

MG01

Particulars of a mortgage or charge

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LASERFORM

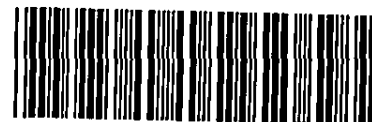
A fee is payable with this form.

We will not accept this form unless you send the correct fee
Please see 'How to pay' on the last page

☒ **What this form is for**
You may use this form to register
particulars of a mortgage or charge
in England and Wales or Northern
Ireland

☐ **What this form is NOT**
You cannot use this form to register
particulars of a charge for a
company. To do this, please use
form MG01s

WEDNESDAY



ACJQGL3Z

A22

23/06/2010

206

COMPANIES HOUSE

158

1 Company details

Company number 0 5 8 1 2 3 6 0

Company name in full Clean Power Technologies Limited (the "Company")

→ **Filling in this form**
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

2 Date of creation of charge

Date of creation 0 8 / 0 6 / 2 0 1 0

3 Description

Please give a description of the instrument (if any) creating or evidencing the
charge, e.g. 'Trust Deed', 'Debenture', 'Mortgage', or 'Legal charge'

Description ☒ Composite guarantee and debenture dated 8 June 2010 made between the Company and The Quercus Trust
(the "Noteholder") (the "Guarantee and Debenture")

Capitalised terms used in this form MG01 are as defined in the Guarantee and Debenture

4 Amount secured

Please give us details of the amount secured by the mortgage or charge

Amount secured ☒ All monies, obligations and liabilities now or at any time in the future due, owing or
incurred to the Noteholder from or by the Company and the Issuer from time to time
and whether such monies, obligations or liabilities are express or implied, present or
future, actual or contingent, joint or several, incurred as principal or surety and
whether originally owing to the Noteholder or purchased or otherwise acquired by it
and whether denominated in sterling, US dollars or in any other currency, or in any
other manner whatsoever and all other amounts payable by the Company and the
Issuer to the Noteholder from time to time (the "Secured Obligations")

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

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5 Mortgagee(s) or person(s) entitled to the charge (if any)

Please give the name and address of the mortgagee(s) or person(s) entitled to the charge

Continuation page

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

Name The Quercus Trust

Address c/o Greenberg Glusker Fields Claman & Machtinger LLP

1900 Avenue of the Stars, 21st Floor, Los Angeles, CA 90067, USA

Postcode

Name

Address

Postcode

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Continuation page

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

Short particulars

I Charges

1.1 The Company with full title guarantee charged to the Noteholder by way of fixed charge (and as regards all those parts of the freehold and leasehold property in England and Wales on the date of the Guarantee and Debenture vested in the Company by way of legal mortgage) as a continuing security for the payment and discharge of the Secured Obligations the following assets, both present and future, from time to time owned by the Company or in which the Company may from time to time have an interest

- (a) all freehold and leasehold property of the Company (including without limitation the property (if any) specified in Part I of Schedule 3 of the Guarantee and Debenture) and all liens, charges, options, agreements, rights and interests in or over land or the proceeds of sale of land and all buildings fixtures (including trade fixtures) and fixed plant and machinery from time to time on such property or land together with all rights easements and privileges appurtenant to or benefiting the same,
- (b) all plant, machinery (other than that charged by clause (a)), vehicles, computers and office and other equipment and the benefit of all contracts and warranties relating to the same,
- (c) all stocks, shares, bonds and securities of any kind whatsoever whether marketable or otherwise and all other interests (including but not limited to loan capital) in any person including all allotments, rights, benefits and advantages whatsoever at any time accruing, offered or arising in respect of or incidental to the same and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest or otherwise in respect of them,
- (d) (subject, in the case of any monies held in, or sums standing to the credit of, the Collections Account, to clause 8 of the Guarantee and Debenture) the Receivables,

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Particulars of a mortgage or charge

