BASELOAD CAPITAL

PRESENTATION – EU Innovation Fund

23 September 2019
Baseload Capital is a Specialized Investment Entity focusing on Heat Power

Baseload Capital will work globally with the aim to give Heat Power Operators the financial tools to build and operate renewable heat power plants

<table>
<thead>
<tr>
<th>Founders and owners</th>
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<tbody>
<tr>
<td><strong>GULLSPÅNG</strong> 20%</td>
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<tr>
<td>Gullspång is a family owned investment company with a long-term investment horizon. The portfolio mainly consists of companies in energy, food, water, health and education industries</td>
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<td><strong>LMK Forward</strong> 20%</td>
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<td>LMK Forward is part of the LMK Industry group. The company invests in, among other things, profitable, sustainable energy projects, safety technologies, real estate, life science, fintech and IT Services</td>
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<td><strong>BLUE</strong> 20%</td>
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<td>Blue is an investment company investing in international companies with clear sustainability profiles that aim at achieving a positive impact on humanity, the environment and society</td>
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<td><strong>CLIMEON</strong> 15%</td>
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<td>Climeon provides a technology that uses the energy in low-temperature geothermal heat to generate electricity</td>
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Note: Remaining ownership include ~1% Baseload Capital management and ~4% Option pool
Low temperature geothermal energy is an untapped renewable energy source opening up significant green energy opportunities globally.

If Enhanced Geothermal Systems becomes an established technology, the total global potential is **330 TW**.

**Limitations**
- High temperatures at 3-7km depth
- Cost efficient heat extraction
- Cost efficient drilling
- However...

**230 GW**
- Total market
  - ... the total market, with existing technologies, is **230 GW**, estimated with medium depths...

**110 GW**
- Baseload's market
  - ... Baseload’s current market, however, is **110 GW**, and consists of existing sites with low temperature heat.

Source: Baseload Capital and Climeon research
Standardised & modular design for easy scalability

Climeon Heat Power system

- **150kW module**
- **2 x 150kW modules**

Modular plug & play system
Delivered in complete 150kW modules requiring only three connections (heating, cooling & grid)

Compact and durable
Compact with only three moving parts, designed for indoor and outdoor installation with an estimated life time of 30 years

Significant volume production benefits
A standardised module enjoys significant volume benefits as system assembly, component sourcing and site installation are all scalable

Up to 50MW system

- **in standardised 150 kW modules**
- The modular design makes the Heat Power system suitable for both smaller and larger installations, e.g. from tight engine rooms in marine vessels up to 50MW geothermal power plants (>300 modules).

Moreover, scale does not add complexity to the system – with (still) only three connections needed, which in turn decreases OPEX.

Superior scalability and versatility
Easy installation & integration at existing sites with all-in-one compact design, with gradual expansion possibilities
A combination of series and parallel connected modules bring significant opportunities while minimizing risk

**Example 1**

30 l/s Heat source

Modules connected in series

- 120°C
- 110°C
- 100°C
- 90°C
- 80°C
- 74°C

700 kW power plant

Easy to by-pass one or several modules should they need maintenance

**Example 2**

90 l/s Heat source

Modules connected in parallel and series

- 120°C
- 110°C
- 100°C
- 90°C
- 80°C
- 74°C

2,100 kW power plant
Climeon’s modular Heat Power Units allows for fast geothermal project deployment

**Project overview**

- In 2018, the first Climeon based low temperature modular geothermal Heat Power plant was completed
- 600 kW installed capacity
- This first project in Iceland has shown very stable electricity production
- The modular approach allows for fast deployment — 10 months from start to finish, with ample room for improvement in subsequent projects
- Climeon and Baseload are convinced that this approach to geothermal can be deployed on a large scale around Europe

**Geographical location and key info**

- **Size**: 600 kW
- **Budget**: EUR 1.7m
- **Land lease**: 30+30 yrs
- **PPA**: HS Orka
- **Project time**: 10 months

**Project overview**

<table>
<thead>
<tr>
<th>Origination</th>
<th>Front-End Engineering &amp; Design</th>
<th>Project Agreements</th>
<th>Planning &amp; permitting</th>
<th>Civil work</th>
<th>Cooling installation</th>
<th>Module installation</th>
<th>Commissioning</th>
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<tbody>
<tr>
<td>February 2018</td>
<td>March 2018</td>
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<td>April 2018</td>
<td>May 2018</td>
<td>August 2018</td>
<td>September 2018</td>
<td>November 2018</td>
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<tr>
<td></td>
<td>• Project origination</td>
<td>• Pre-study</td>
<td>• Land lease</td>
<td>• Bill of Materials</td>
<td>• Cooling solution</td>
<td>• Modules setup</td>
<td>• Site up and running</td>
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<td>• MOU</td>
<td>• Profitability</td>
<td>• Grid connection</td>
<td>• Sourcing and purchasing</td>
<td>• Piping</td>
<td>• Electricity</td>
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<td>assessment</td>
<td>• Construction license</td>
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<td></td>
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<td>• First project design</td>
<td>• Energy production license</td>
<td>• Groundwork</td>
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**Project timeline**

- **February 2018**: Project origination, MOU
- **March 2018**: Pre-study, Profitability assessment, First project design
- **March 2018**: Land lease, Grid connection, PPA
- **April 2018**: Construction license, Energy production license
- **May 2018**: Bill of Materials, Sourcing and purchasing, Groundwork
- **August 2018**: Cooling solution
- **September 2018**: Modules setup, Electricity, Piping, Grid connection
- **November 2018**: Site up and running
Proposed 5MW Project: [location], Central Europe

Project overview

- Baseload / Climeon are looking to realise a project in Central Europe
- This project would be the **first larger scale deployment of Climeon’s technology**
  - **Proof of concept** for the technology on a larger scale
  - Opportunity for substantial **valuable experience from an engineering perspective** with regards to monitoring systems, cost efficient deployment and system optimization for a larger system
  - Innovation would include a **recently developed internal solution** for simplified, faster and more **efficient deployment**
  - Key step for Climeon’s technology to **reduce LCOE** towards a longer term commercially sustainable target level
  - Important **show case** for the modular Climeon technology
- Once operational, multiple additional sites are available, particularly in Eastern and Central Europe where low/medium temperature geothermal sources are abundant

General Concerns

- **Drilling costs** represent around **50% of total** estimated CAPEX, and typically need to be fully **equity financed**
- **Feed-in-Tariffs** vary between European countries and are in many cases being gradually **reduced or terminated**, despite limited deployment of geothermal power in Europe to date
  - Traditional geothermal project lead times are several years, with timing of completion uncertain
- European wide **“Exploration refund” facility**, potentially borrowing design from Oil and Gas Exploration tax refund in Norway, could be a way to increase exploration activity for Geothermal Drilling
- EU innovation fund support would be crucial to de-risk the project

Key Project Info

- **Size**: 5 MW
- **Budget**: EUR ~50m
- **PPA**: 20 years
- **Drilling**: 2 x 3,500-4,000m
- **Drilling cost**: EUR ~25m
- **COD**: 2020/2021
- **GHG Savings Estimate**: ~30k tonnes of CO2 p.a.

Potential additional local benefits

- **District Heating**: Reduction of heating needs for nearby communities by using residual heat for district heating
- **Greenhouses**: Potential to create local produce and employment opportunities using residual heat