

10-29-2001

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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings



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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): FANTOM TECHNOLOGIES, INC. 10/19/01
Individual(s) Association
General Partnership Limited Partnership
[X] Corporation-State
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Trimin Capital Corporation
Internal Address:
Street Address: 1650 - 1075 W. Georgia St.
City: Vancouver State: BC Zip:
Individual(s) citizenship
Association
General Partnership
Limited Partnership
[X] Corporation-State
Other
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
Assignment Merger
[X] Security Agreement Change of Name
Other
Execution Date: May 4, 2001

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
SEE ATTACHED SCHEDULE PAGES 3-5
Additional number(s) attached Yes No

B. Trademark Registration No.(s)
SEE ATTACHED SCHEDULE PAGES 6-7
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Weiss Jensen Ellis & Howard
Internal Address: Susan L. Peterson
Street Address: 520 Pike Street, Suite 2600
City: Seattle State: WA Zip: 98101

6. Total number of applications and registrations involved: 68
7. Total fee (37 CFR 3.41): \$ 1,755.00
[X] Enclosed
Authorized to be charged to deposit account
8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.
Susan L. Peterson
Name of Person Signing
Signature
Date 10/15/2001

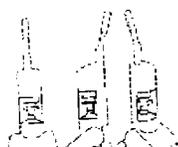
Total number of pages including cover sheet, attachments, and document: 26

10/26/2001 DBYRNE 00000136 2266688
01 FC:481 40.00 OP
02 FC:482 1675.00 OP

All documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231 COVERSHEET -1-

TRADEMARK REEL: 002385 FRAME: 0637

PENDING APPLICATIONS

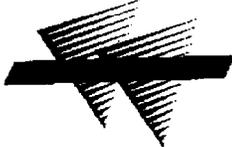
Serial No.	TRADEMARK
76/215,435	
76/215,429	 FANTOM
76/215,433	FANTOM
75/585,955	ABOVE-GROUND WELL
75/884,714	ACTIVE O ₃
75/884,712	
75/884,713	
75/574,372	CALYPSO
75/871,189	 <i>Calypso</i>
75/400,366	
75/400,365	
76/114,325	FALCON

Serial No.	TRADEMARK
75/428,097	FANTOM
75/826,912	FANTOM CALYPSO AND DESIGN
75/871,190	
75/901,505	
75/691,464	FANTOM
78/014,040	FANTOM STEALTH
78/047,327	FIREBIRD
75/528,397	FLYING DISC MOTOR TECHNOLOGY
75/530,196	FLYING DISC TECHNOLOGY
75/871,191	
76/215,428	HAWK
75/901,506	HELIX
78/047,515	JAGUAR
76/141,806	PULSE TRAIN
75/803,063	QUICK BRAKE
75/574,373	RHAPSODY
75/574,371	
75/584,528	SKYWELL
75/529,715	SPINNING DISC MOTOR TECHNOLOGY
75/528,398	SPINNING DISC TECHNOLOGY
75/748,495	SQUEEZE 'N' GO
76/141,805	STEALTH
78/047,250	STINGRAY
75/428,098	THE DIFFERENCE IS CLEAN AND CLEAR

Serial No.	TRADEMARK
78/047,320	WILDCAT
76/014,502	WIRELESS
75/933,175	WIRELESS

SCHEDULE

REGISTERED TRADEMARKS

Registration No.	TRADEMARK
2266686	BLIZZARD
2369178	CROSSWIND
2275074	CYCLONE
2377850	CYCLONE
2361531	CYCLONE XT
2384738	
1752266	DESTINY
1601946	
1546988	DRYTECH
2020385	
1687058	FANTOM
2238107	FANTOM
2197243	
2197702	
1958218	FANTOM TECHNOLOGIES
2054030	FURY
1892569	INFINITY
1558792	IONA
2082903	LIGHTING
2389152	SHOCKWAVE
1016286	SPEEDVAC

