# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Ocean Thermal Energy Corp

### Form: 8-K

### Date Filed: 2018-01-03

Corporate Issuer CIK: 827099

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 28, 2017

# OCEAN THERMAL ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

| **Nevada** | **033-19411-C** | **20-5081381** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**800 South Queen Street, Lancaster, PA 17603**
(Address of principal executive offices, Zip Code)

**(717) 299-1344**
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

**Item 1.01 Entry into a Material Definitive Agreement.**

On December 28, 2017, Ocean Thermal Energy Corporation, a Nevada corporation (the "Company"), entered into a Note and Warrant Purchase Agreement with certain accredited investors (the "Investors") pursuant to which the Company issued a series of unsecured promissory notes (the "Notes") to the Investors, in the aggregate principal amount of $480,000. The Notes accrue interest at a rate of 10% per annum payable on a quarterly basis and are not convertible into shares of capital stock of the Company. The Notes are payable within five (5) business days after receipt of funds under that certain Equity Purchase Agreement equal to 20% of the total funds received by the Company payable on a pro rata basis to all holders of the Notes. The Company may prepay the Notes in whole or in part without penalty or premium on or before the maturity date of July 30, 2019. The Equity Purchase Agreement and related agreements were previously disclosed on our Current Report on Form 8-K filed on December 21, 2017.

In connection with the issuance of the Notes, each holder received a common stock purchase warrant (the "Warrants") equal to 2,000 warrant shares for every $10,000 in Notes purchased. The Warrants are exercisable for a period of three (3) years from date of issuance. The exercise price per share of the Warrants is equal to Eighty-Five Percent (85%) of the closing price of the Company's common stock on the day immediately preceding the exercise of the relevant Warrant, subject to adjustment as provided in the Warrants. The Warrants include a cashless net exercise provision whereby the holder can elect to receive shares equal to the value of the Warrant minus the fair market value of shares being surrendered to pay for the exercise.

The foregoing description of the terms of the Note and Warrant Purchase Agreement, Notes and Warrants does not purport to be complete and is subject to and qualified in its entirety by reference to the agreements and instruments themselves, copies of which are filed as Exhibits 10.1, 10.2 and 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 3.02 Unregistered Sales of Equity Securities.**

The information provided above in "Item 1.01 – Entry into a Material Definitive Agreement" of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

The issuance of the Notes, the Warrants and the issuance of the shares of the Company's common stock upon exercise of the Warrants in connection with the above offering is exempt from registration under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions from the registration requirements of the Act in transactions not involved in a public offering pursuant to Rule 506(b) of Regulation D, as promulgated by the Securities and Exchange Commission under the Act.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

10.1 Note and Warrant Purchase Agreement, dated December 28, 2017, by and between the Company and Investors.
10.2 Form of Unsecured Promissory Note, by and between the Company and each Investor.
10.3 Form of Common Stock Purchase Warrant, by and between the Company and each Investor.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 3, 2018

**OCEAN THERMAL ENERGY CORPORATION**

By: /s/ Jeremy P. Feakins
Chief Executive Officer and
Chief Financial Officer (Principal Executive and Financial Officer)

Exhibit 10.1

**OCEAN THERMAL ENERGY CORPORATION**

**NOTE AND WARRANT PURCHASE AGREEMENT**

**December 28, 2017**

**OCEAN THERMAL ENERGY CORPORATION**
**NOTE AND WARRANT PURCHASE AGREEMENT**

THIS NOTE AND WARRANT PURCHASE AGREEMENT (this "Agreement") is made as of December 28, 2017, by and among Ocean Thermal Energy Corporation, a Nevada corporation (the "Company"), and the investors listed on Exhibit A hereto who become signatories to this Agreement (each an "Investor" and, collectively, the "Investors").

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Issuance of Notes and Warrants.

1.1 Issuance of Notes. Subject to the terms and conditions of this Agreement, at each Closing (as defined below), the Company shall issue and sell to each Investor participating in such Closing, an unsecured promissory note (each such note, a "Note" and collectively, the "Notes") in the principal amount set forth opposite each such Investor's name on Exhibit A attached hereto (the "Principal Amount"), against payment by such Investor to the Company of the Principal Amount. The Company may issue and sell Notes with an aggregate Principal Amount of up to $500,000 under this Agreement, with the Company reserving the right to sell additional Notes, in the event that the round is oversubscribed, in an aggregate principal amount of up to an additional $1,000,000 (the "Oversubscription Right"). The Notes shall each be in substantially the form of Exhibit B attached hereto, except as may otherwise be agreed upon by the Company and an Investor.

1.2 Issuance of Warrants. Subject to the terms and conditions of this Agreement, at each Closing (as defined below), the Company shall issue and deliver to each Investor participating in such Closing, a common stock purchase warrant (each such warrant, a "Warrant" and collectively, the "Warrants", and together with the Notes and the shares of stock issuable upon exercise of the Warrants, the " Securities") providing each Investor the right to purchase that number of shares of the Company's common stock set forth below. The Warrants shall be exercisable at a price per share of common stock equal to a fifteen percent (15%) discount to the closing price of the Company's stock the day immediately prior to exercise by the Investor. The Warrants shall each be in substantially the form of Exhibit C attached hereto, except as may otherwise be agreed upon by the Company and an Investor. The warrant "coverage" shall be:

| Amount of the Note | Warrant Shares |
|---|---|
| $10,000 | 2,000 |
| $20,000 | 5,000 |
| $25,000 | 6,500 |
| $30,000 | 8,000 |
| $40,000 | 10,000 |
| $50,000 | 14,000 |

The Warrant Shares issuable pursuant to the table above shall be without duplication, such that, for example, a $40,000 principal amount of a Note shall entitle the holder to 10,000 Warrant Shares. The Warrant Shares issuable on any amount invested over $50,000 shall be determined pursuant to the table above. For example, if the principal amount of the Note is $75,000, the Investor shall be entitled to 20,500 Warrant Shares (14,000 + 6,500).

