BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
NEWFOUNDLAND

AMENDED FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. **Name and Address of Company**

State the full name of your company and the address of its principal office in Canada:

Disenco Energy PLC (the "Company")
Unit J, Sheffield Business Park
Europa Link
Sheffield, South Yorkshire
S9 1XU

Item 2. **Date of Material Change**

January 23, 2008

Item 3. **News Release**

The Company's news release was disseminated by Market News Publishing on January 27, 2009.

Item 4. **Summary of Material Change**

Provide a brief but accurate summary of the nature and substance of the material change.

The Company has reached a settlement with John Gunn, a former director and creditor of the Company, with respect to the repayment of certain loans made to the Company. Pursuant to the terms of the settlement, the Company has agreed to repay certain amounts to Mr. Gunn over a five (5) month period.

Full Description of Material Change

See attached News Release *and convertible debenture.*

Item 5. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

If this report is being filed on a confidential basis in reliance of subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

Not Applicable.

Item 6. **Omitted Information**

Not Applicable.

Item 7. **Executive Officer**

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Please contact Tony Caplin, Chairman and acting Chief Executive Officer of the Company, at +44 0 114 261 5180

Item 8. **Date of Report**

DATED January 27, 2009.

AMENDED February 9, 2009

DISENCO

Disenco Energy plc
("Disenco" or the "Company")

Settlement Reached with Former Director

Sheffield, United Kingdom, January 27, 2009: Disenco Energy plc (the "Company") (TSX Venture Exchange "DIS.V"), is pleased to announce that further to its press release dated January 12, 2009, the Company has reached a settlement with John Gunn, a former director and creditor of the Company, with respect to the repayment of certain loans made to the Company. Pursuant to the terms of the settlement, the Company has agreed to repay certain amounts to Mr. Gunn over a five (5) month period.

On Behalf of the Board of Directors,
Brian Longpre

Press and Investor Enquiries:
Brian Longpré
Disenco Energy plc
Tel: +44 114 261 5180

About Disenco Energy plc

Disenco is a home energy green power source alternative company focused on distributing a low-cost, highly efficient, green-alternative to heat and hot water production. Its unique HomePowerPlant (HPP) appliance will enable homeowners and small businesses to dramatically reduce their annual energy bills by approximately 35% per annum, while shrinking its household annual emissions (carbon footprint) by up to 66%. The Company's flagship product, the Disenco HPP – a micro combined heat and power appliance (m-CHP) – will give consumers the chance to produce all their heating and hot water needs from a single source point, with all surplus energy produced automatically re-sold to their respective city's power grid; thus, generating a home energy cost payback. For further information regarding the Company, please visit www.disenco.com.

Safe Harbor Forward-Looking Statements

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Company's ability to repay the amounts due to Mr. Gunn over a five month period. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on *certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements These forward-looking statements are made as of the date of this news release and, except as required by law, the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements.*

Disclaimer

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the contents herein.

DATE 2009

(1) DISENCO ENERGY PLC

(2) DISENCO LIMITED

(3) JOHN GUNN

DEBENTURE

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THIS DEED is dated 2009

PARTIES

(1) **DISENCO ENERGY PLC** incorporated and registered in England with company number 5669278 whose registered office is at Unit J, Sheffield Business Park, Europa Link, Sheffield, South Yorkshire S9 1XU (**Borrower**);

(2) **DISENCO LIMITED** incorporated and registered in England with company number 04648583 whose registered office is at Unit J, Sheffield Business Park, Europa Link, Sheffield, South Yorkshire S9 1XU (**Additional Chargor**); and

(3) **JOHN GUNN** of 14 Thames Point, Imperial Wharf, London SW6 2SX (**Lender**).

The Borrower and the Additional Chargor are hereinafter together referred to as **the Chargors** and **Chargor** shall mean either one of them.

BACKGROUND

(A) The Lender has lent money to the Borrower pursuant to the Loan Agreements.

(B) Pursuant to the Consent Order:

(a) the Borrower and the Lender have reached agreement on the exact amounts outstanding by the Borrower to the Lender under the Loan Agreements and on a schedule of repayment of the same; and

(b) the Chargors have agreed to provide security to the Lender for the repayment of the Agreed Loan Amounts on the terms set out in this Debenture.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The definitions and rules of interpretation in this clause apply in this Debenture.

Administrator: an administrator appointed to manage the affairs, business and property of the Chargors pursuant to paragraph 14 of Schedule 4.

Agreed Loan Amounts: the aggregate of the debts outstanding as between the Borrower and the Lender under the Loan Agreements as agreed between the Lender and the Borrower pursuant to the Consent Order being the sum of £398,541.44 on the date of this Agreement.

Book Debts: all present and future book and other debts and monetary claims due or owing to the Chargors, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Chargors in relation to any of them.

Business Day: a day (other than a Saturday or Sunday) on which banks are open for general business in London.

