

MR01

Particulars of a charge



A fee is payable with this form
Please see 'How to pay' on the
last page

You can use the WebFiling service to file this form online
Please go to www.companieshouse.gov.uk

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

☒ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument Use form MR0

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

This form **must be delivered to the Registrar for registration with
21 days** beginning with the day after the date of creation of the charge.
If the form is delivered outside of the 21 days it will be rejected unless it is accompanied by a
court order extending the time for delivery

☒ You **must** enclose a certified copy of the instrument with this form. The copy must be
scanned and placed on the public record



A22 *A31REMB7* #159
15/02/2014
COMPANIES HOUSE

1 Company details

Company number 5 4 5 7 5 8 9
Company name in full IGAS ENERGY (CAITHNESS) LIMITED

For official use
3
→ **Filing in this form**
Please complete in typescript or in
bold black capitals
All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 3 0 0 1 2 0 1 4

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name NORSKTILLITSMANN ASA
AS SECURITY TRUSTEE

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Continuation page

Please use a continuation page if you need to enter more details

Description

N/A

5

Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☒ Yes Continue

☐ No Go to Section 7

Is the floating charge expressed to cover all the property and undertaking of the company?

☒ Yes

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes

☐ No

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Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

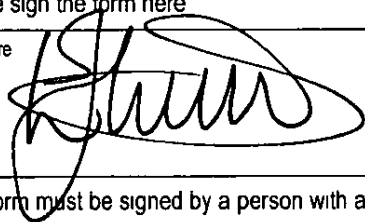
Signature

Please sign the form here

Signature

Signature

X



X

This form must be signed by a person with an interest in the charge

MR01

Particulars of a charge

Presenter information

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name **MERCEDES SAMAVI**

Company name **MORRISON & FOERSTER (UK) LLP**

Address **CITYPOINT**

ONE ROPEMAKER STREET

Post town **LONDON**

County/Region **LONDON**

Postcode

E	C	2	Y		9	A	W
---	---	---	---	--	---	---	---

Country

DX

Telephone

Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☐ You have given a description in Section 4, if appropriate
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy

Important information

Please note that all information on this form will appear on the public record

How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'

Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 5457589

Charge code: 0545 7589 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 30th January 2014 and created by IGAS ENERGY (CAITHNESS) LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 15th February 2014

P

Given at Companies House, Cardiff on 18th February 2014



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

DATED 30 JANUARY 2014

IGAS ENERGY (CAITHNESS) LIMITED (1)

IGAS ENERGY PLC (2)

and

NORSK TILLITSMANN ASA (3)

We certify this to be a true copy of the original

Dated 14 February 2014

Morrison & Foerster (UK) LLP

Morrison & Foerster

E.J. WIKENS - Partner ✓

SECURITY AGREEMENT

MORRISON | FOERSTER

A LIMITED LIABILITY PARTNERSHIP

CityPoint, One Ropemaker Street | London EC2Y 9AW

Tel +44 20 7920 4000 | Fax +44 20 7496 8500

www.mofo.com

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DATED 30 JANUARY 2014

PARTIES:

- (1) **IGAS ENERGY (CAITHNESS) LIMITED** a private limited company incorporated under the laws of England and Wales with company registration number 05457589 (the "**Chargor**"),
- (2) **IGAS ENERGY PLC** a public limited company incorporated under the laws of England and Wales with company registration number 04981279 (the "**Issuer**"), and
- (3) **NORSK TILLITSMANN ASA** as security trustee for the Secured Parties (as defined below) (the "**Security Agent**")

THIS DEED WITNESSES as follows

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed, unless a contrary indication appears, words and expressions defined in the Bond Agreement have the same meaning and interpretation in this Deed and

"Assigned Agreements" means the Security Assets expressed to be assigned pursuant to clause 4.2 (Security assignments),

"Assigned Assets" means all rights, titles, benefits and interests, whether present or future, of the Chargor in, to or arising under the Assigned Agreements including rights to any sums payable to the Chargor and the full benefit of any Security, options, indemnities, guarantees and warranties in respect of the Assigned Agreements;

"Bond Agreement" means the bond agreement dated on or about the date hereof and entered into between IGas Energy plc as Issuer and Norsk Tillitsmann ASA as Bond Trustee on behalf of the Bondholders (as such term is defined therein);

"Charged Accounts" means the Security Assets expressed to be charged under clause 4.1(h),

"Charged Securities" means

- (a) the securities specified in part 3 of schedule 1 (Details of Security Assets); and
- (b) all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "investments" (as defined in part II of schedule II to the Financial Services and Markets Act 2000 as in force at the date of this Deed) now or in future owned (legally or beneficially) by the Chargor or held by a nominee, trustee, fiduciary or clearance system on its behalf or in which the Chargor has an interest at any time,

"Collateral Rights" means all rights, powers and remedies of the Security Agent provided under this Deed or by law;

"Collection Account" means any account of the Chargor expressed to be charged pursuant to clause 4.1(h),

"Earnings" means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Chargor,

"Earnings Account" means any account of the Chargor to which the Earnings of the Chargor are to be paid

"Field" means each Hydrocarbon field or other Hydrocarbon project held at any time by the Chargor, being, as at, the date of this deed, those as set out in part 2 of schedule 1 (Details of Security Assets),

"Field Asset" means, in respect of a Field

- (a) that Field,
- (b) all Hydrocarbons, Field Infrastructure, Field Surface Ancillary Rights and Field Surface Title Rights derived from or relating to that Field, and
- (c) any other rights, benefits and interests to which any member of the Group is entitled in or relating to any of the foregoing,

"Field Infrastructure" means all pipelines, plant, machinery, fixtures, fittings, computers, vehicles, office equipment, other equipment and any other infrastructure related to the use, possession, ownership, exploration, development, construction, operation and/or exploitation of any Field or Field Asset,

"Field Surface Ancillary Rights" means all easements, licences, wayleaves, rights and agreements in respect of the entry on to or the right of access over any Real Property required for the use, possession, ownership, exploration, development, construction, operation and/or exploitation of any Field Asset,

"Field Surface Title Rights" means a freehold or long leasehold title to Real Property required for the use, possession, ownership, exploration, development, construction, operation and/or exploitation of any Field Asset;

"Finance Document" means the Bond Agreement, the agreement between the Bond Trustee and the Issuer referred to in clause 14.2 of the Bond Agreement, any Security Document and any other document designated as a **"Finance Document"** by the Bond Trustee,

"Hydrocarbon" means any mineral, oil or relative hydrocarbon (including condensate and natural gas liquids) and natural gas existing in its natural condition in strata and any products refined or processed from any of the foregoing,

"Hydrocarbon Licences" means all Authorisations from time to time required to explore for and drill for and get Hydrocarbons including

- (a) Petroleum Exploration and Development Licences (**"PEDLs"**) issued under The Petroleum Act 1998 and licences issued under similar legislation whether or not preceding that Act (including under the Mining Act and the Petroleum Act 1934) including methane drainage licences;
- (b) Seaward Petroleum Production Licence (**"SPPLs"**) issued under The Petroleum Act 1998 and licences issued under similar legislation whether or not preceding that Act,
- (c) Water Abstraction Licences under section 32 of the Water Act 2003,

and includes all supplements, extensions and undertakings from time to time in relation to any of the foregoing,