2. Closings.

2.1 Initial Closing. The initial closing of the purchase and sale of the Securities shall take place remotely via exchange of funds and documents, on December 28, 2017 (the "Initial Closing").

2.2 Subsequent Closings. Subsequent to the Initial Closing, until such time as the aggregate Principal Amount evidenced by all of the Notes equals a total of $1,500,000, the Company may sell additional Securities to such persons or entities as determined by the Company (each such closing, a "Subsequent Closing" and, together with the Initial Closing, each a " Closing"). For purposes of this Agreement, and all other agreements contemplated hereby, any additional purchaser so acquiring the Securities shall be deemed to be an "Investor" for purposes of this Agreement, and any Securities so acquired by such additional purchaser shall be deemed to be "Securities" for all purposes hereunder. Exhibit A shall be revised by the Company, without the consent of any other person or entity, to reflect the sale of Notes at all Subsequent Closings. The closing of the purchase and sale of such additional Securities hereunder shall take place on such date as is mutually agreeable to the Company and Investors that are identified on Exhibit A as purchasing Notes representing a majority of the aggregate Principal Amount of all Notes to be issued at such Subsequent Closing (or at such other time and place as is mutually agreed upon by the Company and such parties) (which each such date and place, together with the Initial Closing, are designated as a "Closing Date").

2.3 Conditions of Investors' Obligations at Closing. The several obligations of each Investor to purchase the Notes on the date of the Initial Closing shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 2.3, any of which may be waived in writing by such Investor.

(a) Representations and Warranties. The representations and warranties made by the Company in Section 4 hereof shall be true and correct in all material respects on the Initial Closing date (except as to such representations and warranties made as of a specific date, which shall be measured as of such date).

(b) Conditions. All agreements and conditions contained in this Agreement to be performed by the Company on or prior to the Closing shall have been performed or complied with in all material respects.

2.4 Conditions of the Company's Obligations at Closing. The obligations of the Company to sell and issue Notes to each Investor at a Closing shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 2.4, any of which may be waived in writing by the Company.

(a) Representations and Warranties. The representations and warranties of such Investors contained in Section 3 of this Agreement shall be true and correct in all material respects on and as of each Closing, with the same effect as if made on and as of the Closing.

(b) Conditions. All agreements and conditions contained in this Agreement to be performed by the Investor on or prior to the Closing shall have been performed or complied with in all material respects.

2.5 Delivery. At each Closing, the Company shall deliver to each Investor (a) a Note in the Principal Amount designated opposite such Investor's name on Exhibit A, and (b) a Warrant exercisable by the Investor to purchase 10,000 shares of the Company's common stock for each $50,000 in principal amount of Notes purchased by such Investor, against delivery of (1) payment of the purchase price therefor by a wire transfer of immediately available funds, to a bank designated by the Company, and (2) delivery of counterpart signature pages to this Agreement, the Note and the Warrant (collectively, the "Transaction Documents").

3. Representations, Warranties and Covenants of Investors. Each Investor, severally and not jointly, hereby represents, warrants and covenants to the Company as follows:

3.1 Purchase for Own Account. Such Investor represents that it is acquiring the Securities solely for investment for such Investor's own account and not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The acquisition by such Investor of any of the Securities shall constitute confirmation of the representation by such Investor that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

3.2 Disclosure of Information. Such Investor has had an opportunity to discuss the terms of this offering and the Company's business, management and financial affairs with the Company's management, and the opportunity to inspect the Company's facilities and such books and records and material contracts as such Investor deemed necessary to its determination to purchase the Securities.

3.3 Investment Experience. Either (i) such Investor or its officers, directors, managers or controlling persons has a preexisting personal or business relationship with the Company or its officers, directors or controlling persons, or (ii) such Investor, by reason of its own business and financial experience, has the capacity to protect its own interests in connection with the investment contemplated hereby. Such Investor represents that it is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities.

3.4 Accredited Investor; Non-U.S. Persons. Such Investor either (a) is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect, or (b) (i) certifies that such Investor is not a "U.S. person" within the meaning of SEC Rule 902 of Regulation S, as presently in effect, and that such Investor is not acquiring the Securities for the account or benefit of any such U.S. person, (ii) agrees to resell the Securities only in accordance with the provisions of Regulation S, pursuant to registration under the Act, or pursuant to an available exemption from registration and agrees not to engage in hedging transactions with regard to such Securities unless in compliance with the Act, (iii) agrees that any certificates for any Securities issued to such Investor shall contain a legend to the effect that transfer is prohibited except in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an available exemption from registration and that hedging transactions involving such Securities may not be conducted unless in compliance with the Act, and (iv) agrees that the Company is hereby required to refuse to register any transfer of any Securities issued to such Investor not made in accordance with the provisions of Regulation S, pursuant to registration under the Act, or pursuant to an available exemption from registration.

