



Registration of a Charge

Company name: **VERUS PETROLEUM ENTERPRISES LIMITED**

Company number: **04388397**



X7J6KQUG

Received for Electronic Filing: **21/11/2018**

Details of Charge

Date of creation: **19/11/2018**

Charge code: **0438 8397 0004**

Persons entitled: **LLOYDS BANK PLC (AS SECURITY TRUSTEE)**

Brief description:

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION**

**FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

CMS CAMERON MCKENNA NABARRO OLSWANG LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4388397

Charge code: 0438 8397 0004

The Registrar of Companies for England and Wales hereby certifies that a charge dated 19th November 2018 and created by VERUS PETROLEUM ENTERPRISES LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 21st November 2018 .

Given at Companies House, Cardiff on 23rd November 2018

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



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

DEBENTURE

dated **19 November** 2018

between

VERUS PETROLEUM ENTERPRISES LIMITED
as Chargor

and

LLOYDS BANK PLC
as Security Trustee

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This deed (the "**Debenture**") is made as a deed and is dated **19 November 2018** and made between:

- (1) **Verus Petroleum Enterprises Limited** incorporated and registered in England and Wales with company number 04388397 whose registered office is at Harbour Court Compass Road, North Harbour, Portsmouth, Hampshire, PO6 4ST (the "**Chargor**"); and
- (2) **Lloyds Bank plc** as agent and trustee for the Secured Parties (as defined in the Facility Agreement (as defined below)) (the "**Security Trustee**").

BACKGROUND

- (A) The Lenders have provided, pursuant to the Facility Agreement, the Chargor with a credit facility on a secured basis.
- (B) The Facility Agreement (as referred to in the Existing Debenture) is to be amended and restated pursuant to the Amendment and Restatement Deed (as hereinafter defined) to be entered into on or around the date of this Debenture.
- (C) As a condition precedent to the amendment and restatement of the Facility Agreement provided for by the Amendment and Restatement Deed, the Security Trustee requires that the Chargor execute this Debenture.
- (D) Under this Debenture, the Chargor provides security to the Security Trustee (as agent and trustee for the Secured Parties) for the credit facility made available under the Facility Agreement.
- (E) The board of directors of the Chargor is satisfied that the Chargor giving the security contained or provided for in this Debenture is in the best interests of the Chargor and has passed a resolution to that effect.
- (F) The Security Trustee (as agent and trustee for the Secured Parties) holds the benefit of this Debenture on trust for the Secured Parties on the terms of the Finance Documents.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Facility Agreement shall, unless otherwise defined in this Debenture, have the same meanings when used in this Debenture. In addition, the following definitions apply in this Debenture:

"Account Proceeds" means all moneys, in any currency, from time to time deposited in or standing to the credit of the Chargor's Designated Accounts (including all moneys in any currency representing the renewal or replacement of or for any such deposits), all interest from time to time accrued or accruing on all such moneys, all or any moneys payable or repayable pursuant to such deposits or in respect of the Designated Accounts and in each case the debts represented thereby.

"Administrator" means an administrator appointed pursuant to Clause 9.7 (*Appointment of an Administrator*) to manage the affairs, business and property of the Chargor.

"Amendment and Restatement Deed" means an amendment and restatement deed (incorporating the restated form of the Facility Agreement) and made between, amongst others (1) Verus Petroleum UK Limited as the Company (2) Nedbank Limited, London Branch as original mandated lead arranger (3) the Security Trustee and (4) DNB Bank ASA, London Branch as the Facility Agent dated on or around the date of this Debenture.

"Delegate" means any person appointed by the Security Trustee or any Receiver pursuant to Clause 13 (*Delegation*) and any person appointed as attorney of the Security Trustee, Receiver or Delegate.

"Designated Account" means each of the following accounts:

- (a) each Project Account; and
- (b) any other account of the Chargor nominated by the Security Trustee as a Designated Account for the purposes of this Debenture,

and in each case including any replacement account or sub-division of that account.

"Existing Debenture" means the debenture dated 30 January 2017 granted by the Chargor in favour of Nedbank Limited, London Branch.

"Expense" means all charges, costs (including legal fees), damages and expenses sustained or incurred by the Security Trustee or any Receiver or Delegate at any time in connection with the Secured Assets or the Secured Liabilities or in taking, holding or perfecting this Debenture or in defending, enforcing, preserving or protecting the Security constituted by this Debenture or in exercising any powers, remedies or rights provided by or pursuant to this Debenture (including any power or right to make payments on behalf of the Chargor under the terms of this Debenture) or by law in each case on a full indemnity basis.

"Facility Agreement" means the up to \$500,000,000 senior secured revolving amortising reserve base facility agreement originally dated 30 January 2017 as amended and restated on or around the date of this Debenture (pursuant to the Amendment and Restatement Deed) between, amongst others, (1) Verus Petroleum UK Limited as the Company, (2) Nedbank Limited, London Branch as original mandated lead arranger (3) DNB Bank ASA, London Branch as Facility Agent and (4) the Security Trustee for the provision of the credit facility secured by the Existing Debenture and this Debenture.

"Financial Collateral" has the meaning given to that expression in the Financial Collateral Regulations.

"Financial Collateral Regulations" means the Financial Collateral Arrangements (No 2) Regulations 2003 (*SI 2003/3226*).

"Intercompany Loans" means any loan or other indebtedness from time to time owing from any members of the Group to the Chargor.

"JOA" means a joint operating agreement relating to a Field.

“**LPA 1925**” means the Law of Property Act 1925.

“**Party**” means a party to this Debenture.

“**Project Account**” means each Project Account held by the Chargor with an Account Bank in London being, as at the date of this Debenture:

Name of Account	Currency	Account Number	Sort Code
Proceeds Accounts	GBP	██████	██████
Proceeds Accounts	USD	██████	██████
Distributions Account	GBP	██████	██████
Distributions Account	USD	██████	██████

“**Receiver**” means a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets (in whole or part or parts) appointed by the Security Trustee under Clause 11 (*Receiver*).

“**Related Rights**” means, in relation to any property or asset:

- (a) the proceeds of sale and/or other realisation of that property or asset (or any part thereof or interest therein);
- (b) all Security, options, agreements, rights, easements, benefits, indemnities, guarantees, warranties or covenants for title held by the Chargor in respect of such property or asset; and
- (c) all the Chargor’s rights under any lease, licence or agreement for lease, sale or use in respect of such property or asset.