"Insurances" means all policies of insurance (and all cover notes) which are at any time held by or written in favour of the Chargor, or in which the Chargor from time to time has

an interest (including, without limitation the policies of insurance (if any) specified in part 6 of schedule 1 (Details of Security Assets)) excluding, in each case, to the extent such contracts and policies of insurance or assurance relate to liabilities to third parties;

"Intellectual Property" means all legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the world) of the Chargor in, or relating to

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered, and
- (b) the benefit of all applications and rights to use such assets of the Chargor (which may now or in the future subsist),

(including, without limitation, the intellectual property rights (if any) specified in part 4 of schedule 1 (Details of Security Assets)),

"Legal Reservations" means

- (a) the principle that equitable remedies may be granted or refused 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,
- (c) the principle that in certain circumstances Security granted by way of fixed charge may be characterised as a floating charge or that Security purported to be constituted by an assignment may be recharacterised as a charge,
- (d) the principle that any provision for the payment of compensation or additional interest imposed pursuant to any relevant agreement may be held to be unenforceable on the grounds that it is a penalty and thus void,
- (e) the principle that an English court may not give effect to a provision dealing with the cost of litigation where the litigation is unsuccessful or the court itself has made an order for costs;
- (f) similar principles, rights and defences under the laws of any Relevant Jurisdiction, and
- (g) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions,

"LPA" means the Law of Property Act 1925,

"LRA" means the Land Registration Act 2002,

"Miscellaneous Provisions Act" means the Law of Property (Miscellaneous Provisions) Act 1994;

"Party" means a party to this Deed;

"Planning Acts" means (a) the Town and Country Planning Act 1990, (b) the Planning (Listed Buildings and Conservation Areas) Act 1990, (c) the Planning (Hazardous Substances) Act 1990, (d) the Planning (Consequential Provisions) Act 1990, (e) the

Planning and Compensation Act 1991, (f) any regulations made pursuant to any of the foregoing and (g) any other legislation of a similar nature,

"Real Property" means all estates and interests in freehold, leasehold and other immovable property (wherever situated) now or in future belonging to the Chargor, or in which the Chargor has an interest at any time (including the registered and unregistered land (if any) in England and Wales specified in part 1 of schedule 1 (Details of Security Assets)), together with.

- (a) all buildings and fixtures (including trade fixtures) and fixed plant and machinery at any time thereon,
- (b) all easements, rights and agreements in respect thereof, and
- (c) the benefit of all covenants given in respect thereof,

"Receivables" means all present and future book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, the Chargor (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with

- (a) the benefit of all rights, guarantees, Security and remedies relating to any of the foregoing (including, without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights), and
- (b) all proceeds of any of the foregoing,

"Receiver" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets,

"Related Rights" means, in relation to any asset

- (a) the proceeds of sale of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset,
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, Security, guarantees, indemnities or covenants for title in respect of that asset, and
- (d) any moneys and proceeds paid or payable in respect of that asset,

(including all rights against any trustee, nominee, fiduciary or clearing system),

"Relevant Contract" means each Material Contract (if any), including but not limited to those (if any) specified in part 5 of schedule 1 (Details of Security Assets),

together with each other agreement supplementing or amending or novating or replacing the same;

"Secured Obligations" means all obligations at any time due, owing or incurred by the Chargor, the Issuer and each of the Issuer's subsidiaries to the Secured Parties under the Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity) but excluding any liability to the extent that it would result in unlawful financial assistance being given within the meaning of any applicable provisions under the laws of the jurisdiction of incorporation of the Chargor,

"Secured Parties" means each Finance Party and any Receiver or Delegate,

"Security Assets" means all the assets and undertaking of the Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Security Agent under this Deed,

"Security Period" means the period starting on the date of this Deed and ending on the date when the Security Agent is satisfied that

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full,
- (b) the Chargor has no liability, actual or contingent, to the Secured Parties under any Finance Document (disregarding inchoate indemnity obligations relating to contingencies that have not occurred and are not reasonably anticipated to arise),
- (c) no Secured Party has any liability, actual or contingent under any Finance Document, and
- (d) no Secured Party is under any further actual or contingent obligation to make advances or provide other financial accommodation to an Obligor or any other person under any Finance Document,

"Specified Hydrocarbon Licences" means the Hydrocarbon Licences specified in part 2 of schedule 1 (Details of Security Assets); and

"Subsidiary" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006

1 2 **Construction**

- (a) Unless a contrary intention appears, in this Deed.
 - (i) the rules of interpretation contained in clauses 1 2 (Construction) of the Bond Agreement shall apply to the interpretation of this Deed mutatis mutandis;
 - (ii) any reference to the **"Chargor"**, the **"Security Agent"**, a **"Receiver"**, a **"Secured Party"** or any other person, shall be construed so as to include its (and any subsequent) successors in title, permitted assigns and permitted transferees,
 - (iii) any reference to **"this Deed"** or any **"Finance Document"** is a reference to this Deed or such Finance Document as amended, novated, supplemented, extended, restated or replaced from time to time,
 - (iv) any reference to the **"Secured Parties"** (except for the references in clause 17 (Power of attorney)) includes their respective duly appointed nominees, attorneys, correspondents, trustees, advisers, agents, delegates and sub-delegates

1 3 **Third party rights**

- (a) Unless expressly purporting to confer a benefit on that person, no person who is not a Party has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed
- (b) Notwithstanding any term of any Finance Document, the Parties and any Receiver may rescind, vary, waive, release, assign, novate or otherwise dispose of all of any

of their respective rights or obligations under this Deed without the consent any person who is not a Party.

1 4 Effect as a deed

This Deed shall take effect as a deed even if it is signed under hand on behalf of the Security Agent

2. COVENANT TO PAY

2 1 Covenant to pay

The Chargor, as principal chargor and not merely as surety, covenants in favour of the Security Agent that it will pay and discharge the Secured Obligations from time to time when they fall due

2 2 Default interest

Any amount which is not paid under this Deed when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the default rate of interest set out in clause 11 5 of the Bond Agreement

In such a case interest in the event of late payment will accrue in accordance with clause 11 5 of the Bond Agreement

3 NATURE OF SECURITY

The Security created under this Deed is created

- (a) in favour of the Security Agent,
- (b) as a continuing security to secure the payment and discharge of the Secured Obligations, and
- (c) with full title guarantee (except that the covenant set out in section 3(1) of the Miscellaneous Provisions Act shall extend to all charges, encumbrances and rights, even if the relevant Chargor does not know and could not reasonably be expected to know about them)

4. FIXED SECURITY

4 1 Fixed Charges

The Chargor charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by it, or in which it from time to time has an interest

- (a) by way of first fixed charge
 - (i) all Real Property (including without limitation all Field Surface Title Rights);
 - (ii) all easements, rights and licences to enter upon or use land and the benefit of all other agreements relating to land (including without limitation all Field Surface Ancillary Rights), and
 - (iii) the proceeds of sale or surrender of or other dealing with all Real Property,

