

GEOHERMAL LEASE AGREEMENT

THIS GEOHERMAL LEASE AGREEMENT (“Lease” or “Agreement”) is made and entered into as of the ____ day of _____, 2023, (“Effective Date”), by and between the City of Reno, a municipal corporation (“Lessor”), and Avalon Geothermal, LLC, a Foreign Limited Liability Company duly organized under the laws of Delaware and qualified to do business in the State of Nevada and the City of Reno (“Lessee”). Lessor and Lessee may each be referred to as a “Party,” or collectively, “the Parties.”

RECITALS

WHEREAS, Lessor is the owner of a fee interest in lands situated in Reno, Nevada, County of Washoe as described on Exhibit “A” attached hereto and incorporated herein by this reference, containing approximately 13.67 acres of land, together with all right, title and interest of Lessor, presently owned or hereafter acquired, in the above described lands.

WHEREAS, Lessor is leasing to Lessee 1000 square feet of the land as described in Exhibit “B” and depicted in Exhibit “C,” hereinafter referred to as the “Lands”) for the purpose and use as set forth herein.

WHEREAS, the Parties intended purpose and use is exclusively the development of geothermal heat for commercial and/or residential sale and use; and

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. GRANT OF LEASE AND RIGHTS.

(a) For and in consideration of the covenants, promises, warranties, and rights granted herein, and other good and valuable consideration set forth herein, including without limitation, rent and royalties, if Lessee is successful in placing a well into service on the leased Lands, Lessor hereby grants, demises, leases and lets unto Lessee, the Lands with the right to Lessee to sample, drill, extract, remove and develop the geothermal resources as defined herein, subject to the terms and conditions of this Lease, to the extent such rights are owned and/or controlled by Lessor. Geothermal Resources are defined for the purposes of this Lease as: (1) all products of geothermal processes, embracing indigenous steam, hot water and hot brines; (2) steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into subsurface formations; and (3) heat or other associated energy found beneath the surface of the earth; (collectively “Geothermal Resources”). At this time, the use contemplated in this Lease is restricted to geothermal heating, only, and does not include any other uses, either primary or secondary.

(b) Lessee is hereby granted the right to store, utilize, process, convert, and otherwise use Geothermal Resources on or off the Lands and to sell the same or any part thereof on or off the Lands during the term hereof, with the right of entry on the Lands at all times for said purposes, and to construct, use, maintain, erect, repair and replace thereon, and to remove therefrom all

pipelines, utility installations, evaporation or settling basins, extraction or processing plants, machinery, equipment, buildings, and equipment for the handling, treatment or storage of Geothermal Resources, for the production, utilization, and processing of Geothermal Resources. Lessee shall also have the right to utilize or to dispose of waste brine and other waste products subject to applicable law and regulation, the cost of compliance with which shall be the sole responsibility of the Lessee, from a well or wells on the Lands into a well or wells drilled or converted for that purpose on the Lands or other land in the vicinity, and the right to inject and re-inject water, brine, steam and gases from a well or wells on the Lands or such other land for the purpose of maintaining or restoring pressure, increasing or maintaining production, or testing in the productive zones beneath the Lands or other land in the vicinity thereof.

(c) Lessor and Lessee agree that Lessee shall have the exclusive right to develop, utilize and convert for geothermal heating purposes all of the Geothermal Resources. Lessor retains the dominant interest in the Lands for all purposes and Lessee's use shall not unreasonably interfere with Lessor's use of the Lands.

(d) The rights granted to Lessee in this Lease only pertain to Geothermal Resources in the Easement Area and not to other mineral rights. Lessor retains all other ownership rights in the Lands.

2. LEASE TERMS AND RENTALS

(a) Subject to the other provisions herein contained, this Lease shall have a term of twenty-five (25) years from the Effective Date and shall continue for twenty-five (25) years as long as (i) Lessee is generating and selling heat for commercial purposes from the Geothermal Resources on the Lands in commercial quantities; or (ii) Remedial Operations are being continuously conducted on the Lands; or (iii) this Lease is otherwise extended by its terms. "Remedial Operations" means reworking, redrilling, cleaning, testing, and the repair and replacement of wells and facilities for the production or use of Geothermal Resources and reclamation activities. Remedial operations shall be deemed continuous so long as such operations do not cease for a period of more than two (2) consecutive years. For the purpose of this Lease, production in "commercial quantities" shall mean production in such quantities of Geothermal Resources produced, sold, or used, the value of which, after deducting Lessor's royalty hereunder and Lessee's normal operating costs will provide to Lessee a return of such costs. Upon request of Lessee, the lease term may be extended for an additional ten (10) year terms at Lessor's sole discretion which discretion will not be unreasonably withheld.