Charged Property: all the assets (including Intellectual Property), property and undertaking for the time being subject to the security interests created by this Debenture (and references to the Charged Property shall include references to any part of it).

Costs: all costs, charges, expenses and liabilities of any kind including, without limitation, costs and damages in connection with litigation, professional fees, disbursements and any value added tax charged on Costs.

Consent Order: the Consent Order sealed in the High Court of Justice, Chancery Division, Companies Court between the Borrower as applicant, the Lender as respondent and the Additional Chargor on 26 January 2008.

Encumbrance: any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

Equipment: all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Chargors, including any part of it and all spare parts, replacements, modifications and additions.

Excluded Property: any leasehold property held by the Borrower under a lease which precludes, either absolutely or conditionally (including requiring the consent of any third party), the Borrower from creating any charge over its leasehold interest in that property.

Loan Agreements: the following loan agreements between the Borrower and the Lender:

(i) a loan facility agreement dated 12 October 2006, in respect of which there is an amount outstanding of £235,896;

(ii) a short term loan agreement dated 30 April 2007, in respect of which there is an amount outstanding of £55,165.72; and

(iii) short term loan agreements dated 19 October 2007 and 8 February 2008, in respect of which there is an amount outstanding of £107,479.40.

Innovation Charge: has the meaning set out in clause 3.2.

Intellectual Property: the Chargors' present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from, or incidental to, these rights.

Properties: all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Chargors, or in which the Chargors hold an interest and **Property** means any of them.

Receiver: a receiver and/or manager of any or all of the Charged Property appointed under paragraph 6 of Schedule 4.

Secured Liabilities: the Agreed Loan Amounts and any interest due and payable thereon in accordance with the terms of the Consent Order.

Security Period: the period starting on the date of this Debenture and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

1.2 Interpretation

Unless the context otherwise requires, in this Debenture:

1.2.1 a reference to a statute or statutory provision includes a reference to any subordinate legislation made under that statute or statutory provision, to any modification, re-enactment or extension of that statute or statutory provision and to any former statute or statutory provision which it consolidated or re-enacted before the date of this Debenture;

1.2.2 a reference to one gender includes a reference to the other gender;

1.2.3 words in the singular include the plural and in the plural include the singular;

1.2.4 a reference to a clause or Schedule is to a clause of, or schedule to, this Debenture and references to paragraphs are to paragraphs of the relevant Schedule;

1.2.5 a reference to **this Debenture** (or any specified provision of it) or any other document shall be construed as a reference to this debenture, that provision or that document as in force for the time being and as amended or novated from time to time;

1.2.6 a reference to a **person** shall include a reference to an individual, firm, corporation, unincorporated body of persons, or any state or any agency of a person;

1.2.7 a reference to an **amendment** includes a supplement, variation, novation or re-enactment (and **amended** shall be construed accordingly);

1.2.8 a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;

1.2.9 a reference to an **authorisation** includes an authorisation, consent, licence, approval, resolution, exemption, filing, registration and notarisation;

1.2.10 a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and

1.2.11 clause, schedule and paragraph headings shall not affect the interpretation of this Debenture.

1.3 Third party rights

A third party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce, or to enjoy the benefit of, any term of this Debenture.

1.4 Perpetuity period

The perpetuity period applicable to all trusts declared by this Debenture shall be 80 years.

1.5 **Insolvency Act 1986**

Paragraph 14 of Schedule B1 of the Insolvency Act 1986 (as inserted by section 248 of, and Schedule 16 to, the Enterprise Act 2002) applies to the floating charge created by this Debenture.

1.6 **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.

1.7 **Nature of security over real property**

A reference in this Debenture to a charge or mortgage of any freehold, leasehold or commonhold property includes:

1.7.1 all buildings and fixtures (including trade and tenant's fixtures) which are situated on that property at any time;

1.7.2 the proceeds of the sale of any part of that property; and

1.7.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Chargor in respect of that property, and any monies paid or payable in respect of those covenants.

1.8 **Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Consent Order are incorporated into this Debenture.

2. COVENANT TO PAY

The Borrower shall pay to the Lender and discharge the Secured Liabilities in accordance with the terms of the Consent Order.

3. GRANT OF SECURITY

3.1 **Charging clause**

As a continuing security for the payment and discharge of the Secured Liabilities, each Chargor with full title guarantee:

3.1.1 charges to the Lender except as otherwise provided in clause 3.2, by way of first fixed charge:

(a) all Properties of such Chargor or acquired by such Chargor in the future;

(b) all present and future interests of such Chargor not effectively mortgaged or charged under the preceding provision of this clause 3.1 in, or over, freehold or leasehold property;

(c) all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;

(d) all licences, consents and authorisations (statutory or otherwise) held or required in connection with such Chargor's business or the use of any Charged Property, and all rights in connection with them;

(e) all present and future goodwill and uncalled capital for the time being of the Borrower; and

(f) all the Intellectual Property;

(g) all the Equipment (excluding normal trading stock which is disposable in the ordinary course of business of the Company);

3.1.2 assigns to the Lender, by way of first mortgage, all its rights in any policies of insurances or assurance present or future in relation to the Charged Property (including, without limitation, any insurances relating to the Properties or the Equipment);

3.1.3 charges to the Lender, by way of first floating charge, all the undertaking, property, assets and rights of such Chargor at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1.1.

