

**INVESTMENT AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF ICELAND**  
**AND**  
**SILICOR MATERIALS HF.**

This Investment Agreement is made on 26 September 2014 (the “Investment Agreement” or the “Agreement”) by and between:

The Government of Iceland (hereinafter referred to as the “Government”) represented by the Minister of Industry and Commerce, with offices at Skúlagötu 4, 150 Reykjavík, and Silicor Materials Inc. (hereinafter referred to as “Silicor Materials”), 1750 Lundy Ave, 610220, San José, California 95161, United States of America, on behalf of an un-established company Silicor Materials hf., a limited liability company organized and operated under the laws of Iceland to be established in October 2014 (hereinafter referred to as the “Company”),

Collectively, the above may also be referred to hereinafter as the “Parties” and individually as a “Party”.

This Investment Agreement between the Government and the Company on the implementation of the project, a solar silicon plant in Grundartangi (“the Project”) is, based on rules and obligations on state aid under the Agreement on the European Economic Area (“EEA”) on state aid.

The Government is committed to increase new investments which promote diverse job environment in Iceland and positive economic impact on regional development and the national economy in general.

The Government will promote and facilitate the establishment of the Project as results show, after due examination on its feasibility using current and foreseeable economic conditions, the Project could have a positive social and economic impact for the economy and especially Hvalfjarðarsveit and surrounding municipalities. The Parties agree that in order to ensure that the Project will be realized, it is necessary to enter into this Agreement with the view to provide the foundation necessary to realize the Project.

The Parties hereby agree that the introduction to this Agreement forms an integral part of the Agreement and do further agree as follows:



## Article 1

### *Structure, Purpose and Exemptions.*

1.1. The Company which shall own and operate the solar silicon plant in Iceland, has been established in accordance with Icelandic law as further provided in Act No. 2/1995 on limited liability companies.

1.2. The purpose of the Company is to build and operate a solar silicon manufacturing plant in Grundartangi, Hvalfarðarsveit, with name-plate production capacity at full commercial scale of approximately 19,000 metric tons (the "Project").

1.3. All plant-equipment will be new or recent and the Company intends to start operation as soon as possible and create employment in the region.

1.4. The Company shall be exempted from provisions of paragraph 1, sub-paragraph 4 of Article 1 of the Act No. 19/1966 on the Right to Own and Utilize Real Estate requiring that four-fifths of the share capital of a limited company be owned by Icelandic citizens and that Icelandic citizens control the majority of votes at shareholders' meetings and that all directors be Icelandic citizens.

1.5. The Company shall be exempted from the provisions of subparagraph 2 of Article 66 of Act No. 2/1995 on limited liability companies requiring that the majority of board members and the managing director of a limited liability company shall have residence in Iceland, and any similar provisions subsequently adopted.

1.6. The Government will ensure that the Company enjoy the rights and benefits conferred under this Investment Agreement and that no undertaking will be made that would restrict or otherwise adversely affect, burden or delay the implementation of the Project and the operations of the Company or otherwise obstruct the rights and benefits provided under this Agreement to the Company.

## Article 2

### *Ownership of Shares.*

2.1. Silicor Materials, 1750 Lundy Ave, 610220, San José, California 95161, United States of America will be the only owner of the Company when the Investment Agreement is signed. Following an equity private placement of shares in the Company, Silicor Materials will be diluted as a shareholder. Following the dilution, Silicor Materials will remain a strategic shareholder with significant input into the operational management of the Company. Silicor Materials has the intention of being the strategic owner of the Company during the building of the solar silicon plant and retaining this position once the plant is operating at full capacity.

## Article 3

### *Operations.*

3.1. The Company aims to commence production in the 2016 and have reached full production capacity in the year 2017.

3.2. If it shall become necessary for the Company to obtain from the Government any further consent or license, not yet obtained or required at the date of signing of this Agreement, the Government shall use its best efforts to assist the Company to obtain such further consent or license, in accordance with national legislation.

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#### Article 4

##### *Principles and Procedure of Taxation.*

4.1. The Company shall be subject to taxes and other public charges generally levied in Iceland, according to the rules applicable to such charges under the law from time to time, except as otherwise provided in this Agreement.

4.2. General provisions of Icelandic income tax, value added tax and municipal tax legislation prevailing from time to time relating to tax returns and their due dates, assessment, reviews, reassessment, collection, due dates and payment and other settlement procedures of income tax, value added tax and municipal tax and to protests and disputes arising in connection thereof, shall apply to the Company, except as provided in this Agreement.