3.5 Restrictions on Transfer. Such Investor understands that the Securities are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act"), only in certain limited circumstances. In this connection, such Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. Such Investor understands that the Securities have not been and will not be registered under the Act and have not been and will not be registered or qualified in any state in which they are offered, and thus the Investor will not be able to resell or otherwise transfer his, her or its Securities unless they are registered under the Act and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. Such Investor has no immediate need for liquidity in connection with this investment and does not anticipate that it will need to sell his, her or its Securities in the foreseeable future. INVESTOR UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S SECURITIES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF HIS, HER OR ITS INVESTMENT.

3.6 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 3 and any other agreement that the purchasers of such Securities are required to execute and deliver in connection with the purchase of such Securities, and:

(a) there is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, such Investor shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144.

Notwithstanding the provisions of subsections (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by an Investor that is a partnership or limited liability company to a partner of such partnership or a member of such limited liability company or a retired partner of such partnership who retires after the date hereof or a retired member of such limited liability company who retires after the date hereof, or to the estate of any Investor or the transfer by gift, will or intestate succession by any Investor to his or her spouse or to the siblings, lineal descendants or ancestors of such Investor or his or her spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he or she were an original Investor hereunder.

3.7 Confidentiality. Such Investor agrees that he, she or it shall keep confidential and shall not use, disclose or divulge any information which such Investor may obtain from the Company, pursuant to financial statements, reports and other materials submitted by the Company as required hereunder or under any other documents, or pursuant to information rights granted to an Investor unless such information is known, or until such information becomes known, to the public through no fault of such Investor or its agents, or unless the Company's President or Chief Executive Officer gives written consent to such Investor's release of such information, except that no such written consent shall be required (and Investor shall be free to release such information) if such information is to be provided to such Investor's counsel or accountant, or to an officer, director, general partner, limited partner, shareholder, investment counselor or advisor, or employee of an Investor with a need to know such information; provided that any such counsel, accountant, officer, director, general partner, limited partner, shareholder, investment counselor or advisor, or employee shall be bound by the provisions of this Section 3.7. Notwithstanding the foregoing, this Section 3.7 shall not apply (a) to information which an Investor learns from a third party with the right to make such disclosure, provided Investor complies with the restrictions imposed by the third party, (b) to information which is in such Investor's possession prior to the time of disclosure by the Company and not acquired by Investor under a confidentiality obligation, (c) to the minimum extent Investor is required to disclose such information by law or a governmental regulatory authority, (d) to the minimum extent (after requesting and pursuing confidential treatment to the extent reasonably possible) such Investor is required to disclose such information by court order. For the purposes of this Agreement: (A) a Person shall be deemed an "Affiliate" of another Person who, directly or indirectly, controls, is controlled by or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person; and (B) "Person" shall mean any individual, corporation (including any nonprofit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity, unincorporated organization or government or political subdivision thereof, or any other entity.

3.8 Investment Entity. Such Investor, if a corporation, partnership, trust or other entity, is authorized and otherwise duly qualified to purchase and hold the Securities; such entity has made its investment decision to purchase the Securities at its office address for Investor as set forth on the signature page hereto; and such entity has not been formed for the specific purpose of acquiring the Securities. Such Investor, if a natural person, resides in the state identified in the address of Investor set forth on the signature page hereto.

3.9 Validity. When executed and delivered by such Investor, and assuming execution and delivery by the Company, this Agreement constitutes such Investor's valid and legally binding obligations, enforceable in accordance with its respective terms except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) the effect of rules of law governing the availability of equitable remedies. Investor has full power and authority to enter into this Agreement and any and all consents required in connection herewith and the transactions contemplated hereby have been obtained.

3.10 No Tax Advice. Such Investor understands that such Investor may suffer adverse tax consequences as a result of such Investor's purchase or disposition of the Securities. Such Investor represents that he, she or it has consulted any tax consultants that such Investor deems advisable in connection with the purchase or disposition of the Securities and that such Investor is not relying on the Company or the Company's counsel for any tax advice.

3.11 Risks; Equity Purchase Agreement. Such Investor is aware that the Securities are highly speculative and that there can be no assurance as to what return, if any, there may be. Investor acknowledges the inherent risks of purchasing the Securities. Specifically, such Investor understands and acknowledges that the repayment terms on the Notes contemplates that repayment will be made upon the Company's receipt of funds pursuant to that certain Equity Purchase Agreement dated December 18, 2017 by and between the Company and L2 Capital, LLC, and that prior to securing any funds pursuant to the Equity Purchase Agreement, the Company must file and have declared effective by the Securities and Exchange Commission a Registration Statement on Form S-1. Such Investor also acknowledges and understands that the amount of funds available to the Company at any given time is dependent on certain matters outside of the Company's control, such as the trading volume and trading price of the Company's stock. There can be no assurance that the Equity Purchase Agreement will provide sufficient capital in order for the Company to repay the Notes on a timeline anticipated or desired by such Investor.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to each Investor that, at the Initial Closing, except as set forth on the Schedule of Exceptions attached hereto as Exhibit C:

4.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to carry on its business as now conducted.