Registration No.	TRADEMARK
2197225	STAIRHUGGER
2199393	STEPHUGGER
2197500	STRIKE
1782444	THE CLEANING FORCE OF TWO CYCLONES
2058584	THE LIGHTWEIGHT HEAVYWEIGHT
2090404	THUNDER
2322894	THUNDER XT
2135205	TWISTER

GENERAL SECURITY AGREEMENT

1. FANTOM TECHNOLOGIES INC., of 1110 Hansler Road, Welland, Ontario, L3B 5S1

(the "Customer") for valuable consideration grants, assigns, transfers, sets over, mortgages and charges to

TRIMIN CAPITAL CORP., having an address of 1650 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9

("Trimin") as and by way of a fixed and specific mortgage and charge, and grants to Trimin, a security interest in the present and after acquired undertaking and property (other than consumer goods) of the Customer including all the right, title, interest and benefit which the Customer now has or may hereafter have in all property of the kinds hereinafter described (the "Collateral"):

- (a) all goods comprising the inventory of the Customer including but not limited to goods held for sale or lease or that have been leased or consigned to or by the Customer or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods and timber cut or to be cut, oil, gas, hydrocarbons, and minerals extracted or to be extracted, all livestock and the young and unborn young thereof and all crops;
- (b) all goods which are not inventory or consumer goods, including but not limited to furniture, fixtures, equipment, machinery, plant, tools, vehicles and other tangible personal property, whether described in Schedule "A" hereto or not;
- (c) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Customer, and all claims of any kind which the Customer now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) all instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities, money, letters of credit, advices of credit and cheques;
- (g) all intangibles including but not limited to contracts, agreements, options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges, and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes, copyrights and other industrial or intellectual property;
- (h) with respect to the personal property described in subparagraphs (a) to (g) inclusive, all books, accounts, invoices, letters, papers, documents, disks, and other records in any form, electronic or otherwise, evidencing or relating thereto; and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (i) with respect to the personal property described in subparagraphs (a) to (h) inclusive, all parts, components, renewals, substitutions and replacements thereof and all attachments, accessories and increases, additions and accessions thereto; and
- (j) with respect to the personal property described in subparagraphs (a) to (i) inclusive, all proceeds therefrom (other than consumer goods), including personal property in any form or fixtures

derived directly or indirectly from any dealing with such property or proceeds therefrom, and any insurance or other payment as indemnity or compensation for loss of or damage to such property or any right to such payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or security; and

In this Agreement, the words "goods", "consumer goods", "account", "account debtor", "inventory", "crops", "equipment", "fixtures", "chattel paper", "document of title", "instrument", "money", "security", or "securities", "intangible", "receiver", "proceeds" and "accessions" shall have the same meanings as their defined meanings where such words are defined in the Personal Property Security Act of the province or territory in which the Branch of Trimin mentioned in paragraph 1 is located, such Act, including any amendments thereto, being referred to in this Agreement as "the PPSA". In this Agreement, "Collateral" shall refer to "Collateral or any item thereof".

2. The fixed and specific mortgages and charges and the security interest granted under this Agreement secure payment and performance of all obligations of the Customer to Trimin, including but not limited to all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Customer to Trimin in any currency or remaining unpaid by the Customer to Trimin in any currency, whether arising from dealings between Trimin and the Customer or from other dealings or proceedings by which Trimin may be or become in any manner whatever a creditor of the Customer and wherever incurred, and whether incurred by the Customer alone or with another or others and whether as principal or surety, including all interest, commissions, legal and other costs, charges and expenses (the "Obligations").

3. The Customer hereby represents and warrants to Trimin that:

- (a) except for "Permitted Encumbrances" as referred to and defined in the Credit Agreement, as amended, supplemented or otherwise modified from time to time, between Trimin, Fantom Technologies Direct, Inc., Fantom Technologies U.S.A. Holdings, Inc., Fantom Technologies Intellectual Property, Inc., Fantom Technologies U.S.A., Inc. and the Customer dated for reference April 6, 2001 all of the Collateral is, or when the Customer acquires any right, title or interest therein, will be the sole property of the Customer free and clear of all security interests, mortgages, charges, hypothecs, liens or other encumbrances except as disclosed by the Customer to Trimin in writing;
- (b) the Collateral insofar as it consists of goods (other than inventory enroute from suppliers or enroute to customers or on lease or consignment) will be kept at the locations specified in Schedule "B" hereto or at such other locations as the Customer shall specify in writing to Trimin and subject to the provisions of paragraph 4 (j) none of the Collateral shall be moved therefrom without the written consent of Trimin;
- (c) the Customer's chief executive address is located at the address specified in paragraph 1;
- (d) none of the Collateral consists of consumer goods; and
- (e) this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Customer in accordance with its terms.

