

18 May 2012

LOCKHEED MARTIN UK HOLDINGS LIMITED

and

SECRETARY OF STATE FOR BUSINESS INNOVATION & SKILLS

DEED OF GUARANTEE AND INDEMNITY

Guarantee No. 2012-515

18 MAY

This **DEED OF GUARANTEE AND INDEMNITY** is dated on ~~21 May~~ 2012 and made between:

- (1) **LOCKHEED MARTIN UK HOLDINGS LIMITED**, a company incorporated in England and Wales with company number 03184898 whose registered office is at c/o MacRae and Co LLP, 58 Lafone Street, Shad Thames, London, United Kingdom, SE1 2LX ("**Guarantor**"); and
- (2) **THE SECRETARY OF STATE FOR BUSINESS INNOVATION & SKILLS**, whose principal address is at 1 Victoria Street, London, SW1H 0ET ("**Secretary of State**").

WHEREAS:

- (A) The Licensee and the Secretary of State have agreed to enter into the Exploration Licence.
- (B) The Guarantor has agreed to guarantee to the Secretary of State the due and punctual performance of the Licensee's obligations under the Exploration Licence.

1. DEFINITIONS AND INTERPRETATION

Definitions

- 1.1 In this Deed, the following words and phrases shall have the specified meanings:

"**Business Day**" has the meaning given in clause 9.3;

"**Exploration Licence**" means the exploration licence relating to the exploration for polymetallic nodules within the exploration area defined therein between the Secretary of State and the Licensee entered into on or about the date hereof;

"**Financial Damages**" has the meaning given in clause 2.1(c).

"**Guaranteed Obligations**" means the amounts due and owing by the Licensee to the government of the United Kingdom for which Guarantor has provided this guarantee that directly result from (i) the Licensee's failure to comply with its financial obligations in respect of Section [6](1) (Payment of consideration for licence) of the Exploration Licence and (ii) Financial Damages arising from the Indemnifying Parties' failure to comply with Sections [9] (Safety, health and welfare), [10] (Diligence), [11] (Protection of the Environment), [16] (Dumping and waste disposal), and [22] (Indemnity against third party claims) of the Exploration Licence.

"**Indemnifying Parties**" has the meaning given in clause 2.1(c)(i);

"**Law**" includes any enactment, subordinate legislation, rule, regulation, order, directive or other provision, including those of the European Community, and any judicial or administrative interpretation or application thereof, which has, in each case, the force of law in the United Kingdom or any part of it;

"**Licensee**" means UK Seabed Resources Limited, a company incorporated in England and Wales with company number 08058443 whose registered office is at c/o MacCrae & Co LLP, 59 Lafone Street, Shad Thames, London, United Kingdom SE1 2LX; and

"**Pre-Existing Arbitration**" has the meaning given in clause 11.5.

Interpretation

1.2 Unless otherwise specified, terms defined in the Exploration Licence shall have the same meaning when used in this Deed.

1.3 In this Deed, except where the context otherwise requires:

- (a) words in the singular shall include the plural and vice versa;
- (b) a reference to a person shall include a reference to a firm, a body corporate, an unincorporated association, a partnership or to an individual's executors or administrators;
- (c) references to one gender include other genders;
- (d) a reference to a clause, sub clause, paragraph, Schedule (other than to a schedule to a statutory provision) shall be a reference to a clause, sub clause, paragraph, Schedule (as the case may be) of or to this Deed;
- (e) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- (f) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction and references to any English statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
- (g) references to writing shall include any modes of reproducing words in any legible form and shall include email except where expressly stated otherwise;
- (h) a reference to "includes" or "including" shall mean "includes without limitation" or "including without limitation";
- (i) the headings in this Deed are for convenience only and shall not affect its interpretation;
- (j) references to this Deed include this Deed as amended or supplemented in accordance with its terms; and
- (k) references in this Deed to any agreement or other instrument (other than an enactment or statutory provision) shall be deemed to be references to that agreement or instrument as from time to time amended, varied, supplemented, substituted, novated or assigned.

