

WHEN RECORDED PLEASE RETURN TO:

Klamath Basin Geopower, Inc.
200 South Virginia Street, Suite 560
Reno, Nevada 89501



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09/03/2014 11:34:16 AM

Fee: \$167.00

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**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT
AND FIXTURE FILING**

THIS LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is made as of the 28th day of August, 2014, by and among OLENE KBG, LLC, a Nevada limited liability company, as grantor, whose address is 200 South Virginia Street, Suite 560, Reno, Nevada 89501 ("Grantor"); TICOR TITLE COMPANY, as trustee, whose address is 111 SW Columbia Street, Suite 1000, Portland, Oregon 97201 ("Trustee"), and KLAMATH BASIN GEOPOWER, INC., a Nevada corporation, as beneficiary, whose address is 200 South Virginia Street, Suite 560, Reno, Nevada 89501 ("Beneficiary").

RECITALS

THIS DEED OF TRUST is given to secure:

A. The payment and performance of all obligations of Grantor under that certain amended and restated promissory note (the "Note") of even date herewith, executed and delivered by Grantor to Beneficiary in the original principal sum of Two Million Two Hundred Thirty Thousand Dollars (\$2,230,000.00), wherein Grantor promises to pay to Beneficiary the sums specified therein, with interest thereon at the rates and times, in the manner and according to the terms and conditions specified in the Note; and

B. The payment of all sums advanced by Beneficiary under or pursuant hereto, with interest thereon at the Default Rate (as hereinafter defined; capitalized terms used herein without definition shall have the meanings set forth in Section 4.1 hereof) or the maximum rate of interest permitted to be charged to Grantor under applicable law from time to time, whichever shall be less; and

C. The performance of the obligations and agreements of Grantor contained herein, and in each agreement of Grantor incorporated by reference herein.

(All obligations described in Clauses A through C above are sometimes collectively referred to as the "Obligations.")

NOW, THEREFORE, with reference to the foregoing recitals, in reliance thereon and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby irrevocably grants, transfers, conveys and assigns to Trustee, in trust, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, those certain leasehold estates and all of Grantor's right, title and interest in, to and under the leases (collectively the "Leases", "Lease" means either of the Leases) described in Exhibit A attached hereto and made a part hereof, which Leases relate to the tracts or parcels of land located in the County of Klamath and State of Oregon (the "Property") and more particularly described in Exhibit B attached hereto and made a part hereof;

TOGETHER WITH:

1. any and all improvements now or hereafter erected thereon, including, but not limited to, any and all fixtures, attachments, appliances, equipment, machinery and other articles owned by Grantor and attached to said improvements (the "Improvements");
2. all leasehold estate, right, title and interest of Grantor in and to all leases or subleases covering the Property, the Improvements or any portion thereof, now or hereafter existing or entered into, and all right, title and interest of Grantor thereunder, including, without limitation, all cash or security deposits, advance rentals and deposits or payments of similar nature;
3. all right, title and interest of Grantor in and to the Property or any portion thereof or interest therein, and any greater estate in the Property now owned or hereafter acquired by Grantor;
4. all rents, issues, profits, royalties, income and other benefits presently or in the future derived from any of the foregoing;
5. all interests, estate or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Property;
6. all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same;
7. all of the rents, revenues, royalties, income, proceeds, profits, accounts receivable, security and other types of deposits, and other benefits paid or payable to Grantor for using, leasing, licensing, possessing, operating, residing in, selling or otherwise enjoying the leasehold interest of Grantor created under the Leases;
8. all right, title and interest of Grantor in and to any and all tangible personal property owned by Grantor and now or at any time hereafter located on or at the Property or used

in connection therewith (the "Personal Property"), including, but not limited to, all goods, materials, machinery, tools, insurance proceeds, equipment, inventory, and other supplies;

9. all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Grantor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain or condemnation, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Collateral;

10. any and all agreements, documents, certificates, instruments, legal opinions and other materials relating to the Leases; and

11. all accounts, chattel paper, instruments, general intangibles, deposit accounts, inventory, equipment investment property, fixtures, goods, accessions and additions to, and substitutions and replacements of, any and all of the foregoing, and proceeds and products of the foregoing.

The entire estate, property and interest hereby conveyed to Trustee may be referred to herein as the "Collateral."

TO HAVE AND TO HOLD as provided herein the above granted and described Collateral unto and to the proper use and benefit of Beneficiary, and the successors and assigns of Beneficiary, forever.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, GRANTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE 1.

COVENANTS AND AGREEMENTS OF GRANTOR

1.1 Payment and Performance of Obligations. Grantor shall pay when due and without offset, counterclaim or defense all of the Obligations secured hereby. Grantor shall fully and faithfully observe and comply in all respects with the terms, provisions, conditions, covenants and agreements on the part of Grantor to be observed and performed under this Deed of Trust and the other Loan Documents.

1.2 Representations and Warranties. Grantor represents and warrants that: (a) it holds a valid leasehold interest in the Property pursuant to the Leases; (b) it has good and marketable fee simple title to the Improvements and good and marketable title to the Personal Property; (c) this Deed of Trust is a valid first lien upon the Collateral and that it has not created any lien other than the lien of this Deed of Trust on the Collateral; (d) Beneficiary shall quietly enjoy and possess the Collateral; and (e) there are no defenses or offsets to this Deed of Trust or to the Obligations which it secures. Grantor shall not, directly or indirectly, create or suffer to be

created, or to stand, any lien upon any portion of the Collateral. Grantor shall preserve such title and the validity and priority of the lien hereof and shall forever warrant and defend the same to Beneficiary against the claims of all persons and parties whatsoever.

