

PARENT COMPANY GUARANTEE

This Parent Company Guarantee (this "Guarantee") is dated .....10 August 2011 and made between:

- (1) **STATKRAFT AS**, a company organised under the laws of Norway and having its registered office at P.O. Box 200, Lilleaker, NO-0216, Oslo, Norway ("Guarantor"); and
- (2) **WADLOW ENERGY LIMITED**, a company registered in England with registered number 07454880 and having its registered office at Beaufort Court, Egg Farm Lane, Station Road, Kings Langley, Hertfordshire, WD4 8LR ("Counterparty").

WHEREAS the Counterparty and STATKRAFT MARKETS GMBH ("Statkraft Markets") have entered into a power purchase agreement dated on or around the date of this Guarantee (such agreement, as the same may from time to time be modified, amended and/or supplemented, being referred to herein as the "Contract"), whereby the Counterparty agrees to provide Statkraft Markets with Electrical Output and Benefits (as defined in the Contract) generated by the Facility (as defined in the Contract) subject to and upon the terms contained therein.

NOW THEREFORE, in consideration of Counterparty entering into the Contract, Guarantor hereby covenants and agrees as follows:

1. GUARANTEE

Subject to the provisions hereof and terms in the Contract, Guarantor hereby irrevocably and unconditionally guarantees the timely payment when due of the payment obligations (including payments in respect of breaches of the Contract by Statkraft Markets and interest on late payments in accordance with the Contract) of Statkraft Markets to Counterparty arising out of or in connection with the Contract (the "Obligations").

Subject to the provisions hereof, the Guarantor (as a separate and independent obligation) undertakes to indemnify the Counterparty against any costs, losses or liabilities suffered or incurred by the Counterparty as a direct result of any failure by Statkraft Markets to fully and promptly comply with the Obligations.

The obligations of Guarantor under this Guarantee shall be subject to the following:

Guarantor's obligations hereunder do not constitute an obligation of performance, and shall be specifically limited to payments required to be made by Statkraft Markets under the Contract (including payments in respect of breaches of the Contract by Statkraft Markets and interest on late payments in accordance with the Contract). Except to the extent specifically provided in the Contract or hereunder, in no event shall Guarantor be liable hereunder for any consequential loss, punitive damages, costs or attorney's fees.

The aggregate amount covered by this Guarantee shall not exceed GBP 6,500,000.00 (six million, five hundred thousand pounds sterling) (or the equivalent in any other currency or combination of currencies) (the "Maximum Guaranteed Amount"), plus all reasonable costs, expenses or attorney's fees that were incurred in connection

with the enforcement of this Guarantee, provided that the Guarantor shall not be liable for any such costs, expenses or fees if no payment under the Guarantee is due.

All payments made under this Guarantee shall be made without any set-off or counterclaim (save as permitted under section 4 below) and free and clear of any present or future taxes, levies, duties, charges, fees, deductions or withholdings which would not have been imposed if such payments had been made by Statkraft Markets (together referred to as "**Deductions**"), and if the Guarantor is compelled by law to make any such Deductions the Guarantor will gross up the payment so that the net sum received by the Counterparty is equal to the full amount which the Counterparty would have received had no such Deductions been made.

## 2. NOTICE OF PAYMENT DEMAND

If Statkraft Markets fails or refuses to pay any of the Obligations when due, and Counterparty has elected to exercise its rights under this Guarantee, Counterparty shall make a demand upon Guarantor (a "**Payment Demand**"). A Payment Demand shall be in writing and shall reasonably specify in what manner and what amount Statkraft Markets has failed to pay and an explanation of why such payment is due, with a specific statement that Counterparty is calling upon Guarantor to pay under this Guarantee. A Payment Demand satisfying the foregoing requirements shall be required with respect to the Obligations before Guarantor is required to pay such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it, subject to the exercise of any right, setoff, counterclaim or other defence pursuant to section 4 below, must pay the relevant Obligations within five (5) business days after its receipt of the Payment Demand. A single Payment Demand shall be effective as to any specific failure to pay during the continuance of such failure to pay, until Statkraft Markets or Guarantor has cured such failure to pay, and additional written demands concerning such failure to pay shall not be required.

The obligations of the Guarantor under this Guarantee will not be affected by an act, omission, matter or thing (other than by, and to the extent, the Obligations are performed in accordance with the Contract) which but for this clause would reduce, release or prejudice any of its obligations under this Guarantee (without limitation and whether or not known to it or to the Counterparty) including:

- (a) any time, waiver or consent granted to, or composition with Statkraft Markets;
- (b) the release of Statkraft Markets;
- (c) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of Statkraft Markets;
- (d) any amendment (however fundamental) of the Contract;
- (e) the illegality, invalidity or unenforceability of or any defect in any provision of the Contract;
- (f) termination of the Contract (provided that only such Obligations as are provided in the Contract to continue after such termination shall be preserved by this paragraph (f));

- (g) any insolvency or similar proceedings.