- (b) by way of first fixed charge all rights and benefits of the Chargee under or in respect of and all remedies in connection with
 - (i) the Specified Hydrocarbon Licences ,
 - (ii) all other Hydrocarbon Licences from time to time granted to or transferred to or otherwise held by the Chargor; and
 - (iii) all proceeds and claims arising under and the proceeds of sale of all Hydrocarbon Licences,
- (c) by way of first fixed charge all Field Infrastructure and any other plant and machinery and the benefit of all contracts, licences and warranties relating to the same;
- (d) by way of first fixed charge, all Receivables (not assigned under clauses 4 2),
- (e) by way of first fixed charge, all Earnings,
- (f) by way of first fixed charge
 - (i) all computers, vehicles, office equipment and other equipment (not charged by clause 4 3(c), and
 - (ii) the benefit of all contracts, licences and warranties relating to the same,
- (g) by way of first fixed charge
 - (i) the Charged Securities referred to in part 3 of schedule 1 (Details of Security Assets), and
 - (ii) all other Charged Securities (not charged by clause 4 1(g)(i)),

in each case, together with (A) all Related Rights from time to time accruing to those Charged Securities and (B) all rights which the Chargor may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments, provided that, whilst no Event of Default has occurred and is continuing:

- (A) the Chargor shall be entitled (notwithstanding the security contemplated to be created hereby), subject to the terms and conditions of the Finance Documents, to receive all dividends, interest and income from and any property accruing or in respect of such Charged Securities, and
 - (B) the Chargor shall be entitled (notwithstanding the security contemplated to be created hereby), subject to the terms and conditions of the Finance Documents, to exercise any voting or other rights attached to any of the Shares provided that if a resolution is proposed which is reasonably likely to materially prejudice the security created under this Deed the Chargor shall not exercise such voting rights or agree to such resolution without the consent of the Security Agent (such consent not to be unreasonably withheld or delayed).
- (h) by way of first fixed charge
 - (i) the Earnings Account and all monies at any time standing to the credit of the Earnings Account, and

- (ii) all accounts of the Chargor with any bank, financial institution or other person at any time and all monies at any time standing to the credit of such accounts,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing,

- (i) by way of first fixed charge
 - (i) the Intellectual Property (if any) specified in part 4 of schedule 1 (Details of Security Assets), and
 - (ii) all other Intellectual Property (if any) (not charged by clause 4 1(i)(i));
- (j) to the extent that any Assigned Asset is not effectively assigned under clause 4.2 (Security assignments), by way of first fixed charge such Assigned Asset;
- (k) by way of first fixed charge (to the extent not otherwise charged or assigned in this Deed) the benefit of all licences, consents, agreements and Authorisations held or used in connection with the business of the Chargor or the use of any of its assets, and
- (l) by way of first fixed charge all of the goodwill and uncalled capital of the Chargor

4.2 Security assignments

The Chargor assigns and agrees to assign by way of security (subject to a proviso for reassignment on redemption) all of its present and future right, title and interest in and to

- (a) all other Relevant Contracts together with all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising from them,
- (b) each of the following
 - (i) all Insurances specified in part 6 of schedule 1 (Details of Security Assets),
 - (ii) all other Insurances (not assigned by clause 4.2(b)(i)), and
 - (iii) all claims under the Insurances and all proceeds of the Insurances

To the extent that any Assigned Asset is not assignable, the assignment which that clause purports to effect shall operate instead as an assignment of all present and future rights and claims of the Chargor to any proceeds of such Assigned Asset

4 3 Notices of assignment and/or charge

The Chargor shall deliver:

- (a) upon execution of this Deed (and promptly upon the execution of any Relevant Contract after the date of this Deed), a duly completed notice of assignment in respect of the Relevant Contracts to which it is a party, all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising from them to each other party to that document and use its reasonable endeavours to procure that each such party executes and delivers to the Security Agent an acknowledgement (save that in respect of any Documents with the Security Agent, such notice and acknowledgement are deemed to be given in respect thereof under this clause 4 3), in each case in the respective forms set out in schedule 3 (Form of

notice to and acknowledgement by party to Relevant Contract) (or in any such case any other form as agreed between the Security Agent and the Issuer), and

- (b) within 30 days of executing this Deed and as soon as reasonably practicable upon obtaining any Insurance, deliver a duly completed notice of assignment to each other party to any Insurance to which it is a party and shall use its reasonable endeavours to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in schedule 4 (Form of notice of to and acknowledgement by insurers) (or in any such case any other form as agreed between the Security Agent and the Issuer); and
- (c) within 30 days of executing this Deed (and promptly upon any Charged Account being opened), a duly completed notice in respect of any Charged Account held by it to the bank, financial institution or other person with which such Charged Account is held and use its reasonable endeavours to procure that such bank, financial institution or other person executes and delivers to the Security Agent an acknowledgement (save that in respect of any account held with the Security Agent (including in its capacity as Account Bank), such notice and acknowledgement are deemed to be given in respect thereof under this clause 4 3), in each case in the respective forms set out in schedule 2 (Form of notice to and acknowledgement in respect of Charged Account) (or in any such case any other form as agreed between the Security Agent and the Issuer).

4 4 Assigned Assets

The Security Agent is not obliged to take any steps necessary to preserve any Assigned Asset, to enforce any term of a Relevant Contract against any person or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to this Deed

4 5 Leasehold interests containing prohibition on charging

Until the relevant consent shall have been obtained, there shall be excluded from the charges created by clause 4 1 (Fixed charges) (and the further assurance provisions set out in clause 16 (Further Assurances)) any leasehold property held by the Chargor under a lease and any other property where the freehold is not owned where the terms of such lease or other arrangement either preclude absolutely the Chargor from creating any charge over its leasehold or other interest in such property, or require the consent of any third party prior to the creation of such charge and such consent shall not have been previously obtained (each an "Excluded Property")

5 FLOATING CHARGE

5 1 The Chargor charges by way of first floating charge all its present and future business, assets and undertaking which are not effectively charged by way of fixed charge under this Deed

5 2 Paragraph 14 of schedule B1 to the Insolvency Act 1986 shall apply to any floating charge created by this Deed (and each such floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986) and the Security Agent may appoint an administrator of the Chargor under that paragraph

6 TRUST

If, or to the extent that, the charging of any Security Assets is prohibited for any reason, the Chargor shall hold it on trust for the Security Agent.

7 CRYSTALLISATION OF FLOATING CHARGE

7.1 Crystallisation by notice

The Security Agent may at any time by notice in writing to the relevant Chargor convert the floating charge created by clause 5 (Floating charge) with immediate effect into a fixed charge as regards any Security Assets specified in the notice if.

- (a) an Event of Default is continuing;
- (b) the Security Agent reasonably considers that any of the Security Assets may be in jeopardy or in danger of being seized, attached, charged, taken possession of or sold under any form of legal process

7.2 Automatic crystallisation

Notwithstanding clause 7.1 (Crystallisation by notice) and without prejudice to any law which may have a similar effect, the floating charge created by clause 5 (Floating charge) will convert automatically with immediate effect into fixed charges as regards all the assets subject to the floating charge if:

- (a) the Chargor creates or attempts to create any Security (other than Permitted Security) over any Security Assets,
- (b) any person seizes, attaches, charges, takes possession of or sells any Security Assets under any form of distress, sequestration, execution or other process, or attempts to do so,
- (c) any steps are taken (including the giving of notice, the presentation of a petition (save for a vexatious petition being defended in good faith and on reasonable grounds), the passing of a resolution or the making of an application (save for a vexatious application being defended in good faith and on reasonable grounds)) to appoint a liquidator, provisional liquidator, administrator or Receiver in respect of the Chargor over all or any part of its assets, or if such person is appointed,
- (d) any other floating charge over any of the Security Assets crystallises, or
- (e) in any other circumstances prescribed by law

7.3 Limitation

Clause 7.1 (Crystallisation by notice) and clause 7.2 (Automatic crystallisation) shall not apply by reason only of a moratorium being obtained, or anything being done with a view to a moratorium being obtained, under section 1A of the Insolvency Act 1986.