(b) Lessor acknowledges and agrees that the initial sum of \$5,500.00 which is payable upon the execution hereof, for Lands covered by the Lease, covers the rental in full hereunder for a period of one (1) year from the date of this Lease. Within one (1) year from the date hereof and on or before each anniversary date thereafter while the Lease is in force, Lessee agrees to pay to Lessor as rentals for the next ensuing year the sum of \$5500.00. The rental fee will cease when the Geothermal Resource is in service, and the payment of royalties commences.

3. ROYALTIES

Lessee shall pay to Lessor an advance royalty, and royalties out of the proceeds received by Lessee from the sale of Geothermal Resources produced from the Lands as follows:

(a) A royalty of 1.75% of Gross Revenues for the first ten years from the Effective Date of this Agreement and 3.5% of Gross Revenues thereafter. "Gross Revenues" means all revenues derived by Lessee from the sale of geothermal heat or steam to its customers within the service area as reported by it to the Public Utilities Commission of Nevada.

(b) Lessee shall pay Lessor, on or before the last day of each and every calendar month, the royalties accrued and payable for the preceding calendar month. Concurrently with making each such royalty payment, Lessee shall deliver to Lessor a statement setting forth the basis for the determination of the royalty then paid by Lessee.

4. PAYMENTS

All payments required to be made by Lessee to Lessor hereunder shall be paid to Lessor by mailing or delivering a check to Lessor.

5. UNECONOMIC SUBSTANCES

Nothing herein contained shall require Lessee to produce any substance or Geothermal Resources contained in the by-products, products, refuse, steam, the brines or other well output produced from wells on the Lands, which is not economic to produce, recover, save, or market. Lessee has the right to dispose of any uneconomic Geothermal Resources by such lawful manner as appropriate under the circumstances.

6. SURFACE/SUBSURFACE OPERATIONS

(a) Lessee agrees to use reasonable care at all times in all of Lessee's operations on the Lands to prevent injury or damage to buildings, water rights, water diversion works, ditches, tanks and water wells or other property of the Lessor located thereon; and Lessee agrees to repair, mitigate or pay the Lessor the fair market value (as determined by an independent third-party appraiser) for all damages to the surface of the Lands and to buildings, fences, water rights, water diversions, ditches, tanks, water, water wells and, without limitation, all other property of the Lessor situated on the surface of the Lands resulting from Lessee's operations on the Lands.

(b) Lessee shall prevent, at its sole cost and expense, any well products or surface materials or refuse of any kind from entering, passing into or otherwise diluting or degrading or polluting the waters or the water supply of Lessor or others. Lessee shall take reasonable steps in compliance with governing law to remove all drilling fluids, well products and other substances, the spillage of which would contaminate or otherwise adversely affect the productivity of any portion of the Lands not actually occupied or used by Lessee or which would adversely affect the waters or the water supply of Lessor or others to such place or places as to reasonably ensure that such contamination or adverse effect does not occur.

(c) Prior to the commencement of any operations on the Lands, Lessee shall inform Lessor of the commencement of such operations (under the notice provisions hereof) with the approximate date of such commencement and the location of same; such notice to be given within a reasonable time prior to the commencement of such operations.

7. WARRANTY

(a) Except for the following, the Lessor makes no warrant concerning the Geothermal Resources, either expressed or implied. Lessor represents and warrants to the best of its knowledge to Lessor that it has good and marketable fee title to the Lands, free and clear of all liens and encumbrances other than rights of way and easements of record.

(b) Lessor has no permits to use Geothermal Resources on water appurtenant to the Lands.

(c) There are no implied covenants whatsoever contained herein, without limitations concerning the development, sale, exploration, or use of the Geothermal Resource.

