 until the Early Redemption Date if the Interest Rate were 2 per cent. per annum.

Eligible EEA Country has the meaning given to it in the Abundance Terms and Conditions.

Enforcement Action means any formal legal action or formal legal step taken by any Beneficiary whatsoever to enforce its rights against the Issuer under a Finance Document including:

- (a) to petition for (or take any other formal legal steps or action which are likely to lead to) the liquidation, winding up, administration or dissolution of the Issuer; or
- (b) to commence legal proceedings against the Issuer; or
- (c) to demand, accelerate or require payment, repayment or prepayment of all or any part of the Debt Liabilities; or
- (d) to enforce or make a demand under any guarantee or similar support given in connection with the Debt Liabilities; or
- (e) to cancel any obligation to provide any financial accommodation under a Finance Document.

Environment means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

Environmental Claim means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

Environmental Law means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

Environmental Permits means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

EPC Contract means the engineering, procurement and construction agreement between the EPC Contractor and the Issuer.

EPC Contractor means the Parent.

The legal agreement

Event of Default means any event or circumstances specified as such in clause 16 (*Events of Default*) of this Deed.

Extended Maturity Date means 30 June 2019.

Extension Notice has the meaning given to it in clause 9 (*Extension Option*).

Extension Period means the period from (and including) the Maturity Date until (and including) the Extended Maturity Date.

Final Repayment Date means the Maturity Date or, if extended in accordance with clause 9 (*Extension Option*), the Extended Maturity Date.

Finance Documents means this Deed, any Subordination Agreement, each Security Document and any document designated as such by the Arranger and the Issuer.

Finance Party means the Agent, the Arranger and each Holder.

Financial Indebtedness means any obligation (whether incurred as principal or surety and whether present, future, actual or contingent) for the payment or repayment of any indebtedness in respect of money borrowed or debt balances at any financial institution or under any bond, note, loan, debenture, loan stock or similar instrument, finance or capital lease, acceptance credit or bill discounting facility or guarantee and/or counter-indemnity obligation in respect of any of the above.

Group means the Parent and its respective Subsidiaries (including, but not limited to, the Issuer) for the time being.

Heat Offtake Agreement means any agreement for the provision of heat between the Issuer and a counterparty.

Holder means the person entered in the Register as the holder of each Debenture from time to time.

Holder Representative means the Holders appointed as a committee to represent the interests of Holders in accordance with the Abundance Terms and Conditions.

Holding Company means in relation to a person, any other person in respect of which it is a Subsidiary.

Interest means any amount of interest payable to a Holder in accordance with clause 11 (*Interest*) of this Deed.

Interest Calculation Date has the meaning given to it in clause 11.2 (*Interest*) of this Deed.

Interest Period means each period ending on 31 March and 30 September or, if different, the Maturity Date, the first of such periods commencing on 1 October 2017 and ending on 31 March 2018 and the last of such periods ending on the Maturity Date. If the Issuer extends the Final Repayment Date in accordance with clause 9 (*Extension Option*), the Interest Period for the Extension Period shall commence on the Maturity Date and end on the Extended Maturity Date.

Interest Rate means 12 per cent. per annum.

Issue Amount means the total aggregate principal amount of all of the Debentures issued under this Deed, before the Issuer has redeemed any Debentures early in accordance with clause 14 (*Early Redemption*) of this Deed.

Issuer Security Agreement means a security agreement, dated on or about the date of this Deed, pursuant to which the Issuer grants fixed and floating security over all of its assets in favour of the Security Trustee for the benefit of the Holders.

Issuer Share Charge means the mortgage, dated on or about the date of this Deed, granted by the Parent in favour of the Security Trustee over all of the issued share capital of the Issuer.

Landlord means the Parent.

Lease means each lease of land for the purposes of the Project, entered into between the Landlord and the Issuer.

Legal Reservations means:

(a) the principle that equitable remedies may be granted at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim; and

(d) similar principles, rights and remedies under the laws of any relevant jurisdiction.

Management Services Agreement means a management services agreement in respect of various services supplied by the Parent between the Parent and the Issuer.

Material Adverse Effect means a material adverse effect on:

(a) the ability of the Issuer to perform its or their (as applicable) payment obligations under the Finance Documents; or

(b) the validity or enforceability of the Finance Documents against the Issuer or the rights or remedies of any of the Holders or the Arranger or the Agent against the Issuer under any of the Finance Documents.

Maturity Date means 31 March 2019.

Members has the meaning given in the Abundance Terms and Conditions.

The legal agreement

Minimum Credit Rating means:

(a) in relation to paragraph (a) of the definition of “Power Purchaser”, a minimum credit rating of BBB from Standard & Poor’s Rating Services or Fitch Ratings Inc. or Baa2 from Moody’s Investors Services or the relevant equivalent rating with any industry recognised alternative or successor rating agency to any such rating agencies; and

(b) in relation to paragraph (b) of the definition of “Power Purchaser”, a minimum credit rating of A- from Standard & Poor’s Rating Services or Fitch Ratings Inc. or A3 from Moody’s Investors Services or the relevant equivalent rating with any industry recognised alternative or successor rating agency to any such rating agencies.

O&M Agreement means the operation and management agreement between the O&M Contractor and the Issuer.

O&M Contractor means the Parent.

Offer Document means the document produced by the Issuer, dated on or about the date of this Deed, relating to the Debentures as amended or updated from time to time.

Ordinary Resolution has the meaning given to in the Abundance Terms and Conditions.

Original Jurisdiction means, in relation to the Issuer, the jurisdiction under whose laws the Issuer is incorporated as at the date of this Deed.

Parent means Geothermal Engineering Limited, a company incorporated in England and Wales registered with company number 06663174 and whose registered office is at Falmouth Business Park, Bickland Water Road, Falmouth, Cornwall, England, TR11 4SZ.

Permitted Indebtedness means any Financial Indebtedness incurred by the Issuer as follows:

(a) under the Finance Documents; or

(b) which is subordinated to the Debentures pursuant to a Subordination Agreement.

Permitted Loan means trade credit granted, given or issued by the Issuer on arm’s length terms and in the ordinary course of its business to suppliers, customers or partners.

Permitted Security means:

(a) any Security created or expressed to be created pursuant to the Security Documents;

(b) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; or

(c) any lien arising by operation of law and in the ordinary course of business of the Issuer; or

(d) any Security over bank accounts or retention rights in respect of deposits granted in favour of the account bank as part of that bank’s standard terms and conditions.