3.2 The charge granted pursuant to this Debenture by the Additional Chargor over its Equipment and Intellectual Property shall be a second charge ranking second in priority only to the charge created on 24 March 2005 by the Additional Chargor in favour of Innovation Norway and which was registered at Companies House on 6 April 2005 (**Innovation Charge**). The Lender has full knowledge of the existence of the Innovation Charge.

3.3 **Leasehold security restrictions**

The charges created by clause 3.1 shall not apply to Excluded Property so long as any relevant consent or waiver of prohibition has not been obtained, but

3.3.1 for each Excluded Property, each Chargor undertakes to:

(a) apply for the relevant consent or waiver of prohibition or conditions within 10 Business Days of the date of this Debenture and, to use its best endeavours to obtain that consent or waiver of prohibition as soon as possible;

(b) keep the Lender informed of its progress in obtaining such consent or waiver; and

(c) immediately on receipt of such consent or waiver, provide the Lender with a copy;

3.3.2 immediately on receipt of the relevant waiver or consent, the relevant formerly Excluded Property shall stand charged to the Lender under clause 3.1. If required by the Lender at any time following receipt of that waiver or consent, such Chargor shall execute a valid fixed charge in such form as the Lender reasonably requires.

3.4 **Automatic conversion of floating charge**

The floating charge created by clause 3.1.3 shall automatically and immediately (without notice) be converted into a fixed charge over the relevant Charged Property if:

3.4.1 either Chargor:

(a) creates, or attempts to create, on all or any part of the Charged Property an Encumbrance without the prior written consent of the Lender or any trust in favour of another person; or

(b) disposes, or attempts to dispose of, all or any part of the Charged Property (other than property that is only subject to the floating charge while it remains uncrystallised which property may be disposed of in the ordinary course of business); or

3.4.2 a receiver is appointed over all or any of the Charged Property that is subject to the floating charge; or

3.4.3 any person levies any distress, attachment, execution or other process against all or any part of the Charged Property; or

3.4.4 the Lender receives notice of the appointment of, or a proposal or an intention to appoint, an administrator of either Chargor.

3.5 **Assets acquired after any floating charge crystallisation**

Any asset acquired by the Chargors after any crystallisation of the floating charge created under this Debenture which, but for such crystallisation, would be subject to a floating charge shall (unless the Lender confirms in writing to the contrary) in the case of the Borrower be charged to the Lender by way of first fixed charge and in the case of the Additional Chargor be charged to the Lender by way of a second charge ranking second in priority only to the Innovation Charge.

4. LIABILITY OF THE CHARGORS

4.1 **Liability not discharged**

The Chargor's liability under this Debenture in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

4.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Lender that is or becomes wholly or partially illegal, void or unenforceable on any ground; or

4.1.2 the Lender renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or

4.1.3 any other act or omission, which but for this clause 4.1 might have discharged, or otherwise prejudiced or affected, the liability of the Chargors.

4.2 **Immediate recourse**

Each Chargor waives any right it may have to require the Lender to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this Debenture against such Chargor.

5. REPRESENTATIONS AND WARRANTIES

Each Chargor represents and warrants to the Lender in the terms set out in Schedule 1. The representations and warranties set out in Schedule 1 are made on the date of this Debenture.

6. COVENANTS

Each Chargor covenants with the Lender in the terms set out in Schedule 2.

7. POWERS OF THE LENDER

The Lender shall have the powers set out in Schedule 3.

8. ENFORCEMENT

8.1 **Enforcement events**

The security constituted by this Debenture shall be immediately enforceable in any of the circumstances set out in paragraph 1 of Schedule 4. The parties to this Debenture agree that the provisions of Schedule 4 shall apply to this Debenture and shall be binding between them.

8.2 **Receiver's powers**

A Receiver shall have, in addition to the powers conferred on receivers by statute, the further powers set out in Schedule 6.