8. TAXES

(a) Lessee shall pay all taxes levied and assessed against Lessee's leasehold interest in the Lands. Lessee shall pay all taxes levied and assessed against all structures, improvements and personal property placed upon the Lands by Lessee.

(b) Lessee agrees to pay any and all taxes assessed upon royalty proceeds for any Geothermal Resources produced and sold by Lessee from the Lands and ad valorem taxes on Geothermal Resources together with the same share of all severance, production, net proceeds and license taxes or other taxes or assessments levied or assessed on account of the production of Geothermal Resources from or allocated to the Lands, and to pay all of any other taxes assessed against the Lands, whether the same are assessed to Lessor or Lessee or otherwise, and Lessee is hereby authorized to pay all such taxes and assessments on behalf of Lessor.

9. OPERATIONS IN GENERAL

(a) All operations and acts of Lessee upon the Lands shall be performed in a good, safe and workmanlike manner and in accordance with recognized good operating, engineering and industry standards and practices. Reasonable efforts shall be undertaken to keep all operating sites neat, clean and safe and operations shall be conducted so as to eliminate, as is reasonable, dust, noise and noxious odors.

(b) Lessee shall comply with all laws and regulations applicable to its operations hereunder including but not limited to requirements for workmen's compensation insurance as required by the laws of the State of Nevada, and shall perform all of its operations on the Lands in compliance with all applicable federal, State and local laws and regulations pertaining to environmental protection, reclamation and bonding including but not limited to the permitting and other regulatory requirements set forth by the Nevada Department of Environmental Protection in the conduct of exploration, development and production operations on the Lands.

(c) Lessee shall forever save harmless, defend and indemnify Lessor from and against any and all manner of claims, judgments or suits whatsoever, including without limitation harm to other wells and aquifers, arising out of Lessee's operations hereunder other than those arising in whole or in part from Lessor's negligence or willful misconduct, and this Section shall survive termination of the Lease.

(d) All of the labor to be performed and all of the materials to be furnished in the operations of Lessee hereunder shall be at Lessee's sole cost and expense unless otherwise specified herein, and Lessor shall not be chargeable with or liable for any part thereof. Lessee shall protect the Lands against liens of every character arising from its operation thereon. In turn, Lessor shall protect the Lands, and indemnify Lessee, against any lien, encumbrance, mortgage, which could inhibit or impair in any way the rights granted to Lessee herein.

10. FORCE MAJEURE

Lessee's obligations hereunder save and except payment of annual rentals, and royalties set forth in Section 2 shall be suspended, and the term of the Lease and the period for removal of Lessee's property in the event of termination shall be extended while Lessee is prevented from complying therewith by: strikes; lockouts; riots; action of the elements, including but not limited to fire, explosion, flood, volcanic activity, earthquakes, or tidal waves; accidents; delays in transportation; inability to secure labor or materials in the open market; laws, rules or regulations of any Federal, State, County, Municipal or other governmental agency, authority or representative having jurisdiction, including failure or delay in issuance of necessary permits or approvals; war (whether declared or undeclared); acts of God; pandemics and epidemics or by other matters or conditions beyond the reasonable control of Lessee, whether or not similar to the conditions or matters in this Section specifically enumerated ("Force Majeure").

11. OBLIGATION ON TERMINATION

(a) Upon the expiration of the Lease or its earlier termination under the provisions herein, Lessee shall remain obligated to Lessor (a) for any royalties or other payments accrued and unpaid and (b) for uncompleted acts Lessee was obligated to complete prior to such expiration or termination, (c) for any damage to Lessor or the Lands resulting from any breach of this Lease by Lessee, and (d) for any liens, charges or encumbrances to which the Lands may have become subject by reason of the acts or omissions of Lessee.

(b) Lessee shall be solely responsible for any reclamation of the Lands required by applicable law or regulation. This section 11(b) shall survive termination of the Lease. All reclamation work shall be performed by licensed contractors, in accordance with and subject to applicable permit requirements.

(c) Upon the expiration of the Lease or its earlier termination under the provisions herein, Lessee shall assign all permits, bonds and licenses to Lessor that are needed in the Operations on the Lands.