1.3 Maintenance, Repair, Alterations, Etc.

1.3.1 Grantor will: keep and maintain the Collateral in good condition and repair; make or cause to be made, as and when necessary, all repairs, renewals and replacements; not remove, demolish, change or alter any of the Improvements; complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner any Improvement which may be damaged or destroyed thereon, and promptly pay when due all claims for labor performed and materials furnished therefor; comply with all laws, ordinances, regulations, covenants, conditions and restrictions (collectively, "Law") now or hereafter affecting the Collateral or any part thereof or requiring any alterations or improvements; not commit or permit any waste or deterioration of the Collateral; comply with the provisions of any Lease, easement or other agreement affecting all or any part of the Collateral; not commit, suffer or permit any act to be done in or upon the Collateral in violation of any Law; and not permit the Collateral or any part thereof to become deserted or unguarded.

1.4 Indemnification; Subrogation; Waiver of Offset.

1.4.1 If Beneficiary is made a party defendant to any litigation concerning this Deed of Trust or the Collateral or any part thereof or interest therein, or the occupancy thereof by Grantor or persons claiming through Grantor, then Grantor shall indemnify, defend and hold Beneficiary harmless from all liability by reason of said litigation, including attorneys' fees and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment; provided, however, that nothing herein shall be deemed to require Grantor to indemnify, defend and hold harmless Beneficiary with respect to Beneficiary's gross negligence or willful misconduct. If Beneficiary commences an action against Grantor to enforce any of the terms hereof or because of the breach by Grantor of any of the terms hereof or for the recovery of any sum secured hereby, Grantor shall pay to Beneficiary attorneys' fees and expenses, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. If Grantor breaches any term of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect its rights hereunder, and, in the event of such employment following any breach by Grantor, Grantor shall pay Beneficiary reasonable attorneys' fees and expenses incurred by Beneficiary, whether or not an action is actually commenced against Grantor by reason of such breach.

1.4.2 Grantor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents and representatives, for loss or damage to Grantor, the Collateral, Grantor's property or the property of others under Grantor's control from any insured cause.

1.4.3 All sums payable by Grantor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Grantor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Collateral or any part thereof; (ii) any restriction of prevention of or interference with any use of the Collateral or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary or Grantor; (v) any claim which Grantor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Grantor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Grantor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Grantor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Grantor.

1.5 Taxes and Impositions.

1.5.1 Grantor will pay and discharge when due and prior to the time when the same shall become delinquent, and before any interest or penalty accrues thereon or attaches thereto, all indebtedness, obligations, assessments and taxes, both real and personal, with respect to the Collateral, including without limitation federal and state income taxes and state and local property taxes and assessments (collectively referred to as the "Impositions"), to the extent required by, the Credit Agreement.

1.5.2 Grantor covenants and agrees that to the fullest extent permitted by law, it will not suffer, permit or initiate the joint assessment of the Property and the Personal Property, or any other procedure whereby the lien of any taxes assessed against the Property and the lien of any taxes assessed against the Personal Property shall be assessed, levied or charged to the Collateral as a single lien.

1.5.3 If Grantor or any successor of Grantor is or shall become a corporation or a limited or general partnership, it shall keep in effect its existence and rights as such corporation or partnership under the laws of the state of its incorporation or formation and its right to own property and transact business in the State of Oregon during the entire time that it has any ownership or other interest in the Collateral. For all periods during which the title to the Collateral or any part thereof shall be held by a corporation or other entity subject to corporate taxes or taxes similar to corporate taxes, Grantor shall file or cause to be filed returns for such taxes with the property authorities, bureaus or departments and shall cause to be paid, when due and before interest or penalties are due thereon, all taxes payable by such corporation or other entity to the United States, to such state of incorporation or formation and to the State of Oregon and any political subdivision thereof, and shall produce to Beneficiary receipts showing payment

of any and all such taxes, charges or assessments prior to the last dates upon which such taxes, charges or assessments are payable without interest or penalty charges; provided, however, that Grantor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such taxes, charges or assessments in good faith and by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Grantor's obligation to pay any such taxes, charges or assessments at the time such contest, objection and legal proceedings have been terminated or discontinued adversely to Grantor. Within ten days of receipt thereof, Grantor shall produce to Beneficiary all settlements, notices of deficiency or over-assessment and any other notices pertaining to Grantor's tax liability, which may be issued by the United States, such state of incorporation, the State of Oregon and any political subdivision thereof. If at any time the United States or any department or bureau thereof shall require Internal Revenue stamps on the Note or any of the other Obligations secured hereby, Grantor on demand shall pay for them with any interest or penalties payable thereon.

1.5.4 Grantor will pay all taxes, charges, filing, registration and recording fees, excises and levies imposed in connection with the recordation of this Deed of Trust or any other Loan Document or imposed upon Beneficiary by reason of its ownership of the Note or this Deed of Trust or any deed of trust supplemental hereto, and any security instrument with respect to any Personal Property and any instrument of further assurance, other than income franchise and doing business taxes, and shall pay any and all stamp taxes and other taxes required to be paid on the Note. If Grantor fails to make any such payment within five days after written notice thereof from Beneficiary, then Beneficiary shall have the right, but shall not be obligated to pay the amount due and Grantor shall, on demand, reimburse Beneficiary for said amount. If any such amount shall not be reimbursed by Grantor within five days after demand by Beneficiary, such amount shall be added to the Obligations secured hereby.

1.6 Utilities. Grantor shall pay, not later than ten days after such payments become due, all utility charges which are incurred by Grantor for the benefit of the Collateral or which may become a charge or lien against the Collateral for gas, electricity, steam, water or sewer services furnished to the Collateral and all other assessments or charges of a similar nature, whether public or private, affecting the Collateral whether or not such taxes, assessments or charges are liens thereon.