2. **GUARANTEE AND INDEMNITY**

2.1 In consideration of the Secretary of State entering into the Exploration Licence with the Licensee, the Guarantor hereby irrevocably and unconditionally:

- (a) guarantees to the Secretary of State the due and punctual performance of each of the Guaranteed Obligations;
- (b) undertakes to the Secretary of State that whenever the Licensee is in default under the Exploration Licence, the Guarantor shall on written demand from the Secretary of State perform or procure the performance of the Guaranteed Obligations as if it was the principal obligor, provided that the Secretary of State

has first pursued recourse from the Licensee pursuant to the terms of the Licence;
and

- (c) agrees as an independent and primary obligation to indemnify the Secretary of State against all liabilities, costs, claims, expenses, losses, or damages (collectively, "**Financial Damages**") which the Secretary of State may incur or suffer as a result of:
- (i) any act or omission of the Licensee or its directors, officers, employees, servants, contractors or agents (the "**Indemnifying Parties**") resulting from, or connected with, the activities permitted under the Exploration Licence whether such liabilities, costs, claims, expenses, losses, damages arise under any Law; or
 - (ii) any legal proceedings arising out of any act or omission by any Indemnifying Party resulting from, or connected with, the Guaranteed Obligations including (x) any proceedings brought against the Licensee to enforce any of the Guaranteed Obligations contained in the Exploration Licence and (y) any proceedings brought against the Secretary of State or the Crown in any jurisdiction;
- (d) agrees with the Secretary of State that if:
- (i) any Guaranteed Obligation is or becomes unenforceable, invalid or illegal, its obligations under this Deed shall be unaffected and it shall, as an independent and primary obligation and as principal obligor perform the Guaranteed Obligations and indemnify the Secretary of State against any cost, loss or liability it incurs as a result of the Licensee not performing a Guaranteed Obligation, which would, but for such unenforceability, invalidity or illegality, have been performable by it under the Exploration Licence;
 - (ii) the Licensee is able to avoid its obligations under the Exploration Licence, the Guarantor's obligations under this Deed shall be unaffected and it shall, as an independent and primary obligation and as principal obligor perform the Guaranteed Obligations and indemnify the Secretary of State against any cost, loss or liability it incurs as a result of the Licensee not performing an obligation, which would, but for such avoidance by the Licensee, have been performable by it under the Exploration Licence.

2.2 The indemnity under clause 2.1(c) shall extend to all costs and expenses incurred by the Secretary of State in enforcing its rights under this Deed and/or in suing for or recovering any monies due to it under or in respect of the obligations which are the subject of this Deed.

3. CONTINUATION AND REINSTATEMENT

Nature of Guarantee

3.1 The guarantee given pursuant to this Deed shall remain in full force and effect until all the Guaranteed Obligations (both actual and contingent) have been fully performed or discharged and all liabilities arising under or in connection with the same have been fully satisfied and all sums payable by the Licensee to the Secretary of State in connection with them have been fully paid. The guarantee given pursuant to this Deed shall terminate three

(3) years following the termination of the Licence, provided that claims that accrued on or before the date upon which the Licence terminated and are, at the time of the termination of this guarantee, pending with the Licensee or the Guarantor shall continue to be subject to this guarantee until such claims are discharged and/or settled.

Waiver of defences

3.2 The Guaranteed Obligations under this Deed shall not be affected by:

- (a) any intermediate payment or settlement of account or by any change in the constitution or control of, or the insolvency of, or bankruptcy, winding-up or analogous proceedings relating to the Licensee or discharge in whole or in part or other matter whatsoever;
- (b) any amendment, variation, novation or supplement of or to the Exploration Licence or in respect of any other agreement or arrangement between the Secretary of State and the Licensee;
- (c) any forbearance, neglect or delay in seeking performance of the obligations imposed by this Deed or any granting of time for such performance; or
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or status of the Licensee or any other person.

Reinstatement

3.3 If any payment by the Licensee or Guarantor or any discharge given by the Secretary of State (whether in respect of the Licensee's obligations or the Guarantor's obligations or any security for those obligation or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of the Licensee and Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) the Secretary of State shall be entitled to recover the value or amount of that security or payment from the Licensee or Guarantor, as if the payment, discharge, avoidance or reduction had not occurred.

4. PAYMENTS AND ACCOUNTS

Set-off

4.1 The Guarantor shall not exercise any right of set-off or counterclaim it might have in respect of any payment due to the Secretary of State under this Deed.

No withholding

4.2 The Guarantor shall not make any withholding on account of tax from any payment due to the Secretary of State under this Deed, unless it is required by Law to do so at that time. If it is required by Law to do so at that time, the Guarantor shall increase the amount of the relevant payment so that, after the withholding and the Secretary of State receives the amount it would have received if such withholding had not been required to be made. The Guarantor shall notify the Secretary of State if these circumstances arise.