Power Purchase Agreement means any and each the power purchase agreements for the sale of electricity on to the electricity distribution system, any private wire agreement and/or any other power purchase agreement entered into by the Issuer and a purchaser and/or supplier of electricity in relation to the Project (both the form of that agreement and the purchaser and/or supplier being satisfactory to the Agent).

Power Purchaser means:

(a) any power purchaser which holds the Minimum Credit Rating;

(b) any power purchaser which has credit support from a bank, financial institution or other entity with the Minimum Credit Rating; or

(c) any power purchaser approved by the Agent in writing.

Principal means, unless the context requires otherwise, the aggregate principal amount of the Debentures or the principal amount of the relevant Debentures held by any Holder, in each case, for the time being outstanding.

Proceeds means all receipts and/or recoveries by the Agent pursuant to any Enforcement Action taken in respect of any Finance Document after deducting (to the extent not already deducted) all sums which the Agent is required by the terms of the Finance Documents or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Beneficiaries.

Proceeds Account means the account held by the Issuer and designated as such by the Issuer and the Agent.

Project means the financing, design, construction, testing, commissioning, operation, management and maintenance of the geothermal and electrical power project at United Downs, Cornwall, (where applicable) as governed by the terms agreed in the Project Documents.

Project Document means each of:

(a) each Connection Agreement;

(b) the EPC Contract;

(c) each Lease;

(d) the Management Services Agreement;

(e) the O&M Agreement;

(f) the Power Purchase Agreements; or

(g) any other document designated a Project Document by the Agent and the Issuer.

The legal agreement

Register means the register of Holders of Debentures.

Repeating Representations means the representations and warranties in paragraph 1.1 (*Status*) to paragraph 1.6 (*Governing law and enforcement*), paragraph 1.8.1 (*No default*), and paragraph 1.11 (*Financial information*) of Schedule 3 (*Representations and Warranties*) of this Deed.

Restricted Person means any person who does not fulfil any criteria of eligibility to invest and/or to hold Debentures set out in the Abundance Terms and Conditions from time to time including (without limitation): (i) any US Person; or (ii) any person who is resident in, whose permanent place of business or whose jurisdiction of incorporation or establishment is in any of the Channel Islands or the Isle of Man; or (iii) any Affected Person.

Schedule means a Schedule to this Deed.

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

Security Documents means each of the:

- (a) Direct Agreements;
- (b) Issuer Security Agreement;
- (c) Issuer Share Charge; and
- (d) Security Trust Deed.

Security Trust Deed means the security trust deed, dated on or about the date of this Deed, entered into between the Issuer and the Security Trustee.

Security Trustee means Abundance Security Trustee Ltd, a company incorporated and registered in England and Wales with company number 09864672 and whose registered office is at 16 Linen House

253 Kilburn Lane, London, England, W10 4BQ.

Special Resolution has the meaning given to it in the Abundance Terms and Conditions.

Sterling or **£** means the lawful currency for the time being of the United Kingdom.

Subordination Agreement means any subordination agreement, entered into between the Issuer, the Agent and other parties as junior creditors from time to time.

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Tax or Regulatory Requirement means any Tax or law, regulation, rule, order, official directive or guideline of any governmental, inter-governmental or supranational body, agency, department or regulatory authority or organisation or any decision of a court (having the force of law) in any country or territory.

Transaction Documents means

- (a) the Finance Documents,
- (b) the Project Documents; and
- (c) the Security Documents.

Transaction Security means the Security created or expressed to be created in favour of the Security Trustee pursuant to the Security Documents.

UK means the United Kingdom.

US means the United States of America.

US Person means any persons who are or deemed to be US Persons for the purposes of US tax laws or US securities laws (including (without limitation) the US Securities Act of 1933). The Issuer may determine (acting reasonably) whether a person acquiring or holding Debentures (or proposing to do so) is a US person in accordance with applicable law at the time it makes such determination. Further summaries of what constitutes a US Person are provided in the Abundance Terms and Conditions.

Written Resolution means a written resolution passed in accordance with the Abundance Terms and Conditions.

1.2 In this Deed unless the contrary intention appears:

1.2.1 terms defined in the Abundance Terms and Conditions have the same meaning in this Deed;

1.2.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this Deed;

1.2.3 Words denoting the singular include the plural and vice versa and a reference to one gender includes the other gender;

1.2.4 A reference to a "person" means any individual, company, corporation, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity;

1.2.5 A reference to a party or any other person includes its successors in title, permitted assigns and permitted transferees;

1.2.6 References to clauses, paragraphs and Schedules (including, for the avoidance of doubt, the Abundance Terms and Conditions) are to the clauses, paragraphs and Schedules of this Deed which form part of this Deed and shall have the same force and effect as if set out in the body of this Deed and any reference to this Deed shall include the Schedules;

1.2.7 A reference to this Deed or to any other deed, instrument, agreement or document shall, unless the context otherwise requires or unless the contrary intention appears, be construed as reference to this Deed or such other deed, instrument, agreement or document as the same may from time to time be amended, varied, supplemented or novated, in each case, in accordance with its terms;

1.2.8 A reference to an "encumbrance" shall be construed as a reference to a mortgage, charge, assignment by way of security, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.9 A reference to a statute or statutory provision or other law is a reference to it as amended, or replaced and includes all legislation and regulations made under it;

1.2.10 A month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

1.2.11 The winding-up, dissolution or administration of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business;

1.2.12 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision;

1.2.13 References to the Debentures include references to all and/or any of the Debentures;

1.2.14 The terms **including** and **include** or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words;

1.2.15 Headings are inserted for convenience and do not affect the interpretation of this Deed;

1.2.16 A reference in this Deed to the exercise of any rights of a Holder Representative shall mean the exercise of such rights by a Holder Representative appointed pursuant to the Abundance Terms and Conditions; and

1.2.17 A reference to an Event of Default continuing means that it has not been remedied or expressly waived.

1.3 Other terms will have the specific meaning given to them in the relevant provisions of this Deed or the Schedules forming part of it.

2. Form, Title, Register and Arranger

2.1 Debentures will be held in electronic form, represented by book entries in the Register.

2.2 Holders will be issued with an electronic confirmation of their holding of Debentures via the Abundance Service in accordance with the Abundance Terms and Conditions.

2.3 The Issuer, the Arranger and the Agent will only recognise and treat each registered Holder as the absolute owner of his Debentures for all purposes and shall not be bound to take notice of any trust to which any Debenture may be subject and shall not be required to obtain any proof thereof or as to the identity of such Holder.