1.7 Actions Affecting Collateral. Grantor will appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary hereunder; and Grantor will pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary may appear.

1.8 Actions by Beneficiary to Preserve Collateral. Should Grantor fail to pay or perform any of the Obligations secured hereby, Beneficiary, in its own discretion, without obligation to do so and without notice to or demand upon Grantor and without releasing Grantor from any obligation, may pay or perform the same in such manner and to such extent as it may deem necessary to protect the security hereof. In connection therewith, without limiting its

general powers, Beneficiary shall have and is hereby given the right, but not the obligation: (a) to enter upon and take possession of the Collateral; (b) to make additions, alterations, repair and improvements to the Collateral which it may consider necessary or proper to keep the Collateral in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Beneficiary may or appears to affect the security of this Deed of Trust or be prior or superior hereto; and (e) in exercising such powers, to pay all necessary expenses, including the fees and expenses of counsel or other necessary or desirable consultants. Grantor shall, immediately upon demand therefor by Beneficiary, pay or reimburse all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including, without limitation, cost of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees. If this Deed of Trust is placed in the hands of an attorney for the collection of any sum secured hereby, Grantor agrees to pay on demand all costs of collection, including attorneys' fees, incurred by Beneficiary, either with or without the institution of any action or proceeding, and in addition to all costs, disbursements and allowances provided by law. All such costs so incurred shall be deemed to be secured by this Deed of Trust.

1.9 Survival of Warranties. All representations, warranties and covenants of Grantor contained herein or in any of the other Loan Documents or incorporated by reference herein shall survive the execution and delivery hereof.

1.10 Eminent Domain. Should the Collateral, or any part thereof or interest therein, be taken or damaged by reason of any public improvements or condemnation proceeding or in any other similar manner ("Condemnation"), or should Grantor receive any notice or other information regarding such proceeding, Grantor shall give prompt written notice thereof to Beneficiary.

1.10.1 Except as otherwise specifically provided in the Leases, in the event of a Condemnation of all or substantially all of the Collateral or, without regard to the portion of the Collateral subject to Condemnation, if an Event of Default shall have occurred and be continuing hereunder:

1.10.1.1 Beneficiary shall receive all compensation, awards and other payments or relief therefor made or granted for the benefit of Grantor and shall be entitled, at Beneficiary's option, to commence, appear in and prosecute in its own name any action or proceeding. All such compensation, awards, damages, rights of action and proceeds awarded to Grantor (the "Proceeds") shall be deemed assigned to Beneficiary, and Grantor agrees to execute such further assignments of the Proceeds as Beneficiary may require.

1.10.1.2 Beneficiary shall have the right to apply all such Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorneys' fees, incurred by it in connection with the collection of such Proceeds, in the following manner: (A) first, to the

payment of all amounts of interest at the time due and payable on the Note; (B) second, to the payment of all amounts of principal at the time due and payable on the Note; (C) third, to the payment of all other Obligations then due and payable and secured hereby; and (D) fourth, Beneficiary shall deliver the balance, if any, to Grantor or to the person or persons legally entitled thereto. Such application or release shall not, by itself, cure or waive any default hereunder or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

1.11 Additional Security. If Beneficiary at any time holds additional security for any of the Obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after enforcing its remedies hereunder or under any of the other Loan Documents.

1.12 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto and their respective successors and assigns. If the ownership of the Collateral becomes vested in a person other than Grantor, Beneficiary may, without notice to Grantor, deal with such successor or successors in interest with reference to this Deed of Trust and the Obligations hereby secured in the same manner as with Grantor, and may alter the interest rate and/or alter or extend the terms of payment of any of the Obligations secured hereby without notice to Grantor and such action shall not in any way affect the liability of Grantor hereunder or under the Note or the other Loan Documents or the lien or priority of this Deed of Trust with respect to any part of the Collateral covered hereby.

1.13 Appointment of Successor Trustee. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Grantor and recorded in the county and State wherein the Property is located, and by otherwise complying with the provisions of the applicable law of the State of Oregon, substitute a successor or successors to Trustee named herein or acting hereunder.

1.14 Liens. Grantor will pay and promptly discharge, at Grantor's cost and expense, all liens, encumbrances and charges upon the Collateral or any part thereof or interest therein within 30 days after the same are filed. If Grantor shall fail to discharge any such lien, encumbrance or charge within such 30 day period, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law; and all funds advanced by Beneficiary to pay such obligations, liabilities, costs and expenses (together with interest thereon at the Default Rate) shall be reimbursed by Grantor upon demand by Beneficiary; and all such advances with interest thereon as aforesaid shall be secured by this Deed of Trust and the other Loan Documents.

1.15 Trustee's Powers. That Trustee may, at any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for

payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Collateral: (a) reconvey any part of said Collateral, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.16 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Collateral not then or theretofore released as security for the full amount of all of the Obligations, Beneficiary may, from time to time and without notice: (a) release any person so liable; (b) extend the maturity or alter any of the terms of any such obligation; (c) grant other indulgences; (d) release or reconvey or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Collateral; (e) take or release any other or additional security for any obligation herein mentioned; (f) while an Event of Default is continuing, make compositions or other arrangements with debtors or other mortgagors in relation to this Deed of Trust; (g) advance additional funds to protect the security hereof if necessary while an Event of Default is continuing; or (h) while an Event of Default is continuing, pay or discharge the Obligations of Grantor hereunder; and, in any case referred to in clauses (g) or (h) of this Section 1.16, all amounts so advanced, with interest thereon at the Default Rate, shall be secured hereby.