Default interest

- 4.3 If the Guarantor fails to pay on its due date any amount payable under this Deed it shall pay interest on that amount. Interest shall be payable from the due date until the date of payment of the relevant amount (even if payment is made only after a judgment has been obtained). At any time, the interest rate applicable to late payments shall be two per cent higher than the base rate at that time of the Royal Bank of Scotland plc. Interest accrued under this clause 4.3 shall be compounded monthly.

General

- 4.4 Each payment by the Guarantor under this Deed shall be made in sterling.
- 4.5 On each date on which the Guarantor is required to make a payment under this Deed, it shall do so in accordance with the Secretary of State's instructions (including as to time, method and place of payment).
- 4.6 The Secretary of State's calculation of any amount payable by the Guarantor under this Deed at any time will be conclusive and binding on the Guarantor (in the absence of manifest error).

5. REPRESENTATIONS AND WARRANTIES

The Guarantor makes the following representations and warranties to the Secretary of State:

- 5.1 It is a limited liability company, duly incorporated and validly existing under the laws of England and Wales, with power to own its assets and to carry on its business (and other activities) as they are being conducted.
- 5.2 It has the power and authority to enter into this Deed and to perform its obligations and exercise its rights under it.
- 5.3 The obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations (subject to the principle that equitable remedies are discretionary).
- 5.4 Entering into this Deed and performing its obligations and exercising its rights do not conflict with any law applicable to it, its memorandum and articles of association or any agreement binding upon it (or its assets).

6. SECRETARY OF STATE'S RIGHTS, REMEDIES AND DISCRETIONS

- 6.1 The rights of the Secretary of State under this Deed are independent of any other right which the Secretary of State has at any time in relation to the Exploration Licence.
- 6.2 The rights and remedies provided in this Deed are in addition to (not instead of) rights or remedies under any Law. If the Secretary of State fails to exercise any right or remedy under this Deed or delays his exercise of any right or remedy, this does not mean that he waives that right or remedy. If the Secretary of State exercises a right or remedy once, this does not mean that he cannot do so again. If the Secretary of State partly exercises a right or remedy, this does not mean that he cannot exercise that right or remedy again.
- 6.3 The Secretary of State may decide (a) whether and, if so, when, how and to what extent (i) to exercise his rights under this Deed and (ii) to exercise any other right he might have in relation to the Exploration Licence and (b) when and how to apply any payments received under this Deed and any other payments received by him in relation to the Exploration Licence. The Guarantor has no right to control or restrict the Secretary of State's exercise of this discretion. In particular, except as set forth in clause 7.5, the Guarantor is not permitted

to insist that the Secretary of State seeks payment from any other person, exercises any other right he might have or takes any other step before exercising any right under this Deed.

- 6.4 No provision of this Deed will interfere with the Secretary of State's right to arrange his affairs as he may decide (or oblige him to disclose any information relating to his affairs), except as expressly stated herein.

7. MISCELLANEOUS

- 7.1 If, at any time, any provision of this Deed is or is found to have been illegal, invalid or unenforceable in any respect under any law of any jurisdiction, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the other provisions of this Deed.

- 7.2 Any person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

- 7.3 The Secretary of State and the Licensee may at any time and from time to time agree to amend the Exploration Licence and the consent of the Guarantor shall not be required to any amendment of the Exploration Licence.

- 7.4 The Guarantor agrees, if and for so long as the Licensee is in default of any of its obligations under the Exploration Licence, and to the extent that doing so might reasonably be expected to prejudice the Licensee's ability to discharge its relevant obligations under the Exploration Licence, not to claim or enforce payment (whether directly or by set-off, counterclaim or otherwise) of any amount which may be or has become due to the Guarantor from the Licensee, until the full and final discharge of all obligations (whether actual or contingent) which are the subject of the guarantee and indemnity in this Deed.

- 7.5 The Secretary of State may not pursue a claim against Guarantor under this Deed unless the Secretary of State has first pursued remedies against the Licensee pursuant to the procedures set forth in the Exploration Licence.

- 7.6 This Deed may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

8. ASSIGNMENT

No assignment by Guarantor

- 8.1 The Guarantor shall not assign, novate or otherwise deal with any rights, interests or obligations under this Deed without the prior written consent of the Secretary of State.