8. UNDERTAKINGS

8.1 Negative pledge

The Chargor shall not, at any time during the Security Period, create or permit to subsist any Security over any Security Assets (save for Permitted Security)

8.2 Disposals

- (a) The Chargor shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any Security Assets
- (b) Clause 8.2(a) does not apply to any Permitted Disposal

8 3 Deposit of documents and notices

The Chargor shall unless the Security Agent otherwise confirms in writing (and without prejudice to clause 8 4), deposit with the Security Agent

- (a) all deeds and documents of title relating to the Security Assets, and
- (b) all local land charges, land charges and HM Land Registry search certificates and similar documents received by or on behalf of the Chargor,

(each of which the Security Agent may hold throughout the Security Period).

8 4 Insurances

- (a) The Chargor shall at all times comply with its obligations as to insurance contained in the Bond Agreement.
- (b) If at any time the Chargor defaults in
 - (i) effecting or keeping up the insurances (A) required under the Bond Agreement or (B) referred to in this clause, or
 - (ii) producing any insurance policy or receipt (in each case that as required to be implemented under the terms of the Bond Agreement) to the Security Agent on demand,

the Security Agent may (without prejudice to its rights under clause 9 (Power to Remedy)) take out or renew such policies of insurance in any sum which the Security Agent may reasonably think expedient. All monies which are expended by the Security Agent in doing so shall be deemed to be properly paid by the Security Agent and shall be reimbursed by the Chargor on demand.

- (c) The Chargor shall notify the Security Agent if any material claim arises or may be made under the Insurances
- (d) The Chargor shall, subject to the rights of the Security Agent under clause 8 4(e) (Insurance), diligently pursue its rights under the Insurances
- (e) In relation to the proceeds of Insurances
 - (i) while an Event of Default is continuing, the Security Agent shall have the sole right to settle or sue for any such claim and to give any discharge for insurance monies, and
 - (ii) at any time, all claims and monies received or receivable under any Insurances shall (subject to the rights or claims of any lessor or landlord of any part of the Security Assets) be applied in relation to Insurances in accordance with the Bond Agreement or (if no requirement as to application is so imposed) in repairing, replacing, restoring or rebuilding the property damaged or destroyed in consultation with the Security Agent or, in each case after the occurrence of a an Event of Default, in permanent reduction of the Secured Obligations in accordance with the Bond Agreement

8 5 Real Property undertakings - acquisitions and notices to HM Land Registry

- (a) The Chargor shall notify the Security Agent as soon as reasonably practicable after the acquisition of any estate or interest in any freehold or leasehold property.

- (b) If so required by the Security Agent, the Chargor shall, in respect of any freehold or leasehold Real Property owned by it at the date of this Deed or which is acquired by it after the date of this Deed, the title which is registered at HM Land Registry or the title to which is required to be so registered

(i) give HM Land Registry written notice of this Deed, and

(ii) procure that notice of this Deed is clearly noted in the Register to each such title

- (c) If so required by the Security Agent, the Chargor shall apply to the Chief Land Registrar (and consent to such an application being made by or on behalf of the Security Agent) for a restriction in the following terms to be entered on the Register of Title relating to any property registered at the Land Registry (or any unregistered land subject to first registration) and against which this Deed may be noted

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [● 20●] in favour of [●] referred to in the charges register or, if appropriate, signed on such proprietor's behalf by its secretary or conveyancer "

- (d) If so required by the Security Agent, the Chargor shall promptly make all applications to and filings with the Land Registry (or, in the case of unregistered land, the Land Charges Registry) which are necessary or desirable to protect this Security

8.6 Dealings with and realisation of Receivables

The Chargor shall.

- (a) not, without the prior written consent of the Security Agent, sell, assign, charge, factor or discount or (save in the ordinary course of trading) in any other manner deal with any Receivable save as expressly permitted pursuant to the terms of the Bond Agreement,
- (b) collect all Receivables promptly in the ordinary course of trading as agent for the Security Agent, and
- (c) immediately upon receipt pay all monies which it receives in respect of the Receivables in accordance with clause 11.2 of the Bond Agreement,
- (d) deliver to the Security Agent such information as to the amount and nature of its Receivables as the Security Agent may from time to time reasonably require (taking into account the requirements of the Finance Documents)

8.7 Operation of Collection Accounts

- (a) Whilst an Event of Default is continuing, the Chargor shall not withdraw, attempt or be entitled to withdraw (or direct any transfer of) all or any part of the monies in any Collection Account without the prior written consent of the Security Agent and the Security Agent shall be entitled (in its absolute discretion) to refuse to permit any such withdrawal or transfer
- (b) If the right of the Chargor to withdraw the proceeds of any Receivables standing to the credit of a Collection Account results in the charge over that Collection Account being characterised as a floating charge, that will not affect the nature of any other

fixed security created by the Chargor under this Deed on all its outstanding Receivables.

8 8 All Security Assets

- (a) The Chargor shall
- (i) promptly notify the Security Agent of (i) any action started by a third party to seize, attach, take possession of or create Security (other than Permitted Security) over any of its assets; (ii) of any circumstances which may give rise to a claim on or under the Security Assets, and (iii) of anything which is reasonably likely to have a material adverse effect on the rights and interests of the Chargor to and in any of the Security Assets;
 - (ii) promptly defend all claims brought in relation to the Security Assets and do whatever the Security Agent requires in relation to anything which could have a material adverse effect on the Chargor's rights and interests in the Security Assets, and
 - (iii) promptly provide the Security Agent with any information which it reasonably requests regarding the Chargor's Security Assets and its compliance with this Deed
- (b) The Chargor shall permit the Security Agent, its representatives, professional advisers and contractors free access at all reasonable times and on reasonable notice to inspect and take copies of, and extracts from, its books, accounts and records and to view the Security Assets (without becoming liable as mortgagee in possession)
- (c) The Chargor shall punctually pay all material rent, rent charges, rates, taxes, fees, charges, duties, levies, assessments, impositions, calls and outgoings whatsoever due and payable by the Chargor in respect of the Security Assets
- (d) The Chargor shall promptly obtain and maintain any Authorisations (in form and content reasonably satisfactory to the Security Agent) necessary to enable its assets to be subject to the Security intended to be created by this Deed and, immediately on obtaining the Authorisation, the asset concerned shall become subject to that Security and it shall promptly deliver a copy of each Authorisation to the Security Agent
- (e) The Chargor shall within 10 days of the date of this Deed lodge a notice in the form required with The Department of Energy and Climate Change in respect of the Security created by this Deed over any of its Hydrocarbon Licences
- (f) The Chargor shall not, at any time during the Security Period, do or permit to be done any act or thing which might jeopardise the rights of the Security Agent in the Security Assets or which might adversely affect or diminish the value of the Security Assets in any material respect
- (g) The Chargor shall, on request, immediately deliver to the Security Agent evidence that it has complied with the provisions of this clause 8

9 POWER TO REMEDY

9 1 Power to remedy

If at any time the Chargor does not comply with any of its obligations under this Deed, the Security Agent (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The Chargor

irrevocably authorises the Security Agent and its employees and agents by way of security to do all such things (including entering the property of the Chargor) which are necessary to rectify that default.