“**Secured Assets**” means all the assets, property and undertaking for the time being subject to the Security created by, or pursuant to, this Debenture.

“**Secured Liabilities**” means all present and future monies, indebtedness, obligations and liabilities owed by each Obligor to all or any of the Secured Parties, whether actual or contingent, in whatever currency denominated and whether owed jointly or severally, as principal or surety or in any other capacity whatsoever, under or in connection with the Finance Documents (including those arising under Clause 16.2(b) (*Discharge conditional*) of this Debenture), together with all interest (including default interest) accruing in respect of such monies or liabilities and including any liability in respect of any further advances made under the Finance Documents, together with all Expenses and all interest under clause 13 (*Interest*) of the Facility Agreement.

"**Security Financial Collateral Arrangement**" has the meaning given to that expression in the Financial Collateral Regulations.

"**Security Period**" means the period starting on the date of this Debenture and ending on the date on which the Security Trustee is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

1.2 Interpretation

(a) Unless a contrary indication appears, a reference in this Debenture to:

- (i) "**asset**" or "**assets**" includes present and future assets and rights of every description;
- (ii) "**disposal**" means any a sale, lease, transfer or other disposal and "**dispose**" will be construed accordingly;
- (iii) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or any other agreement or instrument as amended, novated, supplemented, extended or restated (however fundamentally and including, without limitation in each case by an increase of any size in the amount of the facilities made available under it, the alteration of the nature or number of facilities provided, the purpose or period of those facilities and/or the change of its parties);
- (iv) "**guarantee**" means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (v) "**indebtedness**" includes any obligation (whether incurred as principal or as a surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (vi) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
- (vii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (viii) the "**Security Trustee**", the "**Chargor**", any "**Secured Party**", any "**Party**", any "**Obligor**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under this Debenture and, in the case of the

Security Trustee, shall include any person for the time being appointed as a Security Trustee in accordance with the Facility Agreement;

- (ix) a provision of law is a reference to that provision as amended or re-enacted;
 - (x) a time of day is a reference to London time; and
 - (xi) the singular includes the plural (and vice versa).
- (b) Where the term "**Secured Party**" is used in, and construed for the purposes of, this Debenture, a Hedge Counterparty shall be a Secured Party.
- (c) The words "**other**" or "**otherwise**" and "**whatsoever**" when used in this Debenture shall not be construed ejusdem generis or construed in a narrower way by reference to any preceding words.
- (d) Any words following the terms "**including**", "**include**", "**in particular**", "**for example**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- (e) Section, Clause and Schedule headings are for ease of reference only.
- (f) A Default (other than an Event of Default) is "**continuing**" if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived.
- (g) Where the term "**full title guarantee**" is used in, and construed for the purposes of, this Debenture, the term shall be subject to the terms of the Existing Debenture.

1.3 Implied covenants for title

The obligation of the Chargor under this Debenture shall be in addition to the covenant for title deemed to be included in this Debenture by virtue of Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994.

1.4 Law of Property (Miscellaneous Provisions) Act 1989

To the extent necessary for any agreement for the disposition of the Secured Assets in this Debenture to be a valid agreement under Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the other Finance Documents and of any side letters between the parties to this Debenture are incorporated into this Debenture.

1.5 Third party rights

A person who is not a Party (other than a permitted successor or assign, any Receiver or any Delegate) has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Debenture.

1.6 Perpetuity period

If the rule against perpetuities applies to any trust created by this Debenture, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

1.7 Security Trustee provisions

The Chargor agrees that the terms of clause 31 (*The Security Trustee*) of the Facility Agreement are incorporated into this Debenture as if those terms were set out in full in this Debenture, with references to "this Agreement" being construed as a reference to this Debenture.

1.8 Conflict

In the event of a conflict between the terms of this Debenture and the Facility Agreement, the terms of the Facility Agreement shall prevail, to the extent permitted by law.

1.9 Effect as a deed

This document is intended to take effect as a deed notwithstanding that the Security Trustee may have executed it under hand only.

1.10 Schedules

The Schedules form part of this Debenture and shall have effect as if set out in full in the body of this Debenture. Any reference to this Debenture includes the Schedules.

2. COVENANT TO PAY

The Chargor shall, on demand, pay to the Security Trustee and discharge the Secured Liabilities when they become due.

3. GRANT OF SECURITY**3.1 Fixed charges**

As a continuing security for the payment, performance and discharge of the Secured Liabilities (subject only to the Existing Debenture) the Chargor with full title guarantee charges to the Security Trustee (as agent and trustee for the Secured Parties) by way of fixed charge:

- (a) the Designated Accounts;
- (b) the Account Proceeds;
- (c) (to the extent not effectively assigned under Clause 3.2 (*Assignment*)) all its rights, title and interests in Insurance to which it is a party and all related proceeds, claims of any kind, returns of premium and other benefits;

- (d) (to the extent not effectively assigned under Clause 3.2 (*Assignment*)) all its rights, title and interests in the Intercompany Loans and all rights, claims, proceeds, premium and other benefits in connection with these; and
- (e) (to the extent not effectively assigned under Clause 3.2 (*Assignment*)), the Hedging Agreements to which it is a party and all rights, claims, proceeds, premium and other benefits in connection with these,

and in each case, with all Related Rights in respect thereof.

3.2 Assignment

As a continuing security for the payment, performance and discharge of the Secured Liabilities (subject only to the Existing Debenture), the Chargor with full title guarantee assigns to the Security Trustee (as agent and trustee for the Secured Parties) absolutely, by way of a legal assignment, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

- (a) all its rights, title and interest in each Insurance, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance;
- (b) all its present and future rights and interests in any Hedging Agreement to which it is a party; and
- (c) all its present and future rights and interest in any Intercompany Loan to which it is a party,

and in each case, with all Related Rights in respect thereof.