4. The Customer hereby agrees that:

- (a) the Customer shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) the Customer shall cause the Collateral to be insured and kept insured to the full insurable value thereof with reputable insurers against loss or damage by fire and such other risks as Trimin may reasonably require and shall maintain such insurance with loss if any payable to Trimin and shall lodge such policies with Trimin;

- (c) the Customer shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to Trimin, when required, the receipts and vouchers establishing such payment;
- (d) the Customer shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) the Customer shall keep proper books of account in accordance with sound accounting practice, shall furnish to Trimin such financial information and statements and such information and statements relating to the Collateral as Trimin may from time to time require, and the Customer shall permit Trimin or its authorized agents at any time at the expense of the Customer to examine all books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) the Customer shall furnish to Trimin such information with respect to the Collateral and the insurance thereon as Trimin may from time to time require and shall give written notice to Trimin of all litigation before any court, administrative board or other tribunal affecting the Customer or the Collateral;
- (g) the Customer shall defend the title to the Collateral against all persons and shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances except for those disclosed to Trimin in writing prior to the execution of this Agreement or hereafter approved in writing by Trimin prior to their creation or assumption;
- (h) the Customer shall, upon request by Trimin, execute and deliver all such financing statements, certificates, further assignments and documents and do all such further acts and things as may be considered by Trimin to be necessary or desirable to give effect to the intent of this Agreement and the Customer hereby irrevocably constitutes and appoints the Manager or Acting Manager for the time being of the Branch of Trimin mentioned in paragraph 1, the true and lawful attorney of the Customer, with full power of substitution, to do any of the foregoing in the name of the Customer whenever and wherever Trimin may consider it to be necessary or desirable;
- (i) the Customer shall promptly notify Trimin in writing of any event which occurs that would have a material adverse effect upon the Collateral or upon the financial condition of the Customer and immediately upon the Customer's acquisition of rights in any vehicle, mobile home, trailer, boat, aircraft or aircraft engine, shall promptly provide Trimin with full particulars of such collateral;
- (j) the Customer will not change its name or the location of its chief executive office or place of business or sell, exchange, transfer, assign or lease or otherwise dispose of or change the use of the Collateral or any interest therein or modify, amend or terminate any chattel paper, document of title, instrument, security or intangible, without the prior written consent of Trimin, except that the Customer may, until an event of default set out in paragraph 9 occurs, sell or lease inventory in the ordinary course of the Customer's business; and
- (k) the provisions of Schedule "C" hereto shall be deemed to form part of this Agreement.

5. Until an event of default occurs, the Customer may use the Collateral in any lawful manner not inconsistent with this Agreement, but Trimin shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner Trimin may consider appropriate and the Customer agrees to furnish all assistance and information and to perform all such acts as Trimin may reasonably request in connection therewith, and for such purpose shall permit Trimin or its agents access to all places where Collateral may be located and to all premises occupied by the Customer to examine and inspect the Collateral and related records and documents.

6. Before or after an event of default occurs, Trimin may give notice to any or all account debtors of the Customer and to any or all persons liable to the Customer under an instrument to make all further payments to Trimin and any payments or other proceeds of Collateral received by the Customer from account debtors or from any persons liable to the Customer under an instrument, whether before or after such notice is given by Trimin, shall be held by the Customer in trust for Trimin and paid over to Trimin upon request. Trimin may take control of all proceeds of Collateral and may apply any money taken as Collateral to the satisfaction of the Obligations secured hereby. Trimin may hold as additional security any increase or profits, except money, received from any Collateral in Trimin's possession, and may apply any money received from such Collateral to reduce the Obligations secured hereby and may hold any balance as additional security for such part of the Obligations as may not yet be due, whether absolute or contingent. Trimin will not be obligated to keep any Collateral separate or identifiable. In the case of any instrument, security or chattel paper comprising part of the Collateral, Trimin will not be obligated to take any necessary or other steps to preserve rights against other persons.