9.2 Mortgagee in possession

The exercise of the powers of the Security Agent under this clause 9 shall not render it, or any other Secured Party, liable as a mortgagee in possession.

9.3 Monies expended

The Chargor shall pay to the Security Agent on demand any monies which are expended by the Security Agent in exercising its powers under this clause 9 (Power to Remedy), together with interest at a default rate determined in accordance with clause 11.5 of the Bond Agreement from the date on which those monies were expended by the Security Agent (both before and after judgment) and otherwise in accordance with clause 2.2 (Default interest).

10. ENFORCEMENT OF SECURITY

10.1 When the Security becomes enforceable

The Security created by this Deed shall become immediately enforceable if an Event of Default has occurred and is continuing and the Security Agent has notified the Issuer that it has become enforceable.

10.2 Powers on enforcement

At any time after the Security created by this Deed becomes enforceable, the Security Agent may, without notice to the Chargor or authorisation from any court and without prejudice to any other of its rights and remedies, in its absolute discretion

- (a) enforce all or any part of that Security (at the times, in the manner and on the terms it thinks fit);
- (b) take possession of and hold or dispose of all or any part of the Security Assets, and
- (c) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the LPA (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or Receivers

10.3 Financial collateral

- (a) To the extent that the Security Assets constitute "financial collateral" and this Deed and the obligations of the Chargor under this Deed constitutes a "security financial collateral arrangement" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226)) the Secured Agent shall have the right after this Security has become enforceable to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations
- (b) For the purpose of clause 10.3(a) above, the value of the financial collateral appropriated shall, in the case of cash, be the amount of that cash or in any other case the amount as the Security Agent reasonably determines (if it considers appropriate, having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected by it)

11. EXTENSION AND VARIATION OF THE LPA

11 1 Power of leasing

The statutory powers of leasing may be exercised by the Security Agent at any time on or after an Event of Default has occurred and the Security Agent and any Receiver may make any lease or agreement for lease, accept surrenders of leases and grant options on such terms as it shall think fit, without the need to comply with any restrictions imposed by sections 99 and 100 of the LPA

11 2 Extension of powers

The power of sale or other power conferred on the Security Agent and on any Receiver by this Deed shall operate as a variation and extension of the statutory power of sale under section 101 of the LPA and that power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on the date of this Deed.

11 3 Restrictions

The restrictions contained in sections 93, 103 and 109(1) of the LPA shall not apply to

- (a) this Deed,
- (b) the exercise by the Security Agent of its right to consolidate all or any of the Security created by or under this Deed with any other Security in existence at any time, or
- (c) the Security Agent's power of sale,

which rights and powers may be exercised by the Security Agent without notice to the Chargor

12. APPOINTMENT OF RECEIVER OR ADMINISTRATOR

12 1 Appointment and removal

At any time after the Security created by this Deed becomes enforceable, the Security Agent may, by deed or otherwise and without notice to the Chargor

- (a) appoint one or more persons to be a Receiver of the whole or any part of the Security Assets,
- (b) appoint two or more Receivers of separate parts of the Security Assets,
- (c) remove (so far as it is lawfully able) any Receiver so appointed,
- (d) appoint another person(s) as an additional or replacement Receiver(s), or
- (e) appoint one or more persons to be an administrator of the Chargor

12 2 Capacity of Receivers

Each Receiver appointed under clause 12 1 (Appointment and removal)

- (a) may act severally or together with any other person appointed or substituted as Receiver,
- (b) for all purposes shall be deemed to be the agent of the relevant Chargor which shall be solely responsible for the Receiver's acts, omissions, defaults, losses and

liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Security Agent, and

- (c) shall be entitled to remuneration for his services at a rate to be determined by the Security Agent from time to time (without being limited to the maximum rate specified by s109(6) of the LPA). The Chargor shall be liable for the remuneration and all other costs, losses, liabilities and expenses of every Receiver.

12 3 Statutory powers of appointment

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Security Agent under the LPA (as extended by this Deed) or otherwise and those powers shall remain exercisable from time to time by the Security Agent in respect of any part of the Security Assets

13 POWERS OF RECEIVER

Subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor, in relation to the Security Assets (and any assets of the Chargor which, when got in, would be Security Assets) every Receiver shall have, and be entitled to exercise at the cost of the Chargor, all the powers

- (a) conferred by the LPA on mortgagors and on mortgagees in possession and on receivers appointed under the LPA;
- (b) of an administrative receiver set out in schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver within the meaning of the Insolvency Act 1986),
- (c) in relation to the Security Assets, which it would have if it were its only beneficial owner including the power to do or omit to do anything which the Chargor itself could do or omit to do,
- (d) of the Security Agent under this Deed, and
- (e) to do anything (including bringing or defending proceedings in the name or on behalf of the Chargor) which the Receiver considers incidental or conducive to any of the functions vested in him, to the exercise of the Collateral Rights (including realisation of all or any part of the Security Assets) or to getting in any Security Assets or assets which when got in would be Security Assets

14 APPLICATION OF MONEYS

14 1 Subject to the terms and conditions of the Bond Agreement, the Security Agent or any Receiver shall apply all moneys received by them under this Deed after the Security created under this Deed has become enforceable in the following order

- (a) firstly, in or towards the payment pro rata of any unpaid costs and expenses of the Security Agent or any Receiver under this Deed and interest on them at the rate set out in clause 2 2 (Default interest) (both before and after judgment) from their due date until the date they are irrevocably paid in full,
- (b) secondly, in or towards the payment pro rata of any unpaid fees, commission or remuneration of the Security Agent and any Receiver,
- (c) thirdly, in or towards the discharge of the Secured Obligations in accordance with the Bond Agreement, and

- (d) fourthly, in the payment of any surplus to the Chargor or other person entitled to it,

and section 109(8) of the LPA shall not apply

14.2 The provisions in clause 14 1(a) will override any appropriation made by the Chargor

15 PROTECTION OF PURCHASERS

15 1 Consideration

- (a) A receipt from the Security Agent or any Receiver shall be conclusive discharge to any purchaser or other person dealing with the Security Agent or any Receiver
- (b) In making any sale or disposal of any of the Security Assets or making any acquisition, the Security Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit

15.2 Protection of purchasers

No purchaser or other person dealing with the Security Agent or any Receiver shall be bound to enquire

- (a) whether the rights and powers conferred by or under any Finance Document have arisen or are exercisable,
- (b) whether any consents, regulations, restrictions or directions relating to those rights have been obtained or complied with,
- (c) as to the propriety or regularity of acts purporting, or intended, to be in exercise of those rights, or
- (d) as to the application of any money borrowed or raised,

and the protection to purchasers contained in sections 104 and 107 of the LPA and section 42(3) of the Insolvency Act 1986 shall apply to any purchaser