4.2 Authorization. All action on the part of the Company necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Securities, has been taken or will be taken prior to each Closing. Each of the Transaction Documents to which the Company is a party constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

4.3 Absence of Required Consents; No Violations. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority on the part of the Company is required in connection with the consummation of the transactions contemplated by the Transaction Documents, except for such filing(s) pursuant to applicable federal or state securities laws as may be necessary, which filings will be timely effected after the relevant Closing. The Company is not in violation or default (i) of any provision of its Certificate of Incorporation or Bylaws, or (ii) in any material respect of any instrument, judgment, order, writ, decree or contract to which it is a party or by which it is bound, except in the case of this clause (ii) for such violations or defaults which could not reasonably be expected to result in a material adverse effect. The execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated thereby will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, order, writ, decree or contract.

4.4 Valid Issuance of Securities.

(a) The Securities, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, and under applicable state and federal securities laws. The Common Stock issuable upon exercise of the Warrants will be duly and validly reserved for issuance upon the creation of such equity securities and, upon issuance in accordance with the terms of the Company's Articles of Incorporation will be duly and validly issued, fully paid, nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, and under applicable state and federal securities laws.

(b) No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a " Disqualification Event") is applicable to the Company or, to the Company's knowledge, any Company Covered Person, except for a Disqualification Event as to which Rule 506(d)(2)(ii–iv) or (d)(3), is applicable. "Company Covered Person" means, with respect to the Company as an "issuer" for purposes of Rule 506 promulgated under the Securities Act, any Person listed in the first paragraph of Rule 506(d)(1).

5. Legends.

5.1 Federal Legends. The Notes and stock certificates evidencing the other Securities shall bear such restrictive legends as the Company and the Company's counsel deem necessary or advisable under applicable law or pursuant to this Agreement, including, without limitation, the following:

"THE SECURITIES EVIDENCED HEREBY AND ANY SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR OFFERED FOR SALE OR OTHERWISE DISTRIBUTED EXCEPT (I) IN CONJUNCTION WITH AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE ACT, (II) IN COMPLIANCE WITH RULE 144, OR (III) PURSUANT TO AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION OR COMPLIANCE IS NOT REQUIRED AS TO SAID SALE, OFFER OR DISTRIBUTION."

5.2 Other Legends. The Notes and stock certificates evidencing the shares issuable upon exercise of the Warrants shall also bear any legend required by the Company's Bylaws, or as may be required pursuant to any state, local, or foreign law governing such securities.

5.3 [intentionally omitted].

5.4 [intentionally omitted].

5.5 Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Securities that have been sold or otherwise transferred in violation of any of the provisions of this Agreement, or (ii) to treat as owner of such Securities or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Securities shall have been so transferred.

5.6 [intentionally omitted].

6. Miscellaneous.

6.1 Successors and Assigns. Except as otherwise provided therein, the terms and conditions of this Agreement and the other Transaction Documents shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities); provided that the Company may not assign or transfer its rights or obligations hereunder or under the other Transaction Documents without the prior written consent of the holders of a majority of the aggregate Principal Amount under all Notes. The Securities shall be transferable upon obtaining the prior written consent of the Company and subject to compliance with applicable securities laws and Section 3. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6.2 Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Pennsylvania, without giving effect to principles of conflicts of law.

6.3 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.4 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by facsimile to the number set forth below if sent between 8:00 a.m. and 5:00 p.m. recipient's local time on a Business Day, or on the next Business Day if sent by facsimile to the number set forth below if sent other than between 8:00 a.m. and 5:00 p.m. recipient's local time on a Business Day; (c) three Business Days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid and addressed to the other party at the address set forth below; or (d) the next Business Day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next Business Day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 6.4 by giving the other party written notice of the new address in the manner set forth above. "Business Day" shall mean any day other than a Saturday, Sunday, U.S. federal holiday or any other day upon which banks in New York and San Francisco are not open for business. Any communication to an Investor shall be sent to such Investor at the address set forth on the signature page hereto, and if to the Company, at the following address:

Ocean Thermal Energy Corporation
800 South Queen Street
Lancaster, PA 17603
Email Address: jeremy.feakins@otecorporation.com

With a copy to (which such copy shall not constitute notice):

Procopio, Cory, Hargreaves & Savitch LLP
12544 High Bluff Drive, Suite 300
San Diego, CA 92130
Attn: John Cleary, Esq.
Email: john.cleary@procopio.com

6.5 Amendments and Waivers. Any term of this Agreement may be amended or modified, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of, or a written instrument signed by (x) the Company; and (y) Investors who, after the Closing, hold Notes in an aggregate Principal Amount equal to more than fifty-percent (50%) of the aggregate Principal Amount of all then outstanding Notes. Any waiver or amendment effected in accordance with this Section 6.5 shall be binding upon each holder of any Securities acquired under this Agreement at the time outstanding (including securities into which such Securities are convertible), each future holder of all such Securities, and the Company, and its and their respective successors and assigns. Notwithstanding the foregoing, the Company may unilaterally amend Exhibit A of this Agreement to the extent necessary to add new Investors at Subsequent Closings, in accordance with Section 2.2 of this Agreement.

6.6 Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be judicially determined to be invalid, illegal or unenforceable in any respect, (i) the remaining terms and provisions hereof shall be unimpaired and shall remain in full force and effect, and (ii) the invalid or unenforceable provision or term shall be replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term or provision, and, if the foregoing provision of this clause (ii) is not permitted pursuant to applicable law, then (iii) this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

6.7 Finder's Fee. Each party represents that it neither is nor will be obligated for any finders' fee or commission in connection with this transaction.