7. Trimin may have any Collateral comprising instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities, registered in its name or in the name of its nominee and shall be entitled but not bound or required to vote in respect of such Collateral at any meeting at which the holder thereof is entitled to vote and, generally, to exercise any of the rights which the holder of such Collateral may at any time have; but Trimin shall not be responsible for any loss occasioned by the exercise of any of such rights or by failure to exercise the same within the time limited for the exercise thereof.

8. Upon the Customer's failure to perform any of its duties hereunder, Trimin may, but shall not be obliged to, perform any or all of such duties, without waiving any rights to enforce this Agreement, and the Customer shall pay to Trimin, forthwith upon written demand therefor, an amount equal to the costs, fees and expenses incurred by Trimin in so doing plus interest thereon from the date such costs, fees and expenses are incurred until paid at the rate of 3% per annum over the Prime Lending Rate of The Bank of Nova Scotia in effect from time to time. The "Prime Lending Rate of The Bank of Nova Scotia" means the variable per annum, reference rate of interest as announced and adjusted by The Bank of Nova Scotia from time to time for loans made by The Bank of Nova Scotia in Canada in Canadian dollars.

9. The happening of any one or more of the following events shall constitute an event of default under this Agreement:

- (a) if the Customer does not pay when due any of the Obligations;
- (b) if the Customer does not perform any provisions of this Agreement or of any other agreement to which the Customer and Trimin are parties;
- (c) if the Customer ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or proposal under the Bankruptcy Act, takes advantage of provisions for relief under the Companies Creditors Arrangement Act or any other legislation for the benefit of insolvent debtors, transfers all or substantially all of its assets, or proposes a compromise or arrangement to its creditors;
- (d) if the Customer enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement;
- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Customer declared bankrupt or wound up, or if any proceeding is taken, whether in court or under the terms of any agreement or appointment in writing, to have a receiver appointed of any Collateral or if any encumbrance becomes enforceable against any Collateral;
- (f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the Customer or if any distress or analogous process is levied upon any Collateral;

- (g) if Trimin in good faith believes and has commercially reasonable grounds for believing that the prospect of payment or performance of any Obligation is or is about to be impaired or that any Collateral is or is about to be in danger of being lost, damaged, confiscated or placed in jeopardy.

10. If an event of default occurs, Trimin may withhold any future advances and may declare that the Obligations shall immediately become due and payable in full, and Trimin may proceed to enforce payment of the Obligations and the Customer and Trimin shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a debtor and a secured party respectively under the PPSA and other applicable legislation and those provided by this Agreement. Trimin may take possession of the Collateral, enter upon any premises of the Customer, otherwise enforce this Agreement and enforce any rights of the Customer in respect of the Collateral by any manner permitted by law and may use the Collateral in the manner and to the extent that Trimin may consider appropriate and may hold, insure, repair, process, maintain, protect, preserve, prepare for disposition and dispose of the same and may require the Customer to assemble the Collateral and deliver or make the Collateral available to Trimin at a reasonably convenient place designated by Trimin.

11. Where required to do so by the PPSA, Trimin shall give to the Customer the written notice required by the PPSA of any intended disposition of the Collateral by serving such notice personally on the Customer or by mailing such notice by registered mail to the last known post office address of the Customer or by any other method authorized or permitted by the PPSA.