3. **REPRESENTATIONS AND WARRANTIES**

Guarantor represents and warrants on the date hereof:

- (a) it is a company duly organised and validly existing under the laws of Norway and has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Guarantee;
- (b) no authorisation, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guarantee; and
- (c) this Guarantee, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor enforceable in accordance with its terms, except as the enforceability of this Guarantee may be limited by the effect of any applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting creditors' rights generally.

4. **SETOFFS AND COUNTERCLAIMS**

Without prejudice to the limits on the Guarantor's liability under section 1 above, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defences which Statkraft Markets is or may be entitled to arising out of the Contract, except for defences arising out of the bankruptcy, insolvency, dissolution or liquidation of Statkraft Markets or out of any lack of power or authority of Statkraft Markets to enter into or perform the Contract.

5. **AMENDMENT OF GUARANTEE**

No term of provision of this Guarantee shall be amended, modified, altered, waived or supplemented except in writing signed by Guarantor and Counterparty.

6. **DEFERRAL OF GUARANTOR'S RIGHTS**

Until all Obligations to the Counterparty have been discharged in full, the Guarantor agrees that, without the prior written consent of the Counterparty, it will not:

- (a) exercise its rights of subrogation, reimbursement and/or indemnity against Statkraft Markets in relation to any amount paid or payable under this Guarantee;
- (b) demand or accept any security from Statkraft Markets in respect of any such rights; or
- (c) prove in competition with the Counterparty in the bankruptcy, liquidation or insolvency of Statkraft Markets in respect of any such rights.

7. **CONTINUING GUARANTEE**

Without prejudice to the Maximum Guaranteed Amount or to section 8 below, this Guarantee is a continuing guarantee, and shall continue in effect notwithstanding any intermediate payment or partial settlement by the Guarantor.

8. **TERMINATION**

This Guarantee shall expire at 24.00 hours Oslo time on 31 December 2031 (the "Expiry Time") without any requirement for written notice being served upon the Counterparty. Such expiry shall be without prejudice to any Payment Demands validly made prior to the Expiry Time, but subject thereto the Guarantor shall have no further obligations to the Counterparty following the Expiry Time.

9. **NOTICES**

Any Payment Demand, notices, termination notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally, mailed by certified mail or sent by fax, as follows:

If to Guarantor, to it at:

Statkraft AS c/o  
Statkraft Markets GmbH  
Niederkasseler Lohweg 175  
40547 Düsseldorf  
Germany  
Fax: 0049 (0)211 60244199

Attention: Contracts & Compliance Department

If to Counterparty, to it at:

Wadlow Energy Limited  
Beaufort Court,  
Egg Farm Lane,  
Kings Langley,  
Hertfordshire,  
WD4 8LR  
Fax: +44 (0)1923 299 299

Attention: Operations Director

Any Notice shall be deemed to have been received as follows:

- (a) in the case of delivery by hand, on delivery;
- (b) in the case of first class pre-paid post, on the second day following the date of posting; and
- (c) in the case of facsimile, on acknowledgement of the addressee's facsimile machine; provided that a copy is also sent by first class pre-paid post

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within 2 Banking Days; "Banking Day" means a day on which commercial banks are open for general business in Oslo, Düsseldorf and the City of London.

Any party may change any address to which Notice is to be given to it by giving notice as provided above of such change of address.

10. **WAIVERS**

Guarantor hereby waives (a) notice of acceptance of this Guarantee; (b) presentment and demand concerning the liabilities of Guarantor, except as expressly hereinabove set forth in section 2 above; and (c) any right to require that any action or proceeding be brought against Statkraft Markets or any other person, or to require that Counterparty seek enforcement of any performance against Statkraft Markets or any other person, prior to any action against Guarantor under the terms hereof.

No delay of Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

The Counterparty can make multiple payment demands hereunder, it being understood that the Maximum Guaranteed Amount shall automatically be reduced by any partial drawdown made by the Counterparty hereunder.

No payment by the Guarantor (whether under a court order or otherwise) will discharge the Obligation of the Guarantor unless and until the Counterparty has received payment in full in the currency in which the Obligation is denominated. If, on conversion into that currency, the amount of the payment falls short of the amount of the Obligation concerned, the Counterparty will have a separate cause of action against the Guarantor for the shortfall.