6.8 Further Assurances. Each Investor and the Company shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by the Transaction Documents.

6.9 Survival of Representations Warranties and Covenants . The representations and warranties of the Company and the Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Investors or the Company.

6.10 Separability. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. Each Investor shall be responsible only for its own representations, warranties, agreements and covenants hereunder. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Except as otherwise provided in any Transaction Document, each Investor shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. Any invalidity, illegality or limitation on the enforceability of the Agreement or any part thereof, by any Investor, whether arising by reason of the law of the respective Investor's domicile or otherwise, shall in no way affect or impair the validity, legality or enforceability of this Agreement with respect to other Investors.

6.11 Acknowledgment. Each Investor acknowledges that: (a) he, she or it has read the Transaction Documents; (b) it has been represented in the preparation, negotiation and execution of the Transaction Documents by legal counsel of its own choice or has voluntarily declined to seek such counsel; and (c) it understands the terms and consequences of the Transaction Documents and is fully aware of the legal and binding effect of the Transaction Documents.

6.12 Construction. The Company and Investors have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party because of the authorship of any provision of this Agreement. The words "include," "includes," and "including" shall be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. Any reference herein to "day" or "days" shall, unless otherwise provided for, mean a calendar day or calendar days.

6.13 Entire Agreement. This Agreement and the Transaction Documents (and the Exhibits hereto and thereto) constitute the entire understanding between the Company and the Investors relative to the subject matter hereof. Any prior and contemporaneous agreement, discussion, understanding, correspondence and/or communication between the Company and such Investors regarding the purchase of securities, capital stock of the Company or otherwise, whether written or oral, is superseded by this Agreement.

6.14 Attorney's Fees. If, in any action at law or in equity (including arbitration), it is necessary to enforce or interpret the terms of any of the Transaction Documents, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief that such party may be entitled.

6.15 [intentionally omitted].

6.16 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

***[Signature Page Follows]***

IN WITNESS WHEREOF, the parties hereto have executed this Note and Warrant Purchase Agreement as of the date first above written.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**Company:**

**OCEAN THERMAL ENERGY CORPORATION**,
a Nevada corporation

By: /s/ Jeremy P. Feakins
Jeremy P. Feakins, Chief Executive Officer

**INVESTORS:**

**If Investor is a Corporation, Partnership or Other Entity:**

_____
*Name of Entity*

_____
*Signature of Authorized Person*

_____
*Print Name of Authorized Person*

_____
*Title*

Telephone (Day): _____

Facsimile: _____

Email Address: _____

Address: _____
_____
_____

**If Investor is an Individual:**

_____
*Print Name of Individual*

_____
*Signature of Individual*

_____
*Print Name of Individual (If more than one signatory)*

_____
*Signature of Individual (If more than one signatory)*

Telephone (Day): _____

Facsimile: _____

Email Address: _____

Address: _____
_____
_____

## EXHIBITS

**Exhibits**

Exhibit A Schedule of Investors

Exhibit B Form of Note

Exhibit C Form of Warrant

**EXHIBIT A**

**SCHEDULE OF INVESTORS**

| Investor | Principal Amount of Note | Date of Purchase |
|---|---|---|

**EXHIBIT B**

**FORM OF UNSECURED PROMISSORY NOTE**

[Attached]

**EXHIBIT C**

**FORM OF COMMON STOCK PURCHASE WARRANT**

[Attached]

Exhibit 10.2

**OCEAN THERMAL ENERGY CORPORATION**
**UNSECURED PROMISSORY NOTE**

**$ _____** _____
Lancaster, Pennsylvania

On or before the maturity date of July 30, 2019, if not paid earlier pursuant to Section 1 of this Unsecured Promissory Note (the " **Maturity Date**"), for value received, the undersigned, OCEAN THERMAL ENERGY CORPORATION, a Nevada corporation (the "**Borrower**"), promises to pay to the order of _____ (the "**Holder**"), in the manner and at the place provided below, the principal sum described above.

This Unsecured Promissory Note (this "**Note**") is one of a series of Notes (collectively with this Note, the " **Notes**") issued by the Company to investors pursuant to that certain Note and Warrant Purchase Agreement dated December 28, 2017.

**1. PAYMENT.**

Within five (5) business days after the Borrower's receipt of funds from L2 Capital, LLC pursuant to that certain Equity Purchase Agreement dated December 18, 2017, the Borrower will make aggregate payments on the Notes, including this Note, equal to 20% of the total funds received by the Borrower. Such payments shall be made on a pro rata basis to all holders of the Notes, including the Holder, based upon the ratio by which the principal amount of all Notes outstanding bears to the principal amount of this Note held by the Holder.

All payments of principal and interest under this Note will be made in lawful money of the United States of America, in same day funds, without offset, deduction, or counterclaim, at a place the Holder may designate in writing from time to time.

**2. INTEREST PAYMENTS.**

Interest only will be payable on a quarterly basis commencing on April 15, 2018 (for the first quarter of 2018), and on the fifteenth (15 $^{th}$) day after each calendar quarter thereafter until this Note is paid in full.

Each payment will be credited first to interest and then to principal, and interest will cease to accrue on any principal so paid. Acceptance by the Holder of any payment differing from the designated installment payment listed above does not relieve the Borrower of the obligation to honor the requirements of this Note.