Assignment by Secretary of State

- 8.2 The Secretary of State may, at any time and with the consent of the Guarantor, which consent may not be unreasonably withheld, assign, novate and otherwise deal with any rights, interests or obligations under this Deed; provided, that the Secretary of State shall not require the Guarantor's consent to assign or transfer any rights in respect of this Deed to another agency or instrumentality of the government of the United Kingdom, provided further that where such assignment or transfer is by written instrument the Secretary of State shall provide advance notice to the Guarantor of any such assignment. For the purposes of

this clause a written instrument does not include an order made under the Ministers of the Crown Act 1975.

- 8.3 The Secretary of State may disclose any information he sees fit to any person (a) to which he proposes to assign or novate (or has assigned or novated) any rights, interests or obligations under this Deed and/or (b) with which he proposes to enter into (or has entered into) any other dealings in relation to any such rights, interests or obligations.

9. **NOTICES**

- 9.1 A notice (including any approval, consent or other communication) in connection with this Deed:

- (a) must be in writing in the English language;
- (b) must be left at the address of the addressee or sent by pre paid first class post (airmail if posted to or from a place outside the United Kingdom) to the address of the addressee in each case which is specified in this clause in relation to the party to whom the notice is addressed, and marked for the attention of the person so specified, or to such other address, and/or marked for the attention of such other person as the relevant party may from time to time specify by notice given in accordance with this clause.

The relevant details of each party at the date of this Deed are:

Guarantor

Address: Lockheed Martin UK Holdings Ltd
Cunard House
15 Regent Street
London SW1Y 4LR
United Kingdom

Attention: Chief Executive

with a copy (which shall not constitute notice) to:

Address: Lockheed Martin UK Holdings Ltd
c/o Lockheed Martin Corporation
6801 Rockledge Drive, MP 261
Bethesda, MD 20854
United States of America

Attention: Treasurer

The Secretary of State

Address: Department for Business, Innovation & Skills, 1 Victoria Street,
London, SW1H 0ET

Attention: Head of Legal Services, Department for Business, Innovation & Skills,
1 Victoria Street, London, SW1H 0ET

- (c) for the avoidance of doubt, must not be sent by electronic mail.

- 9.2 Subject to sub clause 9.3 below, a notice is deemed to be received:

- (a) in the case of a notice left at the address of the addressee, upon delivery at that address;
- (b) in the case of a posted letter, on the third day after posting or, if posted to or from a place outside the United Kingdom, the seventh day after posting.

9.3 A notice received or deemed to be received in accordance with sub clause 9.3 above on a day which is not a Business Day or after 5 p.m. on any Business Day, according to local time in the place of receipt, shall be deemed to be received on the next following Business Day. For the purposes of this clause, "**Business Day**" shall mean a day not being a Saturday on which trading banks are generally open for business in the City of London.

10. CONFIDENTIALITY

10.1 Each party to this Deed undertakes to the other that (unless the prior written consent of the other party shall first have been obtained) it shall, and shall procure that its officers, employees, advisers and agents shall keep confidential and not by failure to exercise due care or otherwise by any act or omission disclose to any person whatever, or use or exploit commercially for its or their own purposes, any of the confidential information of the other party. For the purposes of this clause 10, "confidential information" shall include:

- (a) the existence and contents of this Deed and any other agreement or arrangement contemplated by this Deed;
- (b) information of whatever nature concerning the business, finances, assets, liabilities, dealings, transactions, know how, customers, suppliers, processes or affairs of the other party;
- (c) any information which is expressly indicated to be confidential or is imparted by one party to the other in circumstances importing an obligation of confidence; or
- (d) which any party may from time to time receive or obtain (orally or in writing or in disk or electronic form) as a result of entering into, or performing its obligations pursuant to, this Deed or otherwise.

10.2 The consent referred to in clause 10.1 shall not be required for disclosure by a party of any confidential information:

- (a) to its officers, employees and agents, in each case, to the extent required to enable such party to carry out its obligations under this Deed and who shall in each case be made aware by such party of its obligations under this Deed and shall be required by such party to observe the same restrictions on the use of the relevant information as are contained in this clause 10.2;
- (b) to its professional advisers who are bound to such party by a duty of confidence which applies to any information disclosed;
- (c) to the extent required by applicable law or by the regulations of any stock exchange or regulatory or supervisory authority (including the Panel on Takeovers and Mergers) to which such party is subject or pursuant to any order of court or other competent authority or tribunal;
- (d) to the extent that the relevant confidential information is in the public domain otherwise than by breach of this Deed by such party;

- (e) which is disclosed to such party by a third party who is not in breach of any undertaking or duty as to confidentiality whether express or implied; or
- (f) which that party can prove that it lawfully possessed prior to obtaining it from the other.