2.4 No notice of any trust, except as required by applicable law, will be entered on the Register in respect of any Debentures.

2.5 The Debentures will be registered only in accordance with the Abundance Terms and Conditions, the terms of which the Issuer hereby acknowledges and assents to.

2.6 The Debentures shall be held and transferred subject to the conditions set out in Schedule 2 (*Holder Restrictions*) of this Deed.

2.7 The Issuer shall maintain arrangements so that any changes to the Register required under this clause shall be made by Abundance in accordance with the Abundance Terms and Conditions.

2.8 Subject to clause 2.9, the personal representatives of a deceased Holder shall be the only persons recognised by the Issuer as having any title to, or interest in, that Debenture on the death of such Holder but will only be so recognised subject to their becoming Members in accordance with the Abundance Terms and Conditions.

2.9 Any person becoming entitled to a Debenture in consequence of the death or bankruptcy of any Holder or otherwise by operation of law, may, upon producing such evidence that he is so entitled as the Issuer may reasonably require, be registered himself as the Holder, subject to his becoming a Member of Abundance in accordance with the Abundance Terms and Conditions.

2.10 The Issuer may retain any payments paid upon any such Debentures which any person referred to in clause 2.9 is entitled to, until such person is registered as the holder of such Debentures or he has duly transferred the Debentures.

2.11 In accordance with the Abundance Terms and Conditions and the Offer Document, the Holders appoint the Agent to act on their behalf.

3 Denomination, Issue and Status

3.1 The Debentures are issued in minimum amounts of five pounds Sterling (£5.00) and in multiple integral amounts of one pound Sterling (£1.00) in nominal amount in excess thereof.

3.2 The aggregate principal amount of the Debentures is limited to a maximum of £5,265,000.

3.3 As and when issued, the Debentures shall constitute direct, unconditional and secured obligations of the Issuer and will rank *pari passu*, equally and rateably without discrimination or preference with all other outstanding secured and unsubordinated obligations of the Issuer, without any preference among themselves (except for obligations mandatorily preferred by law applying to companies generally).

3.4 The Holders will only subscribe for and the Debentures will only be issued once the Arranger has received all of the Transaction Documents and all of the documents and evidence listed in Schedule 1 (*Conditions Precedent*) of this Deed and paragraph 10.1 (*Conditions Subsequent*) of Schedule 4 (*Positive Undertakings*) of this Deed, in each case, in form and substance satisfactory to it. The Arranger shall notify the Issuer promptly upon being so satisfied.

3.5 The Debentures are issued to, and can only be held by, Members in accordance with the Abundance Terms and Conditions.

4 Covenant to pay

4.1 The Issuer will on any date when any Principal and/or Interest or any other amount becomes due pursuant to this Deed pay to or to the order of the Agent, in accordance with Clause 13 (*Application of proceeds*), in Sterling in immediately available funds such amount(s) due on that date together with any applicable Early Redemption Fee payable in accordance with Clause 14 (*Early Redemption*) and will, subject to Clause 12 (*Default Interest*), until (but excluding) the date of actual payment, after as well as before judgment, unconditionally so pay to or to the order of the Agent, in accordance with Clause 13 (*Application of proceeds*), Default Interest on such unpaid amounts, provided that payment of any sum due in respect of the Debentures made to the Agent in accordance with Clause 13 (*Application of proceeds*) shall, to that extent, satisfy such obligation. The Agent will hold the benefit of this covenant on trust for the Holders.

4.2 Any payment to be made in respect of the Debentures by the Issuer may be made as provided in this Deed and any payment so made will, to that extent only, be a good discharge to the Issuer.

5 Assignment and transfer

5.1 The Debentures may only be transferred in accordance with the Abundance Terms and Conditions or, if applicable, in accordance with clauses 2.8 and 2.9 (*Form, Title, Register and Arranger*) of this Deed.

5.2 The Issuer may not assign any of its rights or transfer by novation any of its rights and obligations under this Deed or any Finance Document without the consent of the Agent and the Arranger, and neither may the Agent or the Arranger without the consent of the Issuer.

6 Representations of the Issuer

The Issuer makes each of the representations and warranties set out in Schedule 3 (*Representations and Warranties*) of this Deed on the days and at the times stipulated therein.

7 Undertakings of the Issuer

So long as any amount under a Debenture is outstanding, the Issuer agrees to comply with each of the undertakings given by it that are set out in Schedule 4 (*Positive Undertakings*) and Schedule 5 (*Negative Undertakings*) of this Deed.

8 Use of Proceeds

8.1 Subject to clause 8.3 below, the Issuer may only use the proceeds raised from the Debentures issued under this Deed for:

8.1.1 the financing of the Project; and

8.1.2 meeting the costs and expenses (including legal fees) incurred by the Issuer in connection with the negotiation, preparation and execution of the Finance Documents and the Offer Document.

8.2 Neither the Arranger nor any Holder is bound to monitor or verify the application of any net proceeds of a Debenture issued pursuant to this Deed.

8.3

8.3.1 The Agent shall, subject to it having received all of the documents and evidence listed in paragraph 10.1 (*Conditions Subsequent*) of Schedule 4 (*Positive Undertakings*), within 5 Business Days pay any and all proceeds raised from the Debentures into the Proceeds Account, where they are to be held under the control of the Security Trustee in accordance with the notice of charge to be given by the Issuer to the relevant account bank pursuant to the Issuer Security Agreement in respect of the Proceeds Account; and

8.3.2 The Issuer may, subject to it having received all of the documents and evidence listed in with paragraph 10.2 (*Conditions Subsequent*) of Schedule 4 (*Positive Undertakings*), only be authorised by the Security Trustee to withdraw amounts from the Proceeds Account for use in accordance with clause 8.1 above if a formal board decision has been made to commence the drilling of a second well at the Project based upon the considerations of each of the conditions in paragraph 10.2 (*Conditions Subsequent*) of Schedule 4 (*Positive Undertakings*).

9 Extension Option

The Issuer may, by giving not less than 20 Business Days prior written notice to the Agent extend the Final Repayment Date from the Maturity Date to the Extended Maturity Date (an "**Extension Notice**"). The Agent shall, following receipt of an Extension Notice, confirm to the Issuer that the Final Repayment Date has been extended to the Extended Maturity Date.