**3. INTEREST.**

Interest on the unpaid principal balance of this Note is payable from the date hereof until this Note is paid in full, at the rate of ten percent (10%) per year. Accrued interest will be computed on the basis of a 365-day or 366-day year, as the case may be, based on the actual number of days elapsed in the period in which it accrues.

**4. PREPAYMENT.**

The Borrower may prepay this Note, in whole or in part, at any time before the Maturity Date without penalty or premium. Any partial prepayment will be credited first to accrued interest to the date of such payment, then to payment of principal. No prepayment extends or postpones the Maturity Date of this Note.

**5. EVENTS OF DEFAULT.**

Each of the following constitutes an "**Event of Default**" under this Note: (i) the Borrower's failure to make any payment when due under the terms of this Note, including the final balloon payment due under this Note on the Maturity Date; (ii) the filing of any voluntary or involuntary petition in bankruptcy by or regarding the Borrower or the initiation of any proceeding under bankruptcy or insolvency laws against the Borrower; (iii) an assignment made by the Borrower for the benefit of creditors; or (iv) the appointment of a receiver, custodian, trustee, liquidator or similar party to take possession of the Borrower's assets or property.

**6. ACCELERATION; REMEDIES ON DEFAULT.**

If any Event of Default occurs, all principal and other amounts owed under this Note will become immediately due and payable without any action by the Holder, the Borrower, or any other person. Upon the occurrence of an Event of Default, the Holder, in addition to any rights and remedies available to the Holder under this Note, may, in his/its/her sole discretion, pursue any legal or equitable remedies available to him/it/her under applicable law or in equity.

**7. WAIVER OF PRESENTMENT; DEMAND.**

The Borrower hereby waives presentment, demand, notice of dishonor, notice of default or delinquency, notice of protest and nonpayment, notice of costs, expenses or losses and interest on those, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under this Note, including (to the extent permitted by law) waiving the pleading of any statute of limitations as a defense to any demand against the undersigned. Acceptance by the Holder or any other holder of this Note of any payment differing from the designated payments listed above does not relieve the undersigned of the obligation to honor the requirements of this Note.

**8. TIME OF THE ESSENCE.**

Time is of the essence for every obligation under this Note.

**9. GOVERNING LAW.**

The laws of the state of **Pennsylvania** govern this Note (without giving effect to its conflicts of law principles).

**10. COLLECTION COSTS AND ATTORNEYS' FEES.**

The Borrower shall pay all costs and expenses of the collection of indebtedness evidenced by this Note, including reasonable attorneys' fees and court costs in addition to other amounts due, without protest.

**11. ASSIGNMENT AND DELEGATION.**

**(a) No Assignment.** The Borrower may not assign any of its rights under this Note. All voluntary assignments of rights are limited by this subsection.

**(b) No Delegation.** The Borrower may not delegate any performance under this Note.

**(c) Enforceability of an Assignment or Delegation.** If a purported assignment or purported delegation is made in violation of this Section 11, it is void.

**12. SEVERABILITY.**

If any one or more of the provisions contained in this Note is, for any reason, held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability will not affect any other provisions of this Note, but this Note will be construed as if those invalid, illegal, or unenforceable provisions had never been contained in it, unless the deletion of those provisions would result in such a material change so as to cause completion of the transactions contemplated by this Note to be unreasonable.

**13. NOTICES.**

**(a) Writing; Permitted Delivery Methods.** All notices or other communications required or permitted under this Note shall be in writing and shall be deemed given or delivered (a) on the date given, if delivered personally or sent by facsimile transmission with confirmation of receipt, (b) on the date of delivery, if delivered by a nationally recognized overnight courier service, or (c) five days after mailing, if mailed by certified or registered mail, postage prepaid, return receipt requested, to the applicable party at its address set forth on the signature page hereto or at such other address as such party may designate by written notice to the other party in the manner set forth above.

**(b) Addresses.** A party shall address notices under this section 13 to a party at the following addresses:

If to the Borrower:
Ocean Thermal Energy Corporation
800 South Queen Street
Lancaster, PA 17603
Email: jeremy.feakins@otecorporation.com

If to the Holder:
_____
_____
_____

**(c) Effectiveness.** A notice is effective only if the party giving notice complies with subsections (a) and (b) and if the recipient receives the notice.

**14. WAIVER.**

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Note will be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy will be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, and no waiver will constitute a continuing waiver, unless the writing so specifies.

**15. HEADINGS.**

The descriptive headings of the sections and subsections of this Note are for convenience only, and do not affect this Note's construction or interpretation.

Each party is signing this Note on the date stated opposite that party's signature.

**BORROWER:**

OCEAN THERMAL ENERGY CORPORATION

Date: _____

By: _____
Name: Jeremy P. Feakins
Title: Chief Executive Officer

**HOLDER:**

_____

Date: _____

By: _____
Name (print): _____
Its: _____

Exhibit 10.3

NEITHER THIS WARRANT NOR THE SHARES OF COMMON STOCK ISSUABLE UPON ITS EXERCISE HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS (I) PURSUANT TO REGISTRATION UNDER THE ACT OR (II) IN COMPLIANCE WITH AN EXEMPTION THEREFROM AND ACCOMPANIED, IF REQUESTED BY THE COMPANY, WITH AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH TRANSFER IS BEING MADE IN COMPLIANCE WITH AN EXEMPTION THEREFROM (UNLESS SUCH TRANSFER IS TO AN AFFILIATE OF THE HOLDER).