8.3 **Right of appropriation**

To the extent that the Charged Property constitutes Financial Collateral and this Debenture and the obligations of each of the Chargors hereunder constitute a Security Financial Collateral Arrangement, the Lender shall have the right, at any time after the security constituted this Debenture has become enforceable, to appropriate all or any of that Charged Property in or towards the payment and/or discharge of the Secured Liabilities in such order as the Lender in its absolute discretion may from time to time determine. The value of any Charged Property appropriated in accordance with this clause shall be the price of that Charged Property at the time the right of appropriation is exercised as listed on any recognised market index, or determined by such other method as the Lender may select (including independent valuation). Each of the Chargors agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

9. COSTS AND INDEMNITY

9.1 Costs

The Chargors shall pay to, or reimburse, the Lender and any Receiver all Costs reasonably and properly incurred by the Lender and/or any Receiver in relation to:

9.1.1 protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lender's or Receiver's rights under this Debenture;

9.1.2 suing for, or recovering, any of the Secured Liabilities,

(including, without limitation, the Costs of any proceedings pursuant to this Debenture).

Each party shall bear its own costs in relation to the negotiation and settlement of the Consent Order and the terms of this Debenture

9.2 Indemnity

The Lender and any Receiver, and their respective employees and agents, shall be indemnified on a full indemnity basis out of the Charged Property in respect of all actions, liabilities and Costs reasonablyincurred or suffered in or as a result of:

9.2.1 the exercise, or purported exercise, of any of the powers, authorities or discretions vested in them under this Debenture;

9.2.2 any matter or thing done, or omitted to be done, in relation to the Charged Property under those powers; or

9.2.3 any default or delay by the Chargors in performing any of their obligations under this Debenture.

10. RELEASE

Subject to clause 12.3, on the expiry of the Security Period (but not otherwise), the Lender shall take whatever action is necessary forthwith to release the Charged Property from the security constituted by this Debenture and to cancel or to procure the cancellation of the registration of this Debenture and all of the Lender's rights under this Debenture shall be deemed to be discharged and satisfied in full.

11. ASSIGNMENT AND TRANSFER

11.1 Assignment by Lender

The Lender may not assign or transfer the whole or any part of the Lender's rights and/or obligations under this Debenture to any person.

11.2 Assignment by Chargors

The Chargors may not assign any of their rights, or transfer any of their obligations, under this Debenture to any person.

12. FURTHER PROVISIONS

12.1 Independent security

This Debenture and the Consent Order are the only security or guarantee which the Lender holds for the Secured Liabilities. No prior security held by the Lender over the whole or any part of the Charged Property shall merge in the security created by this Debenture.

12.2 Continuing security

This Debenture shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until it is released by the Lender in accordance with clause 10.

12.3 Discharge conditional

Any release, discharge or settlement between the Borrower and the Lender shall be deemed conditional on no payment or security received by the Lender 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:

12.3.1 the Lender or its nominee may retain this Debenture and the security created by or pursuant to it for such period as the Lender deems reasonably necessary to provide the Lender with security against any such avoidance, reduction or order for refund; and

12.3.2 the Lender may recover the value or amount of such security or payment from the Chargors subsequently as if such release, discharge or settlement had not occurred.

12.4 Rights cumulative

The rights and powers of the Lender conferred by this Debenture are cumulative, may be exercised as often as the Lender considers appropriate, and are in addition to its rights and powers under the general law.

12.5 Waivers

Any waiver or variation of any right by the Lender (whether arising under this Debenture or under the general law) shall only be effective if it is in writing and signed by the Lender and applies only in the circumstances for which it was given, and shall not prevent the Lender from subsequently relying on the relevant provision.

12.6 Further exercise of rights

No act or course of conduct or negotiation by or on behalf of the Lender shall, in any way, preclude the Lender from exercising any right or power under this Debenture or constitute a suspension or variation of any such right or power.

12.7 Delay

No delay or failure to exercise any right or power under this Debenture shall operate as a waiver.

12.8 **Single or partial exercise**

No single or partial exercise of any right under this Debenture shall prevent any other or further exercise of that or any other right.

12.9 **Consolidation**

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

12.10 **Partial invalidity**

The invalidity, unenforceability or illegality of any provision (or part of a provision) of this Debenture under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions.

12.11 **Counterparts**

This Debenture may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

12.12 **Convertible Debentures and Innovation Charge**

The Lender acknowledges that the Additional Chargor is a party to the Innovation Charge and that the Borrower is a party to a series of convertible debenture agreements dated on or before 15 November 2008 and he agrees that the existence of the Innovation Charge and such convertible debenture agreements does not constitute a breach of this Debenture.

The Lender agrees not to make any claim to Innovation Norway that the existence and the terms of this Debenture amount or might amount to a breach of the Innovation Charge. Such agreement on the part of the Lender is strictly conditional upon (a) the Borrower's compliance with clause 5 of the agreement attached to the Consent Order and (b) neither the Borrower nor the Additional Chargor entering any insolvency process.

13. NOTICES

13.1 **Service**

Any notice or other communication given under this Debenture shall be in writing and shall be served by delivering it personally or by sending it by pre-paid first-class post or by fax to the address or fax number, and for the attention, of the relevant party as set out in Schedule 5, or such other address or fax number as may be notified in writing from time to time by the relevant party to the other party.

