AGREEMENT

Dated 27 July 2017

Between

REKSTRARFÉLAG VIRÐINGAR HF. ON BEHALF OF FAGFJÁRFESTASJÓÐURINN ORK

AND

MAGMA ENERGY SWEDEN AB

ON THE SETTLEMENT OF A BOND SECURED WITH A POSSESSORY PLEDGE

ORIGINALLY IN THE AMOUNT OF ISK 6,289,942,651

ISSUED ON 16 JULY 2009

THIS AGREEMENT is dated 27 July 2017 and is entered into by and between:

(1) **Rekstrarfélag Virðingar hf., reg. no. 531109-2790, Borgartúni 29, 105 Reykjavík, on behalf of FAGFJÁRFESTASJÓÐURINN ORK, reg. no. 650612-9730, Borgartúni 29, 105 Reykjavík ("FORK").**

AND

(2) **MAGMA ENERGY SWEDEN A.B.**, PO Box 12086, SE-403 14 Göteborg, Sweden ("**MES**").

(each a "**Party**" and collectively the "**Parties**").

BACKGROUND

On 16 July 2009, Geysir Green Energy ehf. issued a bond to Reykjanesbær in the amount of ISK 6,289,942,651 (six thousand two hundred eighty-nine million nine hundred forty-two thousand six hundred fifty-one Icelandic kronas) (the "Bond").

On 3 September 2010, Reykjanesbær accepted the assumption of the Bond by MES, which is now the debtor under the Bond. On 21 August 2012 Reykjanesbær transferred the Bond to FORK.

On 12 July 2016, the Parties concluded an amendment agreement to the Bond whereas the original interest rate and maturity date was amended.

The Parties have now decided to conclude the final and full settlement of the Bond as stipulated below:

1. Settlement of the Bond

MES will not pay outstanding amounts pursuant to the Bond on maturity date, and as a result thereof the Parties have agreed that the Bond shall be fully and finally paid with MES delivering to FORK 996,821,339 shares, issued by HS Orka hf., reg. no 680475-0169 (the "Company") (the "Pledged Shares"), pursuant to the terms of the Bond.

Pursuant to clause 5.9 (1)(b) of the Bond, FORK has advised MES that it intends to assume title to the Pledged Shares. The Parties agree that the Pledged Shares shall be transferred to FORK at the price of ISK 6.97 per share, and therefore a payment of ISK 6,947,844,733 (996,821,339 * 6.97) will settle all outstanding amounts pursuant to the Bond, cf. clauses 5.9 and 5.10 of the Bond.

2. Closing

MES agrees to do all things required to assist with effecting the transfer of the Pledged Shares, as directed by FORK.

MES shall sign and deliver to the Company a notification of the transfer of shares in accordance with articles 8 and 9 of the Company's articles of association, as set out in Annex 1 to this Agreement.

Once the Company and its shareholders have waived their pre-emptive rights and/or the 2 months' period stipulated in article 9 of the Company's articles of association has expired and Jarðvarmi slhf. has waived or its rights under a shareholders' agreement between it and MES have expired (the "Closing Date"), MES undertakes to transfer the Pledged Shares to FORK, free and clear of liens and encumbrances and without any reservation as regards the ownership rights of MES, and FORK undertakes to receive the Pledged Shares as a full and final payment of the Bond.

A Share Certificate representing the Pledged Shares is held by the Escrow Agent, under and as defined in an escrow agreement dated 23 July 2013. The Parties shall sign and deliver to the Escrow Agent the direction set out in Annex 2 to this Agreement, instructing the Escrow Agent to deliver the Share Certificate to FORK on Closing Date and terminate the Escrow Agreement.

3. Waiver of pre-emptive rights

MES hereby irrevocably waives all and any rights of pre-emption it may have or acquire under the articles of association of the Company or otherwise pursuant to this Agreement, arising out of and in respect of the transfer of the Pledged Shares to FORK contemplated hereby.

Furthermore, MES undertakes that members of the board of directors of the Company, appointed by MES will, at a meeting of the board of directors of the Company, not vote in favour of exercising the Company's pre-emptive right, pursuant to the articles of association of the Company, arising out of and in respect of the transfer of the Pledged Shares to FORK.

4. Release

This Agreement is a full and final settlement of all claims between the Parties, including but not limited to all claims pursuant to the Bond. Each of the Parties releases and forever discharges the other Party from any and all claims, demands, causes of action, rights, obligations and liabilities of any nature whatsoever and whenever arising.

5. Costs

Each of the Parties shall bear their own costs in relation to this Agreement and the negotiation of this Agreement, including the Parties' respective legal costs and costs related to other advisors.