16 FURTHER ASSURANCE

16 1 Further assurance

- (a) The Chargor shall execute any document and do anything else the Security Agent reasonably requires (and in such form as the Security Agent reasonably requires)
 - (i) to give effect to this Deed and the transactions intended to be effected by it,
 - (ii) to create, perfect, protect and preserve the Security intended to be created by this Deed and its ranking with any other Security over any Security Assets;
 - (iii) to exercise any rights, powers and discretions of the Security Agent, any Receiver or any administrator in connection with any Security Assets,
 - (iv) to facilitate the realisation of any Security Assets,
 - (v) to enable or assist the Security Agent to enter into any transaction to start, defend or conduct any proceedings and/or take any other action relating to any Security Assets in any jurisdiction or under the law of any jurisdiction, and/or

- (vi) for any similar or related purpose
- (b) The actions referred to in clause 16 1(a) include
 - (i) the re-execution of this Deed,
 - (ii) the execution of any legal mortgage, charge, transfer, conveyance, assignment, assignation or assurance of any property of the Chargor, whether to the Security Agent or to its nominee, and
 - (iii) the giving of any notice, order or direction and the making of any filing or registration required in the perfection of any such Security,

which, in any such case, the Security Agent may think expedient, acting reasonably
- (c) The Chargor shall deliver to the Security Agent such evidence of the due authorisation and execution of any document delivered or thing done under clause 16 1(a) as the Security Agent may reasonably require

16 2 Delivery of documents

The Chargor shall, on request, immediately deliver to the Security Agent, and the Security Agent shall be entitled to hold during the Security Period, all other certificates and documents of title to and evidence of ownership of the assets which form the Security Assets

17 POWER OF ATTORNEY

17 1 Appointment and powers

The Chargor irrevocably and by way of security appoints the Security Agent and any Receiver jointly and severally to be its attorney (with full power of substitution) and in its name, on its behalf to execute, deliver and perfect all documents and do all things which the attorney may consider necessary or desirable to

- (a) carry out any obligation imposed on the Chargor by this Deed or any other agreement binding on it to which the Security Agent is party which the Chargor has failed to perform on previous request of the Security Agent, and
- (b) enable the Security Agent, any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them under this Deed or by law to the extent that such rights, powers and authorities have become exercisable

17 2 Ratification

The Chargor ratifies and confirms all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers in accordance with the terms of this Deed

18 EFFECTIVENESS OF SECURITY

18 1 Cumulative rights

The Security created under this Deed and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Security Agent may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law. No prior Security held by the Security Agent (over the whole

or any part of the Security Assets) shall merge with any contractual right or remedy or other Security now or in the future held or available to the Security Agent.

18 2 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of the Security Agent, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law

18 3 Effectiveness of Security

The Security created under this Deed shall, subject to the Legal Reservations, remain in full force and effect unless and until discharged by the Security Agent and no part of the Security from time to time intended to be constituted by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations

18 4 No liability

- (a) None of the Secured Parties shall be liable (including for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with this Deed, for any neglect or default in connection with the Security Assets or for taking possession of, or realising all or any part of, the Security Assets, unless directly caused by its gross negligence or wilful default. In particular, no Secured Party shall be liable for any neglect, default or omission in connection with the Security Assets to which a mortgagee or mortgagee in possession might otherwise be liable
- (b) The exercise by the Security Agent and/or others appointed by it of the powers conferred by this Deed shall not render the Security Agent liable to account as a mortgagee in possession.

18 5 Chargor's obligations

Neither the Security created under this Deed nor the Collateral Rights nor the obligations of the Chargor under this Deed will, subject to the Legal Reservations, be affected by an act, omission, matter or thing which, but for this clause 18 5, would reduce, release or prejudice that security or any of its obligations under this Deed (without limitation and whether or not known to it) including

- (a) any time, waiver or consent granted to, or composition with, the Chargor or other person,
- (b) the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, the Chargor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security,
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Chargor or any other person,
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and whether or not

more onerous), or replacement, assignment, avoidance or termination of any Finance Document or any other document or Security including any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or Security,

- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;
- (g) any insolvency or similar proceedings; or
- (h) impaired by any forbearance, neglect, indulgence, extension of time, release, surrender or loss of securities, dealing, variation or arrangement by the Security Agent or any other Secured Party, or by any other act, event or matter whatsoever whereby the liability of the Chargor (as surety only) or the charges contained in this deed (as secondary or collateral charges only) would, but for this provision, have been discharged

18.6 Immediate recourse

The Chargor waives any right it may have of first requiring the Security Agent (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

18.7 Appropriations

Until the Secured Obligations have been irrevocably paid in full, the Security Agent (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by it (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Chargor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Chargor or on account of the Chargor's liability under this Deed

18.8 Deferral of Chargor's rights

- (a) Until the Secured Obligations have been irrevocably paid in full and unless the Security Agent otherwise directs, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Deed:
 - (i) to be indemnified by an Obligor,
 - (ii) to claim any contribution from any other guarantor of an Obligor's obligations under the Finance Documents,
 - (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Secured Parties,

- (iv) to bring legal or other proceedings for an order requiring the Chargor to make any payment, or perform any obligation, in respect of which the Chargor has given a guarantee, undertaking or indemnity under this Deed,
 - (v) to exercise any right of set-off against the Chargor, and/or
 - (vi) to claim or prove as a creditor of the Chargor in competition with any Secured Party
- (b) If the Chargor receives any benefit, payment or distribution in relation to any rights referred to in clause 18.8(a) it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Chargor under or in connection with the Finance Documents to be repaid in full on trust for the Security Agent and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with clause 14 (Application of moneys)

18.9 Further advances

Each Finance Party must perform its obligations under the Bond Agreement (including any obligation to make further advances)

18.10 New accounts

If the Security Agent receives notice (actual or otherwise) of any subsequent Security over or affecting all or any of the Security Assets it may open a new account or accounts in the name of the Chargor and if it does not do so, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that subsequent Security, and as from that time all payments made by or on behalf of the Chargor to the Security Agent:

- (a) shall be credited or be treated as having been credited to the new account of the Chargor, and
- (b) shall not operate to reduce the Secured Obligations at the time when the Security Agent received or was deemed to have received the notice

19. COSTS AND EXPENSES

The Chargor shall, within three Business Days of demand, pay to the Security Agent or any Receiver the amount of all reasonable costs and expenses (including legal fees) incurred by the Security Agent or any Receiver in connection with the enforcement of, or the preservation of any rights under, this Deed and any proceedings instituted by or against the Security Agent or any Receiver as a consequence of the Security Agent taking or holding the Security constituted by this Deed

20 RELEASE OF SECURITY

20.1 Redemption of Security

At the end of the Security Period, the Security Agent shall release and cancel the Security constituted by this Deed to the Chargor at the request and cost of the Chargor, in each case subject to clause 20.2 (Avoidance of payments) and without recourse to, or any representation or warranty by, the Security Agent or any of its nominees

20.2 Avoidance of payments

If the Security Agent considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws,

the liability of the Chargor under, and the Security constituted by, this Deed shall continue and that amount shall not be considered to have been irrevocably paid