13.2 **Receipt**

Receipt of any notice given under clause 13.1, shall be deemed to be received:

13.2.1 if delivered personally, at the time of delivery; or

13.2.2 in the case of pre-paid first-class post, 48 hours from the time of posting; or

13.2.3 in the case of a fax, when received in legible form.

13.3 **Deemed receipt**

If deemed receipt under clause 13.2 occurs:

13.3.1 before 9:00 am on a Business Day, the notice shall be deemed to have been received at 9:00 am on that day; or

13.3.2 after 5:00 pm on a Business Day, or on a day that is not a Business Day, the notice shall be deemed to have been received at 9:00 am on the next Business Day.

13.4 **Proof of service**

In proving service of a notice, it shall be sufficient to prove that the envelope containing such notice was addressed to the address of the relevant party as set out in Schedule 5 (or as otherwise notified by that party under clause 13.1) and delivered either:

13.4.1 to that address; or

13.4.2 into the custody of the postal authorities as a pre-paid recorded delivery first-class letter.

13.5 **E-mails invalid**

Notice given under this Debenture shall not be validly served if sent by e-mail.

14. CONFIDENTIALITY AND ANNOUNCEMENTS

Each party acknowledges and agrees that this Debenture will be within the public domain by virtue of this Debenture being registered by each of the Borrower and the Additional Chargor pursuant to section 395 Companies Act 1985. Subject thereto each party agrees that it shall not disclose or announce this Debenture and/or the Consent Order save as may be required by law or by any court of competent jurisdiction or for the purposes of enforcing the terms of the Consent Order and/or this Debenture and save in the case of the Borrower for any announcement that is required to be made by the rules and regulations of the Toronto Stock Exchange.

15. GOVERNING LAW AND JURISDICTION

15.1 **Governing law**

This Debenture and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

15.2 **Jurisdiction**

The parties to this Debenture irrevocably agree that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Debenture or its subject matter or formation (including non-contractual disputes or claims). Nothing in this clause shall limit the right of the Lender to take proceedings against the Chargors in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

15.3 Other service

Each of the Lender and the Chargors irrevocably consents to any process in any proceedings being served on it in accordance with the provisions of this Debenture relating to service of notices. Nothing contained in this Debenture shall affect the right to serve process in any other manner permitted by law.

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

SCHEDULE 1

REPRESENTATIONS AND WARRANTIES

1. **Ownership of Charged Property**

The Chargors are between them the legal and beneficial owners of the Charged Property.

2. **No Encumbrances**

The Charged Property is free from any Encumbrance other than the Encumbrances created by this Debenture and the Innovation Charge.

3. **Adverse claims**

The Chargors have not received or acknowledged notice of any adverse claim by any person in respect of the Charged Property or any interest in it.

4. **Adverse covenants**

So far as the Chargors are aware and save for the Innovation Charge there are no covenants, agreements, reservations, conditions, interests, rights or other matters whatever, which materially adversely affect the Charged Property.

5. **No breach of laws**

There is no breach of any law or regulation which materially adversely affects the Charged Property.

6. **No interference in enjoyment**

So far as the Chargors are aware no facility necessary for the enjoyment and use of the Charged Property is subject to terms entitling any person to terminate or curtail its use.

7. **No overriding interests**

So far as the Chargors are aware nothing has arisen, has been created or is subsisting which would be an overriding interest in any Property.

8. **Avoidance of security**

So far as the Chargors are aware no Encumbrance expressed to be created under this Debenture is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Chargors or otherwise.

SCHEDULE 2

COVENANTS

1. **TRADING AND PRESERVATION OF CHARGED PROPERTY**

1.1 Each Chargor shall:

1.1.1 carry on its trade and business in accordance with the standards of good management from time to time current in such trade or business on those parts (if any) of the Properties as are, or may be, used for the purposes of trade or business;

1.1.2 not do, or permit to be done, any act or thing, which would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender or materially diminish the value of any of the Charged Property or the effectiveness of the security created by this Debenture;

1.1.3 not create, purport to create or permit to subsist any Encumbrance on, or in relation to, the Charged Property other than this Debenture and the Innovation Charge; or

1.1.4 not 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 Charged Property, except in the ordinary course of business in the case of Charged Property which is only subject to an uncrystallised floating charge and the Innovation Charge; and

1.1.5 not create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party save for the Innovation Charge.

2. **STATUTORY COMPLIANCE**

2.1 Each Chargor shall comply with all statutes, byelaws and regulations relating to its trade or business and the whole or any part of the Charged Property.

3. **PROVISION OF INFORMATION**

3.1 Each Chargor shall:

3.1.1 promptly provide to the Lender whatever information, documents or papers relating to the Charged Property as the Lender may reasonably require from time to time; and

3.1.2 inform the Lender promptly of any acquisition by the Borrower of, or contract made by the Borrower to acquire, any freehold, leasehold or other interest in Property.