**OCEAN THERMAL ENERGY CORPORATION**

**COMMON STOCK PURCHASE WARRANT**

FOR VALUE RECEIVED, Ocean Thermal Energy Corporation, a Nevada corporation (the "**Company**"), hereby grants to _____ ("**Holder**"), the right to purchase _____ shares of the Company's Common Stock ("**Shares**"). The exercise price per Share (the "**Purchase Price**") of the warrants granted hereby shall equal Eighty-Five Percent (85%) of the closing price of the Company's Common Stock on the day immediately preceding the exercise of this Warrant. The Purchase Price and the number of Shares purchasable hereunder are subject to adjustment as provided in Section 3 of this Warrant. This Warrant may be exercised at any time and from time to time (the "**Exercise Period**") prior to the three (3) year anniversary of the date hereof (the "**Expiration Date**"). This Warrant shall expire and be of no further force or effect at the earlier of the time when it has been exercised or 5:00 p.m., New York time, on the Expiration Date.

1. **Exercise of Warrant**.

a. The Holder shall exercise this Warrant by surrendering this Warrant, together with a Notice of Exercise in the form appearing at the end hereof properly completed and duly executed by the Holder or on behalf of the Holder by the Holder's duly authorized representative, to the Company at its principal executive office (or at the office of the agency maintained for such purpose). The Warrants may be exercised at any time prior to expiration by providing ten (10) day notice to the Company.

b. In the event of an exercise of this Warrant, certificates for the Shares purchased pursuant to such exercise shall be delivered to the Holder within ten (10) days of receipt of such notice and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder within such ten day period. Upon receipt by the Company of this Warrant and such Notice of Exercise, together with the applicable aggregate Purchase Price, the Holder shall be deemed to be the holder of record of the Shares purchased pursuant to such exercise, notwithstanding that certificates representing such Shares shall not then be actually delivered to the Holder or that such Shares are not then set forth on the stock transfer book of the Company.

2 . **Net Exercise**. In lieu of cash exercising this Warrant, the Holder may elect to receive shares equal to the value of this Warrant (or the portion thereof being canceled) by surrender of this Warrant to the Company together with notice of such election, in which event the Company shall issue to the Holder hereof a number of Shares computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

Where:

X -- The number of Shares to be issued to the Holder.

Y -- The number of Shares purchasable under this Warrant.

A -- The fair market value of one Share.

B -- The Purchase Price (as adjusted to the date of such calculations).

For purposes of this Section 2, the fair market value of a Share shall mean the closing price quoted on any exchange on which the Shares are listed on the day prior to exercise.

3. **Adjustments**.

a. Stock Dividends - Split Ups. If, after the date hereof, the number of outstanding shares of Common Stock is increased by a stock dividend payable in shares of Common Stock, or by a split up of shares of Common Stock, or other similar event, then, on the effective date of such stock dividend, split up or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be increased in proportion to such increase in outstanding shares of Common Stock. No fractional shares will be issued.

b. Aggregation of Shares. If after the date hereof, the number of outstanding shares of Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be decreased in proportion to such decrease in outstanding shares of Common Stock. No fractional shares shall be issued.

c. Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of the Warrants is adjusted as described above, the Purchase Price shall be adjusted (to the nearest cent) by multiplying such Purchase Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

d. Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock (other than a change covered by adjustments described above or that solely affects the par value of such shares of Common Stock), or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder shall thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the shares of Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Holder would have received if such Holder had exercised his, her or its Warrant(s) immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by stock dividends, stock splits or an aggregation of shares, then such adjustment shall be made as described above. The provisions relating to the adjustments in exercise price shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

e. Notices of Changes in Warrant. Upon every adjustment of the Purchase Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Holder, which notice shall state the Purchase Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the occurrence of any event specified above, then, in any such event, the Company shall give written notice to each Holder, at the last address set forth for such holder in the warrant register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

4. **Covenants**.

a . No Impairment. The Company will not, by amendment of its charter as in effect on the date hereof or through any reorganization, recapitalization, transfer of all or a substantial portion of its assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but will at all times in good faith assist in carrying out all the provisions of this Warrant and in taking all such action as may be necessary or appropriate in order to protect the rights of the Holder of the Warrant against impairment. Without limiting the generality of the foregoing, the Company will (a) not increase the par value of any shares of Common Stock obtainable upon the exercise of this Warrant and (b) take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the exercise of this Warrant.

b. Reservation of Shares. So long as the Warrant shall remain outstanding, the Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized capital stock, for the purpose of issuance upon exercise of the Warrant, the full number of shares of Common Stock then issuable upon exercise of the Warrant. If the Common Stock shall be listed on any national stock exchange, the Company at its expense shall include in its listing application all of the shares of Common Stock issuable upon exercise of the Warrant at any time, including as a result of adjustments in the outstanding Common Stock or otherwise.

c. Validity of Shares. All shares of Common Stock issuable upon exercise of this Warrant will be duly and validly issued, fully paid and non-assessable and will be free of restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws, and will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein). The Company shall take all such actions as may be necessary to ensure that all such shares of Common Stock may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic stock exchange upon which shares of Common Stock may be listed (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance).

d. Notice of Certain Events. If at any time, (1) the Company shall declare any dividend or distribution payable to the holders of its Common Stock, (2) the Company shall offer for subscription pro rata to the holders of Common Stock any additional shares of capital stock of any class or any other rights, (3) there shall be any recapitalization of the Company or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or business organization, or, if sooner, promptly following any agreement to do any of the foregoing, or (4) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company, then, in any one or more of such cases, the Company shall give the registered Holder of this Warrant ten days' prior written notice (or such other time period set forth in the Company's Articles of Incorporation).