10 Repayment of Principal

The Issuer shall repay all Principal in full on the Final Repayment Date, together with all accrued but unpaid Interest and any and all amounts due and outstanding under the Debentures pursuant to this Deed.

11 Interest

11.1 The Debentures shall bear and accrue Interest (i) on the Issue Amount at the Interest Rate from (and including) 1 October 2017 to (and including) 31 March 2018 and (ii) on the Principal at the Interest Rate in respect of each Interest Period thereafter to and including the date on which all Principal is repaid or redeemed in full, such interest in each case to be paid in accordance with this clause 11 (*Interest*).

1.2 Interest shall be payable on the final day of each Interest Period (each an "**Interest Calculation Date**"), with the last Interest Calculation Date falling on the Final Repayment Date. Interest payable on each Interest Calculation Date shall be capitalised on the relevant Interest Calculation Date and added to the amount of Principal then outstanding under the Debentures and shall be paid when the Principal is repaid.

11.3 Interest shall be calculated and accrue on a daily and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year.

12 Default Interest

12.1 In the event the Issuer fails to make any payment of Principal, Interest or any other amount due pursuant to this Deed on its due date, interest (**Default Interest**) shall accrue on such unpaid amount from (and including) the due date for such amount until (but excluding) the date of actual payment (both before and after judgment) at a rate which is 3% per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, attracted Interest at the Interest Rate.

12.2 Default Interest shall accrue on a daily basis and on the basis of a 365-day year, and shall be compounded with the overdue amount at the end of each Interest Period.

13 Application of Proceeds

13.1 Payments

13.1.1 Subject to clause 13.1.2, any payments required to be made by the Issuer under the Finance Documents shall be made not later than 10:00 a.m. (London time) on the relevant date required for payment (the **Payment Date**) and on such Payment Date, the Issuer shall transfer or cause to be transferred such an amount in respect

of the payment to the account directed by the Agent (such account being directed in writing at least five (5) Business Days prior to the relevant Payment Date) being, in the case of any payments to the Holders under the Debentures, the account held with the Client Money Services Provider and with such reference number as directed by the Agent.

13.1.2 If there is an administrative or technical error or Disruption Event which prevents the Issuer from meeting its obligation to make payments under the Finance Documents within the time prescribed under clause 13.1.1, the Issuer will make that payment as soon as reasonably practicable but, in any event, no later than by close of business (in London) on the date falling in respect of Principal ten (10) Business Days and in respect of interest or any other amount five (5) Business Days from the Payment Date.

13.1.3 Any amounts payable under clause 13.1.1 or clause 13.1.2 shall be transferred by the Issuer or on behalf of the Issuer to the above-mentioned account or accounts unconditionally by credit transfer and in immediately available, freely transferable, cleared funds. All such amounts shall be made without set-off, counterclaim, deduction or withholding, unless otherwise required by law.

13.1.4 Subject to clause 13.2, any amounts payable by the Issuer to Holders under the terms of the Debentures shall be apportioned by the Client Money Services Provider on the instructions of the Agent into the relevant pro rata proportions and such apportioned payments shall be directed by the Agent to the Cash Account (as defined in the Abundance Terms and Conditions) of those relevant Holders.

13.1.5 If the Issuer is required by applicable law to make any withholding or deduction in relation to any amount payable under this clause 13.1, it shall be entitled to make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. Neither the Issuer shall be required to increase or gross-up any amount payable to the Beneficiaries under the Finance Documents as a result of any such deduction or withholding.

13.1.6 Any amounts payable under this clause 13.1 are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

13.1.7 If, for any reason, the Agent considers in its sole discretion that amounts to be received in the relevant accounts pursuant to this clause are insufficient to satisfy all claims in respect of all payments under clause 13.1.1 then falling due

(i) the Agent shall, as soon as reasonably practicable, notify the Issuer in writing that the full amount has not been received;

(ii) the Agent shall not be obliged to direct the payment in satisfaction of any such claims until the full amount in respect of such claims has been received from the Issuer or the Guarantor, the Issuer has provided the Agent details of the reason and/or nature of the shortfall and, if there has been an Event of Default, the Issuer has confirmed that the relevant steps, actions or pre-conditions under the Finance Documents have been met prior to any acceleration and subsequent payment of those amounts.

13.2 Application

If any payment for application against amounts due in respect of any Finance Document received or recovered by the Agent is insufficient to discharge all the Debt Liabilities then due and payable by the Issuer under the Finance Documents, the Agent shall direct the Client Money

Services Provider to apply any and all such amounts towards satisfying the obligations of the issuer under those Finance Documents in the following order:

13.2.1 **firstly**, in or towards payment of any unpaid fees, costs and expenses of the Agent, the Security Trustee or any Delegate appointed by any of them;

13.2.2 **secondly**, for the account of the Holders, for application in or towards payment of Debt Liabilities payable to Holders, which shall be allocated in respective pro rata proportions to the Holders of the Debentures in accordance with the following order of priority;

13.2.3 **thirdly**, for the account of the Holders, in or towards payment pro rata of any accrued Interest, income, fee or commission owing to the Holders under those Finance Documents;

13.2.4 **fourthly**, in or towards payment pro rata of any other sum due but unpaid under those Finance Documents;

13.2.4 **fifthly**, in payment of the surplus (if any) to any person entitled to it.

14 Early Redemption

In the event that the Issuer decides to discontinue the Project, the Issuer:

14.1 must redeem the Debentures in full within 30 days of the formal board decision to discontinue the Project having been made (the date on which redemption is due, being the "**Early Redemption Date**") by repaying all Principal outstanding under the Debentures in full, together with any and all accrued Interest outstanding and payable in respect of the Debentures together with the Early Redemption Fee; and

14.2 shall immediately notify the Agent of the intended Early Redemption Date.

15 Cancellation

Any Debentures which are repaid, redeemed or purchased by the Issuer shall forthwith be cancelled and shall not be available for re-issue.