1.17 Transfers and Encumbrances. Grantor shall not, without Beneficiary's prior written consent in each instance (i) transfer or otherwise dispose of legal or equitable title to the Collateral, or any portion thereof, (ii) transfer or otherwise dispose of any legal or beneficial interest in Grantor or permit any owner, directly or indirectly, of a beneficial interest in Grantor, to transfer such interest, directly or indirectly, whether by transfer of partnership interest, stock or other beneficial interest in any entity or otherwise, (iii) encumber or grant a security interest in the Collateral or any portion thereof, (iv) pledge, assign, encumber or grant a security interest in any direct or indirect legal or beneficial interest in Grantor, or (v) modify, amend or alter the composition, or form of business association of Grantor, or any owner, directly or indirectly, of a beneficial interest in Grantor.

1.18 Continued Occupancy. If at any time the then existing use or occupancy of any part of the Collateral shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Grantor will not cause or permit such use or occupancy to be discontinued without the prior written consent of Beneficiary.

1.19 Inspections. Grantor hereby authorizes Beneficiary, its agents, representatives or workmen, to enter at any time upon or in any part of Collateral for the purpose of inspecting the same, and for the purpose of performing any of the acts it is authorized to perform under the terms of this Deed of Trust or any of the other Loan Documents.

1.20 Leases.

1.20.1 Grantor shall not amend, modify, change or terminate a Lease without the prior written consent of Beneficiary. Consent to one amendment, modification, change or agreement shall not be deemed to be a waiver or the right to require consent to other future or successive amendments, changes or modifications. Grantor shall perform all of its obligations and agreements under the Leases (including, without limitation, the payment when due of all rents and other payments which it is required to pay thereunder) and shall not take any action which would affect or permit the termination of a Lease, without Beneficiary's prior written consent. Any such action taken without Beneficiary's prior written consent shall be void. Grantor agrees to promptly notify Beneficiary in writing with respect to any default or alleged default of any party to a Lease and to deliver to Beneficiary copies of all notices, demands or complaints received by Grantor with respect to any default or alleged default thereunder and to perform any and all of Grantor's obligations thereunder. All sums expended by Beneficiary in curing any default of Grantor under a Lease shall be secured hereby, shall bear interest from the date of expenditure to the date of recovery by Beneficiary at the Default Rate and shall be payable on demand.

1.20.2 Grantor shall keep Beneficiary informed of all circumstances which have a material adverse effect upon the exercise of its rights and remedies under the Leases. In any event, Grantor shall not release, cancel, sell, compromise, waive, amend, alter or modify any of its rights or remedies under the Leases, without first obtaining the prior written consent of Beneficiary. Grantor expressly acknowledges and agrees that it shall remain liable under the Leases, to observe and perform all of the conditions and obligations therein contained to be observed and performed by it, and that neither the assignment under Section 2.1, nor any action taken by Beneficiary shall cause Beneficiary to be under any obligation or liability in any respect whatsoever to any party to the Leases or for the observance or performance of any of the representations, warranties, conditions, covenants, agreements or terms therein contained.

ARTICLE 2.

SECURITY AGREEMENT

2.1 Grant of Security Interest. Grantor hereby grants to Beneficiary a first and prior security interest in all of the Collateral, all other personal property, now or hereafter owned by Grantor and located in, on or at the Property or the Improvements and the proceeds thereof, for the purpose of securing all Obligations of Grantor secured hereby.

2.2 Warranties, Representations and Covenants of Grantor. Grantor hereby warrants, represents and covenants as follows:

2.2.1 Except for the security interest granted hereby, Grantor is, and as to all Personal Property and Improvements to be acquired after the date hereof will be, the sole owner

of any Personal Property or Improvements. Grantor will notify Beneficiary of, and will defend the Personal Property and Improvements against, all claims and demands of all persons at any time claiming the Personal Property or any interest therein.

2.2.2 Grantor will not assign, pledge, encumber, lease, sell, convey or in any manner transfer any item of Personal Property or Improvements, without the prior written consent of Beneficiary.

2.2.3 Neither the Personal Property, nor the Improvements is used or bought for personal, family or household purposes.

2.2.4 The Personal Property will be kept on or at the Property and Grantor will not remove any portion or item of Personal Property affixed or attached to the Property without the prior written consent of Beneficiary, except such portions or items of Personal Property which are consumed or worn out in ordinary usage or removed in the ordinary course of business, and promptly replaced by Grantor with new items of equal or greater quality.

2.2.5 Grantor is authorized to, and does conduct business in the State of Oregon. Grantor will immediately notify Beneficiary in writing of any change to, or impairment of its ability or authorization to conduct business in the State of Oregon.

2.2.6 At the request of Beneficiary, Grantor will join Beneficiary in executing one or more financing statements and renewals, continuation statements and amendments thereof pursuant to the Uniform Commercial Code of the State of Oregon in form satisfactory to Beneficiary, and will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable. Without limiting the foregoing, Grantor hereby irrevocably appoints Beneficiary its attorney-in-fact to execute, deliver and file such instruments for or on behalf of Grantor, and Grantor will pay the cost of any such filing.

2.2.7 All covenants and obligations of Grantor contained herein relating to the Collateral shall be deemed to apply to the Personal Property and the Improvements whether or not expressly referred to herein.

2.2.8 This Deed of Trust constitutes a Security Agreement as that term is used in the Uniform Commercial Code of the State of Oregon.

2.3 Financing Statements. Grantor shall cause all financing and continuation statements and other instruments with respect to the Collateral at all times to be kept recorded, filed or registered in such manner and in such places as may be required by law fully to evidence, perfect and secure the interests of Beneficiary in the Collateral, and shall pay all filing fees in connection therewith.