5. **Legend**. Each certificate for Shares issued upon the exercise of the Warrant, each certificate issued upon the direct or indirect transfer of any Shares and each Warrant issued upon direct or indirect transfer or in substitution for any Warrant shall be stamped or otherwise imprinted with legends in substantially the form set forth on the face of this Warrant.

6. **Ownership of Warrants**. The Company may treat the person in whose name any Warrant is registered on the register kept at the principal executive office of the Company (or at the office of the agency maintained for such purpose) as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary. Subject to the preceding sentence, a Warrant, if properly assigned, may be exercised by a new holder without a new warrant first having been issued.

7. **Replacement of Warrants**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such mutilation, upon surrender of such Warrant for cancellation at the principal executive office of the Company (or at the office of the agency maintained for such purpose), the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor and dated the date hereof.

8. **Remedies**. In the event of a breach by the Company of any of its obligations under this Warrant, the Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of its breach of any of the provisions of this Warrant.

9. **No Liabilities or Rights as a Stockholder.** Nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Until the exercise of this Warrant, the Holder shall not have nor exercise any rights by virtue hereof as a stockholder of the Company. Notwithstanding the foregoing, in the event (a) the Company effects a split of the Common Stock by means of a stock dividend and the Purchase Price of and the number of Shares are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), and (b) the Holder exercises this Warrant between the record date and the distribution date for such stock dividend, the Holder shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

10. **Permits and Taxes**. The Company shall, at its own expense, apply for and obtain any and all permits, approvals, authorizations, licenses and orders that may be necessary for the Company lawfully to issue the Shares on exercise of this Warrant. On exercise of this Warrant, the Company shall pay any and all issuance taxes that may be payable in respect of any issuance or delivery of the Shares. The Company shall not, however, be required to pay, and Holder shall pay, any tax that may be payable in respect of any transfer involved in the issuance and delivery of the Shares in a name other than that of Holder, and no such issuance and delivery shall be made unless and until the person requesting such issuance shall have paid to the Company the amount of any such tax or shall have established to the Company's reasonable satisfaction that such tax has been paid.

12. **Acquisition for Own Account**. The Holder is acquiring this Warrant with its own funds, for its own account, not as a nominee or agent. The Holder is purchasing or will purchase this Warrant for investment for an indefinite period and not with a view to any sale or distribution thereof, by public or private sale or other disposition.

13. **Section Headings**. The section headings in this Warrant are for convenience of reference only and shall not constitute a part hereof.

14. **Amendments or Waivers**. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

15. **Counterparts**. This Warrant may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

16. **Severability**. The provisions of this Warrant will be deemed severable and the invalidity or unenforceability of any provision hereof will not affect the validity or enforceability of the other provisions hereof; provided that if any provision of this Warrant, as applied to any party or to any circumstance, is adjudged by a court or other governmental body not to be enforceable in accordance with its terms, the parties agree that the court or governmental body making such determination will have the power to modify the provision in a manner consistent with its objectives such that it is enforceable, and/or to delete specific words or phrases, and in its reduced form, such provision will then be enforceable and will be enforced.

17. **Successors and Assigns**. This Warrant shall be binding upon and inure to the benefit of the Holder and its assigns, and shall be binding upon any entity succeeding to the Company by consolidation, merger or acquisition of all or substantially all of the Company's assets. The Company may not assign this Warrant or any rights or obligations hereunder without the prior written consent of the Holder. Holder may assign this Warrant without the Company's prior written consent.

18. **Transfer**. Subject to the restrictions on transfer set forth on the face of this Warrant, this Warrant and all rights hereunder may be transferred, in whole or in part, upon surrender of this Warrant with a properly executed assignment at the principal executive office of the Company.

19. **Governing Law**. This Warrant and the performance of the transactions and obligations of the parties hereunder shall be construed and enforced in accordance with and governed by the laws, other than the conflict of laws rules, of the State of Pennsylvania.

[Signature Page Follows]

Dated: _____

**OCEAN THERMAL ENERGY CORPORATION**

By: _____
Name: Jeremy P. Feakins
Title: Chief Executive Officer

Agreed and Accepted:

_____

By: _____
Name (print): _____
Title (if any): _____

Address: _____

**NOTICE OF EXERCISE**

(To be completed and signed only on
an exercise of the Warrant.)

TO: Ocean Thermal Energy Corporation

RE: [Specify Holder's Warrant] (the "Warrant")

1. The undersigned hereby elects to purchase _____ shares of _____ pursuant to the terms of the attached Warrant.

2. Method of Exercise (Please initial the applicable blank):

___ The undersigned elects to exercise the attached Warrant by means of a cash payment, and tenders herewith payment in full for the purchase price of the shares being purchased, together with all applicable transfer taxes, if any.

___ The undersigned elects to exercise the attached Warrant by means of the net exercise provisions of Section 2 of the Warrant.

3. The undersigned hereby requests that the certificates for the Shares issuable upon this exercise of the Warrant be issued in the name(s) and delivered to the address(es) as follows:

Dated:_____

Signature of Holder

Print Name of Holder
(name must conform in all respects to name of Holder as specified in the face of the Warrant)