4. **INSURANCE**

4.1 Each Chargor shall:

4.1.1 insure and keep insured all of its undertaking and assets with reputable and responsible insurers in such manner and to such extent as is reasonable and customary for an enterprise engaged in the same or similar business as such Chargor; and

4.1.2 duly and punctually pay all premiums and any other monies necessary for maintaining its insurance in full force and effect.

4.2 Each Chargor shall apply all monies received by virtue of any insurance of the whole or any part of the Charged Property in making good or in recouping expenditure incurred in making good any loss or damage.

5. REPAIR

5.1 Each Chargor shall:

5.1.1 at all times keep in good and substantial repair and condition all the Charged Property including, without limitation, all buildings, erections, structures and fixtures and fittings on and in the Property;

5.1.2 keep all Equipment in good repair, working order and condition and fit for its purpose; and

5.1.3 where it is uneconomic to repair any part of the Charged Property, replace such part by another similar asset of equal or greater quality and value.

6. CHARGORS' WAIVER OF SET-OFF

The Chargors waive any present or future right of set-off it may have in respect of the Secured Liabilities (including sums payable by the Borrower under this Debenture).

7. PROPRIETARY RIGHTS

The Chargors shall procure that save in respect of the Innovation Charge no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of any Property without the prior written consent of the Lender.

8. PROPERTY INFORMATION

The Chargors shall inform the Lender promptly of any acquisition by the Chargors of, or contract made by the Chargors to acquire, any freehold, leasehold or other interest in any property.

9. EQUIPMENT INFORMATION

The Chargors shall give the Lender such information concerning the location, condition, use and operation of Equipment as the Lender may reasonably require.

10. PRESERVATION OF RIGHTS

The Chargors shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation), observing all covenants and stipulations relating to such rights and paying all applicable renewal fees, licence fees and other outgoings.

11. REGISTRATION OF INTELLECTUAL PROPERTY

The Chargors shall use all reasonable efforts to effect registration of applications for registration of any material Intellectual Property and keep the Lender reasonably informed of all matters relating to such registration.

12. MAINTENANCE OF INTELLECTUAL PROPERTY

The Chargors shall not permit any material Intellectual Property to be abandoned, cancelled or to lapse.

SCHEDULE 3

POWERS OF THE LENDER

1. POWER TO REMEDY

The Lender shall be entitled (but shall not be bound) to remedy a breach at any time by the Chargor of any of its obligations contained in this Debenture and each of the Chargors irrevocably authorises the Lender and its agents to do all such things as are necessary or desirable for that purpose.

2. EXERCISE OF RIGHTS

The rights of the Lender under paragraph 1 of this Schedule 3 are without prejudice to any other rights of the Lender under this Debenture. The exercise of those rights shall not make the Lender liable to account as a mortgagee in possession.

3. POWER TO DISPOSE OF CHATTELS

At any time after the security constituted by this Debenture has become enforceable, the Lender or any Receiver:

3.1.1 may dispose of any chattels or produce found on any Property as agent for the Chargor; and

3.1.2 without prejudice to any obligation to account for the proceeds of any sale of such chattels or produce, shall be indemnified by the Chargor against any liability arising from such disposal.

4. INDULGENCE

The Lender may, at its discretion, grant time or other indulgence or make any other arrangement, variation or release with any person or persons not being a party to this Debenture (whether or not such person or persons is jointly liable with the Chargors) 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 Chargors for the Secured Liabilities.

SCHEDULE 4

ENFORCEMENT

1. ENFORCEMENT EVENTS

This Debenture shall be enforceable if:

1.1.1 any of the Secured Liabilities are not paid or discharged when the same ought to be paid or discharged by the Borrower (whether on demand, at scheduled maturity, or by acceleration or otherwise, as the case may be); or

1.1.2 the Chargors are in breach of any of their obligations under this Debenture or under any other agreement between the Chargors and the Lender and that breach (if capable of remedy) has not been remedied to the satisfaction of the Lender within 7 days of notice by the Lender to the Chargors to remedy the breach; or

1.1.3 either Chargor:

(a) becomes unable to pay its debts as they fall due; or

(b) commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness; or

(c) makes a general assignment for the benefit of, or a composition with, its creditors; or

1.1.4 either Chargor passes any resolution or takes any corporate action, or a petition is presented or proceedings are commenced, or any action is taken by any person for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any or all of its revenues or assets; or

1.1.5 a distress, execution, attachment or other legal process is levied, or enforced on or sued against all or any part of the assets of either Chargor and remains undischarged for 14 days; or

1.1.6 any representation, warranty or statement made or deemed to be made by the Chargors under this Debenture is or proves to have been incorrect or misleading in any material respect when made; or

and in any such event (whether or not the event is continuing), without prejudice to any other rights of the Lender, the powers of sale under the Law of Property Act 1925 shall immediately be exercisable and the Lender may, in its absolute discretion, enforce all or any part of the security created by this Debenture as it sees fit.

