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Mr Robert Graham Taylor
24 St Winifreds Road
Teddington
Middlesex
TW11 9JR

(the "**Lender**")

The Directors
Subsea Asset Technologies Limited
114 Tetricus Science Park
Porton down
Salisbury
Wiltshire
SP4 0JQ

(the "**Company**")

8th April 2008

Dear Sirs

Loan Facility

I refer to our recent discussions and am pleased to confirm my agreement to place at the Company's disposal a sterling loan facility (the "**Facility**") subject to the terms and conditions of this letter (the "**Letter**").

1. **Definitions**

"Conversion" is as defined in paragraph 6.1;

"Fundraising" means the next Investment Round to be completed by the Company;

"Fundraising Completion" means the date the Company receives the relevant subscription monies and issues shares pursuant to the Fundraising;

"Fundraising Price" is the price per ordinary share paid by the Investors at the Fundraising;

"Interest" means any accrued interest as provided for in paragraph 5;

"Investment Round" means any issue by the Company for cash of new shares (of whichever class) in its capital to one or more Investors;

"Investor" means any person (which for the purposes of this Letter shall include natural persons, bodies corporate, unincorporated associations, partnerships, governments, governmental agencies and departments, statutory bodies or other entities, in each case whether or not having a separate legal personality) who subscribes for shares in the Company pursuant to an Investment Round and the term **"Investors"** shall be construed accordingly;

"Loan" means the principal amount outstanding under the Facility (excluding any Interest);

2. Amount

2.1 The total principal amount of the Facility which may be borrowed is £25,000 (twenty five thousand pounds).

3. Drawdown

3.1 The Facility may be drawn down on any business day after the date of this Letter, in one tranche of £25,000 or a number of tranches each being a minimum of £5,000.

4. Repayment

4.1 The Loan and Interest shall be repaid within 30 days of (and excluding) the day of Fundraising Completion.

4.2 The Loan and Interest shall not be repaid within 14 days of (and excluding) the day of Fundraising Completion unless the Lender has confirmed by notice in writing to the Company that he does not wish to exercise his right to a Conversion (in accordance with paragraph 6.1 below) in respect of repayment.

5. Interest

5.1 The Company will pay to the Lender interest on the Loan at the rate of 2% per annum above the base rate of the Bank of England from time to time, such interest to accrue from day to day and to be calculated on the basis of a 365 day year for the actual number of days elapsed.

5.2 The Interest shall accrue in accordance with paragraph 5.1 above but shall only be paid either:

5.2.1 as provided for in paragraph 4.1 where the Loan and Interest is to be repaid in cash; or

5.2.2 as provided for in paragraph 6.1 in the event that the Lender exercises his option for a Conversion.

6. Conversion

6.1 In the event that Fundraising Completion occurs, the Loan (plus Interest) may at the option of the Lender, exercisable by written notice to the Company as soon as practicable and in any event within 14 days of (and excluding) the day of Fundraising Completion, subject to paragraph 6.2 below being satisfied first, be converted into ordinary shares of £1 each in the capital of the Company (the **"Conversion"**). If the Lender exercises such option, he will receive such number of new ordinary shares of £1 each in the capital of the Company as is equal to:-

$$\frac{X}{Y}$$

where:

X is the total amount of the Loan (plus Interest) outstanding on the conversion date from the Lender; and

pre-money

Y is the Fundraising Price.

6.2 In the event that an option to convert is served by the Lender under paragraph 6.1 above, the Company undertakes that it will use reasonable endeavours to procure that before the Conversion takes place, the Company will arrange for the following to take place:

6.2.1 a board meeting at which the directors will consider in connection with the Conversion, whether or not member authority is needed to:

(a) approve any increase in share capital of the Company; and

(b) provide (under the Companies Act 1985) section 80 authority to allot and section 89 authority to dis-apply pre-emption rights on that allotment;

6.2.2 if the increase and authorities noted in paragraph 6.2.1 above are required in order to satisfy the Conversion, to convene an extraordinary general meeting at which the members of the Company will consider appropriate ordinary and special resolutions;

6.2.3 on the passing of the above mentioned resolutions, the appropriate amount of shares (such amount having been agreed between the parties to this Letter) to satisfy the outstanding balance of the Loan and the Interest are allotted to the Lender;

6.2.4 appropriate share certificates are issued in respect of the shares allotted to the Lender;

6.2.5 the name of the Lender is entered into the register of members in the statutory books of the Company; and

6.2.6 any resolutions passed by the Company are filed accordingly with Companies House.

7. Security

The Loan and Interest shall be unsecured.

8. Notices

8.1 Any notice to be given pursuant to this Letter must be given in writing to the party due to receive such notice at the address below or such other address as the parties may have notified to each other in accordance with this paragraph 8.1:

Subsea Asset Technologies Limited 114 Tetricus Science Park Porton Down Salisbury Wiltshire SP4 0JQ	Mr Robert Graham Taylor 24 St Winifreds Road Teddington Middlesex TW11 9JR

8.2 Notice must be delivered personally or sent by first class pre-paid post (airmail if overseas) and will be deemed to be given in the case of personal delivery on delivery and in the case of posting (in the absence of evidence of earlier receipt) within 48 hours after posting (six days if sent by airmail). In proving service of notice it shall be sufficient to prove that delivery was made and that the envelope containing the notice was properly addressed and posted.

9. General

9.1 Each party may only transfer or assign any of its rights and obligations under this Letter with the prior written consent of the other party.

9.2 This Letter is governed and shall be construed in accordance with English Law.

9.3 A person who is not a party to this Letter shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Letter.

Please sign and return the enclosed copy of this Letter to confirm your acceptance of its terms and conditions.

Yours faithfully

.....

Mr Robert Graham Taylor

We accept the terms and conditions of the loan agreement contained in your letter dated *[insert date]* of which the above is a duplicate copy.

.....

Director
Duly authorised for and on behalf of
Subsea Asset Technologies Limited