#### Article 5

##### *Incentives on taxes and fees.*

5.1. Notwithstanding the provisions of Act No. 90/2003 on Income Tax, as amended:

- a. The Company shall pay income tax at the rate of 15%. If the overall tax rate for the period decreases below the aforementioned ratio, the lower tax rate shall be applicable to the Company.
- b. Fixed assets relating to the Project shall be considered to consist of buildings, machinery and equipment in fixed proportions, which shall be classified according to Articles 37 and 38 of Act No. 90/2003. Depreciation shall be determined as provided for in Section 5.4 of this Agreement.

5.2. General social security charge, that the Company pays, shall be 50% lower than what is stipulated in Article 2 (3) of the Act No. 113/1990 on social security charge for the term of this Agreement.

5.3. The rate of property tax for the Company shall be 50% lower than the stipulated maximum rate according to Chapter II of the Act No. 4/1995.

5.4. In the year when new assets are taken into operation, the Company can elect to depreciate those assets with a proportional factor of the annual depreciation instead of full years depreciation as otherwise provided for in Article 34 of Act No. 90/2003. In spite of the provision of Article 42 of Act No. 90/2003 the Company is allowed to depreciate its assets down to no residual value.

5.5. The incentives, exemptions, derogations and other stipulations of this article shall remain in full force and effect for 10 years from the day the relevant taxable obligation or charge obligation is activated by the Company, however never more than 13 years from date of signature of this Agreement.

5.6. The Government shall not impose new/further charges or taxes related to electricity purchase and/or consumption by the Company, unless such charges or taxes are generally levied on other companies in Iceland.

5.7. The Government shall not impose taxes, duties or charges related to emission or pollution or the release of gas or other disposal of waste, unless such charges or taxes are generally levied on other companies in Iceland.

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## Article 6

### *Import Duties.*

6.1. The importation or domestic purchase by or on behalf of the Company of construction materials, raw materials and all other production supplies which are required for the operation of the Project, machinery and equipment and other capital goods and spare parts for the building of the Project and the operation thereof, shall be exempt from customs and duties pursuant to Act No 88/2005 on Customs and excise duties pursuant to Act No 97/1987 on Excise Duties.

6.2. The Company shall be granted deferral of VAT (custom credit) on imports, despite of Act No. 50/1988 on Value Added Tax, until the due date of reimbursement for the relevant tax period.

6.3. The concessions, exemptions, derogations and other stipulations of this Article shall remain in full force and effect for 10 years from the day the relevant taxable obligation or charge obligation is activated by the Company, however never more than 13 years from date of signature of this Agreement.

## Article 7

### *Maximum incentives.*

7.1. Maximum available State aid pursuant to Articles 5 and Article 6 of this Agreement shall be 4.453.000.000 ISK (four thousand four hundred and fifty three million ISK) NPV.

## Article 8

### *Principles of Accounting.*

8.1. The annual financial statements of the Company shall be established on the basis of accounting principles issued by national legislation.

8.2. Should the Company wish to record all its transactions and issue its financial statements in foreign currency, such action shall be applied for in accordance with national legislation.

## Article 9

### *Review of Tax Arrangements.*

9.1. During the Contract Period the Company may elect to be subject to general Icelandic tax laws as existing from time to time. A request for such a transition shall be made by way of written notice submitted not later than June 1 of the calendar year next prior to the calendar year when such a transition is to take effect. If such notice is given, the Parties shall promptly enter into negotiations on the transition to the general tax system according to the cited laws. The Parties shall agree on the transition procedures to accomplish such changeover. Thereafter, the Company shall be subject to these tax laws for the remaining term of this Agreement.

## Article 10

### *Publication of this Investment Agreement.*

10.1. This Agreement shall be published in its entirety in the B-Section of the Government Gazette in Iceland forthwith subsequent to its signing by the Parties. Publication of this Agreement shall not be a condition for entry into force. The foregoing shall apply in the same way to any changes to this Agreement that the Parties may subsequently make to the Agreement in accordance with its terms.



#### Article 11

##### *Assurances by the Government.*

11.1. The Government will take all steps necessary to ensure that the Company enjoy all the rights and benefits conferred under this Agreement and that no undertaking will be made that would restrict or otherwise adversely affect the implementation of the Project and the operations of the Company in relation to the Project or otherwise.