6. Entire Agreement

This Agreement constitutes the entire agreement between the Parties concerning its subject matter and supersedes all prior oral or written communications, agreements or understandings between the Parties regarding the same subject matter or the relationship between the Parties. Each of the Parties acknowledge that they have not relied and will not rely upon any representation, promise or other statement other than as expressly set forth in this Agreement.

7. Counterparts

This Agreement may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but both counterparts shall together constitute one agreement.

No counterpart shall be effective until both parties have executed at least one counterpart

8. Governing Law and resolution of Disputes

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by Icelandic law.

The District Court of Reykjanes has exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement).

[signature page follows]

EXECUTED and DELIVERED by the representatives of the parties acting in full authority on the date first above written.

Signed by)

for and on behalf of)

MAGMA ENERGY SWEDEN AB) "Originally Executed"

Authorised signatory

Witnesses to a right date and signature:

"Originally Executed"

"Originally Executed"

Signed by)

for and on behalf of)

FAGFJÁRFESTASJÓÐURINN ORK) "Originally Executed"

Authorised signatory

Witnesses to a right date and signature:

"Originally Executed"

"Originally Executed"

ANNEX 1

– Form of notification to HS Orka hf. –

HS Orka hf.

c/o the Board of Directors/Ásgeir Margeirsson CEO

Svartsengi

240 Grindavík

[•] July 2017

Regarding: A notification on the transfer of shares and pre-emptive rights

With reference to articles 8 and 9 of the articles of association of HS Orka hf. (the "Company") it is hereby notified that Rekstrarfélag Virðingar hf., reg. no. 531109-2790, Borgartúni 29, 105 Reykjavík, on behalf of FAGFJÁRFESTASJÓÐURINN ORK, reg. no. 650612-9730, Borgartúni 29, 105 Reykjavík ("FORK") and MAGMA ENERGY SWEDEN A.B., PO Box 12086, SE-403 14 Göteborg, Sweden ("MES") have concluded a settlement agreement on the transfer of **996,821,339 shares, issued by Company, representing 12.71273% of the issued share capital of the Company**, from MES to FORK on the condition that the pre-emptive rights under article 9 of the Company's articles of association are not exercised (the "Agreement"). Attached is a copy of the Agreement, dated 27 July 2017.

According to the Agreement the transfer of the shares constitutes a full and final settlement of all debt under a bond, originally issued by Geysir Green Energy ehf. to Reykjanesbær, with a settlement, constituting a payment **in the amount of ISK 6,947,844,733**, as further stipulated in the Agreement. Otherwise reference is made to the provisions of the Agreement on the duties and obligations of the parties which would apply to the holder of pre-emptive rights if such right is exercised.

It is hereby requested that the board of directors of HS Orka hf. will decide on the exercise of the pre-emptive rights as soon as possible. It is further requested that the board of directors of the Company notify other shareholders of this notification, cf. par. 3, art. 22. of Act respecting public limited companies, No. 2/1995.

Under article 9 of the articles of association of the Company holders of pre-emptive rights shall have 2 months to decide on the exercise of the right, which counts from the date of this notification, cf. par. 1(b), art. 22. of Act respecting public limited companies No. 2/1995.

Respectfully,

on behalf of Magma Energy Sweden AB

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ANNEX 2

– Form of direction to Escrow Agent –

To: Íslög ehf.

Túngata 6,
101 Reykjavik, Iceland
email: astridur@islog.is
Attn: Ástríður Gísladóttir hrl

Direction to Escrow Agent

This joint direction is given pursuant to an escrow agreement (the "Escrow Agreement") dated as of July 26, 2013, among Magma Energy Sweden A.B., Fagfjárfestasjóðurinn ORK (the "Pledgee") and Íslög ehf., Tungata 6, 101, Reykjavik Iceland (the "Escrow Agent"). Capitalized terms used herein and not otherwise defined have the meanings given thereto in the Escrow Agreement.

We hereby give you notice that by an agreement dated 27 July 2017, attached hereto, the Pledgee will assume title to the Shares (996,821,339 shares in the capital of HS Orka hf.) and the Escrow Agreement shall terminate.

You are hereby directed to release and deliver the Share Certificate to the Pledgee upon the sole direction of the Pledgee.

DATED this [•] day of [•] 2017

MAGMA ENERGY SWEDEN A.B.	FAGFJÁRFESTASJÓÐURINN ORK
By: ______________	By: ______________
Name: Lyle Braaten	Name: Þórólfur Sigurðsson