20 3 Other obligations

Any release or discharge of all or any of the Security created by this Deed shall not release or discharge the Chargor from any liability to the Security Agent (whether in its capacity as such or otherwise) or any other Secured Party which might exist independently of this Deed

21 CURRENCY

The Security Agent may convert any moneys received, recovered or realised in any currency under this Deed from their existing currency into any other currency by purchasing that other currency at the spot rate of exchange for that party for the purchase of any currency with any other currency in the London foreign exchange market

22. ASSIGNMENT

The Security Agent may assign any of its rights under this Deed to any person to whom it may assign or transfer any of its rights or obligations under the Bond Agreement

23. PARTIAL INVALIDITY

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired and, if any part of the Security intended to be created under this Deed is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the Security

24 AMENDMENTS AND WAIVERS

Any term of this Deed may be amended only if the Security Agent and the Chargor (or the Issuer on its behalf) so agree in writing and any breach of this Deed may be waived before or after it occurs only if the Security Agent so agrees in writing. A waiver given or consent granted by the Security Agent under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given

25 COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Debenture

26 GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law

27 ENFORCEMENT

27 1 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "**Dispute**")

- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary
- (c) This clause 27.1 is for the benefit of the Security Agent only. As a result, the Security Agent shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Agent may take concurrent proceedings in any number of jurisdictions.

This Deed has been executed as a deed and delivered on the date stated at the beginning of this Deed.

SCHEDULE 1

Details of Security Assets

Part 1 Real Property

FREEHOLD PROPERTIES

None

LEASEHOLD PROPERTIES

None

Part 2 Fields and Hydrocarbon Licences

Licence P1270 Block 11/24

Licence P1286 Block 11/23

Licence PEDL 158 Blocks ND 1a, 2a, 12, 13a, 23a and 33a

Part 4 - Intellectual Property

Part 4A - Trade marks				
Proprietor/ADP number	TM number	Jurisdiction/ apparent status	Classes	Mark text
None				

Part 4B - Patents		
Proprietor/ADP number	Patent number	Description
None		

Part 5 - Relevant Contracts

None

Part 6 - Insurances

Insurer	Policy type	Policy number
None		

SCHEDULE 2

Form of notice to and acknowledgement in respect of Charged Account

To: [insert name and address of bank]

Dated ● 201 ●

Dear Sirs

Re: Account Holder: IGas Energy (Caithness) Limited (the "Chargor")

- 1 We give notice that, by a debenture dated [● 2013] (the "**Debenture**"), we have charged to Norsk Tillitsmann ASA (the "**Security Agent**") as security agent (as referred to in the Debenture) all our present and future right, title and interest in and to the accounts as set out in the schedule to this letter and all other accounts from time to time maintained with you by the Chargor together with all monies at any time standing to the credit of such accounts and all additions to or renewals or replacements thereof (in whatever currency) (together the "**Charged Accounts**") and to all interest from time to time accrued or accruing on the Charged Accounts, any investment made out of any such monies or account and all rights to repayment of any of the foregoing by you.
- 2 We advise you that, under the terms of the Debenture[, after you have received notice from the Security Agent than an Event of Default is continuing,] we are not entitled to withdraw any monies from the Charged Accounts without first having obtained the prior written consent of the Security Agent
- 3 [After you have received notice from the Security Agent than an Event of Default is continuing,] we irrevocably authorise and instruct you from time to time
 - (a) unless the Security Agent so authorises you in writing, not to permit withdrawals from the Charged Accounts,
 - (b) to hold all monies from time to time standing to the credit of the Charged Accounts to the order of the Security Agent,
 - (c) to pay all or any part of the monies standing to the credit of the Charged Accounts to the Security Agent (or as it may direct) promptly following receipt of written instructions from the Security Agent to that effect,
 - (d) to disclose to the Security Agent such information relating to the Chargor and the Charged Accounts as the Security Agent may from time to time request you to provide
- 4 We agree that you are not bound to enquire whether the right of the Security Agent to withdraw any monies from any Charged Account has arisen or be concerned with (a) the propriety or regularity of the exercise of that right or (b) notice to the contrary or (c) to be responsible for the application of any monies received by the Security Agent
- 5 This notice may only be revoked or amended with the prior written consent of the Security Agent
- 6 Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to the Chargor) that you agree to the above and that
 - (a) you accept the authorisations and instructions contained in this notice and you undertake to comply with this notice,

- (b) you have not, at the date this notice is returned to the Security Agent, received notice of any assignment or charge of or claim to the monies standing to the credit of any Charged Account or the grant of any security or other interest over those monies or any Charged Account in favour of any third party and you will notify the Security Agent promptly if you should do so in the future, and
- (c) you do not at the date of this notice and will not, except as expressly permitted by this notice, in the future exercise any right to combine accounts or any rights of set-off or lien or any similar rights in relation to the monies standing to the credit of the Charged Accounts
7. This notice, and any acknowledgement in connection with it, and any non-contractual obligations arising out of or in connection with any of them, shall be governed by English law

Yours faithfully

for and on behalf of

IGAS ENERGY (CAITHNESS) LIMITED

Name

Title

SCHEDULE

Account holder	Account number	Bank branch address and sort code
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

[On copy]

To. Norsk Tillitsmann ASA as Security Agent

P O 1470 Vik

0116 Oslo

Copy to: **IGAS ENERGY (CAITHNESS) LIMITED**

We acknowledge receipt of the above notice We confirm and agree:

- (a) that the matters referred to in it do not conflict with the terms which apply to any Charged Account, and
- (b) the matters set out in clause 6 of the above notice.

for and on behalf of

[Name of Bank]

Dated. [201●]

SCHEDULE 3

Form of notice to and acknowledgement by party to Relevant Contract

To: **[Insert name and address of relevant party]**

Dated: **[● 20●]**

Dear Sirs

Re: [describe Relevant Contract] dated [● 20●] between (1) you and (2) IGas Energy (Calthness) Limited (the "Chargor")

1. We give notice that, by a debenture dated [● 2013] (the "**Debenture**"), we have assigned to Norsk Tillitsmann ASA as security agent (the "**Security Agent**") all our present and future right, title and interest in and to [insert details of Relevant Contract] (together with any other agreement supplementing or amending the same, the "**Agreement**") including all rights and remedies in connection with the Agreement and all proceeds and claims arising from the Agreement
2. We irrevocably authorise and instruct you from time to time to disclose to the Security Agent at our expense (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure), such information relating to the Agreement as the Security Agent may from time to time request
3. After you have received notice from the Security Agent that an Event of Default is continuing, we irrevocably authorise and instruct you from time to time
 - (a) to hold all sums from time to time due and payable by you to us under the Agreement to the order of the Security Agent;
 - (b) to pay or release all or any part of the sums from time to time due and payable by you to us under the Agreement only in accordance with the written instructions given to you by the Security Agent from time to time,
 - (c) to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Debenture or the Agreement or the debts represented thereby which you receive at any time from the Security Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction, and
 - (d) to send copies of all notices and other information given or received under the Agreement to the Security Agent
4. After you have received notice from the Security Agent that an Event of Default is continuing, we are not permitted to receive from you, otherwise than through the Security Agent, any amount in respect of or on account of the sums payable to us from time to time under the Agreement or to agree any amendment or supplement to, or waive any obligation under, the Agreement without the prior written consent of the Security Agent
5. This notice may only be revoked or amended with the prior written consent of the Security Agent
6. Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that you agree to the above and that:
 - (a) you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice,