16 Events of Default

16.1 Each of the events or circumstances set out in this clause 16.1 (*Events of Default*) is an Event of Default:

16.1.1 **Non-payment:** any failure by the Issuer to pay in full any amount payable under this Deed on its due date or, if a failure to pay is caused by an administrative or technical error or a Disruption Event, within 10 Business Days of its due date in respect of any amount of principal due and payable under the relevant Debentures, or within 5 Business Days of its due date in respect of interest or any other amount due and payable under the relevant Debentures; or

16.1.2 **Other obligations:** the Issuer fails to perform or comply with any of its other obligations under the Finance Documents (other than the obligations specified in clause 16.1.1) or (subject to any applicable grace periods) any of its material obligations under the Project Documents and, except where such failure is capable of remedy, such failure continues for 10 Business Days after the earlier of (a) written notice has been given by the Agent requiring remedy of such failure; or (b) the date that the Issuer has become aware of such failure; or

16.1.3 **Misrepresentation:** any material representation, warranty or statement made or deemed to have been made by the Issuer in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made, unless and to the extent the underlying event or circumstance is remedied within 20 Business Days of the earlier of (a) a written notice has been given by the Agent requiring remedy of such failure; or (b) the date that the Issuer has become aware of such failure; or

16.1.4 **Cross-default:**

- (i) any Financial Indebtedness of the Issuer is not paid when due or within any applicable grace period; or
- (ii) any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described); or
- (iii) no Event of Default will occur or subsist under this clause 16.1.4:
 - (aa) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (ii) above is less than £100,000 (or its equivalent in any other currency or currencies); or
 - (bb) in respect of any Financial Indebtedness subordinated pursuant to a Subordination Agreement.

16.1.5 **Insolvency:**

- (i) the Issuer:
 - (aa) is unable or admits inability to pay its debts as they fall due for the purposes of section 123(1) or section 123(2) of the Insolvency Act 1986;
 - (bb) suspends making payments on any of its debts; or
 - (cc) by reason of actual or anticipated financial difficulties, commences formal negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness;
- (ii) the value of the assets of the Issuer is less than its liabilities (taking into account contingent and prospective liabilities); or

(iii) a moratorium is declared in respect of any indebtedness of the Issuer. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium;

16.1.6 Insolvency proceedings: any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;
- (ii) a composition, compromise, assignment or arrangement with any creditor of the Issuer (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by a Special Resolution);
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer,

or any analogous procedure or step is taken in any jurisdiction, except that paragraph (i) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 days of commencement;

16.1.7 Creditors' process: any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset of the Issuer and is not discharged within 20 Business Days;

16.1.8 Unlawfulness and invalidity:

- (i) it is or becomes unlawful for the Issuer to perform any of its material obligations under the Finance Documents; or

(ii) any material obligation of the Issuer under any of the Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Holders under the Finance Documents;

16.1.9 Cessation of business: the Issuer suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or substantially all of its business or abandons or ceases to carry on the management, ownership or operation of a material part of the Project;

16.1.10 Expropriation: the authority or ability of the Issuer or any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to the Issuer or any other member of the Group or any of its assets, in each case, which has or would have a Material Adverse Effect;

16.1.11 Repudiation and rescission of agreements: the Issuer rescinds or evidences as an intention in writing to rescind or repudiates or evidences as an intention in writing to repudiate a Finance Document;

16.1.12 Litigation: any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened, or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against the Issuer or any member of the Group or its assets, in each case which have, or would have a Material Adverse Effect; and

16.2 The Issuer shall promptly notify the Arranger and the Agent of the occurrence of any Event of Default upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).

16.3 If any Event of Default occurs and is continuing, the Agent, if so directed in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution of the Holders), shall:

16.3.1 by notice in writing (an "**Acceleration Notice**") declare all amounts accrued or outstanding under the Debentures and this Deed to be immediately due and payable, at which time they shall become immediately due and payable;

16.3.2 be permitted, at the cost and expense of the Issuer (such costs to be proper and reasonable and as far as practicable agreed in advance of appointment), to appoint accountants, lawyers or technical advisers as agreed by the Agent and the Issuer to protect the Holders' interests (taken as a class) under the Finance Documents and to investigate the Event of Default; or

16.3.3 permit the appointment of a Holder Representative in accordance with the Abundance Terms and Conditions.

16.4 No Holder shall be entitled to take any Enforcement Action in relation to the Debentures or enforce any provision of this Deed or waive, cure or consent to any Event of Default or proposed breach of the terms of this Deed except where such action is permitted by and in accordance with the Abundance Terms and Conditions.

16.5 An Acceleration Notice may be withdrawn with immediate effect by the Agent if it is directed to do so in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution of the Holders) to the effect that the Event of Default or Events of Default in relation to which an Acceleration Notice has been given is or are cured or waived, but without prejudice to any rights or obligations which may have arisen before the Issuer withdraws such Acceleration Notice. No such withdrawal shall affect any other Event of Default or any

subsequent Event of Default or any right of any Holders in relation thereto.

17 Notices

17.1 The Issuer will give each notice, and will send any other document, to a Holder by sending such notice to the Agent who will in turn send any document to the relevant Holder using the Abundance Service (which, for the avoidance of doubt, includes the use of e-mail). Each Holder agrees that the Issuer may rely on the Agent to deliver any such notice in accordance with the Abundance Terms and Conditions.

17.2 Each notice sent to a Holder pursuant to clause 17.1 shall, at the same time, be sent to the Agent by e-mail to: support@abundanceinvestment.com.

17.3 Any notice from the Holders (or the Agent acting on their behalf) to the Issuer contemplated by this Deed may be given by e-mail to the Issuer at: ryan.law@geothermalengineering.co.uk or to such other address as otherwise directed by the Issuer from time to time.

17.4 A notice, document or information sent or supplied by electronic means to an address specified for the purpose is deemed to be given to or received by the intended recipient on the same day it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.

18 Meetings of Holders, Voting and Modifications to the Deed

The Abundance Terms and Conditions include provisions for:

18.1 convening meetings of Holders;

18.2 voting and quorum requirements and powers exercisable in respect of an Ordinary Resolution, Special Resolution or a Written Resolution;

18.3 the ability to appoint (and powers of) a Holders Representative; and

18.4 waivers, modifications or consents in respect of certain material matters that affect the Finance Documents (as detailed in the Abundance Terms and Conditions as "reserved matters") that are only exercisable by Special Resolution and in respect of other matters that affect the Finance Documents that are exercisable by Ordinary Resolution (those being, any matters which do not require a Special Resolution) and in respect of matters deemed by the Agent to be of a formal, minor or technical nature that are exercisable by the Issuer and/or Agent without Holder consent in accordance with the Abundance Terms and Conditions.

19 No Dealings

The Debentures are not capable of being dealt or listed on any stock exchange or other public market in the United Kingdom or elsewhere and no application has been, or is intended to be made, for the Debentures to be listed or otherwise traded on any such stock exchange or other public market.