3.3 Preservation of fixed charge

Without prejudice to Clause 3.1 (*Fixed Charges*) if pursuant to clause 23 (*Project Accounts*) of the Facility Agreement the Chargor is entitled to withdraw the proceeds of any amounts standing to the credit of a Designated Account or other account and, as a result, those proceeds are in any way released from the fixed charge created pursuant to Clause 3.1 (*Fixed Charges*) and stand subject to the floating charge created pursuant to Clause 3.4 (*Floating Charge*), the release will in no way derogate from the continuance and subsistence of the fixed charge on all other amounts standing to the credit of the Designated Accounts and such other accounts.

3.4 Floating charge

- (a) As a continuing security for the payment, performance and discharge of the Secured Liabilities (subject only to the Existing Debenture), the Chargor with full title guarantee charges to the Security Trustee (as agent and trustee for the Secured Parties), by way of floating charge, all the undertaking, property, assets and rights of the Chargor whatsoever, present and future, including all property, assets and rights not otherwise validly and effectively mortgaged, charged or assigned (whether at law or in equity and including, but not limited to any assets situated in Scotland or governed by Scots law) by way of fixed security pursuant to Clause 3.1 (*Fixed*

Charges) of the Chargor at any time not effectively mortgaged, charged or assigned pursuant to Clause 3.1 (*Fixed Charges*) or Clause 3.2 (*Assignment*).

- (b) Notwithstanding any other provision of this Debenture, the Security Trustee and the Finance Parties' rights under this Debenture are, in relation to any current or future JOA relating to the Fields to which the Chargor is a party, subject to and without prejudice to the rights of any joint operating parties thereto (other than the Chargor), but only to the extent that the JOA in question obliges the Chargor to include a provision such as this Clause 3.4 (*Floating charge*) in a security document such as this Debenture.

3.5 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 3.4 (*Floating Charge*).

3.6 Automatic crystallisation of floating charge

Notwithstanding Clause 3.7 (*Crystallisation of floating charge by notice*) and without prejudice to any law which may have similar effect, the floating charge created by Clause 3.4 (*Floating Charge*) shall automatically and immediately (without notice) be converted into a fixed charge over all of the undertaking and the assets subject to that floating charge if:

- (a) the Chargor:
 - (i) creates, or attempts to create, without the prior written consent of the Security Trustee, any Security or a trust in favour of another person over all or any part of the Secured Assets (except as expressly permitted by the terms of this Debenture or the Facility Agreement); or
 - (ii) disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised);
- (b) any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets; or
- (c) a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Chargor.

3.7 Crystallisation of floating charge by notice

The Security Trustee may, in its sole discretion, by written notice to the Chargor, convert the floating charge created under this Debenture into a fixed charge as regards any part of the Secured Assets specified by the Security Trustee in that notice if:

- (a) an Event of Default occurs and is continuing; or
- (b) the Security Trustee considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

3.8 Assets acquired after any floating charge has crystallised

Any asset acquired by the Chargor after any crystallisation of the floating charge created under this Debenture that, but for that crystallisation, would be subject to a floating charge under this Debenture, shall (unless the Security Trustee confirms otherwise to the Chargor in writing) be charged to the Security Trustee by way of fixed charge.

3.9 Confirmation

- (a) This Debenture shall be without prejudice to the Existing Debenture, the security constituted or intended to be constituted by the Existing Debenture and all of the obligations, undertakings, covenants, agreements, rights, powers, directions, remedies, immunities and other provisions contained or referred to in the Existing Debenture which shall remain in full force and effect and continue to secure payment, performance and discharge of the Secured Liabilities notwithstanding this Debenture.
- (b) For the avoidance of doubt, any legal mortgage, charge or assignment (whether at law or in equity) constituted by way of fixed security pursuant to Clause 3 (*Grant of Security*) of the Existing Debenture shall continue in full force and effect notwithstanding this Debenture and shall not merge in any security constituted by this Debenture or be released, extinguished or affected in any way by the security constituted by this Debenture or the provisions of this Clause 3.9.

4. FURTHER ASSURANCE**4.1 Further assurance**

- (a) The Chargor shall, at its own expense, take whatever action is required in accordance with clause 26.17 (*Transaction Security Documents and Further Assurance*) of the Facility Agreement.
- (b) Without prejudice to the obligations of the Chargor under paragraph (a) above, the Chargor shall, at the direction of the Security Trustee given at any time, immediately execute and deliver to the Security Trustee all transfers and other documents and do all such things as may be necessary or desirable:
 - (i) to register all or any of the Secured Assets in the name of the Security Trustee or its nominee;
 - (ii) for creating, registering, perfecting, maintaining or protecting the Security created by this Debenture;
 - (iii) for creating a fixed charge over any of the Secured Assets; or
 - (iv) to facilitate the realisation of all or any of the Secured Assets after this Debenture has become enforceable, or the exercise of any right, power or discretion vested in the Security Trustee or any Delegate in relation to any Secured Assets or this Debenture.

4.2 Avoidance of payment and reinstatement

- (a) No amount paid, repaid or credited to a Secured Party shall be deemed to have been irrevocably paid if the Security Trustee considers that the payment or credit of such amount is capable of being avoided or reduced because of any laws applicable on bankruptcy, insolvency, liquidation or any similar laws.
- (b) If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any Security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Chargor will continue or be reinstated as if the discharge, release or arrangement had not occurred.

4.3 Waiver of defences

The obligations of the Chargor under this Debenture will not be affected by an act, omission, matter or thing which, but for this Clause 4.3 would reduce, release or prejudice any of its obligations under this Clause 4.3 (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, the Chargor, any Obligor or other person;
- (b) the release of the Chargor, any other 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, any Obligor 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 an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or 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; or
- (g) any insolvency or similar proceedings.

4.4 Chargor Intent

Without prejudice to the generality of Clause 4.3 (*Waiver of defences*), the Chargor expressly confirms that it intends that this Security shall extend from time to time to any (however

fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

4.5. Immediate recourse

The Chargor waives any right it may have of first requiring any Secured Party (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 Debenture. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

4.6. Appropriations

Until all Secured Liabilities have been irrevocably paid in full, each Secured Party (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 that Secured Party (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 Debenture.

4.7. Deferral of Chargor's rights

Until all Secured Liabilities have been irrevocably paid in full and unless the Security Trustee 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 Debenture:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- (c) 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 any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which the Chargor has given a guarantee, undertaking or indemnity under any Finance Documents;

- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Secured Party.