12. If an event of default occurs, Trimin may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral and may remove any receiver so appointed by Trimin and appoint another in his stead; and any such receiver appointed by instrument in writing shall, to the extent permitted by applicable law or to such lesser extent permitted, have all of the rights, benefits and powers of Trimin hereunder or under the PPSA or otherwise and without limitation have power (a) to take possession of the Collateral, (b) to carry on all or any part or parts of the business of the Customer, (c) to borrow money required for the seizure, retaking, repossession, holding, insurance, repairing, processing, maintaining, protecting, preserving, preparing for disposition, disposition of the Collateral and for any other enforcement of this Agreement or for the carrying on of the business of the Customer on the security of the Collateral in priority to the security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine provided that if any such disposition involves deferred payment Trimin will not be accountable for and the Customer will not be entitled to be credited with the proceeds of any such disposition until the monies therefor are actually received; and further provided that any such receiver shall be deemed the agent of the Customer and Trimin shall not be in any way responsible for any misconduct or negligence of any such receiver.

13. Any proceeds of any disposition of any Collateral may be applied by Trimin to the payment of expenses incurred or paid in connection with seizing, repossessing, retaking, holding, repairing, processing, insuring, preserving, preparing for disposition and disposing of the Collateral (including reasonable solicitor's fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by Trimin towards the payment of the Obligations in such order of application as Trimin may from time to time effect. All such expenses and all amounts borrowed on the security of the Collateral under paragraph 12 shall bear interest at the rate of 3% per annum over the Prime Lending Rate of Trimin in effect from time to time, shall be payable by the Customer upon demand and shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the expenses incurred by Trimin, the Customer shall be liable to pay any deficiency to Trimin on demand.

14. The Customer and Trimin further agree that:

- (a) Trimin may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Customer, debtors of the Customer, sureties and others and with the Collateral or other security as Trimin may see fit without prejudice to the liability of the Customer and Trimin's rights under this Agreement;

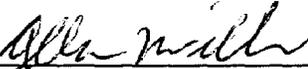
- (b) this Agreement shall not be considered as satisfied or discharged by any intermediate payment of all or any part of the Obligations but shall constitute and be a continuing security to Trimin for a current or running account and shall be in addition to and not in substitution for any other security now hereafter held by Trimin;
- (c) nothing in this Agreement shall obligate Trimin to make any loan or accommodation to the Customer or extend the time for payment or satisfaction of the Obligations;
- (d) any failure by Trimin to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations secured by this Agreement shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;
- (e) all rights of Trimin under this Agreement shall be assignable and in any action brought by an assignee to enforce such rights, the Customer shall not assert against the assignee any claim or defence which the Customer now has or may hereafter have against Trimin;
- (f) all rights of Trimin under this Agreement shall enure to the benefit of its successors and assigns and all obligations of the Customer under this Agreement shall bind the Customer, his heirs, executors, administrators, successors and assigns;
- (g) if more than one Customer executes this Agreement, their obligations under this Agreement shall be joint and several, and the Obligations shall include those of all or any one or more of them;
- (h) if the Customer is a corporation, the Limitation of Civil Rights Act of the province of Saskatchewan shall have no application to this Agreement, or to any agreement or instrument renewing or extending or collateral to this Agreement or to the rights, powers or remedies of Trimin under this Agreement;
- (i) this Agreement shall be governed in all respects by the laws of the Province of Ontario;
- (j) the time for attachment of the security interest created hereby has not been postponed and is intended to attach when this Agreement is signed by the Customer and attaches at that time to Collateral in which the Customer then has any right, title or interest and attaches to Collateral in which the Customer subsequently acquires any right, title or interest at the time when the Customer first acquires such right, title or interest.

The Customer acknowledges receiving a copy of this Agreement.

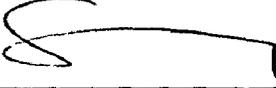
The Customer expressly waives the right to receive a copy of any financing statement or financing change statement which may be registered by Trimin in connection with this Agreement or any verification statement issued with respect thereto where such waiver is not otherwise prohibited by law.

Signed this 4th day of May, 2001.

The Common Seal of FANTOM)
TECHNOLOGIES INC. was hereunto affixed in)
the presence of:)


_____))
Authorized Signatory)

(C/S)


_____))
Authorized Signatory)

SCHEDULE "A"

(Description of Collateral)

If space is insufficient attach additional page headed Page 2 of Schedule "A".