12. BREACH OF AGREEMENT BY LESSEE

(a) If Lessee shall fail to pay any installment of royalty or rental when due and if such default shall continue for a period of thirty (30) days after receipt by Lessee of written notice thereof from Lessor to Lessee, then at the option of Lessor this Lease may be terminated as to any portions thereof or any interests therein as to which Lessee is in default upon written notice to Lessee. If Lessee shall be in default in the performance of any obligations under the Lease other than the payment of rental or royalty and other than as provided for below, and if for a period of thirty (30) days after written notice is given to Lessee by Lessor of such default Lessee shall fail to commence cure of the default and thereafter diligently and in good faith prosecute action to remedy such default, Lessor may terminate the Lease. Lessor shall be entitled to seek specific performances on an interim and permanent basis for any violation of sections 12 and 18.

(b) In the event that Lessee fails to perform any “Geotechnical Work” (defined below) by October 31, 2024 (“First Work Date”), this lease may be terminated by Lessor. In the event that construction does not occur within twelve (12) months following the First Work Date (“First Construction Date”), October 31, 2025, this Agreement may be terminated by Lessor unless otherwise extended by the Lessor. If start up and operations does not commence within twelve (12) months from the First Construction Date, October 31, 2026, this Lease may be terminated by Lessor. “Geotechnical Work” shall mean work that is final exploration and well siting; well design and drilling, permitting, drilling of production well, well testing and pump engineering, drilling of injection well, and permitting and street pipe construction.

13. REMOVAL OF LESSEE’S PROPERTY

(a) Lessee may remove casings not needed for regulatory puposes.

(b) Following termination of the Lease or any part thereof for any cause, and following abandonment of any well drilled pursuant to the provisions hereof, unless otherwise agreed to by the Lessor and Lessee that the property will remain or except as otherwise provided in this Section 13, Lessee shall within six (6) months thereafter remove all personal property which Lessee shall have brought upon the Lands affected by such termination or upon the drill site of such abandoned well; shall fill all sumps, remove all foundations and so nearly as practicable restore the areas affected by such termination or abandonment to the condition in which they were prior to the commencement of its operations hereunder; and, in the case of termination, execute a memorandum of lease termination, surrendering to the Lessor all right, title and interest of the Lessee in that part of the Lands as to which the Lease shall have been so terminated including any and all water rights acquired in connection with the Property, and provide Lessor with all maps, technical reports, geological and geophysical studies and reports, reservoir studies, and other documents, drilling logs and data, exploration data, test data, title information, production reports, and all other information pertaining to the Property. In the event that the Lessee fails to timely deliver a recordable memorandum of termination, the Lessor shall have the power and authority to record a memorandum of Lease termination in the Lessee’s name and Lessee hereby grants to lessor a power of attorney to execute and record the same.

The ownership of any of Lessee’s personal property not removed by it during the period herein provided shall, in the absence of Force Majeure, be deemed abandoned by Lessee and shall

pass to Lessor without further act of the parties or either of them effective upon expiration of such period, provided however Lessee shall remain liable to Lessor for any such property which Lessee fails to remove upon notice by Lessor within said six (6) month period that such property be removed. All data, logs, production reports, studies, samples and technical information shall automatically become Lessor's property upon termination of the Lease.

14. INSPECTION RIGHTS/ BOOKS AND RECORDS

(a) Lessor, or its agents, may at reasonable times and upon the consent of Lessee, but at Lessor's sole risk and expense, examine the workings, installations, structures and operations of Lessee upon the Lands but shall do so in such manner as not to unreasonably interfere with Lessee's operations.

(b) Lessee shall keep full and correct copies of its books and records with respect to all matters relevant to the royalty and other rights of Lessor hereunder and Lessor or its agents may upon reasonable notice and at reasonable times inspect and copy the same.

(c) During the term of this Agreement Lessee shall provide updates to Lessor from time to time as reasonable to keep Lessor appraised of the status of Lessee's well field exploration efforts on the Lands. All non-proprietary data, logs, production reports, studies and technical information relating to the Geothermal Resources which are developed or acquired by Lessee shall be provided to Lessor annually and in a format acceptable to Lessor.