20 Certificates and Determinations

Any certification or determination by the Agent of a rate or amount under any Finance Document is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

21 Rights and Obligations

21.1 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21.2 Abundance provides services in accordance with arrangements it has with the Issuer and operates the Abundance Service in accordance with the Abundance Terms and Conditions as agreed by Members.

22 Enforcement and preservation costs

The Issuer shall, within ten (10) Business Days of demand, pay to the Agent the amount of all costs, fees and expenses (including legal fees) together with any associated VAT properly incurred by the Agent in connection with the enforcement of or the preservation of any rights under any Finance Document or proceedings instituted by or against the Agent as a consequence of enforcing these rights under the Finance Documents.

23 Inspection

A copy of this Deed shall be kept at the registered office of the Issuer and any Holder and any person duly authorised in writing by a Holder may at all reasonable times during office hours inspect it.

24 Endorsement

A memorandum of execution of any deed supplemental to this Deed shall be endorsed by the Issuer on this Deed.

25 Governing Law and Jurisdiction

25.1 Governing Law

25.1.1 This Deed shall be governed by and construed in accordance with English law, and all claims and disputes between the parties or any of them arising out of or in connection with this Deed (whether or not contractual in nature) shall be determined in accordance with English law.

25.1.2 If in any court any Party argues that a court other than the courts of England and Wales has jurisdiction to determine any dispute or difference between the parties or any of them arising out of or in connection with this Deed that issue shall be determined in accordance with English law, and any right any Party might otherwise have to rely upon the law of the forum or any other law is hereby irrevocably and unconditionally waived

25.2 Submission to jurisdiction

25.2.1 Each party submits to the exclusive jurisdiction of the courts of England and Wales in relation to all claims, disputes, differences or other matters arising out of or in connection with this Deed, provided that nothing in this clause shall prevent the Agent in its sole and unfettered discretion, from commencing proceedings against any other party in any court of competent jurisdiction.

25.2.2 Each party irrevocably waives any right that it may have:

(a) to object on any ground to an action being brought in the courts of England and Wales, to claim that the action brought in the courts of England and Wales has been brought in an inconvenient forum, or to claim that the courts of England and Wales do not have jurisdiction. The waiver contained in this clause 25.2.2 (a) includes a waiver of all formal and substantive requirements of any otherwise competent jurisdiction in relation to this clause 25.2.2(a);

(b) to oppose the enforcement of any judgment of any court of England and Wales whether on any ground referred to in clause 25.2.2(a) or otherwise.

This document is executed and delivered as a deed and takes effect on the date stated at the beginning of it.

Conditions Precedent

The Issuer and Parent

1 A copy of the constitutional documents of the Issuer and the Parent.

2 A copy of a resolution of the board of directors of each of the Issuer and the Parent:

2.1 approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party; and

2.2 authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf, to give all notices and take all other action in connection with the Finance Documents to which it is a party.

Security Documents

3 A copy of each of the following Security Documents executed by the parties thereto:

3.1 Issuer Security Agreement;

3.2 Issue Share Charge;

3.3 Security Trust Deed.

Project Documents

4 A copy of each Project Document in existence as at the date of this Deed.

Other Documents and evidence

5 A copy of the group structure chart which shows the Group as at the date of this Deed.

Schedule 2

Holder Restrictions

1 The Debentures may only be acquired or held by Members who are eligible to invest in accordance with the Abundance Terms and Conditions, which, as at the date of this Deed, includes:

1.1.1 individuals aged 18 years or over who have their permanent residence in an Eligible EEA Country;

1.1.2 those who are not individuals, being persons who have a permanent place of business in an Eligible EEA Country and are duly incorporated, authorised, established or formed in accordance with the relevant laws and regulations in the relevant Eligible EEA Country; or

1.1.3 other Members who fulfil all the applicable criteria of eligibility to acquire and to hold Debentures in accordance with the Abundance Terms and Conditions from time to time.

1.2 The Debentures may not be acquired or held by any Restricted Person.

1.3 The Debentures have not been and will not be registered under the United States Securities Act of 1933, as amended, or qualified for sale under the laws of the US or under the laws of any country, jurisdiction, state or territory outside the UK.

1.4 The Issuer, or Abundance on its behalf, may require reasonable evidence that a proposed transfer is exempt from or not subject to a registration or similar requirement in the US or any other jurisdiction outside the United Kingdom.

Schedule 3

Representations and Warranties

1 The Issuer represents and warrants to each of the Holders that:

1.1 **Status:** it is a limited company, duly incorporated and validly existing under the laws of its Original Jurisdiction and it has full power to own its assets and carry on its business;

1.2 **Binding Obligations:** the obligations expressed to be assumed by it in each of the Transaction Documents are, subject to the Legal Reservations, legal, valid, binding and enforceable obligations;

1.3 **Non-conflict with other obligations:** the entry into and performance by it of, and the transactions contemplated by, the Transaction Documents do not and will not conflict with any law or regulation applicable to it, its constitutional documents or any agreement or instrument binding upon it or any of its assets (breach of which would reasonably be expected to have a Material Adverse Effect);

1.4 **Power and Authority:** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by the Finance Documents;

1.5 **Validity and admissibility in evidence:** it has obtained all required Authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Finance Documents and to make them admissible in evidence in its jurisdiction of incorporation. Any such Authorisations are in full force and effect;

1.6 **Governing law and enforcement:** the choice of governing law of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation and any judgment obtained in England or Wales in relation to a Finance Document will be recognised and enforced in that jurisdiction;

1.14.2 no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has a reasonable prospect of success and has or is reasonably likely to have, if determined against that member of the Group, a Material Adverse Effect;

1.15 Taxation:

1.15.1 it is not materially overdue in the filing of any Tax returns and it is not, and no member of the Group is, overdue in the payment of any amount in respect of Tax of £50,000 (or its equivalent in any other currency) or more;

1.15.2 no claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes such that a liability of, or claim against it of £50,000 (or its equivalent in any other currency) is reasonably likely to arise; and

1.15.3 it is resident for Tax purposes only in its Original Jurisdiction.