6	Short particulars of all the property mortgaged or charged	
	Please give the short particulars of the property mortgaged or charged	
Short particulars	<p>(e) all its rights, title and interest in and to cash at bank and (if different) any amount from time to time standing to the credit of any bank, financial institution or person (including, without limitation but subject to clause 8 of the Guarantee and Debenture, the Collections Account),</p> <p>(f) the Insurances and all proceeds of the Insurances,</p> <p>(g) all uncalled capital and the goodwill of the Company now or at any time in the future in existence,</p> <p>(h) the Intellectual Property, including the Trade Marks,</p> <p>(i) all Related Rights, including</p> <p>(i) any present or future right of the Company to sue for damages or any other remedy in respect of any past, present or future infringement or alleged infringement by any person whatsoever of any present or future Intellectual Property, and</p> <p>(ii) any present or future right of the Company to apply for, prosecute and obtain patent, trade mark, registered design or any other registration or protection throughout the world in respect of any present or future Intellectual Property or any present or future matter relating thereto,</p> <p>(j) any present or future physical, electronic or other materials or media (including, without limitation, manuscripts, drawings, paintings, designs, source codes, computer disks and computer programmes) constituting, comprising, the subject of or containing inventions, works, marks or things which are the subject of any present or future Intellectual Property</p> <p>1 2 The Company with full title guarantee charged to the Noteholder by way of floating charge as a continuing security for the payment and discharge of the Secured Obligations its undertaking and all its property, assets and rights whatsoever and wheresoever, both present and future, but excluding any property or assets from time to time or for the time being effectively charged to the Noteholder by way of fixed charge pursuant to paragraph 1 1 above</p> <p>1 3 As further security for the payment of the Secured Obligations, the Company assigned absolutely to the Noteholder all its right, title and interest in and to the Receivables (subject to clause 8 of the Guarantee and Debenture), the Assigned Agreements and the Insurances, provided that on payment or discharge in full of the Secured Obligations the Noteholder will at the request and cost of the Company reassign the Receivables, the Assigned Agreements and the Insurances</p> <p>1 4 Each of the charges referred to in paragraph 1 1 above shall be read and construed as, and deemed to be, separate charges over each of the items mentioned in sub-paragraphs 1 1(a) – 1 1(j) (inclusive), so that each item mentioned in each sub-clause and each item forming any constituent element of the Receivables, the Insurances and the Intellectual Property shall be deemed to be subject to a separate charge Without prejudice to the generality of the previous sentence if any such item shall be found to be subject to a floating charge and not to a fixed charge, such finding shall not of itself result in any other such item being deemed to be subject to a floating charge (as opposed to a fixed charge)</p> <p>1 5 Paragraph 14 of schedule B1 to the Insolvency Act 1986 applies to the floating charge created by paragraph 1 2 above which floating charge is accordingly a qualifying floating charge for such purposes</p> <p>1 6 To the extent that the Charged Assets constitute Financial Collateral, the Company agreed that such Charged Assets shall be held or designated so as to be under the control of the Noteholder (or by a person acting on its behalf) for the purposes of the Financial Collateral Regulations To the extent</p>	

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Particulars of a mortgage or charge