2.4 Fixture Filing. This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Collateral which is or is to become fixtures. The

information provided in this Section 2.4 is provided so that this Deed of Trust shall comply with the requirements of the UCC for a mortgage instrument to be filed as a financing statement. Grantor is the "Debtor" and its name and mailing address are set forth in the preamble of this Deed of Trust immediately preceding Article 1. Beneficiary is the "Secured Lender" and its name and mailing address from which information concerning the security interest granted herein may be obtained are also set forth in the preamble of this Deed of Trust immediately preceding Article 1. Descriptions of the land upon which the fixtures are or will be located are set forth in Exhibit B of this Deed of Trust. The lessor or lessors of each of the Leases are the record owners of such land.

2.5 Multiple Remedies. Upon the occurrence of an Event of Default, Beneficiary shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies in respect of the real property as an alternative to proceeding in accordance with the default provisions of the Uniform Commercial Code of the State of Oregon.

2.6 Survival of Security Agreement. Notwithstanding any release of any or all of that property included in the Collateral, which is deemed "real property," any proceedings to foreclose this Deed of Trust or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the Obligations.

ARTICLE 3.

REMEDIES UPON DEFAULT

3.1 Events of Default. The occurrence of any of the following events shall be deemed to be an Event of Default hereunder:

3.1.1 The failure of Grantor to pay any installment of principal or interest under the Note when due; or

3.1.2 The occurrence of an Event of Default under and as defined in the Leases;
or

3.1.3 The occurrence of an Event of Default under and as defined in any of the Loan Documents; or

3.1.4 Grantor shall commence a voluntary case concerning it under the Bankruptcy Code or any similar law of any other jurisdictions; or

3.1.5 An involuntary case is commenced against Grantor under the Bankruptcy Code and relief is ordered against Grantor or the petition is controverted but is not dismissed within 60 days after the commencement of the case; or

3.1.6 A custodian (as defined in Bankruptcy Code) is appointed for, or takes charge of all or substantially all of the property or assets of Grantor; or

3.1.7 Grantor commences any other proceeding under any reorganizational arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Grantor, or there is commenced against Grantor any such proceeding which remains undismissed for a period of 60 days; or

3.1.8 Grantor is adjudicated insolvent or bankrupt; or

3.1.9 Grantor fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding, or any order for relief or other order approving any such case or proceeding is entered; or

3.1.10 Grantor by any act or failure to act, indicates its consent to, approval of, or acquiescence in any such case or proceeding or in the appointment of any custodian, or the like, for its or any substantial part of its property or assets, or suffers any such appointment to continue undischarged or unstayed for a period of 60 days; or

3.1.11 Grantor makes a general assignment for the benefit of creditors; or

3.1.12 Any action is taken by Grantor for the purpose of effecting anything described in Sections 3.1.4 through 3.1.11 above; or

3.1.13 A receiver or trustee or other officer or representative of a court or of creditors, or any court, governmental officer or agency, shall under color of legal authority, take and hold possession of any substantial part of the property or assets of Grantor for a period in excess of 60 days; or

3.1.14 Any representation or warranty made or deemed to be made herein or in any other Loan Document or in any document, statement or certificate delivered pursuant hereto, shall prove to have been incorrect in any material respect when made; or

3.1.15 If Grantor shall fail to perform any covenant contained in this Deed of Trust.

3.2 Acceleration Upon Default, Additional Remedies. Upon the occurrence of any Event of Default, Beneficiary may declare all of the Obligations secured hereby to be due and payable without any presentment, demand, protest or notice of any kind. Thereafter, Beneficiary may:

3.2.1 Either in person or by agent with or without bringing any action or proceedings, or by a receiver appointed by a court and without regard to the adequacy of its

security, enter upon and take possession of the Collateral, or any part thereof, in its own name or in the name of trustee, and do or cause to be done any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Collateral, or any part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Collateral, sue for or otherwise collect the Rents thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in the manner set forth in Section 1.10.1.2 hereof. The entering upon and taking possession of the Collateral, the collection of such Rents and the application thereof as aforesaid, shall not, by itself, cure or waive any Event of Default or notice of default hereunder or invalidate any act done in response to such Event of Default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Collateral, Beneficiary shall be entitled to exercise every right provided for herein or in any other Loan Document or by law upon the occurrence of any Event of Default including the right to exercise the power of sale set forth herein;

3.2.2 Commence and maintain one or more actions at law or in equity or by any other appropriate remedy (i) to protect and enforce Beneficiary's rights, whether for the specific performance of any covenant or agreement herein contained (which covenants and agreements Grantor agrees shall be specifically enforceable by injunctive or other appropriate equitable remedy), or (ii) to collect any sum then due hereunder, or (iii) to aid the execution of any power herein granted, or (iv) to foreclose this Deed of Trust, or (v) to sell the Collateral;

3.2.3 Exercise any or all of the remedies available to a secured party under the Uniform Commercial Codes of the State of Oregon, including, but not limited to:

3.2.3.3 Either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Grantor and all others claiming under Grantor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Grantor with respect to the Personal Property or any part thereof. If Beneficiary demands or attempts to take possession of the Personal Property in the exercise of any rights under any Loan Document, Grantor promises and agrees to promptly turn over and deliver complete possession thereof to Beneficiary;

3.2.3.4 Without notice to or demand upon Grantor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personal Property, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and, in exercising any such powers or authority, pay all expenses incurred in connection therewith;

3.2.3.5 Require Grantor to assemble the Personal Property or any portion thereof, at a place designated by Beneficiary and reasonably convenient to both parties, and promptly to deliver such Personal Property to Beneficiary, or an agent or representative

designated by it. Beneficiary and its agents and representatives shall have the right to enter upon any or all of Grantor's premises and property to exercise Beneficiary's rights hereunder;

3.2.3.6 Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any such sale.

Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Grantor at least ten days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof. Such notice may be mailed to Grantor at the address set forth in Section 4.6.

3.2.4 Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Grantor's interest in the Collateral to be sold, which notice of Trustee or Beneficiary shall cause to be duly filed for record in the official records of the county wherein the Property is located.