#### Article 12

##### *Governing Law and Disputes.*

12.1. This Agreement shall be governed by and construed in accordance with Icelandic law.

#### Article 13

##### *Agreement on the European Economic Area.*

13.1. The object of the Company is to produce products that fall within the EEA Agreement, cf. Act No. 2/1993 on the European Economic Area. In accordance with the obligations of Iceland under the EEA Agreement, state aid provided under this Agreement is to be in conformity with the functioning of the EEA Agreement. Consequently, a decision to invest will not be taken until the State Aid implied in this Agreement has been reviewed by the EFTA Surveillance Authority (ESA) and ESA has concluded that such State Aid is in compliance with the EEA Agreement.

#### Article 14

##### *Force majeure.*

14.1. For the purposes of this Agreement, Force Majeure is hereby defined to mean hostilities (whether or not a state of war is declared), warlike operations, military occupation, revolution, insurrection, civil war, riot, rebellion, civil commotion, mob violence, acts of piracy, acts of sabotage, radioactivity, plague, explosion, fire, earthquake, volcanic eruption, windstorm, tidal wave, flood, severe icing conditions, drought, lightning, quarantine, embargo, general suspension of transportation or navigation, or any similar event which may not reasonably be prevented or controlled by the affected Party, and for said purposes Force Majeure shall also include general strikes, local strikes, boycotts, lock-outs or similar labour disturbances in Iceland or elsewhere effecting the Party in Iceland or a supplier, so claiming the force majeure, which the Party affected could not, by taking all reasonable measures available to it, have prevented or controlled (provided, however, that no Party is under any obligation to settle any such labour disturbance), but only for such period as such Party shall remain unable to effect a termination thereof by taking all reasonable measures available to it.

14.2. No failure, delay or omission by the Parties to perform any of their obligations pursuant to this Agreement shall be considered a default in the performance of such obligations if and insofar as any such failure, delay or omission is caused by or arises from a Force Majeure.

14.3. The Party alleging the existence of Force Majeure for the purposes of this Article shall have the burden of establishing the existence of such Force Majeure. A failure, delay or omission shall for the purposes of this Article be considered to have been caused by Force Majeure only if the Party so failing, delaying or omitting to perform can establish (a) that the failure, delay or omission is the direct result of or directly arises from a Force Majeure as defined in 15.1. above, and (b) that it has exercised due care and has taken all reasonable alternative measures to avoid such failure, delay or omission.

14.4. Each Party shall promptly give notice to the other Parties of Force Majeure causing any failure, delay or omission in the performance of its own obligations under this Agreement. Such Party also shall make all reasonable efforts to mitigate the effect of its failure, delay or omission to perform in full. The Party claiming Force Majeure shall give notice to the other Party of the cessation or delay of the relevant event of Force Majeure and shall, take all reasonable steps within its power to resume with the least possible delay the performance of its obligations under this Agreement.

#### Article 15

##### *Assignment.*

15.1. The rights and obligations under this Agreement shall not be assigned, transferred or delegated by any Party without the consent of the other Parties unless explicitly allowed under the terms of this Agreement. Such consent shall not be unreasonably withheld or delayed.

15.2. Notwithstanding paragraph 1. of this Article the Company may assign rights and obligations, without the Governments consent, to financial institutions as security for any financing relating to the Project. Subject to a direct agreement being entered into between the Government and respective financial institutions, upon enforcement of the security, the Government shall consent to the transfer of the Company rights and obligations under this Agreement to financial institutions holding such security or the further sale from such financial institutions to any person who acquires the Company interest in the Project and meets the general conditions stipulated relating to owners of similar investment projects.

#### Article 16

##### *Amendments and Review.*

16.1. This Agreement may be amended solely by a supplemental agreement duly entered into in writing between the Parties.

16.2. In entering into this Agreement the Parties recognize that it is impractical to make provisions for every contingency which may arise during the course of this Agreement. The Parties declare it to be their intention that this Agreement shall be operated between them with fairness and without detriment to the interests of either of them, taking into account the allocation of benefits and risks ensuing from it.

#### Article 17

##### *Training aid.*

17.1. Subject to a special authorization in the National Budget, as approved by the Parliament, the Company shall be entitled to a training aid, covering training cost for the Project, in the maximum amount of EUR 2 million, subject to the Company furnishing the Government with sufficient proof, in the reasonable opinion of the Government, of actual incurred costs due to training of employees in relation to the Project. The granting of any training aid for the Project is furthermore subject to fulfilment of the conditions laid down in the general block exemption regulation (GBER) as adapted to the EEA Agreement.

