

Senior Term Loan Facility Agreement

Assurance Statement for Lenders

1. Audit and Trading

Auditors from Deloitte were on site for two weeks in January. No material issues were raised at the finalisation meeting (Jan 18th).

2018 proved to be a successful year for the Company with profit and cash generation ahead of the figures in comparison with the Financial Model. The Company's forecasts for 2019 also display a positive outcome against the Model.

The main positive variances that the Company experienced in 2018 related to the EfW Plant, especially in respect of the sale of electricity. Unfortunately, as is widely known, the global market for recyclable material continued to be difficult and the Company has continued to experience negative outturns in this area.

2. Loan Repayment

Repayments have continued to be made in full and on time.

As at the date of this statement Mercia anticipates being able to continue to make payments as per the Loan Agreement.

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 its 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 are in place. The Company's claims history remains satisfactory.

In December the Company's Policies (excluding the EfW which has a different inception date) were renewed and whilst the Property market was difficult due to fires elsewhere in the industry the Company and its brokers managed to secure appropriate cover at a marginally lower premium.

Information required by the broker and insurer for the EfW renewal has been forwarded and no issues are anticipated

6. Key Staff

All senior staff remained in their roles during the period and continue in their employment at the date of this Statement.