- (b) you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Agreement or any proceeds of it and you will notify the Security Agent promptly if you should do so in future,
 - (c) after you have received notice from the Security Agent that an Event of Default is continuing, you will not permit any sums to be paid to us or any other person (other than the Security Agent) under or pursuant to the Agreement without the prior written consent of the Security Agent;
 - (d) if you make any attempt to terminate or amend the Agreement, you will liaise with and notify the Security Agent; and
 - (e) after you have received notice from the Security Agent that an Event of Default is continuing, you will not agree to terminate the Agreement or take any action to amend or supplement the Agreement without the prior written consent of the Security Agent as the proper counterparty under the Agreement and not us.
7. This notice, and any acknowledgement in connection with it, and any non-contractual obligations arising out of or in connection with any of them, shall be governed by English law

Yours faithfully

for and on behalf of

IGAS ENERGY (CAITHNESS) LIMITED

[On copy]

To: Norsk Tillitsmann ASA as Security Agent

P O 1470 Vika

0116 Oslo

Copy to **IGAS ENERGY (CAITHNESS) LIMITED**

We acknowledge receipt of the above notice and consent and agree to its terms We confirm and agree to the matters set out in clause 6 of the above notice

for and on behalf of

[●]

Dated: [● 20●]

SCHEDULE 4

Form of notice of to and acknowledgement by insurers

To: **[Insert name and address of insurer]**

Dated **[● 20●]**

Dear Sirs

[Describe insurance policies] dated [● 20●] (the "Policies") between (1) you and (2) IGas Energy (Caithness) Limited (the "Chargor")

1. We give notice that, by a debenture dated [● 2011] (the "**Debenture**"), we have [assigned] to Norsk Tillitsmann ASA as security agent (the "**Security Agent**") (as referred to in the Debenture) all our present and future right, title and interest in and to the policies referred to above (together with any other agreement supplementing or amending the same, the "**Policies**") including all rights and remedies in connection with the Policies and all proceeds and claims arising from the Policies.
2. We irrevocably authorise and instruct you from time to time to disclose to the Security Agent at our expense (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure) such information relating to the Policies as the Security Agent may from time to time request,
3. After you have received notice from the Security Agent that an Event of Default is continuing, we irrevocably authorise and instruct you from time to time.
 - (a) to hold all sums from time to time due and payable by you to us under the Policies to the order of the Security Agent,
 - (b) to pay or release all or any part of the sums from time to time due and payable by you to us under the Policies only in accordance with the written instructions given to you by the Security Agent from time to time,
 - (c) to comply with any written notice or instructions in any way relating to (or purporting to relate to) the Debenture, the sums payable to us from time to time under the Policies or the debts represented by them which you may receive from the Security Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction), and
 - (d) to send copies of all notices and other information given or received under the Policies to the Security Agent
4. We irrevocably instruct you, with effect from the date of this notice, to note on the relevant Policies the Security Agent's interest as loss payee and as first priority assignee of the Policies and the rights, remedies, proceeds and claims referred to above
5. After you have received notice from the Security Agent that an Event of Default is continuing, we are not permitted to receive from you, otherwise than through the Security Agent, any amount in respect of or on account of the sums payable to us from time to time under the Policies or to agree any amendment or supplement to, or waive any obligation under, the Policies without the prior written consent of the Security Agent.
6. This notice may only be revoked or amended with the prior written consent of the Security Agent

7. Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that you agree to the above and that.
- (a) you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice,
 - (b) you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Policies or any proceeds of them or any breach of the terms of any Policy and you will notify the Security Agent promptly if you should do so in future,
 - (c) after you have received notice from the Security Agent that a Declared Default is continuing, you will not permit any sums to be paid to us or any other person under or pursuant to the Policies without the prior written consent of the Security Agent, and
 - (d) if you make any attempt to terminate or amend the Policies, you will liaise with and notify the Security Agent, and
 - (e) after you have received notice from the Security Agent that an Event of Default is continuing, you will not agree to terminate the Policies or take any action to cancel, vary or waive, amend or supplement the Policies without the prior written consent of the Security Agent.
- 8 This notice, and any acknowledgement in connection with it, and any non-contractual obligations arising out of or in connection with any of them, shall be governed by English law.

Yours faithfully

for and on behalf of

IGAS ENERGY (CAITHNESS) LIMITED

[On copy]

To Norsk Tullitmann ASA as Security Agent

P O 1470 Vika

0116 Oslo

Copy to: **IGAS ENERGY (CAITHNESS) LIMITED**

Dear Sirs

We acknowledge receipt of the above notice and consent and agree to its terms We confirm and agree to the matters set out in clause 6 in the above notice

for and on behalf of

[●]

Dated [● 20●]

EXECUTION PAGES

THE CHARGOR

Executed as a deed by)
IGAS ENERGY (CAITHNESS) LIMITED)
acting by)

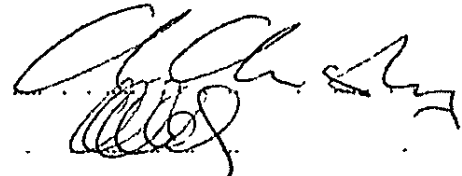
Director

Signature of witness

Name of witness

Address of witness

Occupation of witness



MICHELLE MANNERS.

7 DOWN STREET

LONDON

W1T 7AT

LAWYER

THE ISSUER

Executed as a deed by)
IGAS ENERGY PLC acting by:)
)

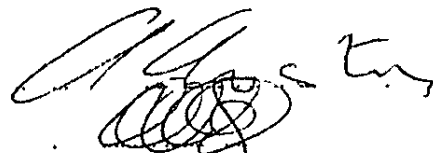
Director

Signature of witness

Name of witness

Address of witness

Occupation of witness



MICHELLE MANNERS

7 DOWN STREET

LONDON

W1T 7AT

LAWYER

THE SECURITY AGENT

Executed as a deed by **NORSK**)
TILLITSMANN ASA)
acting by a director and its)
secretary/two directors)

Director



Director/Secretary

EXECUTION PAGES

THE CHARGOR

Executed as a deed by
IGAS ENERGY (CAITHNESS) LIMITED
acting by.


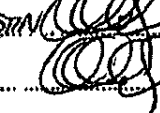
Director
Signature of witness
Name of witness
Address of witness
Occupation of witness


ANDREW AUSTIN

MICHELLE MANNERS
7 DOWN STREET
LONDON
W1J 7AT
LAWYER

THE ISSUER

Executed as a deed by
IGAS ENERGY PLC acting by:

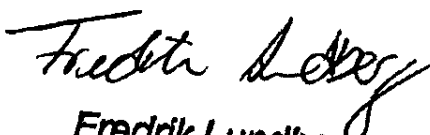
Director
Signature of witness
Name of witness
Address of witness
Occupation of witness



ANDREW AUSTIN
M

MICHELLE MANNERS
7 DOWN STREET
LONDON
W1J 7AT
LAWYER

THE SECURITY AGENT

Executed as a deed by **NORSK**
TILLITSMANN ASA
acting by a director and its
secretary/two directors:

Director
Director/Secretary


Fredrik Lundberg


OLA NYGÅRD