15. INDEMNITY AND INSURANCE

(a) All labor performed on or with respect to the Lands by or on behalf of Lessee and all materials furnished by or on behalf of Lessee for use upon the Lands or use elsewhere in Lessee's operations hereunder and all obligations incurred in any manner in or in connection with Lessee's acts and operations on or with respect to the Lands shall be at the sole expense of Lessee, and Lessor shall not be chargeable with or liable for any part thereof. Lessee shall protect the Lands against liens of any and every character arising or which might arise from its operations, acts, or failure to act on or with respect to the Lands. Lessee hereby indemnifies Lessor against and agrees to hold it and the Lands free of and harmless from any and all liens, charges and liability arising by reason of the operations, act or omissions of Lessee or its employees, or agents.

(b) Lessee shall protect Lessor and the Lands against unremunerated damages of every kind and character which may be occasioned to any person or to the property of any person or to the general public or environment or air or water by reason of the operations, acts or omissions of Lessee or its employees or agents and hereby indemnifies Lessor and the Lands of Lessor against and agrees to hold it free of and harmless from any and all claims, demands and liability for such damages. Lessee at its own expense, shall obtain prior to commencing operations on the Lands and shall thereafter maintain during the life of this Lease all Workmen's Compensation Insurance required by law and such public liability and property damage insurance, protecting both Lessee and Lessor, and will maintain in full force and effect with a carrier approved by the Lessor's Risk Manager, insurance in a minimum amount of not less than \$2,000,000.00 per injury and \$4,000,000.00 per occurrence, protecting all insured against liability arising out of any

act or admission and shall annually furnish Lessor prior to the expiration of any such policy with certificates evidencing the renewals for such insurance. Said certificates of insurance shall provide a 30 day notice of cancellation to Lessor.

(c) To the extent limited in accordance with NRS 41.0305 to NRS 41.039, inclusive, Lessor will indemnify and hold harmless Lessee from any and all liability arising from any negligent act or omission by Lessor its employees, contractors or agents that causes damage to Lessee's property located on Lessor's Lands.

16. FEES AND BONDS

Lessee shall at its sole cost and expense and without recourse against Lessor:

(a) Pay all fees and other charges payable by either Lessee or Lessor to the State of Nevada or any agency thereof or to any other governmental entity or agency thereof, for or with respect to or in connection with or for the supervision of or official action with respect to the drilling, redrilling, deepening, operation or abandonment of each well on the Lands, and

(b) Obtain insuring bonds or agreement, legally sufficient as to issuer, amount, coverage and terms, as are required by the State of Nevada or any agency thereof or by any other governmental entity or agency thereof to be filed or deposited by either Lessee or Lessor for or with respect to or in connection with or for the supervision of or official action with respect to the drilling, redrilling, deepening operation or abandonment of any well on the Lands or the drilling or other operations of Lessee on or with respect to the Lands, and for the permitting, licensing, siting, construction, operation and maintenance of pipelines and equipment.

17. ENVIRONMENTAL, RECLAMATION AND RESTORATION MATTERS

In the event any buildings or personal property shall be damaged, destroyed or required to be removed because of Lessee's operations on the Lands, Lessee shall be liable for payment of the reasonable value thereof (as determined by an independent third-party appraiser). Upon completion of any well drilled on the Lands, Lessee shall level land, fill all sump holes and excavations and shall remove all debris and shall leave the location of such well in a clean and sanitary condition. Lessee in its operations on the Lands shall at all times have due and proper regard for the rights and convenience and the health welfare and safety of Lessor. If any wells drilled by Lessee hereunder shall be drilled in a manner so as to affect any water well of Lessor on the Lands and such wells shall be drilled by Lessee so as to seal off and protect Lessor's surface waters and domestic and irrigation well waters.

Lessee shall perform all reclamation and restoration of the Lands required by local, state and federal laws and regulations as a result of Lessee's activities or operations on the Lands and this obligation shall survive the termination of this Lease to the extent that any such reclamation and restoration obligations have not been completed on the date of termination.