2. STATUTORY POWER OF SALE

The statutory powers of sale conferred by the Law of Property Act 1925 shall, as between the Lender and a purchaser from the Lender, arise on and be exercisable at any time after the execution of this Debenture, but the Lender shall not exercise such power of sale until the security constituted by this Debenture has become enforceable under paragraph 1 of this Schedule 4.

3. EXTENSION OF STATUTORY POWERS

The statutory powers of sale, leasing and accepting surrenders conferred upon mortgagees under the Law of Property Act 1925 and/or by any other statute shall be exercisable by the Lender under this Debenture and are extended so as to authorise the Lender, whether in its own name or in that of the Chargors, to grant a lease or agreement to lease, accept surrenders of lease or grant any option of the whole or any part of the freehold and leasehold property of the Chargors with whatever rights relating to other parts of it, containing whatever covenants on the part of the Chargors, generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) and whether or not at a premium as the Lender thinks fit.

4. PROTECTION OF THIRD PARTIES

No purchaser, mortgagee or other person dealing with the Lender or any Receiver shall be concerned:

4.1.1 to enquire whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged, or whether the power the Lender or a Receiver is purporting to exercise has become exercisable; or

4.1.2 to see to the application of any money paid to the Lender or any Receiver.

5. NO LIABILITY AS MORTGAGEE IN POSSESSION

Neither the Lender, nor any Receiver nor any Administrator shall be liable to account as mortgagee in possession in respect of all or any of the Charged Property, 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 Charged Property for which a mortgagee in possession might be liable as such.

6. APPOINTMENT OF RECEIVER

6.1 At any time after the security constituted by this Debenture has become enforceable, or at the request of the Chargors, the Lender may, without further notice:

6.1.1 appoint under seal or by writing under hand of a duly authorised officer of the Lender, any one or more person or persons to be a receiver, or a receiver and manager, of all or any part of the Charged Property; and

6.1.2 (subject to section 45 of the Insolvency Act 1986) from time to time, under seal or by writing under hand of a duly authorised officer of the Lender, remove any person appointed to be Receiver and may, in a similar manner, appoint another in his place.

Where more than one person is appointed Receiver, they shall have power to act separately (unless the appointment by the Lender specifies to the contrary).

6.2 The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the Law of Property Act 1925 and the remuneration of the Receiver shall be a debt secured by this Debenture which shall be due and payable immediately upon its being paid by the Lender.

7. POWER OF SALE ADDITIONAL

7.1 The powers of sale and appointing a Receiver conferred by this Debenture shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the Law of Property Act 1925 or otherwise, and shall be exercisable without the restrictions contained in Sections 103 and 109 of the Law of Property Act 1925 or otherwise.

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

8. AGENT OF THE CHARGORS

Any Receiver appointed by the Lender under this Debenture shall be the agent of the Chargors and the Chargors shall be solely responsible for his acts and remuneration, as well as for any defaults committed by him.

9. POWERS OF RECEIVER

Any Receiver appointed by the Lender under this Debenture shall, in addition to the powers conferred on him by the Law of Property Act 1925 and the Insolvency Act 1986, have the power to do all such acts and things as an absolute owner could do in the management of such of the Charged Property over which the Receiver is appointed and, in particular, the powers set out in Schedule 6.

10. ORDER OF APPLICATION OF PROCEEDS

All monies received by the Lender or a Receiver in the exercise of any enforcement powers conferred by this Debenture shall be applied:

10.1.1 first in paying all unpaid fees, costs and other liability incurred by or on behalf of the Lender (and any Receiver, attorney or agent appointed by it);

10.1.2 second in paying the remuneration of any Receiver (as agreed between the Receiver and the Lender);

10.1.3 third in or towards discharge of the Secured Liabilities in such order and manner as the Lender determines; and

10.1.4 finally in paying any surplus to the Borrower or any other person entitled to it.

11. APPROPRIATION

Neither the Lender nor any Receiver shall be bound (whether by virtue of section 109(8) of the Law of Property Act 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.

12. POWER OF ATTORNEY

By way of security, each Chargor irrevocably appoints the Lender and every Receiver separately to be the attorney of the Chargor and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things which:

12.1.1 the Chargor is required to execute and do under this Debenture; and/or

12.1.2 any attorney may deem proper or desirable in exercising any of the powers, authorities and discretions conferred by this Debenture or by law on the Lender or any Receiver.

13. RATIFICATION OF ACTS OF ATTORNEY

Each Chargor ratifies and confirms, and agrees to ratify and confirm, anything which any of its attorneys may do in the proper and lawful exercise or purported exercise of all or any of the powers, authorities and discretions referred to in paragraph 12 of this Schedule.

14. APPOINTMENT OF AN ADMINISTRATOR

14.1 The Lender may, without notice to the Chargors, appoint any one or more persons to be an administrator of the Chargors pursuant to Paragraph 14 Schedule B1 of the Insolvency Act 1986 if this Debenture becomes enforceable.