SCHEDULE "B"

Location of Collateral

<u>Company</u>	<u>Location</u>	<u>Type of Facility</u>	<u>Registered or Head Office</u>
Fantom Technologies Inc.	1110 Hansler Road Welland, Ontario L3R 5S1	Manufacturing	1110 Hansler Road Welland, Ontario L3R 5S1
	Sonwil Distribution Center 200 Sonwil Drive Buffalo, NY 14225	Distribution Centre	
	Sonwil Distribution Center Return & Refurb Center 60 Industrial Parkway Ste C Cheektowaga, NY 14227	Return & Refurb Center	
	Intercontinental Warehouses Inc. 135 Bethridge Road Etobicoke, Ontario M9W 1N4	Warehouse	
	Advanced Logistical Solutions 215 Evans Avenue Toronto, Ontario M8Z 1J5	Warehouse	
	Watt's 6010 North Bailey Ave. Ste 3 Amherst, NY	Warehouse	
	Piedmont Distribution Centers P.O. Box 7123 Charlotte, NC 28241-7123	Warehouse	
	Fantom Technologies U.S.A. Inc. 102 Corporate Blvd. West Columbia, SC USA 29169	Manufacturing	
	14260 Carowinds Charlotte, NC USA 28241		
	1 Eva Road Suite 414 Toronto, Ontario M9C 4Z5	Office	

SCHEDULE "C"

THE CUSTOMER ACKNOWLEDGES AND AGREES THAT THE PROVISIONS OF SCHEDULE "C" SHALL BIND THE CUSTOMER AND BE DEEMED TO FORM PART OF THIS AGREEMENT. ANY CONFLICT BETWEEN THE PROVISIONS OF THIS AGREEMENT AND SCHEDULE "C" SHALL BE GOVERNED BY THE PROVISIONS OF SCHEDULE "C".

The parties agree that the terms and conditions of the annexed General Security Agreement (the "Agreement") shall be amended and supplemented as follows:

1. For the purposes of the Agreement and this Schedule "C", the term "intellectual property" shall be deemed to include all intellectual or industrial property of the Customer, including, without limitation, all patents, patent applications, inventions, copyright (whether registered or not), copyright applications, trademarks (whether registered or not), trademark applications, trade names, moral and personality rights, industrial designs (whether registered or not), industrial design applications, topographies, plant breeders' rights, trade secrets, know-how, confidential and other proprietary information, and contractual rights in its favour, including covenants not to compete.
2. The Customer hereby represents and warrants to Trimin that unless otherwise set out in any of the Addenda to this Schedule "C":
 - (a) the Customer has all right, title and interest in (free and clear of all encumbrances of any nature whatsoever) all intellectual property reasonably necessary for the conduct of the business as now conducted and presently proposed to be conducted by the Customer;
 - (b) to the best knowledge of the Customer, neither it nor any of its subsidiaries or affiliates is infringing or is alleged to be infringing the intellectual property rights of any person;
 - (c) the Customer is the owner (free and clear of all encumbrances of any nature whatsoever) of those patents and patent applications described in annex 1 of a letter from the Customer to Trimin dated May 4, 2001 (the "Annex") and all such applications and registrations, and the licences referred to, are valid and in good standing;
 - (d) the Customer is the owner (free and clear of all encumbrances of any nature whatsoever) of those trademarks and trademark applications described in the Annex that all such applications and registrations (and the licences referred to) are valid and in good standing, and that all such trademarks have been in continuous use in association with the wares and services in respect of which such trademarks are registered;
 - (e) the Customer is the owner (free and clear of all encumbrances of any nature whatsoever) of those industrial designs and industrial design applications described in the Annex and all such applications and registrations, and the licences referred to in Annex are valid and in good standing;
 - (f) the Customer is the owner (free and clear of all encumbrances of any nature whatsoever) of the copyright and other intellectual property described in Annex and all such applications and registrations, and the licences referred to the Annex are valid and in good standing;
 - (g) there is no infringement, passing off or other claims against any of the Customer's intellectual property; and
 - (h) the Customer has in place and will maintain such confidentiality and other agreements as may be necessary from time to time to preserve the Customer's intellectual property, and obtain from all employees (and appropriate third parties providing services to the Customer) releases of any claims against the Customer's intellectual property and waiver of moral and personality rights (if any) against the Customer's copyright interests.