Notwithstanding the foregoing, Lessor shall be solely responsible for any environmental claims that arise or directly relate to a prior environmental condition occurring prior to the Effective Date and any environmental claims arising or occurring after the Effective Date which were caused by or brought onto the Lands by the Lessor, or its employees, agents, representatives,

contractors, or invitees. Lessor acknowledges that, to its knowledge, it is not aware of any prior environmental condition on the Lands existing as of the Effective Date.

18. CONSENT

Lessor shall, at the Lessee's expense, at any time and from time to time, within ten (10) business days after request by Lessee, certify to by written instrument, duly executed and acknowledged, and deliver same to Lessee or any other party or parties designated by Lessee:

- (a) That the Lease is in full force and effect;
- (b) Whether Lessee is in default under the Lease; and
- (c) Such other reasonable assurances and information as Lessee may request.

19. NOTICES

Any notice or other communication hereunder by Lessor or Lessee to the other shall be given in writing by sending the same by prepaid registered or certified mail with return receipt requested, addressed as follows:

LESSOR

City of Reno
Director of Public Works
1 East First Street
Reno, NV 89501
P.O. Box 1900
Reno, NV 89505

LESSEE

Avalon Geothermal, LLC
By: Avalon Geothermal Holdco, LLC
Its Managing Member
Nicholas Goodman, CEO
15W South Temple, Suite 1900
Salt Lake City, UT 84101

With a copy to:
City of Reno
Office of the City Attorney
1 East First Street
Reno, NV 89501
P.O. Box 1900
Reno, NV 89505

Any notice mailed as aforesaid shall be deemed given and received within seventy-two (72) hours after the deposit thereof in the United States mail. The parties may, by like notice at any time, and from time to time, change their respective addresses for the purposes hereof. Postmark dates on registry receipts for such notices shall be conclusive as to the date of mailing.

20. SEVERABILITY

If any part, portion or provision of the Lease shall be found or declared null, void or unenforceable for any reason whatsoever by any court of competent jurisdiction or by any governmental agency having authority thereover, then only such part, portion or provision shall be affected thereby and the remainder of this instrument shall continue in full force and effect. The

foregoing provisions of this paragraph shall be severable for the purposes of the provisions of this Section.

21. LEASE

It is expressly acknowledged and agreed by the parties hereto that the Lease and the exhibits attached hereto and forming a part hereof as of the date hereto set forth all of the promises, agreements, conditions and understandings between Lessor and Lessee with respect to the Lands, and supersedes all prior agreements, arrangements or understandings and that there are no promises, agreements, conditions or understandings, either oral or written, between them with respect to the Lands as of the date of this Lease. It is further acknowledged and agreed that no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor and Lessee unless reduced to writing and executed by them.

22. COUNTERPARTS

(a) The Lease may be executed in any number of counterparts by any person having an interest in the Lands with the same effect as if all Lessors herein were named as Lessor in one document and had all signed the same document. All counterparts shall be constituted together and shall constitute one Lease. The failure of any person owning an interest in the Lands to execute a counterpart hereof, or the failure of any person named as Lessor in any counterpart to execute the same, shall not affect the binding force of the Lease as to those who have executed or shall execute a counterpart hereof.

(b) If more than one person is named as Lessor herein and one or more of them fails to execute the Lease, it shall, nevertheless (if accepted by Lessee) become effective as a lease from each such Lessor as may have executed the same.

23. MISCELLANEOUS

(a) Waivers-The failure of a Party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later date to enforce the same unless the same is waived in writing. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty condition in this Agreement shall be effective unless in writing.

(b) Applicable Law-This Agreement shall be construed according to and governed by the laws of the State of Nevada, applicable to contracts entered into in Nevada by residents thereof and to be performed entirely within such state, and the parties agree to bring any action under this agreement in the Second judicial district court in Washoe County, to the extent state law claims are solely at issue. The parties reserve the right to bring an action in an appropriate federal court if a federal claim is alleged or federal law is implicated.

(c) Interpretation-This Agreement has been submitted to the scrutiny of all Parties hereto and their counsel, and shall be given fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any Party hereto or its counsel.

(d) No Partnership or Joint Venture-Nothing in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties.

(e) It is expressly understood that this Lease does not or convey any permanent easement or fee in the Property to the Lessee. Except as provided for in Section 1(c), this Lease is not exclusive, and the Lessor specifically reserves the right to allow other agreements within the vicinity of the Property.