11. **MISCELLANEOUS**

This Guarantee may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. This Guarantee shall be binding upon Guarantor, its permitted successors and assigns and inure to the benefit of and be enforceable by Counterparty, its permitted successors and assigns.

This Guarantee embodies the entire agreement and understanding between Guarantor and Counterparty and supersedes all prior agreements and understandings relating to the subject matter hereof.

12. **ASSIGNMENT**

Any transfer of this Guarantee by Guarantor requires the prior written consent of Counterparty (such consent not to be unreasonably withheld or delayed), save that Guarantor may make such a transfer pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another Norwegian entity, provided that: (i) the resulting surviving transferee or successor entity has one or more Official Credit Ratings (as defined in the Contract), which (or, in case of more than one Official Credit Rating, each of which) is equivalent to or higher than the Required Company Rating (as defined in the

Contract); and (ii) the enforceability and validity of this Guarantee is not (and will not be) in any way affected as a result of such transfer and, at the time of such consolidation, amalgamation, merger or transfer, the resulting surviving transferee or successor entity assumes all the obligations of the Guarantor under this Guarantee.

Any transfer of this Guarantee (or any of the Counterparty's rights under it) requires the prior written consent of the Guarantor, save that the Counterparty may assign its rights under this Guarantee by way of security to any person providing (or who has committed to provide) finance to the Counterparty (or to any agent or trustee of such person).

13. **GOVERNING LAW AND JURISDICTION**

This Guarantee shall in all respects be governed by, and construed in accordance with, the laws of England, and Guarantor and Counterparty agree to submit to the exclusive jurisdiction of the Courts of England in respect of any matter arising out of or in connection with this Guarantee and waive any claim that any proceedings brought in such court in respect of any matter arising out of or in connection with this Guarantee have been brought in an inconvenient forum.

Without prejudice to any other mode of service allowed under any relevant law, the Guarantor appoints Statkraft UK Limited, 4th Floor, 41 Moorgate, London EC2R 6PP (or such other person and/or address as the Guarantor may notify to the Generator from time to time) as the Guarantor's agent for service of process in relation to any proceedings before the English courts in connection with this Guarantee. The Guarantor agrees that failure by the process agent to notify the Guarantor of the process will not invalidate the proceedings concerned.

This Guarantee has been executed as a deed and it has been delivered on, and shall be effective from, the date first above written (and shall not be delivered or effective until dated).

SIGNED AS A DEED by **STATKRAFT AS**, a company incorporated under the laws of Norway,  
acting by a person authorised to sign on behalf of the company:

Signature:

*p.p. Christian Rønning-Tønnesen*

Print name:

*CHRISTIAN RØNNING-TØNNESSEN*

In the presence of a witness –

Signature:

*Asbjørn Grunat*

Print name:

*ASBJØRN GRUNAT*

Address:

*Lilleakkersveien 6, 0283 Oslo, Norway*

SIGNED AS A DEED by **WADLOW ENERGY LIMITED**, acting by its director:

Signature:

.....

Director

Print name:

.....

In the presence of a witness –

Signature:

.....

Print name:

.....

Address:

c/o McGrigors LLP, 5 Old Bailey, London  
EC4M 7BA

SIGNED AS A DEED by **STATKRAFT AS**, a company incorporated under the laws of Norway,  
acting by a person authorised to sign on behalf of the company:

Signature: .....

Print name: .....

In the presence of a witness –

Signature: .....

Print name: .....

Address: .....

SIGNED AS A DEED by **WADLOW ENERGY LIMITED**, acting by its director:

Signature: ..... 

Director

Print name: ..... 

In the presence of a witness –

Signature: ..... 

Print name: ..... 

Address: c/o McGrigors LLP, 5 Old Bailey, London  
EC4M 7BA



Appendix

Form of Payment Demand

[STATKRAFT AS]

[DATE]

Dear Sirs

We refer to the guarantee given by you to the undersigned dated [ ] (the "Guarantee"), a copy of which is attached. Unless otherwise defined herein, all capitalised terms used herein and defined in the Guarantee shall have the meanings given to them in the Guarantee.

Statkraft Markets is in breach of the Obligations under clause(s) [ ] of the Contract, and accordingly the sum of £[ ] is properly due to us.

This amount was included in the [invoice / demand] issued by us to Statkraft Markets dated [DATE], was due to be paid on [DATE], and has not been paid as at the date hereof.

Payment of the relevant amount should be made to the following account:

Name: *[account name]*

Account number: *[insert details]*

Bank: *[name and code]*

Yours faithfully

[NAME]

for and on behalf of [GENERATOR]

.....

Name

.....

Title