3.3 Foreclosure Sale.

3.3.1 Upon the occurrence of any Event of Default and upon written request of Beneficiary, Trustee shall sell the Collateral in accordance with ORS Chapter 86 (the "Deed of Trust Act") and the Uniform Commercial Code of the State of Oregon, as applicable, at public auction to the highest bidder. Grantor agrees that such a sale (or a sheriff's sale pursuant to judicial foreclosure) of all the Collateral as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Collateral which may be Personal Property Trustee shall have and exercise, at Beneficiary's sole election, all the rights, remedies and recourse available to a secured party under the Uniform Commercial Code including the right to proceed under the provisions of the Uniform Commercial Code governing default as to any Personal Property which may be included in the Collateral or which may be deemed nonrealty in a foreclosure of this Deed of Trust or to proceed as to such Personal Property in accordance with the procedures and remedies available pursuant to a foreclosure of real estate. Whenever notice is permitted or required hereunder or under the Uniform Commercial Code, ten days shall be deemed reasonable. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (i) to the expenses of sale, including a reasonable Trustee's fee and attorneys' fee; (ii) in the manner set forth in Section 1.10.1.2 hereof; (iii) the surplus, if any, shall be distributed in accordance with said Deed of Trust Act. Trustee shall deliver to the purchaser at the sale its deed and bill of sale, without warranty, which shall convey to the purchaser the interest in the Collateral which Grantor had or had the power to convey at the time of its execution of this Deed of Trust and such as it may have acquired thereafter. Trustee's deed and bill of sale shall recite the facts showing that the sale was conducted in compliance with all the requirements of the law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value. The power of sale conferred by

this Deed of Trust and by the Deed of Trust Act is not an exclusive remedy, and when not exercised Beneficiary may foreclose this Deed of Trust as a mortgage.

3.3.2 Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party, unless such action or proceeding is brought by Trustee.

3.3.3 At the request of Beneficiary, Trustee shall reassign to Beneficiary the security interest created hereby and after such reassignment Beneficiary shall have the right, upon the occurrence or continuance of any Event of Default, to realize upon the personal property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC.

3.4 Discontinuance of Proceedings. Beneficiary, from time to time before Trustee's sale pursuant to Section 3.3 may rescind any notice of default or notice of sale by executing and delivering to Trustee a written notice of discontinuance of Trustee's sale, which notice, when recorded, shall also constitute a cancellation of any prior notice of default and notice of sale. If Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under this Deed of Trust and shall thereafter elect to discontinue or abandon the same for any reason, Beneficiary shall have the unqualified right to do so and in such event Grantor and Beneficiary shall be restored to their former positions with respect to the Obligations secured hereby, and this Deed of Trust, the Collateral and all rights, remedies and recourse of Beneficiary shall continue as if the same had not been invoked. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach, default an Event of Default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other notices of default and notices of sale, nor otherwise affect any provision, covenant or condition of the Note and/or of this Deed of Trust or any of the rights, obligations or remedies of the parties thereunder or hereunder.

3.5 Repairs After Foreclosure. If this Deed of Trust is foreclosed as a mortgage and the Collateral sold at a foreclosure sale, the purchaser may, during the statutory redemption period, make such repairs or alterations on the Collateral as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sum so paid, together with interest thereon from time of such expenditure at the Default Rate shall be added to and become a part of the amount required to be paid for redemption from such sale.

3.6 Right of Foreclosure. Beneficiary shall have the right, at its option, to foreclose this Deed of Trust subject to the rights of any tenant or tenants, subtenant or subtenants of the Collateral, and the failure to make any such tenant or tenants, subtenant or subtenants a party defendant to any such suit or action or to foreclose their rights will not be asserted by Grantor as a defense in any action or suit instituted to collect the indebtedness secured hereby or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Collateral, any statute or rule of law at any time existing to the contrary notwithstanding.

3.7 Sale of Property Pursuant to a Foreclosure. In case of a sale pursuant to a foreclosure of this Deed of Trust, the Collateral, real, personal or mixed, may be sold as an entirety or in parcels, by one sale or by several sales held at one time or at different times, all as Trustee, in its unrestricted discretion, may elect, and Grantor, for and on behalf of itself and all persons claiming by, through or under Grantor, waives any and all right to have the property and estates comprising the property marshalled upon any foreclosure sale.

3.8 Appointment of Receiver. If an Event of Default shall have occurred, Beneficiary as a matter of right and without notice to Grantor or anyone claiming under Grantor, and without regard to the then value of the Collateral or the interest of Grantor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Collateral, and Grantor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in Section 3.2.1 and shall continue as such and exercise all such powers until the date of confirmation of sale of the Collateral unless such receivership is sooner terminated.

3.9 Remedies Not Exclusive. Except as expressly provided to the contrary herein or in any other Loan Document, Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any other Loan Document or other agreement or any laws now or hereafter in force, notwithstanding that some or all of the said indebtedness or obligations of Grantor secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Except as expressly provided herein or in any other Loan Document, every power of remedy given by any Loan Document to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary, and either of them may pursue inconsistent remedies.

3.10 Waiver of Redemption, Notice, Marshalling, Etc. Grantor hereby waives and releases: (a) all benefit that might accrue to it by virtue of any present or future law exempting the Collateral, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any appraisalment, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, and (b) unless specifically

required herein, all notices of Grantor's default or of Beneficiary's election to exercise, or Beneficiary's actual exercise, of any option or remedy under this Deed of Trust or any other Loan Document and (c) any right to have the Collateral marshalled.

ARTICLE 4.