1.16 **Group Structure Chart:** the group structure chart delivered to the Arranger pursuant to Schedule 1 (*Conditions Precedent*) of this Deed is true, complete and accurate in all material respects and shows each member of the Group, including current name and company registration number, its Original Jurisdiction (in the case of the Issuer), its jurisdiction of incorporation or establishment (in the case of any other member of the Group), in each case as at the date of this Deed;

1.17 **Trustee:** it is not entering into any Finance Document as a trustee;

The legal agreement

1.7 **Insolvency:** no:

1.7.1 corporate action, legal proceeding or other procedure or step described in clause 16.1.6 (*Insolvency Proceedings*); or

1.7.2 creditors' process described in clause 16.1.7 (*Creditors' Process*), have been taken or, to its knowledge, threatened in relation to it; and none of the circumstances described in clause 16.1.5 (*Insolvency*) of this Deed applies to it;

1.8 **No default:**

1.8.1 no Event of Default is continuing or is reasonably likely to result from the entry into or the performance of any Finance Document by it, or the issuance of the Debentures by the Issuer;

1.8.2 no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect;

1.9 **Arm's Length:** the Finance Documents to which it is expressed to be a party have been, are being or will be entered into in good faith for its benefit and on arm's length terms;

1.10 **Information:**

1.10.1 to the best of its knowledge and belief (having taken all reasonable care to ensure it is so) all written information that it has given in connection with the Offer Document and the Finance Documents was true and accurate in all material respects as at the date it was provided, as at any date the information is expressed to be given or (as the case may be) as at the date of the relevant document containing the information;

1.10.2 any financial projections contained in the information referred to in paragraph 1.10.1 above have been prepared as at the date they were provided or stated to be given on the basis of both recent and historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

1.10.3 no event or circumstance has occurred or arisen and no information has been omitted from the information referred to in paragraph 1.10.1 and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the information referred to in paragraph 1.10.1 being untrue or misleading in any material respect;

1.11 **Financial Information:**

1.11.1 the most recent financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 4 (*Positive Undertakings*) of this Deed fairly present its financial condition as at the end of, and results of operations for, the period to which they relate;

1.11.2 since the date of the most recent financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 4 (*Positive Undertakings*) of this Deed there has been no event which would have a Material Adverse Effect on the Issuer;

1.12 **No litigation:**

1.12.1 other than as disclosed by the Issuer in the Offer Document, no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which has a reasonable prospect of success and, if adversely determined, is reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) has been started or threatened against it or any of its Subsidiaries;

1.12.2 no judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any of its Subsidiaries;

1.13 **No breach of laws:** it has not breached any law or regulation where breach would have a Material Adverse Effect;

1.14 **Environmental laws:**

1.14.1 each member of the Group is in compliance with paragraph 7 (*Environmental compliance*) of Schedule 4 (*Positive Undertakings*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance, in each case, in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect;

1.18 **Centre of main interests and establishments:** for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings and/or Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (as applicable) (the "**Regulation**") its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in the United Kingdom and it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

1.19 **Project Documents:** it has complied with the material terms of the Project Documents and no person has disputed, repudiated or disclaimed liability under any Project Document or evidenced an intention to do so.

2 The representations and warranties set out in this Schedule 3 (*Representations and Warranties*) (other than paragraph 1.11.2 (*Financial information*)) are made by the Issuer on the date of this Deed.

3 Subject to paragraph 4 below, the Repeating Representations are also deemed to be made by the Issuer on the first day of each Interest Period.

4 The Repeating Representation contained in paragraph 1.11.1 (*Financial Information*) above shall be deemed to be made by the Issuer in relation to each set of financial statements delivered under this Deed when such financial statements are provided to the Agent.

5 Each representation or warranty deemed to be made after the date of this Deed shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

Schedule 4

Positive Undertakings

The undertakings in this Schedule 4 (Positive Undertakings) remain in force from the date of this Deed for so long as any amount is outstanding under the Finance Documents or any Debenture is issued and remains outstanding.

1 Authorisations: the Issuer must promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of England and Wales that enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document or that enable it to own its assets and carry on its business as it is being conducted, except where failure to obtain or effect such Authorisations would not materially adversely impair its ability to perform its payment obligations under the Finance Documents to which it is expressed to be a party.

2 Compliance with laws: the Issuer must comply with any law or regulation (including any Environmental Law) to which it is subject where such breach would materially adversely affect its ability to perform its obligations under the Finance Documents or result in a liability against it in an amount of which exceeds £50,000.

3 Taxes: the Issuer must pay all Taxes due and payable by it prior to the accrual of any fine or penalty for late payment and must promptly pay to HM Revenue & Customs all VAT and related interest and penalties payable by it, except to the extent contested by it in good faith.

4 Early Redemption Fee: the Issuer will at all times until the Maturity Date (or the Early Redemption Date, if applicable, and if so applicable provided that clause 13.2 is complied with in respect of such):

4.1 maintain an amount in free cash in the Proceeds Account equal to the amount of interest which would have accrued on the Issue Amount in respect of the period on and from the date of this Deed until the Maturity Date at an interest rate of 2 per cent. per annum (the Early Redemption Reserve Amount); and

4.2 ensure that the balance of the Proceeds Account (excluding any and all amounts held in the Proceeds Account representing the proceeds of the Debentures) does not fall below the Early Redemption Reserve Amount.

5 Financial Information:

5.1 The Issuer shall supply to the Arranger and the Agent copies of:

5.1.1 as soon as they become available, but in any event within 180 days after the end of each of its financial years, its audited financial statements for that financial year; and

5.1.2 as soon as they become available, but in any event within 60 days after the end of each of its financial years, its unaudited management accounts for that financial half year.

5.2 Each set of financial statements delivered to the Arranger and the Agent pursuant to this paragraph 5 (*Financial information*) shall be certified by a director of the Issuer as giving a true and fair view of its financial condition as at the date at which those financial statements were drawn up.

The legal agreement

6 Financial Statements: The Issuer shall ensure that the financial statements delivered to the Arranger and the Agent pursuant to paragraph 5 (*Financial Information*) above shall:

6.1 be prepared in accordance with the Accounting Principles; and

6.2 fairly present the Issuer's assets, liabilities, financial position and profit or loss during the relevant accounting period; and

6.3 have been approved by the Issuer's directors in compliance with section 393 of the Companies Act 2006.

7 Environmental compliance: the Issuer shall, and shall ensure that each member of the Group will:

7.1 comply with all Environmental Law;

7.2 obtain, maintain and ensure compliance with all requisite Environmental Permits;

7.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

8 Environmental claims: the Issuer shall procure that each member of the Group shall inform it, promptly upon becoming aware of the same, and the Issuer shall in turn inform the Agent in writing of:

8.1 any Environmental Claim against any member of the Group which is current, pending or threatened; and

8.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim has a reasonable prospect of success and, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

9 Project Documents: the Issuer must exercise its rights under and comply with its material obligations under each Project Document in a proper and timely manner.