17.2. As the Project constitutes a new industry in Iceland and work knowledge is non-existent in the Country the training aid of special significance to the Company. The Minister of Industry and Commerce will use its best efforts to provide authorization for the training aid in the National Budget for 2015 as the training of employees is scheduled to start in the fall of 2015.

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## Article 18

### *Notices.*

18.1. Any notice required or permitted to be given hereunder shall be in writing dispatched by registered mail or email in a verifiable manner, addressed as follows:

#### **If to the Government:**

Ministry of Industries and Innovation (Atvinnuvega- og nýsköpunarráðuneyti)  
Skúlagata 4  
150 Reykjavík

#### **If to the Company:**

Craig Wellen  
Chief Financial Officer  
Silicor Materials, Inc.  
1750 Lundy Ave, 610220  
San José, California 95161  
United States of America

or to such other address, email address and/or telefax number as the relevant Party may notify to the other Parties in accordance with the above procedure.

18.2. Notices required or permitted under this Agreement may be waived, in writing, by the Party entitled to receive the same either before or after the date on which notice is required or permitted to be given.

18.3. Notices given as herein provided shall be considered to have been given ten (10) calendar days after the mailing thereof or two (2) business days after dispatch if sent by telefax, provided that in the case of telefax the confirmation by registered mail is actually received thereafter. A notice by email shall be considered to have been given at the dated of reply by the recipient.

## Article 19

### *Miscellaneous Provisions.*

19.1. This Investment Agreement shall be signed and delivered by the Parties in two (2) copies in English, one for each Party. Each such copy shall constitute an authentic original of equal validity with each of the other copies. In case of a dispute the Icelandic text shall govern.

19.2. To ensure the proper use of the incentives provided for in this Agreement, the Company shall send to the Ministry of Industry an annual report on the progress of the investment project, the share of the incentives in its advancement, the total amount of state aid granted in the preceding year and specification of other commercial activities of the Company, if any. The Ministry may request that a certified auditor confirms the information that the Company sends to the Ministry for this purpose.

19.3. The incentives provided for in this Agreement shall be cancelled and granted incentives recovered if it is revealed that the Company has knowingly provided false information or concealed information which influenced the granting of the incentives. An incentive shall be

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recovered if it has been used for any purposes other than the Project in respect of which the incentive was granted.

19.4. If it is revealed that the incentives provided under this Agreement have exceeded the aggregate levels permitted in Article 7 and other provisions, the excess amount provided shall be reclaimed from the Company.

19.5. If a decision on an incentive is withdrawn pursuant to this Article, or following a decision by the EFTA Surveillance Authority on unlawful state aid, the Parties shall together renegotiate this Agreement and use for that task all legal measures with the objective to minimize the effects of the withdrawal on the Company.

19.6. Should the Project not materialize or the operation of the company vary in great from the Investment Project set forth in this Agreement in less than five years from signing date shall the Company reimburse all incentives and state aid that the Company has been granted under this Agreement.

## Article 20

### *Entry and Contract Period.*

20.1. This Investment Agreement shall become effective when:

- A. the Icelandic Parliament has, by law, granted the Minister of Industry and Commerce the authority to ratify this Agreement and this shall be concluded as soon as practically possible.
- B. the EFTA Surveillance Authority has concluded that the State aid provided by this Agreement is in accordance with the EEA Agreement.

20.2. This Agreement shall continue in force for thirteen (13) years from the date of its entry into force according to paragraph 1 of this article (the "Contract Period"), with the exception of the special provisions regarding taxes and fees in Article 5.5 and Article 6.3 of this Agreement.

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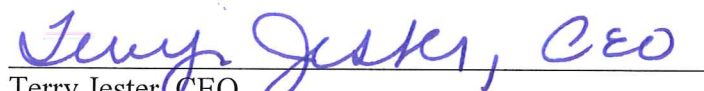


IN WITNESS WHEREOF, this Agreement has been signed on behalf of the Government and the Company as of the date first above written, in two copies.



**On behalf of the Government of Iceland**

  
Ragnheiður Elín Árnadóttir, Minister of Industry and Commerce

**Silicor Materials PLC, on behalf of the un-established company  
Silicor Materials hf.**

  
Terry Jester, CEO

Witnesses:

  
Jón V. Gunnarsson id.no 160273-5359  
  
Angri M. Pálsson kt. 200572-4759