MISCELLANEOUS

4.1 Definitions. As used in this Deed of Trust, the following terms have the following respective meanings:

Credit Agreement: That certain Credit Agreement dated October 10, 2013, as amended August 28, 2014, by and between Grantor and Beneficiary, with respect to thirteen (13) separate Promissory Notes totaling \$2,230,000.00, issued by Grantor to Beneficiary, which thirteen Promissory Notes have been consolidated into one Amended and Restated Promissory Note dated August 28, 2014.

Default Rate: A rate equal to twelve percent (12%) per annum.

Loan Documents: The Note, this Deed of Trust, the Credit Agreement and all other documents evidencing or securing the Obligations.

4.2 Governing Law. This Deed of Trust and any action to enforce the provisions hereof or to foreclose the lien created hereby shall be governed by and construed in accordance with the laws of the State of Oregon.

4.3 Limitation of Interest. It is the intent of Grantor and Beneficiary in the execution of this Deed of Trust and all other instruments securing the Obligations to contract in strict compliance with the relevant usury laws. In furtherance thereof, Beneficiary and Grantor stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by relevant law. Grantor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of any of the Obligations shall never be liable for unearned interest thereon and shall never be required to pay interest at a rate in excess of the maximum interest that may be lawfully charged under relevant law and the provisions of this Section shall control over all other provisions of any instrument executed in connection herewith which may be in apparent conflict herewith. If it is determined that any holder of any of the Obligations has collected monies which are deemed to constitute interest and are deemed to increase the effective interest rate on the Obligations to a rate in excess of that permitted to be charged by relevant law, all such sums deemed to constitute interest in excess of such legal rate shall be retained by Beneficiary as additional cash collateral for the performance of the Obligations.

4.4 Statements by Grantor. Grantor, within ten days after being given notice by mail, will furnish to Beneficiary a written statement stating the unpaid amount of all obligations then owing under the Note or this Deed of Trust and stating whether any offset or defense exists against the payment of such amounts.

4.5 Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment by Grantor of Trustee's fees, Trustee shall reconvey to Grantor, or the person or persons legally entitled thereto, without warranty, any portion of the Collateral then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

4.6 Notices. Whenever Grantor, Trustee or Beneficiary shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Beneficiary:	Klamath Basin Geopower, Inc. Attn: Bill Honjas, CEO 200 South Virginia Street, Suite 560 Reno, Nevada 89501
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If to Grantor:	Olene KBG, LLC Attn: Bill Honjas, CEO 200 South Virginia Street, Suite 560 Reno, Nevada 89501
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If to Trustee:	Ticor Title Company 111 SW Columbia Street, Suite 1000 Portland, Oregon 97201
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Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change. Any notice so addressed and delivered by personal service shall be deemed to be given when delivered. Any notice so addressed and mailed by registered or certified mail, postage prepaid, return receipt requested, shall be deemed to be given when so mailed.

4.7 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

4.8 Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the Obligations secured hereby, or if the lien is invalid or

unenforceable as to any part of the Collateral, the unsecured or partially secured portion of such obligation shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the obligation, and all payments made on the obligation, whether voluntary or under foreclosure, power of sale or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the obligation which is not secured or not fully secured by the lien of this Deed of Trust. If any provisions of this Deed of Trust shall be deemed void or unenforceable, it shall not affect the validity of the remaining provisions hereof which shall be considered severable.

4.9 Subrogation. To the extent Beneficiary advances any funds under this Deed of Trust to pay any outstanding prior lien, charge or encumbrance against the Collateral, such proceeds or advances have been or will be advanced by Beneficiary at Grantor's request and Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding prior liens, charges and encumbrances, irrespective of whether said liens, charges or encumbrances are released.

4.10 No Merger. If both the lessors' and lessee's estates under a Lease or any portion thereof which constitutes a part of the Collateral shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any Lease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

4.11 Nonwaiver. Except as expressly provided to the contrary herein, acceptance by Beneficiary of any sum after the same is due shall not constitute a waiver of the right either to require prompt payment when due, of all other sums hereby secured or to declare an Event of Default as herein provided. The acceptance by Beneficiary of any sum in an amount less than the sum then due shall be deemed an acceptance on account only and upon condition that it shall not constitute a waiver of the obligation of Grantor to pay the entire sum then due, and Grantor's failure to pay said entire sum then due shall be and continue to be an Event of Default notwithstanding such acceptance of such amount on account, as aforesaid, and Beneficiary shall be at all times thereafter and until the entire sum then due shall have been paid, and notwithstanding the acceptance by Beneficiary thereafter of further sums on account, or otherwise, entitled to exercise all rights in this Deed of Trust conferred upon them, or either of them, upon the occurrence of an Event of Default and the right to proceed with a sale under any notice of default and election to sell shall in no way be impaired, whether any of such amounts are received prior or subsequent to such notice. Consent by Beneficiary to any transaction or action of Grantor which is subject to consent or approval of Beneficiary hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive transactions or actions. No failure by Beneficiary to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such term or of any such breach. No waiver of any breach shall affect

or alter this Deed of Trust, which shall continue in full force and effect, or the rights of Beneficiary with respect to any other then existing or subsequent breach.

4.12 Counterpart Execution. This Deed of Trust may be executed in any number of counterparts, each of which shall be an original and all of which shall be deemed to be one and the same instrument with the same effect as if all of the parties hereto had signed the same signature page. Any signature page of this Deed of Trust may be detached from any counterpart of this Deed of Trust identical in form hereto but having attached to it one or more additional signature pages.

4.13 Additional Security. Without notice to or consent of Grantor and without impairment of the lien and rights created by this Deed of Trust, Beneficiary may accept (but Grantor shall not be obligated to furnish) from Grantor or from any other person or persons, additional security for the Obligations. Neither the giving of this Deed of Trust nor the acceptance of any such additional security shall prevent Beneficiary from resorting, first, to such additional security, and second, to the security created by this Deed of Trust without affecting Beneficiary's lien and rights under this Deed of Trust.