10 Conditions Subsequent:

10.1 Prior to amounts raised from the Holders being paid into the Proceeds Account by the Agent, the Issuer shall provide the Arranger with fully executed copies of:

10.1.1 the notice to account bank relating to the Proceeds Account sent pursuant to the Issuer Security Agreement, countersigned and acknowledged by the account bank;

10.1.2 a report on title in relation to the property at the Project incorporating a report on the lease documents prepared by the Issuer's solicitors and addressed to the Agent and the Security Trustee;

10.1.3 the EPC Contract;

10.1.4 each Connection Agreement, assigned or novated to the Issuer;

10.1.5 each Lease;

10.1.6 the O&M Agreement;

10.1.7 the Management Services Agreement; and

10.1.8 each of the Direct Agreements.

10.2 Prior to the Issuer being able to withdraw any amounts from the Proceeds Account in accordance with clause 8.3.2 of this Deed, the Issuer shall provide the Arranger with evidence of:

10.2.1 confirmation from an independent technical expert, based on an appropriate report, (including) that a commercially viable power plant with at least 1MW capacity can be built at the Project (having considered, amongst other things, the flow rate, plant efficiency and plant operating costs of the Project and all relevant data obtained within the relevant report);

10.2.2 all planning permissions for the design of the power plant to be built on the Project having been received;

10.2.3 a grid connection to enable the export of the net electrical capacity of the Project;

10.2.4 a tender process for the builder of the power plant at the Project having resulted in an agreed offer with one of the bidders at an agreed price;

10.2.5 the agreement of heads of terms with a Power Purchaser in relation to a Power Purchase Agreement for the Project;

10.2.6 evidence of funding to complete the Project by way of a scheduled cost to completion based on a financial model;

10.2.7 the receipt of at least one indicative offer of funding from the Cornwall Council or a bank, financial institution or trust, fund or other entity which is regularly engaged in providing financing for power or renewable energy projects, to refinance the Debentures and any other debt outstanding. For the purposes of this paragraph 10.2.7, "indicative offer" shall mean any indicative offer made by the relevant entity following an initial approval process; and

10.2.8 continued adherence to the terms and conditions of any grant funding that has been received or accepted by the Parent.

11 Access: the Issuer shall allow the Agent or any person or persons appointed on the Agent's or Holders' behalf in accordance with clauses 16.3.2 or 16.3.3 (*Events of Default*) of this Deed (respectively) or the Abundance Terms and Conditions (each a "**Holder Appointee**") and any of their officers, employees, professional advisers and agents to have, and shall ensure that the Agent and/or the Holder Appointee (as applicable) are given, access to the premises, assets, books, accounts and records of the Issuer during normal business hours on reasonable notice, being notice which is given no less than 20 Business Days prior to the proposed day of access, and further provided that such requests are made no more frequently than once in any six-month period.

Schedule 5

Negative Undertakings

The undertakings in this Schedule 5 (Negative Undertakings) remain in force from the date of this Deed for so long as any amount is outstanding under the Finance Documents or any Debenture is issued and remains outstanding.

Subject to the terms of this Deed, the Issuer undertakes to the Holders that it shall not, without the consent of the Agent:

1 Financial Indebtedness: incur or allow to remain outstanding any Financial Indebtedness other than Permitted Indebtedness;

2 Lending: be a creditor in respect of any Financial Indebtedness other than a Permitted Loan;

3 Negative Pledge: create or permit to subsist any encumbrance over any of its assets other than Permitted Security;

4 Merger: enter into any amalgamation, demerger, merger or corporate reconstruction;

5 Joint Venture: form, enter into, invest in or transfer any asset to any partnership, consortium or joint venture entity or any other incorporated or unincorporated association for the purposes of any business or form or acquire any subsidiary undertaking (as defined in section 1162 of the Companies Act 2006);

6 Change in business: change the general nature of the business of the Issuer from the Purpose as such term is defined in an engagement letter, dated on or around the date of this Deed, between the Issuer and Abundance Investment Limited;

7 Scheme: establish any pension or life insurance scheme, or any bonus, profit sharing, share option or other incentive scheme for its directors or employees;

8 Directors' payments: make any payment, whether by way of emoluments for services or otherwise (but not including reimbursement of expenses reasonably and properly incurred) to, or on behalf of, any director of the Issuer;

9 Conversion: convert the Debentures or any repayments of Principal or payments of Interest in relation to the same into shares or any other securities of the Issuer without the sanction of a Special Resolution in accordance with the Abundance Terms and Conditions.

10 Use of proceeds: the Issuer shall not use any of the proceeds of the Debentures to make any repayment in respect of any grant funding that has been received by the Parent.

The legal agreement

Execution page

The Issuer Executed as a Deed by)	The Arranger Executed as a Deed by)	The Agent Executed as a Deed by)
United Downs Geothermal plc)	Abundance Investment Ltd)	Abundance Investment Ltd)
acting by a director)	acting by a director)	acting by a director)
Name:	Name:	Name:
In the presence of:	In the presence of:	In the presence of:
Director Signature:	Witness Signature:	Witness Signature:
Director Name:	Witness Name:	Witness Name:
Director Signature:	Witness Occupation:	Witness Occupation:
Director Name:	Witness Address:	Witness Address:

The legal agreement

Our service providers

Issuer, we or us

United Downs Geothermal plc (United Downs Geothermal)

Company Number 10868073
Falmouth Business Park
Bickland Water Road
Falmouth
Cornwall TR11 4SZ

Arranger and distributor

Abundance Investment Ltd (Abundance)

Unit 16, Linen House
253 Kilburn Lane
London W10 4BQ

Legal advisors to United Downs Geothermal plc

Eversheds Sutherland LLP

1 Wood Street
London EC2V 7WS

Legal advisors to Abundance

Keystone Law Limited

48 Chancery Lane
London WC2A 1JF

TLT LLP

1 Redcliff Street
Bristol BS1 6TP

Terms and conditions for the use of the Abundance service available at www.abundanceinvestment.com

We would like to thank you for taking the time to read our offer document. United Downs Geothermal plc accepts responsibility for the information it contains, which is true to the best of our knowledge and belief (having taken all reasonable care to ensure this is so) and reflects the facts without omitting anything which could affect its importance.



Ryan Law and David Bridgland
Directors of United Downs Geothermal plc