If the Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Security Trustee or as the Agent may direct for application in accordance with the Facility Agreement.

5. REPRESENTATIONS AND WARRANTIES

The Chargor makes the representations and warranties set out in this Clause 5 to the Security Trustee (as agent and trustee for the Secured Parties).

5.1 Ownership of Secured Assets

The Chargor is the legal and beneficial owner of the Secured Assets, free from any Security other than the Security created by this Debenture and the Existing Debenture or expressly permitted under the Facility Agreement.

5.2 No conflicting rights or breaches

There is no prohibition on assignment in any Insurance, Intercompany Loan or Hedging Agreement and the entry into this Debenture by the Chargor does not, and will not, constitute a breach of any Insurance, Intercompany Loan, Hedging Agreement or any other agreement or instrument binding on the Chargor or its assets.

5.3 Enforceable security

Subject to the Legal Reservations, this Debenture constitutes the legal, valid, binding and enforceable obligations of the Chargor, and is and will continue to be effective Security over all and every part of the Secured Assets in accordance with its terms.

5.4 Avoidance of security

No Security expressed to be created under this Debenture is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Chargor or otherwise.

5.5 Times for making representations and warranties

The representations and warranties set out in this Clause 5 are made by the Chargor on the date of this Debenture and shall be deemed to be repeated by the Chargor on each day of the Security Period with reference to the facts and circumstances then existing.

6. GENERAL COVENANTS

The Chargor covenants with the Security Trustee, during the Security Period, in accordance with the terms set out in this Clause 6 (*General Covenants*).

6.1 Negative pledge and disposal restrictions

The Chargor shall not at any time:

- (a) create, purport to create or permit to subsist any Security on, or in relation to, any Secured Assets other than any Security created by this Debenture and the Existing Debenture;
- (b) sell, assign, transfer, part with possession of or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, the Secured Assets; or
- (c) create or grant (or purport to create or grant) any interest in any Secured Assets in favour of a third party,

in each case, except as expressly permitted by the Facility Agreement.

6.2 No adverse actions or variations

The Chargor shall not cause or permit to be done anything which may adversely affect the Security created by this Debenture or which is a variation or abrogation of the rights attaching to or conferred on all or any part of the Secured Assets by this Debenture, without the prior written consent of the Security Trustee.

6.3 Notice of misrepresentation and breaches

The Chargor shall, promptly on becoming aware of any of the same, give the Security Trustee notice in writing of:

- (a) any representation or warranty set out in this Debenture that is incorrect or misleading when made or deemed to be repeated; and
- (b) any breach of any covenant set out in this Debenture.

6.4 Title documents

The Chargor shall, on the execution of this Debenture (or, if later, the date of acquisition of the relevant Secured Asset), deposit with the Security Trustee (to the extent that the Chargor has not already done so under the Existing Debenture) and the Security Trustee shall, for the duration of this Debenture be entitled to hold:

- (a) all deeds and documents of title relating to the Secured Assets that are in the possession or control of the Chargor (and if these are not within the possession or control of the Chargor, the Chargor undertakes to obtain possession of all these deeds and documents of title); and
- (b) all Insurances.

6.5 Proceeds of insurance policies

All monies received or receivable by the Chargor under any Insurance in accordance with Clause 26.10 (*Insurances*) of the Facility Agreement (including all monies received or

receivable by it under any Insurance) at any time (whether or not the Security constituted by this Debenture has become enforceable) shall:

- (a) immediately be paid into the Proceeds Account maintained by it or the Insurance Account (as required pursuant to the Facility Agreement);
- (b) if they are not paid directly to the Security Trustee by the insurers, be held by the Chargor as trustee of the same for the benefit of the Security Trustee (and the Chargor shall account for them to the Security Trustee); and
- (c) at the option of the Security Trustee, be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received or in, or towards, discharge or reduction of the Secured Liabilities.

6.6 Notices to be given by the Chargor

The Chargor shall immediately on the execution of this Debenture (or, if later, the date of acquisition of the relevant Secured Asset) give notice (in the form set out in Schedule 1 (*Form of Notice*)):

- (a) to each insurer that it has assigned its rights and interest in and under each Insurance pursuant to this Debenture and procure that each addressee of any such notice promptly provides within five Business Days to the Security Trustee an acknowledgement of the notice of the Security Trustee's interest (in the form annexed to Schedule 1);
- (b) to each counterparty to a Hedging Agreement and Intercompany Loan that it has assigned its rights and interest in and under that Hedging Agreement and Intercompany Loan pursuant to this Debenture and procure that each addressee of any such notice promptly provides within five Business Days to the Security Trustee an acknowledgement of the notice of the Security Trustee's interest (in the form annexed to Schedule 1);
- (c) to any bank, financial institution or other person (excluding (i) the Security Trustee and (ii) the Account Bank) with whom it has an account that it has charged to the Security Trustee its rights and interests under that account pursuant to this Debenture and procure that each addressee of any such notice promptly provides within five Business Days to the Security Trustee an acknowledgement of the notice of the Security Trustee's interest (in the form annexed to Schedule 1), unless the Security Trustee is satisfied that the same has been achieved pursuant to the Facility Agreement.

7. ACCOUNT PROCEEDS COVENANTS

7.1 Account Proceeds: prior to enforcement

Subject to Clause 7.2 (*Account Proceeds: after enforcement*) the Chargor shall, subject to any restrictions in the Finance Documents preventing or regulating the withdrawal of the same, be entitled to withdraw any Account Proceeds.

7.2 Account Proceeds: after enforcement

On and from the date when the Security created pursuant to this Debenture becomes enforceable in accordance with Clause 8 (*When security becomes enforceable*), the Chargor shall not be entitled to be paid, withdraw or otherwise transfer any Account Proceeds.

7.3 Control by Security Trustee

If the Security created pursuant to this Debenture has become enforceable in accordance with Clause 8 (*When security becomes enforceable*), the Security Trustee shall be entitled to apply all or any Account Proceeds in or towards reduction (as and when they fall due) of amounts outstanding under the Finance Documents and such other payments and obligations of the Obligors as it may agree (in such order and from such Account Proceeds as it thinks fit).