14.2 Any appointment under this paragraph 14 shall:

14.2.1 be in writing signed by a duly authorised signatory of the Lender; and

14.2.2 take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986, when the requirements of paragraph 18 of that Schedule B1 are satisfied.

14.3 The Lender may (subject to any necessary approval from the court) end the appointment of an Administrator by notice in writing in accordance with this paragraph 14 and appoint a replacement for any Administrator whose appointment ends for any reason.

SCHEDULE 5

NOTICE DETAILS

The Chargors:	Disenco Energy Plc and Disenco Limited Unit J Sheffield Business Park Europa Link Sheffield South Yorkshire S9 1XU For the attention of: Brian Longpre Fax number: 0114 261 5191
The Lender:	John Gunn c/o Grundberg Mocatta Rakison LLP For the attention of: M. Dossa Fax number: 020 7632 1638

SCHEDULE 6

RECEIVER'S POWERS

1. POWER TO SURRENDER LEASES

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting the Properties on such terms and subject to such conditions as he thinks fit.

2. POWER TO EMPLOY PERSONNEL AND ADVISORS

A Receiver may provide services and employ, or engage, such managers, contractors and other personnel and professional advisors on such terms as he deems expedient.

3. POWER TO MAKE VAT ELECTIONS

A Receiver may make such elections for value added tax purposes as he thinks fit.

4. POWER TO CHARGE FOR REMUNERATION

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

5. POWER TO REALISE CHARGED PROPERTY

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

6. POWER TO MANAGE OR RECONSTRUCT THE BORROWER'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 Chargors.

7. POWER TO DISPOSE OF CHARGED PROPERTY

A Receiver may grant options and licences over all or any part of the Charged Property, sell or concur in selling, assign or concur in assigning, lease or concur in leasing and accept or concur in accepting surrenders of leases of, all or any of the property of the Chargors in respect of which he is appointed in such manner and generally on such terms and conditions as he thinks fit (fixtures and plant and machinery may be severed and sold separately from the premises in which they are contained without the consent of the Chargors), and to carry any such sale, assignment, leasing or surrender into effect. Any such sale may be for such consideration as the Receiver thinks fit and he may promote, or concur in promoting, a company to purchase the property to be sold.

8. POWER TO SELL BOOK DEBTS

A Receiver may sell and assign all or any of the Book Debts in respect of which he is appointed in such manner, and generally on such terms and conditions, as he thinks fit.

9. **POWER TO MAKE SETTLEMENTS**

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

10. **POWER TO IMPROVE THE EQUIPMENT**

A Receiver may make substitutions of, or improvements to, the Equipment as he may think expedient.

11. **POWER TO MAKE CALLS ON BORROWER MEMBERS**

A Receiver may make calls conditionally or unconditionally on the members of the Chargors in respect of the uncalled capital with such and the same powers for that purpose, and for the purpose of enforcing payments of any calls so made, as are conferred by the Articles of Association of the Chargors on its directors in respect of calls authorised to be made by them.

12. **POWER TO APPOINT**

A Receiver may appoint managers, officers, servants, workmen and agents for the purposes of this Schedule 6 at such salaries, for such periods and on such terms as he may determine.

13. **POWERS UNDER LAW OF PROPERTY ACT 1925**

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

14. **POWER TO BORROW**

A Receiver may for any of the purposes authorised by this Schedule 6 raise money by borrowing from the Lender (or from any other person) on the security of all or any of the Charged Property in respect of which he is appointed on such terms as he shall think fit (including, if the Lender consents, terms under which such security ranks in priority to this Debenture).

15. **INCIDENTAL POWERS**

A Receiver may do all such other acts and things as he may consider incidental or conducive to any of the matters or powers in this Schedule 6, or which he lawfully may or can do as agent for the Chargors.

16. **SCOPE OF POWERS**

Any exercise of any of the powers given by this Schedule 6 may be on behalf of the Chargors, the directors of the Chargors or himself.

Executed as a deed by **DISENCO ENERGY PLC** acting by , a director, in the presence of:

....

SIGNATURE OF WITNESS

NAME, ADDRESS AND OCCUPATION OF WITNESS:

JON BURNHAM, ENGINEERING MGR
DISENCO LTD

....

SIGNATURE OF DIRECTOR

Director

Executed as a deed by **DISENCO LIMITED** acting by , a director, in the presence of:

....

SIGNATURE OF WITNESS

NAME, ADDRESS AND OCCUPATION OF WITNESS:

JON BURNHAM, ENGINEERING MGR
DISENCO LTD

....

SIGNATURE OF DIRECTOR

Director

Executed as a deed by **JOHN GUNN** in the presence of:

....

....

SIGNATURE OF WITNESS

NAME, ADDRESS AND OCCUPATION OF WITNESS