10.3 If a party becomes required, in circumstances contemplated by clause 10.2, to disclose any information such party shall give to the other party such notice as is practical in the circumstances of such disclosure and shall co operate with the other party, having due regard to the other party's views, and take such steps as the other party may reasonably require in order to enable it to mitigate the effects of, or avoid the requirements for, any such disclosure.

11. GOVERNING LAW

11.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

12. ARBITRATION

12.1 If at any time any dispute, difference or other question shall arise between the Secretary of State and the Guarantor as to any matter arising under or by virtue of this Deed or as to their respective rights and liabilities in respect thereof then the question shall, except where it is expressly provided by this Deed that it is to be determined, decided, approved or consented to by the Secretary of State, be referred to arbitration as provided in the following paragraph.

12.2 The arbitration referred to in the foregoing paragraph shall be conducted in accordance with the Arbitration Act 1996 by a single arbitrator who, in default of agreement on his appointment between the Secretary of State and the Guarantor within three months of a request for arbitration by either party, shall be appointed at the request of either party by the Lord Chief Justice of England for the time being:

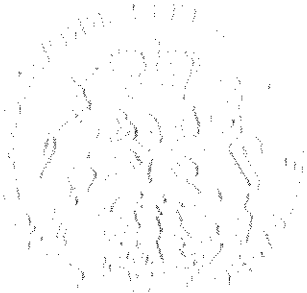
- (a) provided that if any such dispute, difference or other question arises solely out of any act or omission taking place in Scotland or in territorial waters adjacent thereto or in a designated area or part of a designated area in respect of which an Order in Council has been made pursuant to section 11 of the Petroleum Act 1998 making provision for the determination of questions in accordance with the law in force in Scotland the arbitration referred to in the foregoing paragraph shall be conducted by a single arbiter who, in default of agreement between the Secretary of State and the Guarantor on his appointment as aforesaid, shall at the request of either party be appointed by the Lord President of the Court of Session; and
- (b) provided further that if any such dispute difference or question arises solely out of any act or omission taking place in Northern Ireland or in territorial waters adjacent thereto or in a designated area or part of a designated area in respect of which such an Order in Council has been made making provision for the determination of questions in accordance with the law in force in Northern Ireland the arbitration referred to in the foregoing paragraph shall be conducted in accordance with the Arbitration Act 1996 by a single arbitrator who, in default of agreement between the Secretary of State and the Guarantor on his appointment as aforesaid shall be appointed on the request of either party by the Lord Chief Justice of Northern Ireland for the time being.

12.3 If arbitral proceedings have already been commenced under this Deed or the Exploration Licence (a "**Pre-Existing Arbitration**"), and a party to this Deed contends that a dispute has

arisen relating to issues which are substantially related to and/or involve the same parties as issues to be determined in a Pre-Existing Arbitration, then that party may seek to refer the dispute to the arbitral tribunal in the Pre-Existing Arbitration. The parties to this Deed agree that the arbitral tribunal in the Pre-Existing Arbitration shall have the discretion, taking into account the interests of justice and efficiency, the stage of the proceedings and all other relevant circumstances, to determine the dispute in the Pre-Existing Arbitration upon such terms or conditions as the arbitral tribunal thinks fit.

12.4 The parties to this Deed expressly accept that any dispute under this Deed may accordingly be disposed of in the same arbitration proceedings as any other dispute arising under another Exploration Licence, even in the presence of parties other than the parties to this Deed.

[signature page follows]



IN WITNESS WHEREOF this Deed of Guarantee has been executed as a DEED and delivered on the date first above written.

EXECUTED as a DEED
for and on behalf of
LOCKHEED MARTIN UK LIMITED
acting by a director

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)
)
)
[Redacted Signature]

18 May 2012

.....
Signature of Director

in the presence of:

Signature of Witness:

[Redacted Signature]

Name of Witness:

[Redacted Name]

Address of Witness:

[Redacted Address]

Occupation of Witness:

[Redacted Occupation]



THE CORPORATE SEAL of
THE SECRETARY OF STATE FOR
THE DEPARTMENT FOR BUSINESS
INNOVATION & SKILLS

hereunto affixed is authenticated by
[Redacted Name] in the Department
of Business Innovation & Skills

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[Redacted Signature]

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Signature