6	Short particulars of all the property mortgaged or charged	
	Please give the short particulars of the property mortgaged or charged	
Short particulars	<p>that the Charged Assets constitute Financial Collateral and are subject to a Security Financial Collateral Arrangement created by or pursuant to the Guarantee and Debenture, the Noteholder shall have the right at any time after the Guarantee and Debenture becomes enforceable, to appropriate all or any part of that Charged Asset in or towards the payment or discharge of the Secured Obligations. The value of any Charged Assets appropriated in accordance with this paragraph shall be (a) in the case of cash, the amount standing to the credit of any account, together with accrued but unposted interest, at the time the right of appropriation is exercised and (b) in the case of Securities, the market price of that Charged Asset at the time the right of appropriation is exercised, as listed on any recognised market index, or as determined by such other method as the Noteholder may select (acting reasonably). The Company agrees that the methods of valuation provided for in this paragraph are commercially reasonable for the purposes of Regulation 18 of the Financial Collateral Regulations</p> <p>2 <u>Negative Pledge</u></p> <p>2.1 The Company covenanted that it will not without the prior consent in writing of the Noteholder</p> <p>(a) (save in relation to Receivables to the extent permitted or required pursuant to clause 8 of the Guarantee and Debenture) dispose of, factor, discount, assign or in any other manner deal with, or create, or attempt to create, or permit to subsist or arise any Encumbrance (except a Permitted Encumbrance) on or over, the Receivables or any part of the Receivables, or release, set off or compound them,</p> <p>(b) create or attempt to create or permit to subsist in favour of any person other than the Noteholder any Encumbrance (except a Permitted Encumbrance), and/or</p> <p>(c) dispose of the Charged Assets or any part of them or attempt or agree so to do, except in relation to Receivables to the extent permitted pursuant to clause 8 of the Guarantee and Debenture and except for Floating Charge Assets which may (subject to the other provisions of the Guarantee and Debenture and in particular but without limitation subject to the provisions of clause 8 of the Guarantee and Debenture) be sold at full market value in the usual course of trading as now conducted and for the purpose of carrying on the Company's business</p> <p>3 <u>Further Assurance</u></p> <p>(a) The Company shall at any time if and when required by the Noteholder and at the cost and expense of the Company execute such deeds and documents and take any action required by the Noteholder to perfect and protect the security created (or intended to be created) by the Guarantee and Debenture or to facilitate the realisation of it or otherwise to enforce the same or exercise any rights of the Noteholder under the Guarantee and Debenture. In addition the Company shall execute such further charges and mortgages in favour of the Noteholder as the Noteholder shall from time to time require over all or any of the Charged Assets to secure the Secured Obligations. Such further charges and mortgages shall be prepared by or on behalf of the Noteholder at the cost of the Company and shall be in a form required by the Noteholder (but containing terms and conditions, where directly comparable, no more onerous than those in the Guarantee and Debenture)</p> <p>(b) Without prejudice to the generality of the provisions of paragraph 3(a) above, the Company shall execute as and when so required by the Noteholder a legal mortgage, legal charge, standard security or other hypothecation (as appropriate) over any freehold, leasehold and heritable properties acquired by it after the date of the Guarantee and Debenture (including all or any of the Properties as and when the same are conveyed, transferred or let to it) and over any and all fixtures, trade fixtures and fixed plant and machinery at any time and from time to time situate on any such property</p>	

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Particulars of a mortgage or charge

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Short particulars

Definitions

1 1 In the Guarantee and Debenture, unless the context otherwise requires, the following words and expressions shall have the following meanings

"Assigned Agreements" means any agreement which the Noteholder may from time to time designate as such by notice in writing to the Company,

"Charged Assets" means all the undertaking, goodwill, property, assets and rights of the Company described in paragraphs 1 1 and 1 2,

"Charged Intellectual Property" means all the property, assets and rights of the Company described in paragraphs 1 1(h) to (j) inclusive and paragraph 1 2,

"Collateral Instruments" means negotiable and non-negotiable instruments, guarantees, indemnities and other assurances against financial loss and any other documents or instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for any liabilities of any person and including without limitation any document or instrument creating or evidencing an Encumbrance,

"Collections Account" means specially designated account(s) as the Noteholder may from time to time direct,

"Dangerous Substance" means any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) capable (in each case) of causing harm to man or any other living organism or damaging the environment or public health or welfare, including (without limitation) any controlled, special, hazardous, toxic, radioactive or dangerous waste,

"Encumbrance" means any mortgage, charge, assignment for the purpose of security, pledge, lien, right of set-off, arrangement for retention of title, or hypothecation or trust arrangement for the purpose of, or which has the effect of, granting security, or other security interest of any kind whatsoever and any agreement, whether expressed to be conditional or otherwise, to create any of the same or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased to or re-acquired or acquired by the person so agreeing or disposing,