8. WHEN SECURITY BECOMES ENFORCEABLE

At any time on or after an Event of Default occurs and is continuing, the Security created pursuant to this Debenture shall be immediately enforceable and the Security Trustee may in its absolute discretion and without further notice to the Chargor or the prior authorisation of any court:

- (a) enforce all or any part of the Security created by this Debenture and take possession of or dispose of all or any of the Secured Assets in each case at such times and upon such terms as it sees fit; and
- (b) whether or not the Security Trustee has appointed a Receiver, exercise all of the powers, authorities and discretions:
 - (i) conferred from time to time on mortgagees by the LPA (as varied or extended by this Debenture) or by law; and/or
 - (ii) granted to a Receiver by this Debenture or by law.

9. POWERS OF THE SECURITY TRUSTEE**9.1 Power to remedy**

- (a) The Security Trustee shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Chargor of any of its obligations contained in this Debenture.
- (b) The Chargor irrevocably authorises the Security Trustee and its agents to do all things that are necessary or desirable for that purpose.
- (c) Any monies expended by the Security Trustee in remedying a breach by the Chargor of its obligations contained in this Debenture shall be reimbursed by the Chargor to the Security Trustee on a full indemnity basis and shall carry interest in accordance with clause 21 (*Costs and Expenses*) of the Facility Agreement.

9.2 Exercise of rights

- (a) The rights of the Security Trustee under Clause 9.1(a) (*Power to remedy*) are without prejudice to any other rights of the Security Trustee under this Debenture. The

exercise of any rights of the Security Trustee under this Debenture shall not make the Security Trustee liable to account as a mortgagee in possession.

- (b) The Security Trustee shall not, in connection with the Secured Assets, have any duty or incur any liability for:
- (i) any loss on realisation;
 - (ii) any failure to present any interest coupon or other document in respect of the Secured Assets;
 - (iii) ascertaining or taking action in respect of any calls, instalments, conversions, exchanges, maturities, tenders or other matters relating to any Secured Assets or the nature or sufficiency of any payment whether or not the Security Trustee has or is deemed to have knowledge of such matters; or
 - (iv) taking any necessary steps to preserve rights against prior parties or any other rights relating to any of the Secured Assets;
 - (v) any negligence or default by its nominees; or
 - (vi) any other loss of any nature whatsoever arising as a result of the exercise or non-exercise of any rights or powers attaching or accruing to the Secured Assets which may be exercised by the Security Trustee (or its nominee).

9.3 Protection of interests

The powers conferred on the Security Trustee by this Debenture are solely to protect its interests in the Secured Assets and shall not impose any duty on the Security Trustee to exercise any of those powers.

9.4 Security Trustee has Receiver's powers

To the extent permitted by law, any right, power or discretion conferred by law or by this Debenture on a Receiver may, after the Security constituted by this Debenture has become enforceable, be exercised by the Security Trustee in relation to any of the Secured Assets whether or not it has taken possession of any Secured Assets and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

9.5 New accounts

- (a) If the Security Trustee receives, or is deemed to have received, notice of any subsequent Security, or other interest, affecting all or part of the Secured Assets, the Security Trustee may open a new account for the Chargor in the Security Trustee's books. Without prejudice to the Security Trustee's right to combine accounts, no money paid to the credit of the Chargor in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- (b) If the Security Trustee does not open a new account immediately on receipt of the notice, or deemed notice, under Clause 9.5(a) (*New accounts*) then, unless the

Security Trustee gives express written notice to the contrary to the Chargor, all payments made by the Chargor to the Security Trustee shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt of the relevant notice by the Security Trustee.

9.6 Indulgence

The Security Trustee may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a Party (whether or not any such person is jointly liable with the Chargor) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this Debenture or to the liability of the Chargor for the Secured Liabilities.

9.7 Appointment of an Administrator

- (a) The Security Trustee may, without notice to the Chargor, appoint any one or more persons to be an Administrator of the Chargor pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this Debenture becomes enforceable.
- (b) Any appointment under this Clause 9.7 (*Appointment of an Administrator*) shall:
 - (i) be in writing signed by a duly authorised signatory of the Security Trustee; and
 - (ii) take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986.
- (c) The Security Trustee may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this Clause 9.7 (*Appointment of an Administrator*) appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

10. ENFORCEMENT OF SECURITY

10.1 Enforcement

- (a) The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this Debenture) shall, as between the Security Trustee and a purchaser from the Security Trustee, arise on and be exercisable at any time after the execution of this Debenture, but the Security Trustee shall not exercise such power of sale or other powers until the Security constituted by this Debenture has become enforceable under Clause 8 (*When security becomes enforceable*).
- (b) Section 103 of the LPA 1925 does not apply to the Security constituted by this Debenture.

10.2 Prior Security

At any time after the Security constituted by this Debenture has become enforceable, or after any powers conferred by any Security having priority to this Debenture shall have become exercisable, the Security Trustee may:

- (a) redeem that or any other prior Security;
- (b) procure the transfer of that Security to it; and
- (c) settle and pass any account of the holder of any prior Security.

Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Chargor. All monies paid by the Security Trustee to an encumbrancer in settlement of any of those accounts shall, as from its payment by the Security Trustee, be due from the Chargor to the Security Trustee on current account and shall bear interest at the default rate of interest specified in the Facility Agreement and be secured as part of the Secured Liabilities.

10.3 Protection of third parties

- (a) No purchaser, mortgagee or other person dealing with the Security Trustee, any Receiver or Delegate shall be concerned to enquire:
 - (i) whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;
 - (ii) whether any power the Security Trustee, a Receiver or Delegate is purporting to exercise, pursuant to any Finance Document, has become exercisable or is properly exercisable;
 - (iii) whether any consents, directions, regulations or restrictions relating to such rights have been obtained or complied with;
 - (iv) otherwise as to the propriety or regularity of acts intended, or purporting, to be in exercise of any such rights; or
 - (v) as to the application of any money paid to the Security Trustee, any Receiver or any Delegate.
- (b) All the protection to purchasers contained in sections 104 and 107 of the LPA 1925, section 42(3) of the Insolvency Act 1986 or in any other applicable legislation shall apply to any person purchasing from or dealing with the Security Trustee, any other Secured Party, any Receiver or any Delegate.

