

Senior Term Loan Facility Agreement Assurance Statement for Lenders

1. Trading

Profit and Cash Flow have continued at a satisfactory level following the last Cash Flow Test (to 30.9.17).

Trading conditions in respect of the recycling of paper and plastic have worsened since the start of the year following changes in the Chinese Market. The situation is being monitored and options reviewed. Positive variances elsewhere are currently offsetting this downturn.

2. Loan Repayment

As at the date of this statement Mercia anticipates being able to continue to make payments as per the Loan Agreement. All Loan repayments have been made on time.

3. Buildings, Plant and other Infrastructure

No material problems exist which would require the Lenders attention at any of Mercia's Facilities. The Energy from Waste Plant has met targets relating to availability, throughput and export of power.

4. Compliance with Environmental Conditions and Permits

There are no material matters to report.

5. Insurance

All appropriate Policies remain in place and there were no material issues on renewal of the Companies non – EfW policies. The EfW policies are being renewed, no issues are anticipated.

6. Key Staff

The Operations Manager at the EfW has resigned to take a position with one of the Shareholder Companies. The Plant Manager remains in place and the recruitment process for the vacancy is virtually complete. The senior management team is a stable one with two of relevant the individuals having over twenty years' service. This is mirrored with the Directors in the two Companies which own Mercia.



J W Haywood

Mercia Waste Management 16.2.18