3. The Customer covenants and agrees with Trimin as follows:

- (a) the charge conferred by the Customer on Trimin on the Customer's intellectual property shall be a security interest therein (including in any royalties or other like payments to which the Customer may be entitled for any intellectual property which it licenses to others) and shall not constitute an absolute (but only a conditional) assignment of the Customer's interest in the said intellectual property. That is, any such assignment shall be subject to satisfaction of the condition precedent that the Customer shall have defaulted under its obligations to Trimin under the Agreement or any other contract between the parties, and Trimin has determined by notice in writing to the Customer to rely on such default in exercising one or more of the remedies available to Trimin in the circumstances. Upon giving such notice, Trimin shall have the right under the irrevocable power of attorney conferred on it under section 4(h) of the Agreement to execute and deliver an assignment to Trimin (or to such other person as Trimin may determine) of the subject intellectual property and to take such further and other steps as may be permitted by law;
- (b) to maintain and preserve, and cause each of its subsidiaries (if any) to maintain and preserve, all its intellectual property (including, without limitation the patents, patent applications, trade marks, trade mark applications, design marks, design mark applications copyright and other intellectual property described in any Addenda to this Schedule "C") so as to permit the Customer's business to be properly and advantageously conducted at all times in accordance with prudent business management;
- (c) at the request of Trimin, to deliver to an independent trustee appointed by Trimin by notice in writing to the Customer (against delivery of a confidentiality agreement in favour of the Customer containing terms and conditions satisfactory to the Customer, acting reasonably) of copies of such computer source code(s) and other confidential information forming part of the Customer's intellectual property as Trimin may require in writing, and to update such copies from time to time as Trimin may require, acting reasonably; and
- (d) from time to time to update by notice in writing to Trimin the information contained in each of the Addenda to Schedule "C" if any, promptly following any change therein, and, in any event, to provide an annual written report in form and substance acceptable to Trimin in respect of all the Customer's intellectual property (and that of its subsidiaries, if any).

4. The Customer acknowledges that the rights conferred on Trimin following default by the Customer of its obligations to Trimin include the right to delay the disposition of all or any part of the Customer's intellectual property to permit Trimin to pursue recovery from third parties who Trimin alleges are infringing the Customer's intellectual property.

DESIGNATION OF DOMESTIC REPRESENTATIVE

TRIMIN CAPITAL CORP., a British Columbia corporation, having an address of 1650 - 1075 West Georgia Street, Vancouver, British Columbia, hereby appoints the undersigned to serve as its domestic representative in the United States of America. The undersigned understands that as domestic representative for the corporation, it will be his/her responsibility to accept correspondence from the U.S. Patent and Trademark Office in the name of the corporation, and to immediately notify the Patent and Trademark Office in the event of resignation or of any change in the designated domestic office address of the domestic representative.

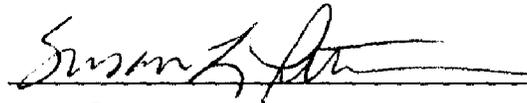
Dated this 11 day of October, 2001.

TRIMIN CAPITAL CORP.

By: 

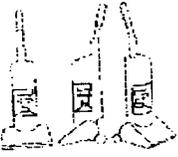
Its: VICE President + Secretary

DOMESTIC REPRESENTATIVE



Susan L. Peterson
WEISS JENSEN ELLIS AND HOWARD
520 Pike Street, Suite 2600
Seattle, WA 98101

PENDING APPLICATIONS

Serial No.	TRADEMARK
76/215,435	
76/215,429	 FANTOM
76/215,433	FANTOM
75/585,955	ABOVE-GROUND WELL
75/884,714	ACTIVE O ₃
75/884,712	
75/884,713	
75/574,372	CALYPSO
75/871,189	 Calypso
75/400,366	
75/400,365	
76/114,325	FALCON