10.4 Privileges

Each Receiver and the Security Trustee is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

10.5 No liability as mortgagee in possession

Neither the Security Trustee, any Receiver, any Delegate nor any Administrator shall be liable to account as mortgagee in possession in respect of all or any of the Secured Assets, nor shall any of them be liable for any loss on realisation of, or for any neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

10.6 Conclusive discharge to purchasers

The receipt of the Security Trustee or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Secured Assets or in making any acquisition in the exercise of their respective powers, the Security Trustee, every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it or he thinks fit.

10.7 Right of appropriation

(a) To the extent that:

- (i) the Secured Assets constitute Financial Collateral; and
- (ii) this Debenture and the obligations of the Chargor under it constitute a Security Financial Collateral Arrangement,

the Security Trustee shall have the right, at any time after the Security constituted by this Debenture has become enforceable, to appropriate all or any of those Secured Assets in or towards the payment or discharge of the Secured Liabilities in any order that the Security Trustee may, in its absolute discretion, determine.

- (b) The value of any Secured Assets appropriated in accordance with this Clause shall be the price of those Secured Assets at the time the right of appropriation is exercised as listed on any recognised market index, or determined by any other method that the Security Trustee may select (including independent valuation).
- (c) The Chargor agrees that the methods of valuation provided for in this Clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

11. RECEIVER**11.1 Appointment**

At any time after the Security constituted by this Debenture has become enforceable, or at the request of the Chargor, the Security Trustee may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Secured Assets.

11.2 Removal

The Security Trustee may, without further notice (subject to section 45 of the Insolvency Act 1986), from time to time, by way of deed, or otherwise in writing, remove any Receiver

appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

11.3 Remuneration

Subject to Section 36 of the Insolvency Act 1986, the Security Trustee may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the Receiver shall be a debt secured by this Debenture, which shall be due and payable immediately on its being paid by the Security Trustee.

11.4 Power of appointment additional to statutory powers

The power to appoint a Receiver conferred by this Debenture shall be in addition to all statutory and other powers of the Security Trustee under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

11.5 Power of appointment exercisable despite prior appointments

The power to appoint a Receiver (whether conferred by this Debenture or by statute) shall be, and remain, exercisable by the Security Trustee despite any prior appointment in respect of all or any part of the Secured Assets.

11.6 Agent of the Chargor

Any Receiver appointed by the Security Trustee under this Debenture shall be the agent of the Chargor and the Chargor shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Chargor goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Security Trustee.

12. POWERS OF RECEIVER

12.1 General

- (a) Any Receiver appointed by the Security Trustee under this Debenture shall, in addition to the powers conferred on him by statute, have the powers set out in this Debenture and have all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver).
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Debenture individually and to the exclusion of any other Receiver.
- (c) Any exercise by a Receiver of any of the powers given by Clause 12 (*Powers of Receiver*) may be on behalf of the Chargor or himself.

12.2 Employ personnel and advisors

A Receiver may provide services and employ, or engage any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that he thinks fit. A Receiver may discharge any such person or any such person appointed by the Chargor.

12.3 Make VAT elections

A Receiver may make, exercise or revoke any value added tax option to any Tax as he thinks fit.

12.4 Remuneration

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by him) that the Security Trustee may prescribe or agree with him.

12.5 Realise Secured Assets

A Receiver may collect and get in the Secured Assets or any part of them in respect of which he is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

12.6 Manage or reconstruct the Chargor's business

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Chargor.

12.7 Disposal of Secured Assets

A Receiver may sell, exchange, convert into money and realise all or any of the Secured Assets in respect of which he is appointed in any manner (including by public auction or private sale) and generally on any terms and conditions as he thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold.

12.8 Valid receipts

A Receiver may give valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Secured Assets.

12.9 Make settlements

A Receiver may make any arrangement, settlement or compromise between the Chargor and any other person that he may think expedient.

12.10 Bring proceedings

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Secured Assets as he thinks fit.

12.11 Insure

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 19.4 (*Indemnity to the Security Trustee*) of the Facility Agreement, effect with any insurer any policy of Insurance either in lieu or satisfaction of, or in addition to, the Insurance required to be maintained by the Chargor.

12.12 Powers under the LPA 1925

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if he had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

12.13 Borrow

A Receiver may, for any of the purposes authorised by this Clause 12 (*Powers of Receiver*), raise money by borrowing from the Security Trustee (or from any other person) either unsecured or on the Security of all or any of the Secured Assets in respect of which he is appointed on any terms that he thinks fit (including, if the Security Trustee consents, terms under which that security ranks in priority to this Debenture).

12.14 Redeem prior Security

A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates. Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Chargor, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

12.15 Absolute beneficial owner

A Receiver may, in relation to any of the Secured Assets, exercise all powers, authorisations and rights he would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

12.16 Incidental powers

A Receiver may do any other acts and things:

- (a) that he may consider desirable or necessary for realising any of the Secured Assets;
- (b) that he may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this Debenture or law; and
- (c) that he lawfully may or can do as agent for the Chargor.

13. DELEGATION**13.1 Delegation**

The Security Trustee or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion

conferred on it by this Debenture (including the power of attorney granted under Clause 15.1 (*Appointment of Attorneys*)).

13.2 Terms

The Security Trustee and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

13.3 Liability

Neither the Security Trustee nor any Receiver shall be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

14. APPLICATION OF PROCEEDS

14.1 Order of application of proceeds

All monies received or recovered by the Security Trustee, any Receiver or any Delegate pursuant to this Debenture, after the security constituted by this Debenture has become enforceable, shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority:

- (a) in or towards payment of or provision for all costs, charges, expenses, losses and liabilities of, or incurred by, or on behalf of, the Security Trustee (and any Receiver, Delegate, attorney or agent appointed by it) under, or in connection with, or incidental to, this Debenture and the appointment of any Receiver or Delegate and the exercise of his rights, including his remuneration under or in connection with this Debenture;
- (b) in or towards payment of or provision for the Secured Liabilities in accordance with clause 32.1 (*Order of Application*) of the Facility Agreement; and
- (c) in payment of the surplus (if any) to the Chargor or other person entitled to it.