(f) Lessor and Lessee agree to execute a recordable Memorandum of Geothermal Lease and Agreement providing constructive notice of the contents hereof which document shall be recorded in the Official Records of Washoe County, Nevada. The Memorandum is attached as Exhibit "D".

(g) Lessee may not assign its rights or duties under this Lease, without Lessor's written consent. Assignment shall include, but not be limited to the transfer of 51% or greater of the equity in Lessee. Notwithstanding the foregoing, Lessee may transfer or assign all, but not less than all, of its rights and obligations under this Lease to an affiliate, provided such Affiliate agrees in writing to assume and be bound by the provisions of this Lease with the Lessor's written consent. For purposes hereof, "Affiliate" shall mean, a person or entity that directly or indirectly, controls or is controlled by or is under common control with Lessee.

24. BINDING EFFECT

The Lease and all of the terms, covenants and conditions hereof shall extend to and be binding upon the respective heirs, executors, administrators, grantees, successors and assigns of the parties hereto.

-Signature Page Follows-

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove first written.

LESSOR
CITY OF RENO

LESSEE
AVALON GEOTHERMAL LLC

By: Avalon Geothermal Holdco, LLC
Its Managing Member

Hillary L. Schieve, Mayor

Nicholas Goodman, CEO

ATTEST:

Mikki Huntsman, City Clerk

APPROVED AS TO FORM:

Susan Ball Rothe
Deputy City Attorney

EXHIBIT A

All that certain real property situate in the County of Washoe, State of Nevada, described as follows:

PARCEL 1:

Lots 5, 6 and 7 of KNOLL CREST ACRES SUBDIVISION, Tract Map No. 261, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on December 5, 1940, as File No. 94355, Official Records.

PARCEL 2:

Beginning at the intersection of the .Eastern line of Knoll Crest Acres Subdivision, Reno, Nevada, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on December 5, 1940, with the Southern line of Moana Lane; thence along the Southern line of Moana Lane the two following courses and distances: North 89°55'30" East 615.65 feet and North 82°04'20" East 198.25 feet to the Westerly line of Baker Lane as said Lane is described in the deed recorded in Book 262, File No. 188125, Deed Records; thence along the Westerly line of said Baker Lane the five following courses and distances: South 1°45'20" East 228.88 feet to the beginning of a curve to the left, having a delta angle of 6°16'40", a radius of 425 feet, and thence along said curve a distance of 46.57 feet to the end of the curve, and thence South 8°02' East 143.55 feet to the beginning of a curve to the right, having a delta angle of 8°25'30", a radius of 375 feet, and thence along said curve a distance of 55.15 feet, and thence South 0°23'30" West 28.94 feet to the intersection of the West line of Baker Lane with the North line of the Amended Plat of Moana Park Home Sites, Washoe County, Nevada, filed in the office of the County Recorder of Washoe County, State of Nevada, on September 21, 1946; thence South 89°02'30" West and along the said North line of Moana Park Home Sites, a distance of 850.12 feet to its intersection with the Easterly line of Knoll Crest Acres Subdivision, aforesaid; thence along the East line of said Knoll Crest Acres Subdivision, North 0°23'30" East 487.49 feet to the point of beginning. Said premises situate in the NE 1/4 of NW 1/4 of Section 25, Township 19 North, Range 19 East, M.D.B. & M.

EXCEPTING THEREFROM all that portion lying within Moana Lane and Baker Lane.

APN: 024-013-06

Document No. 256906 is provided pursuant to the requirements of Section 6.NRS 111.312.

EXHIBIT B

To that GEOTHERMAL LEASE AGREEMENT (“Lease” or “Agreement”) entered into as of the ____ day of _____, 202__, (“Effective Date”), by and between the City of Reno, a municipal corporation (“Lessor”), and Avalon Geothermal Inc., a Delaware Corporation, licensed to do business in the State of Nevada (“Lessee”).

That real property is located in the County of Washoe, State of Nevada, City of Reno, more particularly described as:

Knoll Crest Acres Lots, 5, 6, &7 & Fraction of the NW Sec 25, Twp 19N, R19E Outside Subdivision Boundary.