4.14 Time Is of the Essence. Time is of the essence hereof with respect to all Obligations secured hereby.

4.15 Nonagricultural Use. The Property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes.


IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed and delivered as of the day and year first above written.

GRANTOR:

OLENE KBG, LLC, a Nevada limited liability company

By: _____

Its _____

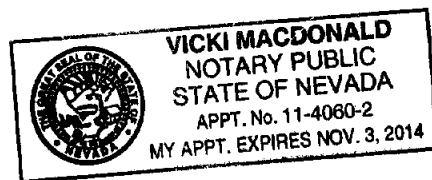

Managing Director/President

ACKNOWLEDGEMENT

STATE OF Nevada)
COUNTY OF Washoe) ss.

The foregoing instrument was acknowledged before me this 28th day of August, 2014, by William Honjas, as Managing Director, of OLENE KBG, LLC, a Nevada limited liability company, on behalf of the limited liability company.

Vicki MacDonald
Notary Public for Nevada
My Commission Expires: 11/3/14



ATTACHMENTS:

Exhibit A - Description of Leases
Exhibit B - Legal Description of Property

EXHIBIT A

LEASE 1 (the "High Lease"):

That certain Geothermal Lease and Agreement dated effective January 27, 2013, by and between Taylor High, as Lessor and Klamath Basin Geopower, Inc., a Nevada corporation, as Lessee, conveying a leasehold interest in certain geothermal steam, geothermal fluids, geothermal energy, heat, hot water, extractable minerals, and all byproducts and gases associated therewith located on the real property situated in Klamath County, Oregon, more particularly described as Property 1 on Exhibit B; said High Lease having been amended on or about February 3, 2014, but effective January 27, 2013, and having been assigned by Assignment and Assumption of Geothermal Lease and Novation Agreement executed February 6, 2014, whereby Klamath Basin Geopower, Inc. assigned all of its rights and obligations as Lessee under the High Lease to Olene KBG, LLC, a Nevada limited liability company.

LEASE 2 (the "Giacomini Lease"):

That certain Geothermal Lease and Agreement dated effective October 22, 2010, by and between Cynthia L. Barrett, Trustee of Sydney's 1995 Irrevocable Trust UTA 12/27/95, as Lessor and Optim, Inc., a Nevada corporation, as Lessee, conveying a leasehold interest in certain geothermal steam, geothermal fluids, geothermal energy, heat, hot water, extractable minerals, and all byproducts and gases associated therewith located on the real property situated in Klamath County, Oregon, more particularly described as Property 2 on Exhibit B to this Deed of Trust; said Giacomini Lease having been assigned by Assignment and Assumption of Leases dated effective January 19, 2011, whereby Optim, Inc. assigned all of its rights and obligations as Lessee under the Giacomini Lease to Klamath Basin Geopower, Inc., a Nevada corporation; said Giacomini Lease having been further assigned Contribution Agreement dated January 4, 2012, whereby Klamath Basin Geopower, Inc. assigned its rights and obligations as Lessee under the Giacomini Lease to Olene KBG, LLC, a Nevada limited liability company.

EXHIBIT B

PROPERTY 1 (Applicable to High Lease):

A parcel of land, situated in the S ½ of Section 14, Township 39 South, Range 10 East, Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Parcel 2 of Land Partition 56-93, EXCEPTING THEREFROM the following described property:

Commencing at a 2" iron pipe marking the southeast corner of Section 14, Township 39 South, Range 10 East, Willamette Meridian; thence along the south line of said Section 14, North 89°02'24" West, 240.31 feet to the Southeast corner of Parcel 2 of Land Partition 56-93 and the POINT OF BEGINNING of this description; thence along the south line of said Parcel 2 North 89°02'24" West, 1670.00 feet; thence leaving said south line of Parcel 2 North 11°41'43" East, 1336.80 feet to the centerline of South Poe Valley Road; thence along the centerline of South Poe Valley Road North 89°00'19" East, 222.11 feet to a point of curvature; thence 438.31 feet along the arc of a curve to the left having a radius of 900.00 feet through a central angle of 27°54'13" (The long chord of which bears North 75°03'13" East, 433.99 feet) to a point of tangency, thence North 61°06'06" East, 366.86 feet to an angle point; thence North 59°43'32" East, 508.84 feet to the northeast corner of said Parcel 2, thence leaving the centerline of South Poe Valley Road and along the east line of said Parcel 2 South 00°05'52" West, 1886.64 feet to the said southeast corner of Parcel 2 and the POINT OF BEGINNING.

PROPERTY 2 (Applicable to Giacomini Lease):

Parcel A:

Lots 5, 6, 7 and 8, SW ¼ NE ¼, W ½ SE ¼, SE ¼ SW ¼ of Section 22, Township 39 South, Range 10 East, Willamette Meridian, except rights of way for roads, ditches and canals, and including reservoir sites, and EXCEPT that portion conveyed to the United States of America for right of way purposes in Volume 37 on page 315, Deed Records and EXCEPT the following described tract:

All that portion of the N ½ SW ¼ SE ¼ of Section 22, Township 39 South, Range 10 East, Willamette Meridian, lying Northwesterly of the Crystal Springs Road and Easterly of the existing irrigation canal.

All that portion of the SW ¼ SE ¼ of Section 22, Township 39 South, Range 10 East, Willamette Meridian, lying Southeasterly of the Crystal Springs Road.

Parcel B:

All that portion of the N ½ SW ¼ SE ¼ of Section 22, Township 39 South, Range 10 East, Willamette Meridian, lying Northwesterly of the Crystal Springs Road and Easterly of the exiting irrigation canal.