14.2 Appropriation

Neither the Security Trustee, any Receiver nor any Delegate shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

14.3 Suspense account

All monies received by the Security Trustee, a Receiver or a Delegate under this Debenture:

- (a) may, at the discretion of the Security Trustee, Receiver or Delegate, be credited to any suspense or securities realised account;
- (b) shall bear interest, if any, in accordance with clause 13 (*Interest*) of the Facility Agreement; and

- (c) may be held in that account for so long as the Security Trustee, Receiver or Delegate thinks fit.

15. POWER OF ATTORNEY

15.1 Appointment of attorneys

By way of security, the Chargor irrevocably appoints the Security Trustee, every Receiver and every Delegate severally as its attorneys (with full power of substitution) in its name, on its behalf, or otherwise, at such time and in such manner as the attorney thinks fit, to execute any documents, exercise any rights and do any acts and things that:

- (a) the Chargor is required to execute, exercise and do under any Finance Document to which it is a party (including to execute charges over, transfers, conveyances, assignments and assurances of, and other instruments, notices, orders and directions relating to, the Secured Assets); and
- (b) any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this Debenture or by law on the Security Trustee, any Receiver or any Delegate in relation to the Secured Assets or under any Finance Document, the LPA 1925 or the Insolvency Act 1986,

such power of attorney becoming exercisable only upon the occurrence of an Event of Default.

15.2 Ratification of acts of attorneys

The Chargor ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in Clause 15.1 (*Appointment of Attorneys*).

16. RELEASE

16.1 Security Period

Subject to Clause 16.2 (*Discharge conditional*), on the expiry of the Security Period (but not otherwise), the Security Trustee shall, at the request and cost of the Chargor, take whatever action is necessary to:

- (a) release the Secured Assets from the Security constituted by this Debenture; and
- (b) reassign the Secured Assets to the Chargor.

16.2 Discharge conditional

Any release, discharge or settlement between the Chargor and the Security Trustee shall be deemed conditional on no payment or Security received by the Security Trustee or any other Secured Party in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- (a) the Security Trustee or its nominee may retain this Debenture and the Security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Security Trustee deems necessary to provide the Security Trustee with security against any such avoidance, reduction or order for refund; and
- (b) the Security Trustee may recover the value or amount of such Security or payment from the Chargor subsequently as if the release, discharge or settlement had not occurred.

17. ASSIGNMENT AND TRANSFER

17.1 Assignment by Security Trustee

- (a) At any time, without the consent of the Chargor, the Security Trustee may assign or transfer the whole or any part of the Security Trustee's rights and/or obligations under this Debenture to any person.
- (b) The Security Trustee may disclose to any actual or proposed assignee or transferee any information about the Chargor, the Secured Assets and this Debenture that the Security Trustee considers appropriate.

17.2 Assignment by Chargor

The Chargor may not assign any of its rights, or transfer any of its obligations, under this Debenture, or enter into any transaction that would result in any of those rights or obligations passing to another person.

18. FURTHER PROVISIONS

18.1 Independent security

This Debenture shall be in addition to, and independent of, any other security or guarantee that the Security Trustee may hold for any of the Secured Liabilities at any time. No prior security held by the Security Trustee or any other Secured Party over the whole or any part of the Secured Assets shall merge in the security created by this Debenture.

18.2 Continuing security

This Debenture shall remain in full force and effect as a continuing security for the Secured Liabilities, notwithstanding any settlement of account, or intermediate payment, or other matter or thing, unless and until the Security Trustee discharges this Debenture in writing.

18.3 Certificates

A certificate or determination by the Security Trustee as to any rate or amount for the time being due to it from the Chargor under this Debenture shall be, in the absence of any manifest error, conclusive evidence of the matters to which it relates.

18.4 Partial invalidity

If, at any time, any provision of this Debenture 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.

18.5 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Secured Party any right or remedy under this Debenture shall operate as a waiver of any such right or remedy or constitute an election to affirm this Debenture. No election to affirm this Debenture on the part of any Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Debenture are cumulative and not exclusive of any rights or remedies provided by law.

18.6 Property

This Debenture is and will remain the property of the Security Trustee.

18.7 Amendments

Clause 43 (*Amendments and waivers*) of the Facility Agreement shall apply to this Debenture *mutatis mutandis* as if the same had been set out herein in full

18.8 Indemnity

- (a) The Chargor shall promptly indemnify the Security Trustee and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:
 - (i) any failure by any Obligor to comply with clause 21 (*Costs and expenses*) of the Facility Agreement;
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (iii) the taking, holding, protection or enforcement of the Security created pursuant to this Debenture;
 - (iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Trustee and each Receiver and Delegate by this Debenture or by law;
 - (v) acting as Security Trustee, Receiver or Delegate under this Debenture or which otherwise relates to any of the Secured Assets (otherwise, in each case, than by reason of the relevant Security Trustee's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Trustee and every Receiver, attorney, delegate, manager, agent or other person appointed by the Security Trustee (each a "Relevant Person") hereunder shall be entitled to be indemnified out of the Secured Assets or any part thereof in respect

of all liabilities and expenses incurred by it or him in the execution of any of the powers, authorities or discretions vested in it or him pursuant to this Debenture and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Secured Assets or any part of them (other than by reason of such Relevant Person's gross negligence or wilful misconduct). The Security Trustee and any such Receiver may retain and pay all sums in respect of which it is indemnified out of any monies received by it under the powers conferred by this Debenture.

- (c) The Chargor expressly acknowledges and agrees that the continuation of its indemnity obligations under this Clause 18.8 will not be prejudiced by any release of Security or disposal of assets.

18.9 Set off

All payments to be made by the Chargor under this Debenture shall be made without any setoff, counterclaim or equity and (subject to the following sentence) free from, clear of and without deduction for any taxes, duties, levies, imposts or charges whatsoever, present or future. If the Chargor is compelled by the law of any applicable jurisdiction (or by an order of any regulatory authority in such jurisdiction) to withhold or deduct any sums in respect of taxes, duties, levies, imposts or charges from any amount payable to the Security Trustee under this Debenture or, if any such withholding or deduction is made in respect of any recovery under this Debenture, the Chargor shall pay such additional amount so as to ensure that the net amount received by the Security Trustee shall equal the full amount due to it under the provisions of this Debenture had no such withholding or deduction been made.