More particularly described as a 26.3 ft. by 38.00 ft Geothermal Well Area, approximately, 1,000 sq ft, ex-parcel of Lot 7.

APN: 024-013-06

As shown on the Exhibit C: MAP, attached hereto:

EXHIBIT C

GEOTHERMAL
MAIN PIPING

W MOANA LN

FIRE STATION

MOANA SOCCER FIELD

APN 024-013-06

MOANA SPRINGS COMMUNITY
AQUATIC FITNESS CENTER

SOCCER PARKING LOT/NVE HOST SOLAR
SITE (INSTALLED BY DECEMBER 2023)

GEOTHERMAL LEASE AREA
(1000 SQUARE FEET)

SERVICE TO BUILDING,
INSTALLED WITH MOANA
SPRINGS PROJECT

VFW

FUTURE SERVICE LINE AND
CONNECTION POINT TO
MOANA POOL

JACK TIGHE PARK

BAKER LN

ATLANTIS
PROPERTY

FUTURE
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EXHIBIT D

MEMORANDUM OF GEOTHERMAL LEASE AGREEMENT

Return to:
City of Reno
Attention: Susan Ball Rothe
Deputy City Attorney
PO Box 1900
Reno, NV 89505

(Space Above for Recorder's Use)

MEMORANDUM OF GEOTHERMAL LEASE AGREEMENT

THIS MEMORANDUM OF GEOTHERMAL LEASE AGREEMENT (this "Memorandum") is effective as of _____, 2023 (the "Effective Date"), by and between the City of Reno, a municipal corporation ("Lessor") and Avalon Geothermal, LLC, a Foreign Limited Liability Company duly organized under the laws of Delaware and qualified to do business in the State of Nevada ("Lessee"). Lessor and Lessee may each be referred to as a "Party," or collectively, as "Parties."

Recitals

A. Lessor and Lessee are parties to that certain Geothermal Lease Agreement, dated concurrently herewith ("Lease Agreement"), pursuant to which Lessor has granted to Lessee a leasehold interest that certain real property more particularly described on Exhibit "A" attached hereto (the "Land"), for the purpose and use as set forth in the Lease Agreement, and subject to the terms and conditions of the Lease Agreement.

B. Lessor and Lessee desire to provide for public notice of the existence of the Lease Agreement and the parties' rights thereunder. Capitalized terms used herein for which no definition is provided shall have the meaning provided in the Lease Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties acknowledge and agree to and hereby provide constructive notice of the following matters:

1. Grant of Lease. Pursuant to the Lease Agreement, Lessor has leased Lessee the Land for Lessee to drill for, produce, extract, take and remove therefrom Geothermal Resources as defined in the Lease Agreement, to the extent, if any, such rights are owned and/or controlled by Lessor.

2. Term of the Lease Agreement. Subject to the terms and conditions set forth in the Lease Agreement, the term of the Lease Agreement is for twenty-five (25) years from the Effective Date, and may be extended for an additional period of ten (10) years as provided for in the Lease Agreement.

3. Governance. This Memorandum shall be construed in accordance with the laws of the State of Nevada.

4. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation to give notice of the Lease Agreement. It shall not constitute an amendment or modification of the Lease Agreement. All of the terms, conditions, provisions and covenants of the Lease Agreement are hereby incorporated into this Memorandum by reference as though fully set forth herein, and the Lease Agreement and this Memorandum shall be deemed to constitute a single instrument or document. Should there be any inconsistency between the terms of this Memorandum and the Lease Agreement, the terms of the Lease Agreement shall prevail.

5. Counterparts. This Memorandum may be executed in one of more counterparts, each of which when so executed shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

[Remainder of page left blank intentionally. Signatures to follow.]

LESSOR
CITYOF RENO

By: _____
Hillary L. Schieve, Mayor

ATTEST:

By: _____
Mikki Huntsman, City Clerk

APPROVED AS TO FORM:

By: _____
Susan Ball Rothe
Deputy City Attorney

LESSEE
AVALON GEOTHERMAL LLC
By: Avalon Geothermal Holdco, LLC
Its Managing Member

By: _____
Nicholas Goodman, CEO