"Enforcement Date" means the date on which the security constituted by the Guarantee and Debenture becomes enforceable in accordance with paragraph 17 of the Guarantee and Debenture,

"Environment" means all gases, air, water, vapour, controlled waters (including ground and surface water) soil (surface and sub-surface), flora and fauna and all other natural resources,

"Environmental Laws" means all laws, regulations, codes of practice, circulars, guidance notices and the like having legal effect whether or not in force at the date of the Guarantee and Debenture (whether in the United Kingdom or elsewhere) concerning the Environment, the protection of public health, the conditions of the work place or the control of Dangerous Substances,

"Finance Documents" means the Guarantee and Debenture, the Promissory Note and any document, certificate or instrument executed in connection therewith or pursuant thereto and any other document designated as a Finance Document from time to time by the Noteholder, each as amended, novated, supplemented, extended, replaced or restated from time to time,

"Financial Collateral" shall have the same meaning as in the Financial Collateral Regulations,

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Short particulars

"Financial Collateral Regulations" means the Financial Collateral Arrangements (No 2) Regulations 2003 (S I 2003/3226),

"Floating Charge Assets" means those assets of the Company from time to time subject to a floating charge pursuant to the Guarantee and Debenture,

"Guarantee" means the guarantee given by the Company in the terms of paragraph 2 subject to and with the benefit of the provisions set out in Schedule 2 to the Guarantee and Debenture,

"Insurances" means all policies of insurance either now or in the future held by or written in favour of the Company or in which the Company is otherwise interested but excluding any third party liability or public liability insurance and any directors or officers insurance,

"Intellectual Property" means all intellectual property rights including, without limitation, all patents (including applications, divisions, improvements, prolongations, extensions and rights to apply for them in any part of the world) designs (whether registered or unregistered), copyrights, design rights (whether registered or unregistered), trade marks and service marks (whether registered or unregistered), utility models, rights in trade names and business names, domain names and brand names, knowhow, formulae, confidential information, trade secrets, rights in computer software programs and systems and any similar rights existing in any country (including the benefit of any licences or consents relating to any of the above) and all Related Rights,

"Issuer" means Clean Power Technologies Inc, a corporation organised and existing under the laws of the State of Nevada, USA,

"Permitted Encumbrances" means

- (i) any lien for taxes of any kind either not yet assessed or, if assessed, not yet due and payable or being contested in good faith by appropriate proceedings (and for the payment of which adequate reserves have been provided by the Company),
- (ii) any lien arising in the ordinary course of business by statute or by operation of law, in any case in respect of any monies
 - (a) which are not yet due and payable,
 - (b) which have become due and payable, to the extent that the payment of such monies is the subject of a dispute which the Company is conducting in good faith, if necessary by appropriate proceedings,
- (iii) any rights by way of reservation or retention of title which are required by the supplier of any property to the Company in the normal course of such supplier's business, and
- (iv) any Encumbrance permitted by the Promissory Note,

"Promissory Note" means the \$1,000,000 10% Senior Secured Convertible Promissory Note issued by the Issuer on or around the date of the Guarantee and Debenture,

"Properties" means the assets of the Company described in paragraph 1 1(a),

"Receivables" means

- (i) all present and future book debts and other debts, rentals, royalties fees, VAT and monetary claims and all other amounts recoverable or receivable by the Company from other persons

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Particulars of a mortgage or charge

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Short particulars

or due or owing to the Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever),

(ii) the benefit of all rights and remedies relating to any of the items in (i) above including, without limitation, claims for damages and other remedies for non-payment of the same, all entitlements to interest, negotiable instruments, guarantees, indemnities, Encumbrances, Collateral Instruments, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights, and

(iii) all proceeds of any of the items listed in (i) or rights and remedies in (ii) above,

"Receiver" means any one or more receivers and/or managers or appointed by the Noteholder pursuant to the Guarantee and Debenture in respect of the Company or over all or any of its Charged Assets,