18.10 Stamp Taxes

The Chargor shall pay and, within three Business Days of demand, indemnify the Security Trustee against any cost, loss or liability the Security Trustee incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Debenture.

18.11 Consolidation

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this Debenture.

18.12 Counterparts

This Debenture may be executed in any number of counterparts which, together, have the same effect as if the signatures on the counterparts were on a single copy of this Debenture.

19. NOTICES

Clause 39 (*Notices*) of the Facility Agreement shall apply to this Debenture *mutatis mutandis* as if the same had been set out herein in full.

20. GOVERNING LAW

This Debenture and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the law of England and Wales.

21. ENFORCEMENT**21.1 Jurisdiction of English courts**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Debenture (including a dispute relating to the existence, validity or termination of this Debenture or any non-contractual obligation arising out of or in connection with this Debenture) (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 21.1 is for the benefit of the Security Trustee only. As a result, the Security Trustee 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 Trustee may take concurrent proceedings in any number of jurisdictions.

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

SCHEDULE 1
FORM OF NOTICE

[Insert Chargor letterhead]

To: *[debtor(s)]*

[insert date]

Dear Sirs,

Debenture dated [•] between the Chargor and the Security Trustee (the "Debenture")

Terms defined in the Debenture shall, unless otherwise defined in this notice, have the same meaning when used herein.

We hereby give you notice that, [by a [charge]/[assignment] contained in a debenture dated 30 January 2017 and the Debenture, in each case granted by the Chargor in favour of the Security Trustee (as security trustee of the Secured Parties (the "Security Trustee"))] we have charged all of our rights to and title and interest from time to time in the assets described below (the "Secured Assets")]:

- a. [•];
- b. [•].

We hereby irrevocably instruct and authorise you to:

1. disclose to the Security Trustee such information regarding the Secured Assets as the Security Trustee may from time to time request;
2. send copies of all notices relating to the Secured Assets to the Security Trustee;
3. comply with the terms of any written notice or instruction relating to the Secured Assets received by you from the Security Trustee; and
4. following written confirmation from the Security Trustee that the Security constituted by the Debenture has become enforceable, make all payments due to us in respect of the Secured Assets to the Security Trustee at:

Correspondent Bank Name:	Lloyds Bank Plc
IBAN/Account Number:	██████████
Beneficiary Name:	Verus Petroleum Enterprises Limited
SWIFT/Sort Code:	██████████
Reference:	LO

unless and until the Security Trustee notifies you otherwise.

[The Security Trustee has agreed that the Chargor may withdraw any moneys from any of the Designated Accounts without any reference to or further authority from the Security Trustee except to the extent that the Security Trustee gives you notice to the contrary. Upon and after the giving of such notice, the Chargor shall cease to be entitled to make any such withdrawal to the extent specified in the notice.]¹

We will remain liable to perform all our obligations under or in relation to the Secured Assets and the Security Trustee shall not be under any obligation or liability under or in relation to the Secured Assets by reason of the Debenture or anything arising therefrom.

[We also remain entitled to exercise all our rights, powers and discretions under the Secured Assets and you should continue to give notices under the Secured Assets to us, in each case unless and until you receive notice from the Security Trustee to the contrary stating that the Debenture has become enforceable. In such event, all the rights, powers and discretions under the Secured Assets will be exercisable by, and notices should be given to, the Security Trustee or as it directs.]²

We acknowledge that you may comply with the instructions in this letter without any further permission from us.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Trustee.

This letter and any non-contractual obligations arising out of or in connection with this letter are governed by English law.

Please confirm your agreement to this above by sending the attached acknowledgement to the Security Trustee at [●]³ for the attention of [●] with a copy to ourselves.

Yours faithfully,

.....
(Authorised signatory)
for and on behalf of
[insert name of Chargor]

¹ Insert in respect of any notice issued relating to security over bank accounts

² Insert in respect of any notice relating to security over the Insurances / Intercompany Loans / Hedging Agreements.

³ Lloyd's Bank Plc to confirm details.

ANNEX

To: [Lloyd's Bank Plc]
Attention: [insert details]
Copy: [the Chargor]

Dear Sirs,

Debenture dated [●] between the Chargor and the Security Trustee (the "Debenture")

[insert description of the Secured Assets]

We acknowledge receipt of the notice of the assignment/charge dated [●] relating to the debenture dated 30 January 2017 and the Debenture, in each case granted by the Chargor in favour of the Security Trustee (the "Notice").

Terms and expressions defined in that Notice shall have the same meanings when used in this acknowledgment. We confirm the following:

1. we have not received notice of any other charge, assignment or other third party right or interest whatsoever in, of, over or affecting any of the Secured Assets;
2. we will comply with the instructions set out in the Notice; and
3. [we shall not permit the Chargor to make any withdrawal from any of the Relevant Accounts after receipt by us of a notice from the Security Trustee prohibiting such withdrawals to the extent specified in that notice.]¹

This acknowledgement and any non-contractual obligations arising out of or in connection with this letter are governed by English law.

Yours faithfully,

.....
duly authorised signatory for and on
behalf of [debtor]

¹ To be included where acknowledgment relates to accounts security

C/M/S/

Law. Tax

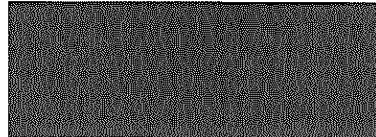
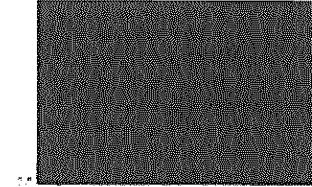
Execution Version

Signatures

Chargor

Executed by)
**VERUS PETROLEUM ENTERPRISES
LIMITED**

on being signed by:)
COLIN CHRISTIE)
and ALAN CURRAN)



Director

Security Trustee

Signed for and on behalf of

LLOYDS BANK PLC by:

)
)
) Authorised Signatory
) Name:
) Position:

Signatures

Chargor

Executed by)
VERUS PETROLEUM ENTERPRISES
LIMITED

on being signed by:)
.....)
and)

.....
Director

.....
Director

Security Trustee

Signed for and on behalf of
LLOYDS BANK PLC by:

)
)
)
)
)
.....
Authorised Signatory
Name: *JOHN TOWNER*
Position: *ASSOCIATE DIRECTOR*