"Related Rights" means, in relation to any Charged Asset,

(i) the proceeds of sale of any part of that Charged Asset,

(ii) all rights under any licence, agreement for sale or agreement for lease in respect of that Charged Asset,

(iii) all rights, benefits, claims, contracts, warranties, remedies, security, indemnities or covenants for title in respect of that Charged Asset, and

(iv) any income, fees, royalties, moneys and proceeds paid or payable in respect of or incidental to that Charged Asset or the use of that Charged Asset in any part of the world

"Securities" means the assets of the Company described in paragraph 1 1(c),

"Security Financial Collateral Arrangement" shall have the same meaning as in the Financial Collateral Regulations,

"Trade Marks" means all present and future trade marks of the Company including, without limitation, those trade marks specified in Schedule 1 to the Guarantee and Debenture

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Particulars of a mortgage or charge

7 Particulars as to commission, allowance or discount (if any)

Please insert the amount or rate percent of any commission, allowance or discount paid or made either directly or indirectly by the company to any person on consideration of his

- subscribing or agreeing to subscribe, whether absolutely or conditionally, or
- procuring or agreeing to procure subscriptions, whether absolute or conditional,

for any debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered

Commission allowance or discount

NIL

8 Delivery of instrument

You must deliver the original instrument (if any) creating or evidencing the charge and these prescribed particulars to the Registrar of Companies within 21 days after the date of creation of the charge (section 860). If the property is situated and the charge was created outside the United Kingdom (UK), you must deliver the information to the Registrar within 21 days after the date on which the instrument could have been received in the UK in the normal course of post and assuming you had posted it promptly (section 866)


We will accept a verified copy of the instrument creating the charge where the property charged is situated and the charge was created outside the UK (section 870). The company or the person who has delivered the copy to the Registrar must verify it to be a correct copy and sign it. Where a body corporate gives the verification, an officer of that body must sign it. We will also accept a verified copy where section 867(2) applies (property situated in another part of UK)

9 Signature

Please sign the form here

Signature

Signature

X  X

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

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Particulars of a mortgage or charge



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form and will establish where we return the original documents. The contact information you give will be visible to searchers of the public record.

Contact name 2035452/KXJ1/SJH3

Company name
Wragge & Co LLP

Address 3 Waterhouse Square

142 Holborn

Post town London

County/Region

Postcode E C 1 N 2 S W

Country United Kingdom

DX DX 155790 Bloomsbury 9

Telephone 08709031000



Certificate

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



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register
- ☐ You have included the original deed with this form
- ☐ You have entered the date the charge was created
- ☐ You have supplied the description of the instrument
- ☐ You have given details of the amount secured by the mortgagee or chargee
- ☐ You have given details of the mortgagee(s) or person(s) entitled to the charge
- ☐ You have entered the short particulars of all the property mortgaged or charged
- ☐ You have signed the form
- ☐ You have enclosed the correct fee



Important information

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



How to pay

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

Make cheques or postal orders payable to 'Companies House'



Where to send

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

For companies registered in England and Wales.

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

For companies registered in Scotland.

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

For companies registered in Northern Ireland

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



Further information

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

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



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 869(5) & (6) of the Companies Act 2006

**COMPANY NO. 5812360
CHARGE NO. 1**

**THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A COMPOSITE GUARANTEE AND
DEBENTURE DATED 8 JUNE 2010 AND CREATED BY CLEAN
POWER TECHNOLOGIES LIMITED FOR SECURING ALL MONIES
DUE OR TO BECOME DUE FROM THE COMPANY AND CLEAN
POWER TECHNOLOGIES INC TO THE QUERCUS TRUST ON ANY
ACCOUNT WHATSOEVER WAS REGISTERED PURSUANT TO
CHAPTER 1 PART 25 OF THE COMPANIES ACT 2006 ON THE 23
JUNE 2010**

GIVEN AT COMPANIES HOUSE, CARDIFF THE 25 JUNE 2010



Companies House
— for the record —



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

DX